



Benchmark®

# Driving sustainability in aquaculture

Benchmark Holdings plc  
Annual Report and Accounts 2022

# Benchmark's mission is to drive sustainability in aquaculture by delivering mission critical products and solutions that improve farming efficiency and animal health and welfare for aquaculture producers

We deliver solutions in three complementary areas Genetics, Advanced Nutrition and Health



See pages 20-21 for Genetics



See pages 22-23 for Advanced Nutrition



See pages 24-25 for Health

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# Our business is powered by committed people driven by the desire to make a difference

Guided by our values – innovative, passionate, collaborative and commercial – we contribute to a sustainable aquaculture future

See pages 21, 23, 25 & 57 for more on our values in action



▶ Growing with our customers through disciplined investment



▶ Adding value to hundreds of hatcheries and farms worldwide everyday



▶ Improving customer outcomes by optimising our Ectosan® Vet and CleanTreat® sea lice solution



▶ Teams across the globe compete in "Around the World Challenge" to raise funds for local charities

## 2021/22 Highlights

# Consistent delivery

## Financial highlights<sup>1</sup>

- Revenue 27% ahead of FY21
- Adjusted EBITDA 60% above FY21
- Operating loss of £7.9m (FY21: £5.4m loss)
- Tangible capex of £10.8m (FY21: £18.0m)
- Loss after tax of £30.5m (FY21: £11.6m loss); driven by increase in depreciation and amortisation +£14.4m and finance costs +£11.5m

### Revenue (£m)

## £158.3m



### Gross margin (%)

## 52%



## Operational highlights

### Genetics

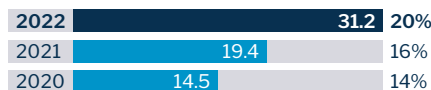
#### Recent investments delivering growth and stronger market position

- Completion of new salmon egg incubation unit in Iceland enhancing ability to meet customer demand year round
- Continued growth in salmon egg sales demonstrates success of Salten ramp-out and investment in new incubation unit in Iceland
- Commercial launch of specific pathogen-resistant (SPR) shrimp in Asia and Latin America supported by expanded capacity in Fellsmere, US

See pages 20-21 for more on Genetics

### Adjusted EBITDA<sup>1</sup> (£m)(%)

## £31.2m



### Operating loss (£m)

## £7.9m



### Total loss after tax (£m)

## £30.5m



### Advanced Nutrition

#### Excellent performance driven by commercial focus, operational efficiencies and ongoing innovation

- Continued momentum with growth in all product areas reflects the success of an enhanced commercial organisation supported by a recovery in the shrimp markets post COVID-19.
- Launch of new products including automated Artemia separation tool which delivers performance and sustainability benefits.
- People - Excellent engagement and implementation of our Performance Framework and high global employee engagement in FY22. (See page 52 for more on People).

See pages 22-23 for more on Advanced Nutrition

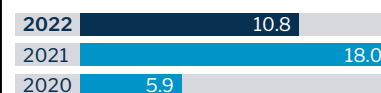
### Total R&D investment<sup>2</sup> (£m) (expensed and capitalised)

## £8.4m



### Tangible capex (£m)

## £10.8m



### Net debt<sup>3</sup> (£m)

## £73.7m



### Health

#### Ectosan® Vet and CleanTreat® - Increased customer adoption and progress towards optimised solution

- Obtained variation to the Marketing Authorisation in Norway enabling a second use of treatment water, increasing operational efficiency and customer appeal
- Obtained Marketing Authorisation in the Faroe Islands
- Third CleanTreat® system ordered and development of new system configuration underway

See pages 24-25 for more on Health

## Group

- **Group synergies:** integrated commercial and marketing functions around species enhancing customer focus and creating efficiencies.
- **Sustainability:** progress in line with plan towards Net Zero targets; completion of energy efficiency plan for Thailand and commenced installation of solar panels.
- **People:** continued implementation of performance management framework strategy and achieved high employee engagement score.

See pages 36-57 for more on sustainability

See pages 52-57 for more on people

<sup>1</sup> Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and exceptional and acquisition-related items. See income statement

<sup>2</sup> See Note 35.

<sup>3</sup> See Note 36.

# We are a purpose-driven business

## Our mission is to drive sustainability in aquaculture

### The challenge

Aquaculture plays a crucial role in global food security, supplying more than 50% of seafood globally. To feed a human population expected to reach almost ten billion people by 2050, aquaculture needs to grow sustainably.

**800**  
people  
employed worldwide

**26**  
countries  
Commercial and  
R&D operations

**750**  
clients  
in 70 countries

#### Our purpose

### To drive sustainability in aquaculture

#### Our business areas:

##### Genetics

Professional genetics provide a crucial starting point for resource efficiency, disease resistance and survivability across the production cycle. We have long-standing breeding programmes and apply the latest genomic tools to deliver superior genetics products for salmon, shrimp and tilapia.

36% revenue.

##### Advanced Nutrition

Early-stage nutrition promotes growth, health and survivability throughout the production stages. We have a broad portfolio of nutritional and preventative health solutions based on proprietary technology which enables our customers to optimise their production.

51% revenue.

##### Health

Our sea lice solutions address one of the biggest sustainability challenges in salmon production, affecting yield and animal welfare, and constraining growth.

13% revenue.

#### Our strategy: roadmap for growth and profitability

- **Maintain and grow** leading positions in established markets benefitting from structural market growth.
- **Grow organically** through development of new products and entry into new markets.
- **Explore add-on opportunities** – carefully targeted within core areas.

See pages 26-27  
for more on our strategy

Benchmark helps to meet this challenge by delivering mission critical products and solutions that improve farming efficiency and animal health and welfare for aquaculture producers while reducing the environmental impact.

## Our strategic principles

### Stay true to the core

We are focused on our three business areas and leverage existing competencies.

### Financial discipline

We actively manage costs and cash and make disciplined investments that deliver returns.

### Execution

We have a culture of delivery aligned to incentives.

### Profitable growth

We seek profitable growth through organic development supported by industry megatrends.

See pages 26-27  
for more on our strategy

## Focus on sustainability

### Through our products:

By developing products and solutions that enhance resource efficiency, yield and animal health and welfare for aquaculture producers.

### As a responsible operator:

- Net Zero Commitment
- Industry-leading fish welfare practices
- Sourcing sustainably certified ingredients
- Climate risk assessment and mitigation
- Anti-slavery supplier policy

### Contributing to UN SDGs:



See pages 36-57  
for more on our sustainability

## Our values underpin everything we do:



### Innovative

We actively seek opportunities and find sustainable solutions to challenges and opportunities.



### Passionate

We live our mission and strive for excellence.



### Collaborative

We take a collaborative approach internally and externally with all stakeholders.



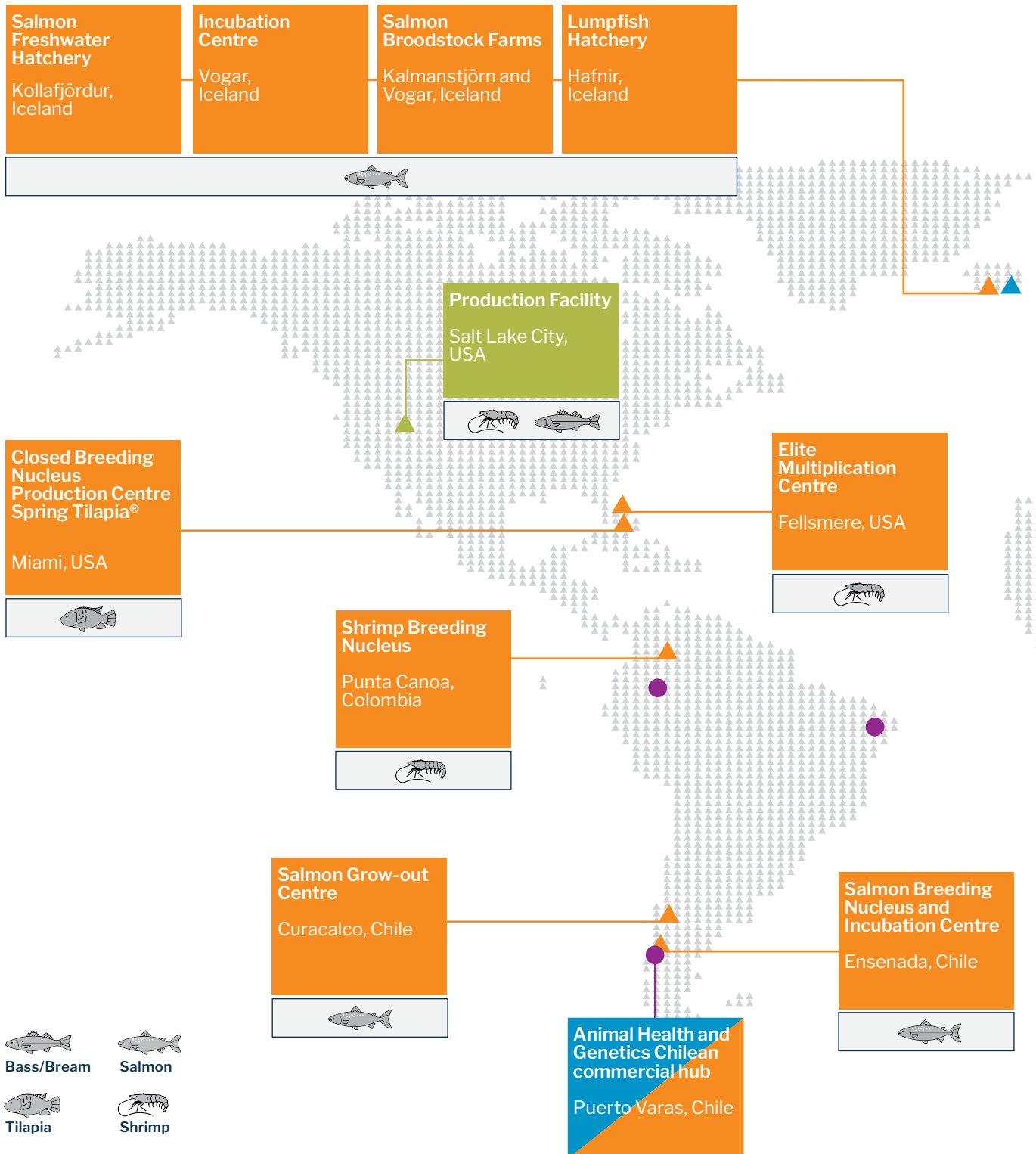
### Commercial

We have a customer-focused, commercial mindset.

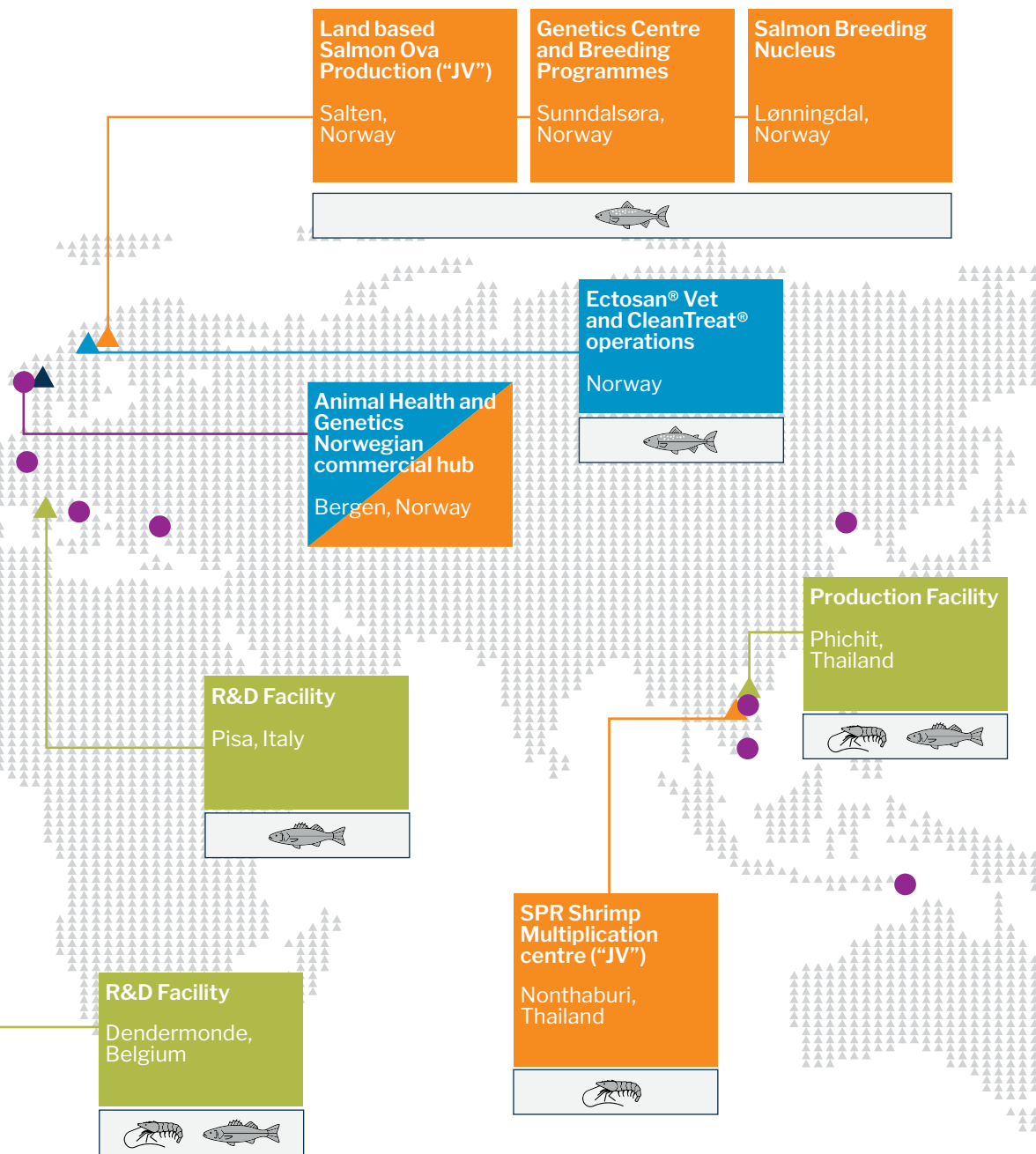
See page 52  
for more on our values

# Delivering on a global scale with capacity for growth

Benchmark is active in all the world's main aquaculture markets







**The Benchmark way:**  
a video insight into our global operations.

**Advanced Nutrition manufacturing facility**  
Phichit, Thailand

**Salmon genetics production facility**  
Salten, Norway

**Shrimp multiplication centre**  
Fellsmere FL, USA

**Benchmark Health – CleanTreat® and Ectosan Vet® Operations**

- ▲ Production Sites and R&D – Genetics
- ▲ Production Sites and R&D – Nutrition
- ▲ Production Sites and R&D – Health
- ▲ Production Sites and R&D
- Commercial Offices

# Driving sustainability

Our aim is to be the leading aquaculture biotechnology company driving sustainability.

## Our focus

Our focus is on three complementary business areas — Genetics, Health and Advanced Nutrition — that are critical to the productivity and sustainability of aquaculture across the production cycle.

## Delivering for our customers

### What sets us apart

#### Unique position in the aquaculture industry

We have a unique position in our industry, providing highly specialised mission critical solutions in three complementary areas: genetics, health and advanced nutrition.

#### Mature biotechnology platform underpinned by IP and know-how

We have a track record of innovation and a leading team of scientists who continuously develop new and better products and solution for our customers.

#### Superior products and technical services

Our strategy is to deliver superior products supported by an expert technical team to optimise performance for our customers.

#### Customer and industry insight

Our industry knowledge and customer relationships in all key markets provide insight into the short and long term needs and challenges faced by aquaculture producers.

#### Our people

Our people sit at the core of our organisation and drive everything we do. We have an accomplished management team with extensive experience, leading a team of more than 800 committed people working together towards the same goals.

#### Purpose and values

Our people are committed to our sustainability purpose and guided by our values – innovative, passionate, collaborative and commercial.



## Reinvesting in our business

## The value we create for our stakeholders

The products and solutions we develop play an important role in meeting the needs of aquaculture producers and consumers for an ethical, reliable and nutritious source of animal protein in fish and shrimp.

### For our customers

We make an important contribution to worldwide sustainable food production, delivering products and solutions that improve sustainability and performance for aquaculture producers through better yield, quality and animal health and welfare.

### For consumers

Our products and solutions enable consumers to enjoy affordable, ethically sourced, high-quality food of high provenance.

### For employees

We offer rewarding careers in a purpose-driven business with a culture of inclusiveness, where employees are motivated and inspired to make a difference.

### For society

We contribute through job creation and training, investment in infrastructure, local sourcing and the taxes we pay. We also advance environmental stewardship in aquaculture.

### For shareholders

We are committed to delivering long-term growth and returns for our shareholders.

## Generating profits

### Understanding our customer needs

Through our commercial teams and relationships with our customers, we identify current and future needs across the production cycle.

### Innovation

Our team of scientists and geneticists use our commercial insights, expertise and technology platforms to develop innovative and sustainable solutions.

### Testing and trials

We undertake trials to demonstrate the performance and benefits of our new solutions. In our tests, we have high regard for animal welfare and follow the principle of reducing, refining and replacing animal use.

### Regulatory/marketing approval

We have a strong governance framework to meet the highest standards. Our team of regulatory experts work with regulators and governments to gain approvals for new products, solutions and new markets.

### Manufacturing/production

We operate well-designed and scalable manufacturing facilities to make efficient use of resources, support good animal welfare and promote ecosystem health. We look for ways to improve our operations to achieve our Net Zero target.

### Commercial focus and delivery

Our commercial focus allows us to deliver high-quality customer-centric products and solutions, along with high levels of technical service and customer support which gives us a leading position in the market.

## Delivering returns for shareholders



# A year of delivery



I am pleased to report a second year of strong performance for Benchmark which translated into improved underlying profitability and cash generation.

With a focused strategy and driven organisation we will continue on our path to deliver sustainable profitability, cash generation and shareholder returns"

**Peter George**  
Chairman

I am proud to report a second year of strong performance for Benchmark, continuing a path that started in 2019 with a substantial reorganisation of the business and the appointment of a new management team.

In 2022 our focus was on delivering profitable growth in each of our established core areas, on fully commercialising our recently launched products, and on maintaining disciplined cash management and investment. Together, this translated into a very strong performance with significant top line growth and improved underlying profitability. We remain committed to continuing on this path of consistent delivery to reach sustainable profitability and cash generation, and ultimately attractive shareholder returns.

Macroeconomic and geopolitical conditions in the year materially affected markets around the world and impacted the performance of our shares. Smaller growth companies were particularly affected by fund outflows and a change in investor sentiment. This is particularly disappointing given the significant progress that the Company made during the year. However, I am confident that we are building fundamental value for our shareholders, which will crystallise in the coming years.

## Performance

The Group delivered excellent growth in the year with a 27% increase in revenue and an 83% increase in Adjusted EBITDA excluding fair value movements from biological assets. Importantly, each of our three business

## Adjusted EBITDA

**£31.2m**

2021: £19.4m

areas delivered higher revenues and Adjusted EBITDA, with growth in established areas and progress in the commercialisation of new solutions, including Ectosan® Vet and CleanTreat® and SPR shrimp genetics. We now have a solid, diversified, well-balanced Group across geographies and species which provides multiple opportunities for growth as well as resilience to volatility in specific markets.

Adjusted EBITDA is the key profitability measure we use to track underlying performance. In FY22 the Group delivered Adjusted EBITDA of £31.2m (FY21: £19.4m) and an Adjusted EBITDA margin of 20% (FY21: 16%) as a result of top line growth, increased asset utilisation and good cost control.

There was an increase in depreciation related to our CleanTreat® operations and higher net finance costs reflecting foreign exchange volatility as well as costs associated with the refinancing of our pre-existing NOK bond. This led to a net loss for the year of £30.5m (FY21: £11.6m loss).

## Financing

An area of focus for the Board in FY22 was to maintain a solid financial position to support the Company's trading momentum and growth strategy. To this end, in November 2021 the Company raised £20.7m through a placing of shares with existing and new shareholders which provided additional headroom. Later in the year, in September 2022, in challenging macroeconomic and market conditions, the Company successfully refinanced its NOK 850 million bond which was due

to mature in June 2023. The refinancing was achieved through the issue of a NOK 750 million unsecured green bond maturing in 2025 which validates our strong ESG credentials, and places us in a solid financial position, particularly in light of the ongoing challenging environment in the financial markets.

## Sustainability

Benchmark's mission is to drive sustainability in aquaculture. In alignment with our mission, sustainability is front and centre in our strategy and our operations. Our products are designed to deliver improved yield and animal welfare, improving resource efficiency and reducing environmental impact. In addition, we manage our own operations responsibly with an ambitious commitment to energy transition. In 2022, we made substantial progress towards our Net Zero goals by developing a comprehensive emissions reduction programme for our Thailand facility centred around the installation of solar panels which commenced in 2022. In addition, during the year we conducted a climate risk assessment across the Group for the first time representing an important step towards TCFD (Task Force on Climate-related Financial Disclosures) compliance in 2023. You can read more about our ESG progress and climate risk assessment on pages 40-49.

## Board

On 29 November 2021, the Board appointed Atle Eide as Non-Executive Director. Given Atle's previous role as a director of Kverva AS, a significant shareholder in the Company, he is not deemed an independent director. Atle has extensive experience in the seafood industry including in his former roles as Chairman of Salmar ASA and CEO of Mowi ASA, and as an investor, bringing value to the Board.

Regular Board evaluation is an important element in maintaining high standards of corporate governance and Board effectiveness. In 2022, the Board conducted an internal evaluation exercise. The results, which were reviewed at the September 2022 Board

meeting, confirmed that the Board continues to perform effectively and with a high degree of Director engagement.

Board meetings were held at various Group locations during the year, enabling the Directors to interact broadly with our people, promoting engagement and an understanding of local cultures.

## Euronext Growth Listing

During the year, we communicated our intention to pursue a listing in Oslo as the world's largest seafood-focused market. Our decision followed extensive consultation with shareholders, concluding that the Company would benefit from a listing in Oslo to expand its access to a global base of specialist seafood investors and analysts and to improve liquidity in our shares.

The Company's plan to launch a dual-listing on Euronext Growth Oslo before the end of the calendar year is well progressed. The dual-listing represents a first step towards a listing on the Oslo Stock Exchange (Oslo Børs), the world's leading listed venue for seafood and aquaculture companies. The Board intends to uplist the Company to the Oslo Børs from Euronext Growth Oslo in the first half of the calendar year 2023. In tandem, we intend to consult with shareholders on whether to maintain the admission of the Company's shares to trading on AIM. The intended dual listing on Euronext Growth Oslo and the uplisting to the Oslo Børs are both subject to market conditions.

In connection with its proposed admission to Euronext Growth Oslo, Benchmark has today announced the terms of a potential private placement and retail offering in Norway, representing in aggregate 5% of the Company's enlarged issued share capital.

## Looking ahead

While macroeconomic conditions remain challenging as we enter 2023 with high levels of cost inflation and interest rates affecting consumer spend, Benchmark has started the year positively and is prepared to

meet the challenges of an inflationary environment through a combination of price increases and operational efficiencies to mitigate inflationary pressure. Moreover, the Company enters 2023 with good momentum, and with a clear strategy that will help deliver continued growth and progress towards sustainable profitability and cash generation.

Longer term, Benchmark is well placed to deliver growth and attractive shareholder returns. The Company is well invested, with multiple, visible growth opportunities underpinned by existing infrastructure. This, together with Benchmark's leading market positions and the megatrends driving the aquaculture industry, give us confidence in the future.

Our strong performance this year could not have been achieved without the efforts of the 800+ people who make up this great company. Their hard work, integrity and expertise have shone through, and on behalf of the Board, I want to thank them for everything they have done, and continue to do, for Benchmark. I also want to thank and acknowledge our shareholders and other stakeholders for their continued support.

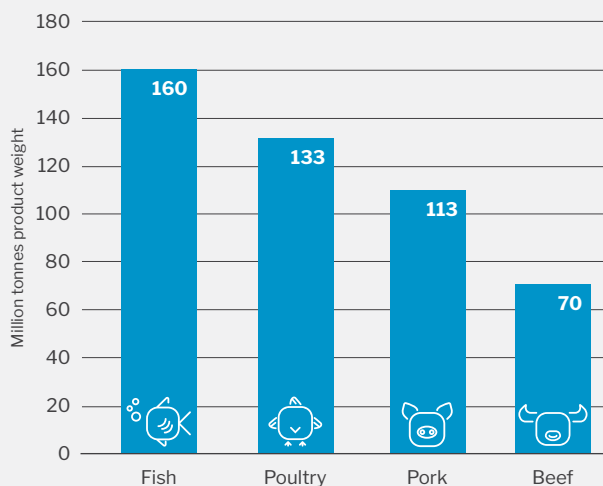
**Peter George**  
Chairman

# A large, growing industry driven by global megatrends

## Large, growing end market: seafood

Fish and shellfish is the most consumed animal protein and continues to grow in importance. We are eating more seafood than ever, more than double our consumption 50 years ago<sup>1</sup>.

### Global protein consumption



**20%**  
of animal protein intake for  
**3.3bn** people

Has grown from  
**9kg to 21kg** per capita in  
**30 years**  
and forecast to grow

<sup>1</sup>Source: FAO

Million tonnes product weight

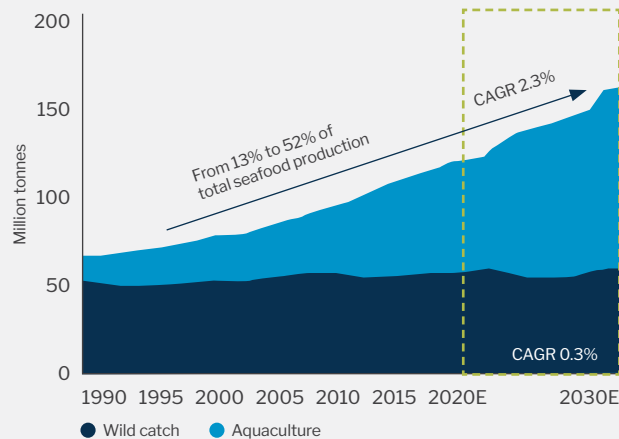
Source: OECD-FAO Agricultural Outlook 2021-2030; Journal of World Aquaculture Society, WUR, Company Estimate

## Aquaculture supplies more than 50% of the seafood market

With wild fish capped, aquaculture is responsible for a growing percentage of seafood consumption, representing more than 50% to date. Still, aquaculture is considered a young industry, with significant opportunity to develop.

Seafood scores favourably on health and sustainability compared to other animal proteins; driving future growth.

### Aquaculture and wild catch production



### High efficiency and sustainability scores

Metric	Low	High
Feed conversion ratio	7.0	2.8, 1.8, 1.6
Water usage (k litres/kg)	15.4	6.0, 4.3, 1.3
Land usage (m <sup>2</sup> /kg)	68.3	11.5, 9.9, 6.0

**“Aquaculture has great potential to feed and nourish the world’s growing population. But growth must be sustainable.”**

Food and Agriculture Organisation (FAO) 2022

## Challenges to sustainable growth and catalysts for change

In order for the aquaculture industry to reach its full potential it needs to develop in a sustainable way addressing a number of issues which are of increasing importance to all stakeholders from consumers and local communities to governments and shareholders.



Resource efficiency



Antibiotic use



Fish welfare



Biodiversity loss



Green house gas emissions



Effluents

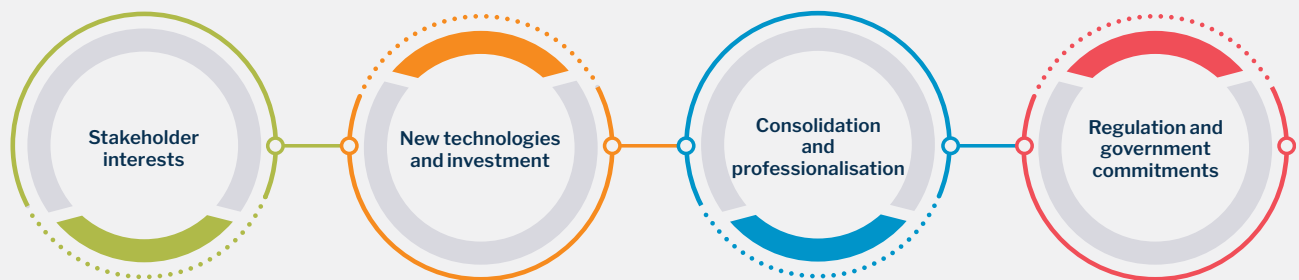


Fish feed supply



Working conditions

### Catalysts for change

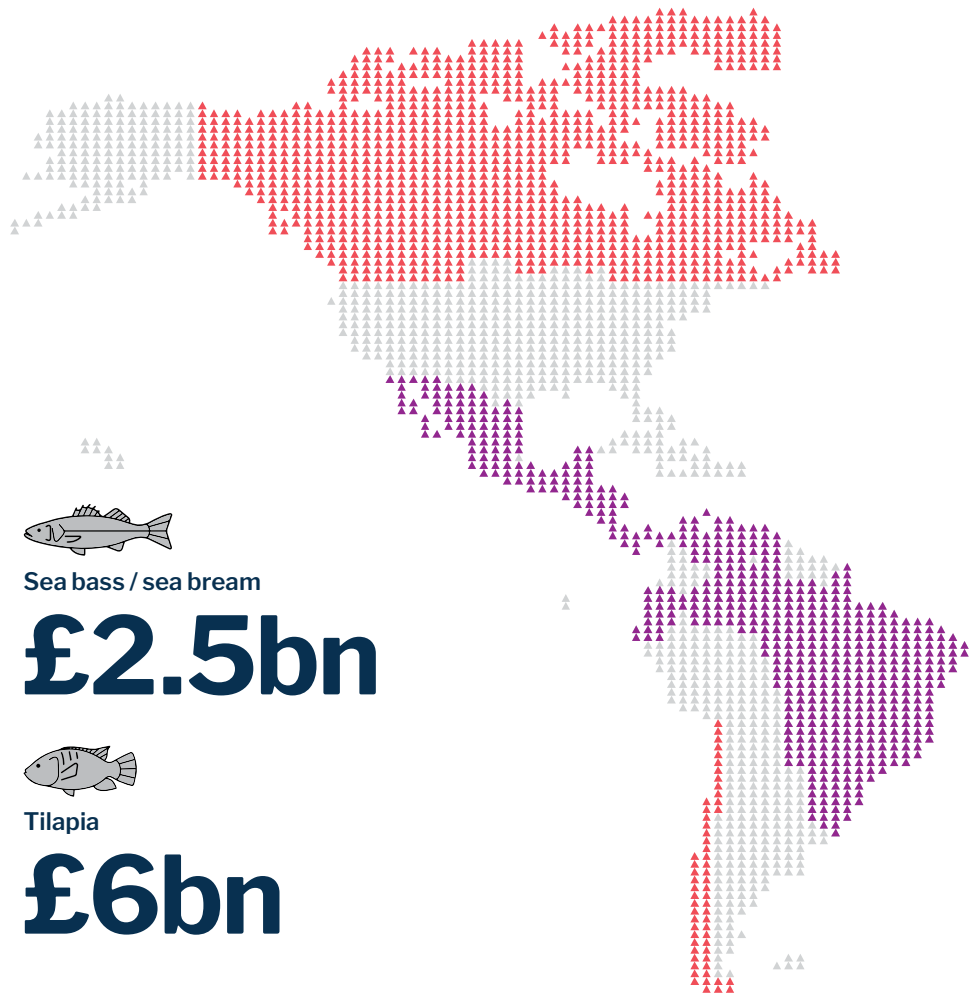


## Benchmark's unique platform enables sustainable growth for major aquaculture species globally

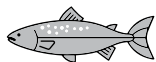
We have a unique position within the aquaculture industry and play a key role in providing mission critical solutions to drive sustainability in aquaculture through our three core business areas.



# Species at a glance

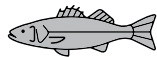


Value of global production<sup>1</sup>



Salmon

**£14bn**



Sea bass / sea bream

**£2.5bn**



Shrimp

**£30bn**



Tilapia

**£6bn**

<sup>1</sup>FAO, Kontali, Company estimates

## Salmon

Maturity level: **high**



Salmon farming is a consolidated and well invested sector, leading technology adoption and industrialisation in aquaculture.

Salmon farming is highly regulated due to environmental and animal welfare concerns which limits growth in supply. This promotes the adoption of new technologies and solutions that improve yield. New production paradigms are emerging such as ocean and land-based farming and Benchmark is well placed to serve all production models with specialist genetics and efficacious sea lice treatments.

### Top producing countries:

(percentage of world production in tonnes) (2021)

- Norway 53%
- Chile 25%
- UK 7%
- Canada 5%
- Faroes & Iceland 5%

### Production:

**Volume:**  
2.9 million tonnes (2021)  
**Value:** £14bn  
**Market growth:**  
4% (2023e)

Source: Pareto Securities

## Shrimp

Maturity level: **medium**



Shrimp is a highly diverse and geographically dispersed industry experiencing growing industrialisation and adoption of new technologies.

The shrimp farming sector is twice as large in value as salmon. Shrimp is farmed in many countries across Asia and Latin America in farms ranging from small family-owned ponds to large multinational sophisticated producers. Historically, the industry has faced environmental and disease challenges which have significantly impacted production. However, the industry is increasingly adopting new practices, technologies and solutions which together with increased regulation, is improving production outcomes.

### Top producing countries

(percentage of world production in tonnes) (2021)

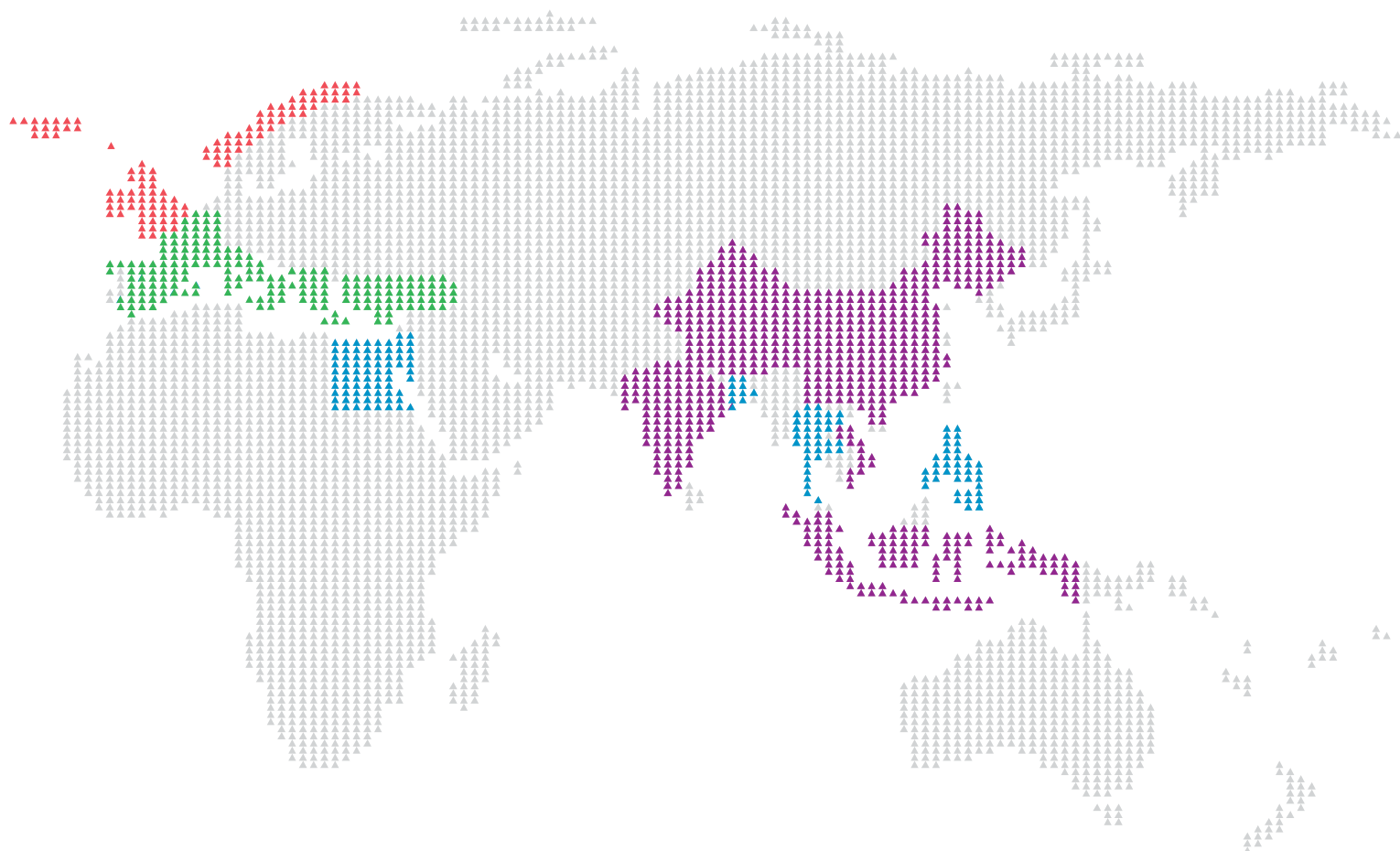
- Ecuador 24%
- India 21%
- China 16%
- Vietnam 12%
- Indonesia 7%
- Thailand 6%

### Production:

**Volume:**  
4.2 million tonnes  
**Value:** £30bn  
**Market growth:**  
5% (2022e)

Source: Company Estimates





## Sea bass and sea bream

**Maturity level: medium**

The Mediterranean sea bass and sea bream industry is semi-consolidated and professionalised with an ongoing focus on efficiency and biosecurity.

The Mediterranean aquaculture industry has gone through a period of consolidation which has increased industrialisation and fostered the adoption of new technology. There is an ongoing drive for efficiency amongst industry participants in the face of challenging macroeconomic conditions globally and in the region. This translates into growing demand for better genetics, data management and other welfare tools. There is also a growing interest and investment in sustainability measures.

**Top producing countries:**  
(percentage of world production in tonnes) (2021)

- Turkey 48%
- Greece 24%
- West Mediterranean (France, Italy, Spain, Portugal and Croatia) 20%

**Production:**  
Volume: 415,000 tonnes  
Value: £2.5bn  
Market growth: 2% (2022e)  
Source: Company Estimates

## Tilapia

**Maturity level: low**

Tilapia is a large, fragmented industry with a low level of industrialisation; there is increasing use of new tools amongst larger players to improve efficiencies.

Tilapia is a low margin species with mixed husbandry practices which makes adoption of new tools longer-term overall. However, the industry is seeing a trend towards professionalisation in some markets with increased use of probiotics and health products, vaccination and biofloc systems. Those producers are benefitting from our advanced breeding programme resulting in improved growth and resistance to some of the major diseases affecting the industry.

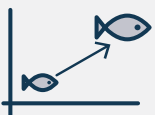
**Top producing countries:**  
(percentage of world production in tonnes) (2021)

- China 34%
- Indonesia 22%
- Egypt 15%
- Brazil 8%
- Thailand 5%
- Philippines 5%
- Bangladesh 4%
- Vietnam 3%

**Production:**  
Volume: 6.3 million tonnes  
Value: £6bn  
Market growth: 4% (2022e)  
Source: Company Estimates

# A unique value proposition

We are a leading aquaculture biotechnology company uniquely positioned to address the need for sustainable seafood production.



## Aquaculture: Growing industry driven by megatrends

- Crucial role in food security: **>50% of fish consumption**
- **Attractive expected growth** for major species
- **Lower carbon footprint** than other animal proteins
- Demographic and health megatrends

**32%**  
increase  
in aquaculture  
production  
by 2030



## Market-leading positions in major species

- **Market leader in mission-critical areas:**
  - Salmon genetics
  - Early-stage specialist nutrition
  - Salmon sea lice treatments

We feed  
**1 in 3**  
shrimp  
produced  
globally



## Unique mature biotech platform

- 3 complementary areas driving farming efficiency, sustainable production and animal health
- High entry barriers
- World-leading team of scientists
- Track record of innovation and robust IP

**20+**  
year  
genetics  
programmes



## Strategy and financial framework for growth and returns

- Consistent delivery following successful restructuring
- At a financial turning point
- New commercial and financial discipline in place
- Financial framework to drive profitability and returns

**132%**  
revenue  
growth  
post-restructuring



## Purpose driven with strong ESG credentials

- **Purpose driven**, high quality organisation
- **Sustainability** at core of our mission
- **On target to deliver** on Net Zero commitment
- **First green loan** and green bond issued in 2022



CICERO  
Medium Green

## A 'One Benchmark' Approach to shrimp

By adding shrimp genetics to its leading advanced nutrition INVE range, Benchmark brings its customers an enhanced solution to improve yield and sustainability.

Benchmark's combination of Genetics and Advanced Nutrition is unique. Our Genetics and Advanced Nutrition teams work together as 'One Benchmark' to deliver the best solutions and service to customers around the world creating a 'one stop' shop with shared experience and knowledge.

Farmers today operate in a rapidly changing space, with an increasing risk of diseases driven by climate and environmental factors. By integrating our expertise and trusted relationships with clients, Benchmark is able to understand in depth our customers' production challenges and provide tailored protocols and technical support.

### This combined approach is delivering results for our customers in Indonesia

By using a combined protocol including our genetics and advanced nutrition products our customers were able to significantly improve the production efficiency of their breeders and the quality of the post-larvae shrimp. They cited the quality, performance and price as key benefits of choosing Benchmark's Genetics and Advanced Nutrition solutions.

// **Benchmark's genetics are delivering one of highest yield improvements in the Indonesian market, adding to its leading advanced nutrition range"**

**Bruno Decock**  
Operations Manager,  
Shrimp Breeding Asia

See pages 20-21  
for more on Genetics



# Sustained growth and strategic delivery

In 2022 Benchmark delivered another year of growth and strategic progress, underpinned by four quarters of consistently improved financial results. This demonstrates the success of our restructuring and culture change, the quality and potential of our business and the talent and commitment of our people.



Our strategic and commercial focus have contributed to strong results. There is good momentum in the business and positive dynamics in our industry creating significant opportunities to deliver value for all our stakeholders."

**Trond Williksen**  
Chief Executive Officer

## Performance

Benchmark delivered excellent growth in revenue and Adjusted EBITDA in FY22, building on its track record of continuous quarterly improvement since the restructuring was completed in FY20. Revenues grew by 27% to £158.3m in the year, and Adjusted EBITDA excluding fair value movements from biological assets grew by 83% to £29.6m. On a constant exchange rate basis, Group revenue and Adjusted EBITDA excluding fair value movements, were up 21% and 76%, respectively. Since the end of FY20, we have increased revenues by 50% and Adjusted EBITDA by 115%.

Despite the strong revenue growth and the progress in our underlying profitability, the Group reported a loss before tax of £23.2m, (2021: loss of £9.2m). This is due to a £11.5m increase in depreciation principally related to the leased vessels used in the CleanTreat® operations and an increase in finance costs due to higher interest rate charges and non-cash movements associated with the accounting for the refinancing of our pre-existing NOK bond. Total loss for the year was £30.5m (FY21: £11.6m).

Trading and operational performance was strong in our three business areas and all reported a significant increase in revenues and Adjusted EBITDA. Advanced Nutrition continued its growth trend with revenues up by 14%; Genetics increased revenues by 24%, benefitting from strong demand for our salmon eggs, which we were able to fulfil through our recent investment in a new bio-secure incubation centre in Iceland; and Health reported 157% growth in revenues, benefitting from the launch of its sea lice solution, Ectosan® Vet and CleanTreat®. While the commercialisation of Ectosan® Vet and CleanTreat® is still in the initial phase, we now have three well-performing and growing business areas with a visible path to Group profitability and cash generation.

We maintained our ongoing financial discipline on costs, investment and cash. Operating costs and R&D were £51.4m, a 14% increase from the prior year due to higher activity levels and

cost inflation. Our ongoing cost control, together with higher asset utilisation resulted in an Adjusted EBITDA margin (excluding fair value movement from biological assets) of 19% (FY21: 13%). Capex during the year totalled £10.8m (FY21: £18.0m) reflecting our new investment discipline and completion of investments to support our main growth vectors. Our main investment was the construction of a new incubation centre for salmon eggs in Iceland which allows us to meet seasonal periods of peak demand. This was particularly welcome this year when our customers experienced a shortage of supply in our market.

By business area, Genetics reported revenues of £58m, 24% above last year driven primarily by higher salmon egg sales. Adjusted EBITDA before fair value movement in biological assets of £14.4m was 75% above last year (FY21: £8.2m). Strategically, we continued to build on our stronghold in salmon, covering all production paradigms and producing regions. In addition, our focus was on the launch of our SPR shrimp genetics in Asia and the Americas, an important growth vector for the Group in the coming years. Innovation is a key driver of our success in Genetics and during the year we strengthened our team with the appointment of Dr. Ross Houston as Director of Innovation for our Genetics business and Chair of our Group Innovation Board.

Advanced Nutrition reported revenues of £80.3m, 14% ahead of FY21 driven by increased sales in all product areas – Artemia, Health and Diets. Adjusted EBITDA of £19.0m was 38% up on the prior year (FY21: £13.8m). We continued to capitalise on our enhanced commercial focus and structure and on our efforts to improve our operations to drive efficiency and margins. This included the closure of our trial facility in Thailand moving to more effective solutions in partnership with external providers.

In Health we reported revenues of £20.1m, (FY21: £7.8m) as a result of increased Ectosan® Vet and CleanTreat® sales following the commercial launch

at the end of last year. Adjusted EBITDA was £0.1m (FY21: loss £2.7m). The roll-out of Ectosan® Vet and CleanTreat® is one of the Group's key strategic priorities and we made further progress during the year, increasing adoption of the new solution in the market. In addition, we reached important milestones towards optimising our solution. Treatment times were reduced, a marketing extension for a second re-use of treatment water was obtained and we continue to work with our customers on new configurations for our CleanTreat® systems adapted to our customers' infrastructure.

### Strategic delivery

Benchmark's strategy is directed at becoming the leading aquaculture biotechnology company driving sustainability and delivering attractive shareholder returns. Our strategy represents a roadmap to achieve this and has three main elements:

- **maximising the opportunity in our established business** through a proactive commercial effort and continuous operational improvement, benefitting from structural growth in the industry
- **extending our platform** through additions to our product offering and geographic expansion within our core areas
- **pursuing add-on opportunities** within our core areas and applying disciplined return parameters

At the beginning of 2022, we set out five strategic Group priorities in areas that will drive growth and profitability for the Group. These were the roll-out of Ectosan® Vet and CleanTreat®, the commercialisation of our shrimp genetics, regaining leadership in Artemia within our Advanced Nutrition business and delivering ESG and People agendas that are aligned to our mission and that support our new performance-driven culture. This clear strategic focus enables us to direct resources and monitor progress. Overall, progress in all areas was positive in 2022.

As mentioned above we made important strategic progress in the roll-out of our Ectosan® Vet and CleanTreat® solution.

Our SPR shrimp in Genetics was commercially launched in the year with growing sales albeit from a small initial base. Our leading position in the shrimp market through our Advanced Nutrition business creates an important synergy facilitating market entry.

In Advanced Nutrition, our priority for FY22 was to regain a leadership position in the global Artemia market following a period of oversupply which resulted in lower prices in the market affecting our premium positioning. Through a renewed commercial effort brought about by a management change in the business, we have successfully recovered our position and gained momentum for the future.

Looking forward to 2023, our Group priorities represent a continuation of our current effort including the roll-out of Ectosan® Vet and CleanTreat® and maintaining our leadership position in Advanced Nutrition across our three product areas. In Genetics, our focus will be on becoming the supplier of choice for salmon eggs across all markets while continuing our work to commercialise our shrimp genetics.

### 'One Benchmark' culture

One of our key focus areas over the last two years has been to create a stronger, more aligned group to drive commercial performance and realise synergies and efficiencies. The primary engine of this culture change is a strategic priority framework working alongside a performance management framework with our values to guide our behaviour.

This unified culture has allowed us to drive further integration by combining functions and establishing cross-group initiatives which are delivering results. An example of this is the combination of the marketing and commercial functions around species allowing us to become more customer-centric.

### Looking forward

We have had a good start to the year and there is good momentum in the business. Cost inflation and other macroeconomic pressures will continue to be a feature across the world in 2023 and we are not immune. However, we have a well diversified, balanced business which creates resilience to challenges in individual markets as well as opportunities. In addition, we will continue to proactively mitigate potential pressure on our business and our margins through pricing, supplier management and operational improvements. The recently announced change in the tax regime for aquaculture producers in Norway is expected to have a marginal direct effect on our business.

Looking further into the future, Benchmark is uniquely positioned in an industry that is structurally growing and driven by multiple megatrends. This creates significant opportunity for growth and increasing returns for shareholders in the near and medium term and for many years to come.

### Trond Williksen

Chief Executive Officer

# Genetics

Excellent performance underpinned by decades of selective breeding, technology development, experience and investment in bio-secure facilities which, together, transform customer efficiency and economics.

- Revenue up 24% on previous year, with growth across all species and services
- Record sales of salmon eggs
- New incubation centre in Iceland is delivering increased quality and capacity and has been instrumental in satisfying peak demand in the market for our salmon eggs
- Commercialisation of SPR shrimp is progressing well, leveraging Advanced Nutrition's market position in shrimp and our integrated marketing approach



“ Benchmark's world-leading position in genetics is borne out of our strength in salmon genetics, built over the last 30 years, which enables shorter production times, better disease resistance and improved economics for our customers. We are now transferring our knowledge and experience to shrimp and tilapia which represent important opportunities for Benchmark.”

Jan-Emil Johannessen  
Head of Genetics

Revenue

**£58.0m**

2021: £46.8m or up 24%

Adjusted EBITDA

**£16.0m**

2021: £11.5m or up 39%

## Overview and FY22 highlights Salmon

- Benchmark has a market-leading and growing position in salmon genetics made possible by our recent investments in state-of-the-art bio-secure production facilities.
- We have flexibility and capabilities to serve all production paradigms across all salmon producing markets.
- During the year we made first deliveries of salmon eggs from our new incubation centre in Iceland, showing excellent quality and enhancing our ability to meet demand for our eggs year-round.
- In Chile, a recently entered market, we continued the operational and commercial ramp-up and obtained organic certification for our salmon eggs in Q1.

## Shrimp

- We made good progress in the roll-out of SPR shrimp in Asia and Latin America, winning new customers, obtaining an import licence to India, and gaining commercial traction overall.
- There is increasing adoption of professional shrimp genetics in the shrimp industry supported by professionalisation and consolidation which create a positive environment for our shrimp business.
- Through our high performing shrimp strains, tailored to local markets, we are well placed to develop a leading market position in the years to come.

## Tilapia

- Underpinned by our depth of expertise and track record of innovation in genetics, we have developed a superior tilapia genetics offering.
- Tilapia has a low level of industrialisation and we are focused on the segment of the market capable of purchasing and adopting our products.

- Our recently invested small scale facility allows us to serve clients year round and grow with modest additional investment as the market develops.

## Innovation

- Q1 saw the appointment of Dr Ross Houston, a leading aquaculture genetics scientist, as Director of Innovation in Genetics. He brings experience of leading high profile research in the application of genomics and genome editing technologies.

## Sustainability

- Benchmark provides the salmon industry with specialist eggs carrying genetic traits which result in salmon that grow faster, with better fillet yield and more disease resilience. This improves animal welfare and survivability as well as resource efficiency.

## Genetics – Investment in a new incubation centre in Iceland

### Growing with our customers through disciplined investment

In 2022 we opened a new incubation centre in Iceland which enables us to meet our customers' growing demand for bio-secure salmon eggs year round.

Benchmark is a world-leader in salmon genetics. Through our bio-secure facilities in Iceland, we are able to serve the export market across all production paradigms - from traditional salmon farming to the new land-based systems - all year-round.

In recent years, demand for off-season eggs has grown substantially as farmers strive to maximise capacity utilisation, with off-season eggs growing from 10-15% of total production in 2015 to 40-50% currently.

In order to satisfy the growing demand, while applying our new

investment discipline and focus on returns, we decided to increase our capacity in Iceland in a modular way. We started with the construction of a new incubation centre, which was built to the highest standards of biosecurity and water management, and has a 400 million egg capacity, equivalent to 1 million tonnes of harvested salmon.

The incubation centre, officially opened in August 2022, has been a commercial success from the start allowing Benchmark to meet peak demand in 2022, and driving an excellent performance for Genetics.



**This is a big milestone for Benchmark Genetics Iceland and gives us an opportunity to grow even further. This facility enables us to produce more quality ova and meet the increasing demand for all year round supply of ova."**

**Dr. Jonas Jonasson,**  
Head of Production, Benchmark Genetics



# Advanced Nutrition

Strong momentum capitalising on our leading global position and superior technical performance within our specialist market.

- An excellent performance driven by commercial focus, continued innovation and cost discipline, supported by positive market conditions
- Proven resilience to the current inflationary environment through commercial focus, enhanced productivity and asset utilisation
- Continued innovation bringing new products and product upgrades to market



**“** Our unparalleled combination of technical expertise, global distribution, state of the art facilities and proven feed protocols, together with our focus on the critical early stages of production give us a unique position in the market and enables us to improve farmer productivity and grow our client base globally.”

Patrick Waty  
Head of Advanced Nutrition

Revenue

**£80.3m**

2021: £70.5m or up 14%

Adjusted EBITDA

**£19.0m**

2021: £13.8m or up 38%



### Overview and FY22 highlights

- Advanced Nutrition is a leading player globally in a niche and growing market segment.
- A global distribution network in all key markets provides a competitive advantage allowing us to serve 550+ customers in over 60 countries.
- In Q1, Patrick Waty was named the new Head of Advanced Nutrition, bringing extensive commercial and industry expertise to the business area.
- Proprietary technology and continued innovation drive superior technical performance. We continued to develop and launch new technologies, including the Artemia separation tool 'SEP-Art Automag', which delivers sustainability benefits.

- As part of our ongoing efforts to optimise operations, we closed our trial facilities in Thailand, which increases flexibility and optimises spend.
- INVE Aquaculture, Benchmark's Advanced Nutrition business, was awarded the 'Favourite Aquatic Feed 2021 Award' for its FRiPPAK Microcapsule Feed at the 4th China Aquatic Feed Development Forum, demonstrating the Group's commercial focus and success in the Asian market.

### Sustainability

- During the year, Benchmark completed an energy efficiency study at its main production facility in Thailand, identifying significant opportunities to reduce our carbon footprint. As a result, we have begun a project to install solar panels at the facility.

**550+**  
customers served in over  
**60**  
countries

## As a global leader in Artemia nutritional solutions, Benchmark's INVE adds value to hundreds of aquaculture producers worldwide every day.

### Insight and innovation lies at the heart of our success

Artemia is the most widely used live feed in aquaculture. Developing solutions that enhance the performance of Artemia can have a big impact on the yield and sustainability of our customers. Our product range is founded on our specialist understanding of the market and our customer needs, combined with our advanced technology and innovation, which we continuously seek to develop.

In FY22 INVE became a member of the Sustainable Shrimp Partnership in Ecuador, an impactful industry initiative promoting certified production and sustainability. As a proactive member of SSP, Benchmark will provide support in the adoption of its SEP-Art technology to support sustainable production.

### What is SEP-Art?

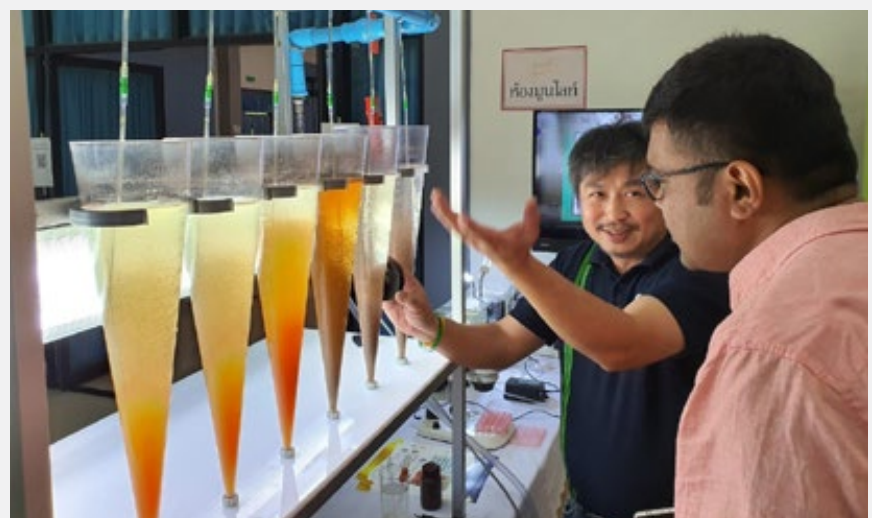
SEP-Art technology uses magnets to separate the Artemia cysts and shells from the live nauplii, enabling the replacement of traditional harvesting methods such as decapsulation which can be labour intensive, cause mortality and impact quality. In addition, SEP-Art eliminates the need for chemicals in the process, reducing the environmental impact.

Our customers have access to our expert technical team who share their knowledge to obtain the most efficient solution.

//

**Customers have experienced a 5-10% increase in yield from our Artemia products when implementing our products, technologies and protocols."**

**Geert Rombaut**  
Product Manager Artemia and Live Feed



# Health

Substantial revenue growth following the launch of Ectosan Vet<sup>®</sup> and CleanTreat<sup>®</sup>, the first medicinal sea lice solution launched in the Norwegian market in over 10 years.

- The Ectosan<sup>®</sup> Vet and CleanTreat<sup>®</sup> sea lice solution has delivered above 99% efficacy in the removal of sea lice with good animal welfare while protecting the environment from medicinal discharge
- Roll-out in Norway progressing with increasing customer adoption
- Marketing Authorisation in Norway extended to one reuse of water
- Marketing Authorisation obtained in the Faroe Islands



// Building on our experience with Salmosan<sup>®</sup> Vet, we are well placed to address the largest biological challenge in the industry with Ectosan<sup>®</sup> Vet and CleanTreat<sup>®</sup>. With our established customer base, next generation solution and clear path to commercialisation, we are well underway to delivering growth and margin accretion in our business."

John Marshall  
Head of Health

Revenue

**£20.1m**

2021: £7.8m or up 157%

Adjusted EBITDA

**£0.1m**

2021: £(2.7)m or moved AEBITDA loss to profit

## Overview

- Already a leader in medicinal sea lice treatments, with over 15 years of experience with Salmosan® Vet, Benchmark launched its next generation treatment, Ectosan® Vet and CleanTreat®, in Q4 2021; a breakthrough development for the industry.
- This new medicinal treatment, the first one in the market for over a decade, is generating excellent outcomes with over 99% efficacy in removing sea lice, high fish welfare scores, and no environmental impact from medicinal discharge into the ocean.
- Since launching Ectosan® Vet and CleanTreat®, Benchmark has worked with 10 customers treating over 100,000 tonnes of fish, processing and cleaning over 1,000,000m<sup>3</sup> of treatment water, preventing over 20,000kg of medicine from entering the environment.

- We have made considerable progress with rolling out the solution in Norway, with a second vessel launched in December 2021. Our Marketing Authorisation has been extended to one reuse of water, and we are developing a new model which embeds the solution into our customers' infrastructure.
- Under the current configuration the lease cost associated with the PSV's in 2022 was £6.8m. We are working on developing new configurations to embed our solution into our customers infrastructure to reduce the capital intensity of our sea lice solution. Further information can be found in the financial review on page 31.
- We obtained Marketing Authorisation in the Faroe Islands in Q3 2022 which will be followed by other markets.
- We also see potential for CleanTreat® to be used for medicinal treatments across the industry.
- There was an increase in sales of existing sea lice treatment Salmosan® Vet.

## Sustainability

CleanTreat® has received the best environmental score by the Aquaculture Sustainability Council ("ASC"), the world's leading independent certification scheme for farmed aquaculture.

**100,000t**  
of fish treated with Ectosan® Vet and CleanTreat® since launch

**20,000kg**  
of medicine prevented from entering the environment

## Optimising CleanTreat®

### Improving customer outcomes by optimising our Ectosan® Vet and CleanTreat® solution

Since launching Ectosan® Vet and CleanTreat® in 2021, we established the goal of optimising our solution in order to improve efficiency for our customers. In 2022 we worked closely with our customers, treating more than 60 sites. This experience enabled us to make continuous improvements to our system and operations which together with an amendment to our Marketing Authorisation has resulted in significantly lower treatment times for the benefit of our customers.

We have achieved a 27% increase in the water transfer rate between the treatment wellboat and the CleanTreat® system which means our customers can treat a larger volume of fish on a daily basis, reducing costs and improving production efficiency.

We are proud of the work that we are doing, working closely with industry stakeholders – suppliers, customers and regulators – to bring an efficacious, environmentally friendly solution which supports fish welfare.

This is just the beginning of the journey. We are committed to continuing to work with our customers, incorporating new wellboat infrastructure and optimising the use of our solution to deliver better and better outcomes.



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**These increases in operational performance are an important step towards full commercialisation which will enable us to increase customer adoption and deliver target margins and returns. We are perfectly positioned to help solve the biggest biological challenge in the industry"**

**Geir Olav Melingen,**  
Commercial Director, Salmon

# Delivering on our strategy

Our strategic pillars and principles are designed to align the organisation towards our goal of delivering growth, profitability and attractive returns for our shareholders.

Our strategy is guided by our mission to drive sustainability in aquaculture and underpinned by our values.

Our governance and performance framework allow us to direct and manage the Group's resources to deliver on the strategic priorities we set annually.



## Strategic pillar

**Maintain and grow our leadership position in established markets**

## 2022 Strategic priority

- Regain leadership position in the global Artemia market
- Continue to build our lead position in salmon genetics through increased incubation capacity in Iceland

## 2022 Delivery

- Growth in Artemia sales

**+7%**

reinstating leading position in key markets

- Significant growth in salmon egg sales

**+24%**

## 2023 Priority

- Become supplier of choice for salmon genetics in all key markets
- Maintain leadership in global Artemia market

**Strategic pillar**

**Expand our platform through the launch of new products and entry into new markets within our core areas**

**2022 Strategic priority**

- Continue the roll-out of sea lice solution Ectosan® Vet and CleanTreat® in Norway towards full commercialisation
- Launch SPR shrimp genetics commercially in Asia and the Americas

**2022 Delivery**

- Increased customer use of Ectosan® Vet and CleanTreat®
- Obtained extension to marketing authorisation for Ectosan® Vet and CleanTreat®
- Commenced development of new wellboat configuration for sea lice solution
- Commercial launch of SPR shrimp with growing sales of shrimp breeders; leverages strong position in shrimp markets through Advanced Nutrition

**2023 Priority**

- Continue to increase customer adoption in Norway
- Continue to develop integrated solution with customer infrastructure
- Continue roll-out of SPR shrimp breeders and explore post larvae business model

**Strategic pillar**

**'One Benchmark' group integration, embedding the new culture and realising potential synergies**

**2022 Strategic priority**

- Implement a new performance management framework aligning objectives and incentives to the Group's strategic priorities
- Identify and implement synergies

**2022 Delivery**

- Successfully implemented new performance framework – 96% participation
- Obtained very high scores for employee engagement
- Integrated marketing effort around species increasing customer centricity
- Integration of commercial function for salmon

**2023 Priority**

- Continue to develop our performance framework with a focus on training and development to make Benchmark a 'great place to work'
- Identify and implement further synergies

**Strategic pillar**

**Pursue add-on opportunities within core areas, adhering to strict criteria**

**2022 Strategic priority**

- Define focus areas and financial criteria
- Identify potential opportunities

**2022 Delivery**

- As part of the Company's annual strategy development process the Management team and the Board considered potential areas to pursue add-on opportunities as well as selection criteria

**2023 Priority**

- Identify near and medium-term opportunities for potential add-ons
- Evaluate potential candidates and progress if appropriate

# Strong and positive performance in the year

We have been able to deliver a strong set of results in FY22 based on clear commercial focus in all business areas while progressing our strategic objectives.



I am delighted that Benchmark has become a business which is successfully delivering on its vision in all business areas and has progressed in a tangible manner towards its cash generation objective."

**Septima Maguire**  
Chief Financial Officer

## Revenue

**£158.3m**

2021: £125.1m

See pages 110-182  
for Financial Statements

## Introduction

### Strong revenue growth delivery in all business areas

FY22 has been a year where our focus on commercial execution has paid off. With all three business areas now commercially focused, we have delivered growth across the board and have been able to consistently deliver progress on our strategic objectives. We have been able to leverage off the investments made in FY21 to meet demand in the market within our Genetics business area. We have continued to generate sales growth above market growth, albeit aided by forex tailwinds from a strong US dollar in Advanced Nutrition, and have had a full year of Ectosan®Vet and CleanTreat® sales moving Health from being a development business area to a commercial one.

### Financial highlights

- Revenues were 27% above the prior year resulting from:
  - 14% increase in Advanced Nutrition revenues (+7% in constant currency) showing strong growth above the market.
  - Strong performance in Genetics with revenues 24% above the prior year (+21% in constant currency) due to strong demand for salmon eggs supported by our new incubation house in Iceland.
  - Full year of sales of Ectosan®Vet and CleanTreat®.
- Adjusted EBITDA<sup>2</sup> was £31.2m against £19.4m the prior year reflecting strong revenues in Genetics and Advanced Nutrition and a full year of Ectosan®Vet and CleanTreat® in Health.

## AEBITDA<sup>2</sup>

**£31.2m**

2021: £19.4m

## Liquidity and net debt

- Liquidity<sup>6</sup> (cash and available facility) decreased to £45.8m (2021: £50.6m) and cash at year end of £36.4m (2021: £39.5m).
  - Net debt decreased to £73.7m (2021: £80.9m) reflecting the impact of the equity raise of £20m in November 2022 and better trading, partially offset by increased investment in working capital to support momentum in the business.
- Loss before tax increased from £9.2m to £23.2m.

## Overview of reported financial results

During 2022, the Group's focus was on continuing to deliver a strong commercial result and advancing its strategic priorities.

Advanced Nutrition continued a track record of strong commercial focus in 2022. Genetics also experienced strong sales in the year and with a full year of Ectosan® Vet and CleanTreat® sales in Health this resulted in an increase in Group revenue of 27% to £158.3m in the year (2021: £125.1m). This increase in sales meant that Gross Profit increased to £83.1m (2021: £65.6m). Gross Margin was flat at 52% (2021: 52%). Using the same foreign exchange rates experienced in 2021 (constant currency<sup>5</sup>) revenue increased by 21%.

As Reported (£m unless otherwise stated)	2022	2021	% AER	% CER <sup>5</sup>
Revenue	<b>158.3</b>	125.1	27%	21%
Operating loss	<b>(7.9)</b>	(5.4)	(46%)	(61%)
Loss before tax	<b>(23.2)</b>	(9.2)	(152%)	(167%)
Loss for the period	<b>(30.5)</b>	(11.6)	(163%)	(168%)
Basic loss per share (p)	<b>(4.60)</b>	(1.93)	(138%)	-

Adjusted Measures (£m unless otherwise stated)	2022	2021	% AER	% CER <sup>5</sup>
Gross profit	<b>83.1</b>	65.6	27%	22%
Gross profit %	<b>52%</b>	52%	-	-
Adjusted EBITDA <sup>2</sup>	<b>31.2</b>	19.4	60%	54%
Adjusted EBITDA <sup>2</sup> margin %	<b>20%</b>	16%	-	-
Adjusted Operating Profit <sup>3</sup>	<b>9.1</b>	10.8	(15%)	(23%)
Net debt <sup>4</sup>	<b>(73.7)</b>	(80.9)	9%	-

## Business area performance

Revenue (£m)	Revenue				AEBITDA <sup>2</sup>					
	Actual 2022	Actual 2021	% AER	% CER <sup>5</sup>	Actual 2022	Actual 2021	% AER	% CER <sup>5</sup>	AEBITDA margin % 2022	AEBITDA margin % 2021
Genetics	<b>58.0</b>	46.8	24%	21%	<b>16.0</b>	11.5	39%	39%	28%	25%
Advanced Nutrition	<b>80.3</b>	70.5	14%	7%	<b>19.0</b>	13.8	38%	29%	24%	20%
Health	<b>20.1</b>	7.8	157%	157%	<b>0.1</b>	(2.7)	104%	102%	0%	(35%)
Corporate	<b>5.2</b>	4.9	6%	6%	<b>(3.9)</b>	(3.2)	(22%)	(22%)	-	-
Inter-segment sales	<b>(5.3)</b>	(4.9)	(7%)	(7%)	-	-	-	-	-	-
<b>Total Group</b>	<b>158.3</b>	125.1	27%	21%	<b>31.2</b>	19.4	60%	54%	20%	16%
<b>Genetics excluding FV uplift</b>	<b>58.0</b>	46.8	24%	21%	<b>14.4</b>	8.2	75%	76%	25%	17%
<b>Group excluding FV uplift</b>	<b>158.3</b>	125.1	27%	21%	<b>29.6</b>	16.1	83%	76%	19%	13%

We continued to manage costs across the Group very closely. Operating costs increased by 17% to £44.7m (2021: £38.2m) due to the investment in new growth areas, mainly the ramp-up of activities for the launch of Ectosan<sup>®</sup>Vet and CleanTreat<sup>®</sup> and increased activity post the pandemic. Expensed R&D decreased by 5% to £6.7m (2021: £7.0m).

Adjusted EBITDA increased by 60% to £31.2m (2021: £19.4m) driven by increased sales in Advanced Nutrition, a strong finish to the year in Genetics and a full year of commercial activities in Health for Ectosan<sup>®</sup>Vet and CleanTreat<sup>®</sup> as well as ongoing cost control.

- 1 EBITDA is earnings/(loss) before interest, tax, depreciation and amortisation and impairment. See income statement.
- 2 Adjusted EBITDA is EBITDA<sup>1</sup> before exceptional items and acquisition-related expenditure. See income statement.
- 3 Adjusted Operating Profit is operating loss before exceptional items including acquisition-related items and amortisation of intangible assets excluding development costs. See Note 35.
- 4 Net debt is cash and cash equivalents less loans, borrowings and lease obligations. Net debt includes £26.3m (FY21: £24.0m) relating to lease obligations. See Note 36.
- 5 % CER is the change year on year translating current figures using last year's foreign exchange rates.
- 6 Alternative performance measures and other metrics are included in Note 35 of the financial statements.

### Gross Profit

**£83.1m**

2021: £65.6m

### Net Debt<sup>4</sup>

**(£73.7)m**

2021: (£80.9)m

### Adjusted measures (see Note 35)

We continue to use adjusted results as our primary measures of financial performance. We believe that these adjusted measures enable a better evaluation of our underlying performance. This is how the Board monitors the progress of the Group.

We use growth at constant exchange rate metrics when considering our performance, whereby currency balances are retranslated at the same exchange rate in use for the prior year to illustrate growth on a currency like for like basis.

In line with many of our peers in the sector, we highlight expensed R&D on the face of the income statement separate from operating expenses. Furthermore, we report earnings before interest, tax, depreciation and amortisation ("EBITDA") and EBITDA before including exceptional and acquisition-related items ("Adjusted EBITDA"). The activities of the Group's equity accounted investees are closely aligned with the Group's principal activities, as these arrangements were set up to exploit opportunities from the Intellectual Property ("IP") held within the Group. As a result, to ensure that adjusted performance measures are more meaningful, the Group's share of the results of these entities is included within Adjusted EBITDA. We also report this adjusted measure after depreciation and amortisation of capitalised development costs ("Adjusted Operating Profit") as the Board considers this reflects the result after taking account of the utilisation of the recently expanded production capacity. In addition, in line with the Salmon industry, we also report AEBITDA excluding fair value uplift under IAS 41. Available liquidity, being cash and undrawn facilities, is an important metric for management of the business as it gives a measure of the available liquid funds and is also a key financial covenant in the Group's main debt facilities.

### Genetics

Genetics delivered good growth in revenue driven by sales of salmon eggs where volumes increased by 20% to 291 million eggs. Revenues of £58.0m were up 24% (2021: £46.8m), +21% in constant currency.

Demand for eggs in Norway increased by 23% during the year, which we were able to supply due to the increased capacity in our new incubation house in Iceland. We also saw increased demand from all other territories in the year. This resulted in an increase in revenue from salmon eggs of 24% to £38.3m (2021: £30.9m).

In non-product based revenue streams, Genetics Services continued to deliver in the year reflecting the strength and depth of expertise of our Genetics team and our IP in the business, contributing £1.3m (2021: £1.3m). Revenues from harvested fish were aided by increased salmon prices producing harvest income in the year of £8.5m (2021: £6.2m). Royalties earned from use of our genetic IP fell in the year, with sales down to £0.8m (2021: £1.0m) as the expected unwind of contracts continues for the next year. Revenues from other products totalled £9.1m (2021: £7.4m).

Gross profit increased by 24% in 2022 to £32.0m (2021: £25.9m) and gross margin remained unchanged at 55%. Increased gross profit from the core salmon business was offset by losses in the newly launched SPR shrimp and tilapia, and the non-cash fair value increase in biological assets fell by 52% in 2022 to £1.6m (2021: £3.3m).

Shrimp and tilapia, both of which are areas of investment, delivered combined Adjusted EBITDA losses in the period of £3.1m (2021: £1.4m). The shrimp loss of £1.7m (2021: £0.9m) followed the ceasing of capitalising costs after the commercial launch of SPR shrimp in the year. We capitalised costs of £1.0m in 2022 related to development of the shrimp nucleus before it launched commercially. The loss in Tilapia was driven by the capacity expansion being delayed due to COVID and a one-off £0.4m loss related to a provision for committed running costs, over and above the lease obligation, on a production site which is no longer used.

R&D spend was lower and operating costs were higher than 2021 by £0.6m and £2.2m respectively as the business grew. R&D reduced due to good cost optimisation in this area. R&D activities in this business area are focused on developing the traits of growth, disease resistance and sea lice resistance by selecting the best performing animals from each generation supported by cutting edge genetic technologies.

The search for markers for new traits that can be included in the breeding programme continues.

The share of profits/losses from the equity accounted investees relates primarily to the joint venture with Salmar Genetics AS which delivered a share of loss of £0.5m (2021: loss of £0.6m). In both 2022 and 2021, the joint venture suffered a biological event which drove the losses.

Genetics has continued to establish its facility in Chile and with overall AEBITDA losses of £3.4m and £0.6m invested in capex in this new facility in 2022 (2021: £2.6m and 1.3m). The facility has potential production capacity of 50 million eggs and is currently utilising capacity of around 30 million eggs. During the year we sold 4 million eggs.

All these factors contributed to increased AEBITDA of £16.0m (2021: £11.5m) and AEBITDA margin of 28% (2021: 25%). AEBITDA excluding fair value increased by 75% to £14.4m, an AEBITDA margin of 25% (2021: 17%).

### Advanced Nutrition

Throughout 2022, Advanced Nutrition delivered a strong performance driven by continued commercial focus. As a result, revenues in Advanced Nutrition increased by 14% in the year (7% at CER). This is notable as some key markets continued to be impacted by COVID-19 and the business faced significant logistical challenges as a result of the pandemic. The strong commercial focus has allowed us to continue to strengthen our position and take increased market share.

In 2022, 73% of our revenues derived from shrimp with the balance 27% of derived from the Mediterranean sea bass and sea bream sector.

By product area, we drove growth in all product areas. Artemia grew revenues by 7% (at CER) to £37.1m, followed by diets up 7% (at CER) to £35.1m. Health which covers our probiotic and environmental pond management portfolio grew revenues by 6% (at CER) to £8.1m.

The increase in sales of £9.8m resulted in an increase in gross profit margin of £6.6m and drove the gross margin up from 51% to 53%. This increase in margin was offset in part by an increase in operating costs as we grew the



business, but there continued to be good cost control throughout this year. This led to Advanced Nutrition reporting AEBITDA of £19.0m (2021: £13.8m) and an increase in AEBITDA margin from 20% to 24%.

Within this business area, an important barrier to entry is the access to GSL Artemia where we, through our relationship with the Great Salt Lakes Cooperative have access to 44% of the annual harvest of Artemia from the Great Salt Lakes. Whilst the harvest can vary from year to year and we saw very high harvest levels in 19/20, last two harvests were lower; the 20/21 harvest was 1,168 metric tonnes and the 21/22 harvest was 1,104 metric tonnes which are considered normal harvest levels.

#### Health

Health reported revenue of £20.1m (2021: £7.8m) reflecting the first full year of sales of Ectosan®Vet and CleanTreat® of £14.8m of which £2.5m relates to revenue for vessel-related costs and a marginal increase in sales of our existing sea lice treatment, Salmosan® Vet of £5.4m (2021: £5.1m).

Gross profit increased by £4.9m to £8.6m, a margin of 43%, with the launch of Ectosan®Vet and CleanTreat® combined with increased margins from Salmosan® Vet.

During the year, the focus of this business area was to launch Ectosan®Vet and CleanTreat® in Norway. The first vessel launched in

August 2021, with the second vessel launching in December 2021. These activities drove an increase in operating costs to £8.1m (2021: £6.2m) Adjusted EBITDA for the business area was £0.1m (2021: £2.7m).

#### Cost Inflation

As noted earlier, cost control remains of significant importance in Benchmark and in the current cost environment becomes even more so. During the year, we focussed on a number of areas to mitigate cost inflation. In Nutrition, the Operations team focused on ensuring lean production and with better volumes, getting better cost per units through to support margin. The procurement team were consistently challenged to maintain or get better pricing for raw materials. From an energy perspective, we have access to lower cost energy in both Norway and Iceland where we have Genetics production facilities and we have also commenced the plan to put solar panels on our facility in Thailand. Whilst we are not immune from inflation, we as a business seek to use multiple ways to mitigate this as we move forward.

#### Exceptional items

Items that are material because of their nature whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. The separate reporting of exceptional items helps to provide an understanding of the Group's underlying performance.

Exceptional expenses were fully offset by exceptional credits in the year. Exceptional expenses related to legal and professional costs in relation to the proposed dual listing on the Oslo exchange of £0.8m, and restructuring costs of £0.4m including those relating to a legal dispute within a divested business, and costs relating to the closure of the Thai research centre in Advanced Nutrition. These costs were offset by a credit of £1.2m relating to additional contingent consideration received in the period following the disposal of Aquaculture UK on 7 February 2020 and Improve International on 23 June 2020.

#### Depreciation, amortisation and impairments

Depreciation and impairment of tangible assets was £19.9m (2021: £8.4m), with depreciation charge of £19.9m (2021: £8.5m) and impairment reversal of £nil (2021: £0.1m). The depreciation charge in the year increased due to the launch of CleanTreat® where the vessels are right-of-use assets held under lease agreements. In total, depreciation and impairment charges on leased assets under IFRS 16 was £11.3m (2021: £3.3m).

Amortisation and impairments of intangible assets totalled £19.2m (2021: £16.3m). The amortisation charge includes £2.2m (2021: £0.3m) relating to capitalised development following commercialisation of Ectosan®Vet and CleanTreat® and SPR shrimp.

## Research and development

£m	Expenses				Total expensed and capitalised			
	2022	As % of sales	2021	As % of sales	2022	As % of sales	2021	As % of sales
<b>Expensed R&amp;D by business area</b>								
Genetics	4.3	7%	4.9	10%	5.3	9%	6.8	15%
Advanced Nutrition	2.0	2%	1.9	3%	2.1	3%	2.2	3%
Health	0.4	2%	0.2	3%	1.0	5%	2.9	36%
<b>Total research and development</b>	<b>6.7</b>	<b>4%</b>	<b>7.0</b>	<b>6%</b>	<b>8.4</b>	<b>5%</b>	<b>11.8</b>	<b>9%</b>

Expensed R&D activities decreased in the year by £0.3m with Genetics having good cost optimisation in this area while continuing to focus on improvements in the breeding nucleus. Health spending remained low due to their significantly reduced R&D programmes. Genetics' research is focused around continually developing new disease and parasitic resistant traits as well as growth traits which we can breed into our products. Advanced Nutrition's focus is on expanding our product portfolio and driving growth through product improvements.

## Other operating costs

£m	2022	As % of sales	2021	As % of sales
<b>Operating Expenses by Business Area</b>				
Genetics	11.1	19%	8.9	19%
Advanced Nutrition	21.5	27%	19.9	28%
Health	8.1	41%	6.2	79%
Corporate (net)	4.0		3.2	
<b>Total operating expenses</b>	<b>44.7</b>	<b>28%</b>	<b>38.2</b>	<b>31%</b>

Other operating costs increased from £38.2m in 2021 to £44.7m in 2022. The increase in costs include increased costs in Health as we had a full year of commercial launch of Ectosan®Vet and CleanTreat® and higher costs as we commercially launched Chile and SPR shrimp and continued to grow in Nutrition.

## Net finance costs

£m	Analysis	
	2022	2021
<b>Net Finance expenses</b>		
Interest Income	(0.3)	(0.1)
Foreign Exchange losses/(gains)	(2.8)	(2.8)
Interest on bond and bank debt	6.2	6.0
Amortisation of deferred financing fees	1.9	1.0
Penalty for early settlement of the bond	1.6	-
Movements of cash flow hedges	7.0	(1.4)
Finance lease interest	1.7	1.1
<b>Total net finance expenses</b>	<b>15.3</b>	<b>3.8</b>

The Group incurred net finance costs of £15.3m during the year (2021: £3.8m).

Included within this was interest charged on the Group's interest-bearing debt facilities of £9.7m (2021: £6.9m) of which £1.6m related to the early redemption penalty for the settlement of the NOK bond and with a further £1.9m of this being amortisation of the deferred finance costs (2021: £1.0m). Net foreign exchange gains of £2.8m (2021: net gain of £2.8m) arose due to the movement in exchange rates on intercompany loans and external debt. Movements on the cash flow hedges associated with the Groups NOK bond debt resulted in charges of £7.0m (2021: gain of £1.4m).

## Statutory loss before tax

The loss before tax for the year at £23.2m is higher than the prior year (2021: loss of £9.2m). This was a result of the positive trading result offset by the increased depreciation on right-of-use assets and amortisation of intangibles following the launch of Ectosan® Vet/CleanTreat® and SPR shrimp, as well as higher net finance costs as discussed above.

## Taxation

There was a tax charge on the loss for the year of £7.3m (2021: £2.4m), mainly due to overseas tax charges in Genetics and Advanced Nutrition in territories where no loss relief is available, partially offset by deferred tax credits on intangible assets mainly arising on consolidation from acquisitions.

## Other Comprehensive Income

In addition to the loss for the year of £30.5m, a significant item to be reclassified to the income statement related to foreign exchange translation differences. The gain on this account was £47.2m. This gain was driven by a strong USD impacting two main items, firstly the retranslation of the foreign currency denominated subsidiary balance sheets

in GBP at the year end of £36.3m and the foreign exchange of £10.9m associated with items which are designated as net investment hedges or internal loans which are deemed to be equity and as such the exchange associated with these goes directly to other comprehensive Income.

## Reported loss for the year

The loss for the year was £30.5m (2021: loss of £11.6m).

## Earnings per share

Basic loss and diluted loss per share were both 4.60p (2021: loss per share 1.93p). The movement year on year is due to the movement in the result as well as the increase in the weighted average number of shares in issue of 28m.

## Dividends

No dividends have been paid or proposed in either 2022 or 2021 and the Board is not recommending a final dividend in respect of the year ended 30 September 2022.

## Biological assets

A feature of the Group's net assets is its investment in biological assets, which under IAS 41 are stated at fair value. At 30 September 2022, the carrying value of biological assets was £46.7m (2021: £38.4m). This increase is due principally to the increase in the biomass of broodstock as we continue to expand production at Salten and Chile and increased eggs available for sale in FY23. The fair value uplift on biological assets included in cost of goods for the year was £1.6m (2021: £3.3m).

## Intangibles

Additions to intangibles were £1.9m (2021: £5.0m) with the main area of investment being capitalised development costs which in the year decreased by £3.1m to £1.7m (2021:

£4.8m). R&D costs related to products that are close to commercial launch have to be capitalised when they meet the requirements set out under IAS 38. In this financial year, the main development projects capitalised were as follows:

- Ectosan®Vet/CleanTreat® (£0.6m)
- SPR shrimp (£1.0m)
- Patents for genetics (£0.2m)
- Live food alternative diets (£0.1m)

### Capital expenditure

During 2021, we invested in a number of growth initiatives and in 2022 there remained some spend to complete them. The Group incurred tangible fixed asset additions of £10.8m (2021: £18.0m) broken down as follows:

- Health: £2.6m
- Genetics: £5.6m
- Nutrition: £2.6m

Within Health, there was an investment in a third CleanTreat® unit and finalising the mobilisation of the second vessel on which the second CleanTreat® units are situated. During the year, this third CleanTreat® unit was reclassified to inventory as it is intended to be used in the new business model whereby the units are sold to customers rather than owned by us. Capex associated with our Genetics business was £5.6m where we finished the new incubation house for our Icelandic facility (£2.3m) and commenced building new tanks at Salten to support ramping up to the 150 million egg capacity at that facility which will continue in FY23 (£1.2m) and we continue to invest in our other growth initiatives SPR Shrimp and Tilapia in the US. In Nutrition we continued to invest in the two manufacturing facilities to support continued growth.

## Cash flow, liquidity and net debt

Movement in net debt	£m
<b>Net debt at 30 September 2021</b>	<b>(80.9)</b>
Cash generated from operations excluding working capital and taxes paid	30.3
Movement in working capital	(12.0)
Capital expenditure	(12.7)
Other disposal activities	(0.2)
Foreign exchange on cash and debt	10.5
Interest and tax	(17.0)
Proceeds from previous year disposals of subsidiaries	1.5
New leases (IFRS 16)	(11.5)
Shares issued	20.2
Other non-cash movements	(1.9)
<b>Net debt at 30 September 2022</b>	<b>(73.7)</b>

### Cash flow

With improved trading in all business areas, we saw strong cash generated from operations of £30.3m (2021: £22m). This also drove higher working capital levels and taxes, leading to net cash flows generated from operating activities of £10.8m (2021: £5.8m). Capital expenditure, both intangible and tangible, showed a significant decrease of £10.0m to £12.7m (2021: £22.7m) as we worked to moderate our capex and finished off the investment in some of the growth initiatives, primarily the incubation house in Iceland.

### Working capital

Working capital has grown in the period driven by a number of factors. As the dollar strengthened, we can see the impact on the balance sheet as noted above in the other comprehensive income section and this increased the working capital balances at 30 September 2022, but working capital did grow during FY2022.

We noted earlier the increase in biological assets within the genetics areas. Other Inventories grew in Nutrition as we had more GSL Artemia in inventory than previous years to ensure it was available in all locations.

In Health, we had transferred the CleanTreat® equipment into Inventory resulting in Health inventory increasing by £3.4m.

Trade Debtors and creditors, of course, increased as a result of increased sales but trade debtors only increased slightly as a % of sales from 19% to 20% in the year. Similarly, trade payables were only slightly higher than last year.

A significant amount of cash is tied up with the working capital of the group and focus continued to be on releasing that investment in the years to come.

### Refinancing and borrowing facilities

The Group had a NOK 850m senior secured floating rate listed bond which was due to mature in June 2023 with a coupon of 5.25% above three months Norwegian Interbank Offered Rate ("NIBOR"). The Group also has a USD 15m revolving credit facility ("RCF") which was due to mature in December 2022 and had £4m drawn at 30 September 2022. The interest rate on the facility is between 3% and 3.5% above LIBOR depending on leverage.

The Company successfully completed a new senior unsecured green bond issue of NOK 750 million, with an expected maturity date of 27 September 2025. The bond has a coupon of three months NIBOR\* + 6.5% p.a. with quarterly interest payments.

### Refinancing and borrowing facilities continued

There are other borrowing facilities held within Benchmark Genetics Salten AS which were put in place to fund the building of the Salten salmon eggs facility totalling NOK 227.5m (£18.8m) (2021: NOK 246m (£20.9m)), which are ringfenced without recourse to the other parts of the Group. Interest on these other debt facilities ranges between 2.65% and 5% above Norwegian base rates. In addition, a working capital facility of NOK 20.0m (renewal annual in March) and an overdraft of NOK 17.5m (maturity December 2022) were in place for use solely by Benchmark Genetics Salten AS. These facilities are undrawn (2021: undrawn).

### Subsequent Events

Subsequent to the year end, on 21 November 2022, the company successfully refinanced the RCF facility with a new facility of £20m. The interest rate on the new RCF was between 2.5% and 3.25% with a maturity of June 2025. In addition, the term loan facility outstanding balance and the overdraft facility provided by Nordea were refinanced into one facility on 1 November 2022 totalling NOK179.5m with a maturity date of January 2028. The margin on the new facility is 2.5%.

### Cash and total debt

	£m	
Net debt	2022	2021
<b>Cash</b>	<b>36.4</b>	39.5
NOK 750m bond (2021: NOK 850m)	<b>(61.1)</b>	(75.5)
Other borrowings	<b>(22.8)</b>	(20.9)
Lease liabilities	<b>(26.2)</b>	(24.0)
<b>Net debt</b>	<b>(73.7)</b>	(80.9)

The RCF facility combined with the year-end cash balance of £36.4m (2021: £39.5m) means the Group had total liquidity of £45.8m (2021: £50.6m). This, while utilising tight cost and cash control, is expected by the Directors to provide the Group with sufficient liquidity to fund the investment and working capital to crystallise the growth opportunities which are part of the strategic priorities of the Group and provide adequate headroom.

### Equity raise

In November 2021, £20m net proceeds were raised through a placing to provide the Company with additional headroom to maintain this momentum and to continue to fund its ongoing growth initiatives.

### Oslo listing

During FY2021, the Board commenced a review of our capital structure in the context of the approaching maturity of the main facilities as noted above and with regard to funding in the short term for investment opportunities to accelerate business area growth. As a result the company continues to progress towards a listing on Euronext Growth Oslo by the end of calendar year 2022. As previously announced the Company intends to uplist to the Oslo Børs, the leading seafood and aquaculture market globally, in H1 of calendar year 2023. The timing of both the listing on Euronext Growth Oslo and intended uplist to the Oslo Børs is subject to market conditions.

### Covenants

Banking covenants for the NOK bond and RCF exist in relation to liquidity and an 'equity ratio'. Liquidity, defined as 'freely available and unrestricted cash and cash equivalents, including any undrawn amounts under the RCF', must always exceed the minimum liquidity value, set at £10m. Available liquidity at 30 September 2022 is £45.8m (2021: £50.6m). The equity ratio, defined as 'the ratio of Book Equity to Total Assets' must always exceed 40%. The equity ratio at 30 September 2022 was 61% (2021: 58%). In addition, an equity to asset ratio covenant exists for the Benchmark Genetics Salten AS debt with a target threshold of 40%, this equity to asset ratio was 51.3% at 30 September 2022 (2021: 46.2%).

### Going concern

As at 30 September 2022 the Group had net assets of £323.3m (2021: £279.6m), including cash of £36.4m (2021: £39.5m) as set out in the Consolidated Balance Sheet on page 121. The Group made a loss for the year of £30.5m (2021: £11.6m). As at 30 September 2022 the Company had net assets of £346.6m (2021: £336.2m), including cash of £3.2m (2021: £9.0m) as set out on the Company Balance Sheet on page 122. The Company made a loss for the year of £16.5m (2021: £3.9m).

As noted in the Strategic Report, we have seen a year of strong performance following an extended period impacted by COVID-19, with improvements throughout the year in all of our three business areas. The Directors have reviewed forecasts and cash flow projections for a period of at least 12 months including downside sensitivity assumptions in relation to trading performance across the Group to assess the impact on the Group's trading and cash flow forecasts and on the forecast compliance with the covenants included within the Group's financing arrangements.

In the downside analysis performed, the Directors considered severe but plausible scenarios on the Group's trading and cash flow forecasts, firstly in relation to continued roll out of the Ectosan®Vet and CleanTreat offering. Sensitivities considered included modelling slower ramp up of the commercialisation of Ectosan® Vet and CleanTreat® through delayed roll-out of the revised operating model for the service, together with reductions in expected biomass treated and reduced treatment prices. Key downside sensitivities modelled in other areas included assumptions on slower commercialisation of SPR shrimp, slower salmon egg sales growth both in Chile and to land-based farms in Genetics, along with sensitivities on sales price increases and potential supply constraints on CIS artemia in Advanced Nutrition. Mitigating measures within the control of management have been identified should they be required in response to these sensitivities, including reductions in areas of discretionary spend, deferral of capital projects and temporary hold on R&D for non-imminent products.

The year ended with the successful refinancing of its NOK 850 million bond which was due to mature in June 2023 with the issue of a NOK 750 million unsecured green bond maturing in 2025. This was achieved against a backdrop of challenging macroeconomic and market conditions and places the Group in a much stronger position in light of the ongoing market environment. Additionally, following the year end, the USD15m RCF was refinanced by a new £20m RCF on 21 November 2022 with a June 2025 maturity. Furthermore, our NOK 216m loan facility (which had NOK

165.6m outstanding at the year end) which was set to mature in October 2023 was combined with our NOK 17.5m overdraft facility into a new loan facility of NOK 179.5m on 1 November 2022, with a new maturity date in a further 5 years no later than 15 January 2028. Following all of these refinancing transactions, the Directors are satisfied there are sufficient facilities in place during the assessment period.

The global economic environment has recently experienced turbulence largely as a result of the conflict in Eastern Europe with supply issues in a number of industries impacted and inflation at high levels. Against this backdrop, the Group shows resilience against these pressures in its forecasts, with financial instruments in place to fix interest rates and with opportunities available to mitigate globally high inflation rates, such that even under all of the above scenario analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants. The Directors therefore remain confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due within the period of 12 months from the date of approval of these financial statements. Based on their assessment, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

# Introduction

At Benchmark, we recognise that the future of aquaculture lies in sustainability.

As a proactive industry leader, we acknowledge the need to feed a growing global population and to preserve and protect the planet's resources. Bridging this gap is what motivates us.

We are driven by committed people with a desire to make a difference. Our products and solutions and the way we conduct our business are designed to align the aquaculture industry towards a sustainable future.

Our sustainability strategy is driven by our materiality assessment found on page 38. It consists of three pillars which are set out on page 37.

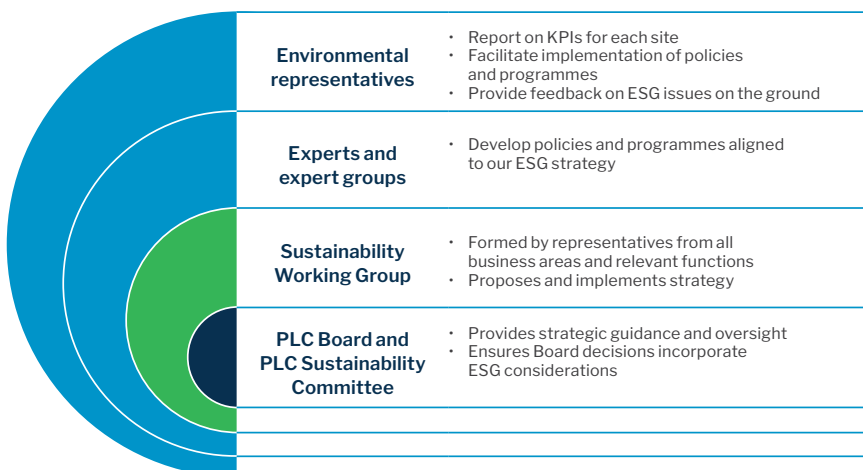


// We engage every part of our business in developing and delivering our ambitious sustainability programme. Working together with transparency and accountability we are driving change."

**Ivonne Cantu**  
 Director of Investor Relations  
 Head of the Sustainability Working Group



## Our ESG Governance Framework



## Environment



See pages 40-49  
for more information

### Overall commitment

As a responsible operator, Benchmark is committed to a programme of continuous improvement across all our operations to achieve our Net Zero Goals and reduce our overall environmental impact.

### Focus areas:

- Climate change
- Energy
- Water resources
- Waste
- Biodiversity

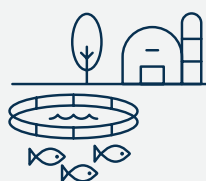
### Goals:

- Achieve Net Zero scope 1 and 2 by 2030 and scope 3 by 2050
- Operate using only energy from renewable sources by 2030
- Reduce energy intensity by 5% every year
- Zero waste to landfill by 2030

### Relevant SDGs



## Animal Health and Welfare



See pages 50-51  
for more information

### Overall commitment

We are committed to protecting and promoting animal health and welfare both in our own operations and in the development of new products and solutions. We are guided by the Five Freedoms Principle (FAWC).

### Focus areas:

- Operate health plans that adhere to best standards
- Tailored training
- Build and operate facilities that promote animal welfare
- Incorporate animal health and welfare as critical parameter in product development

### Goals:

- 100% trained staff
- 100% compliance with health plans; no incidents

### Relevant SDGs



## People and Communities



See pages 52-57  
for more information

### Overall commitment

We are committed to promoting the wellbeing of our people, the people in the communities where we operate and the people that work in our supply chain.

### Focus areas:

- Making Benchmark 'A Great Place to Work'
- Supplier policy
- 'Benchmark for Better' community programmes
- Health and safety

### Goals:

- Above industry engagement scores
- Training and development
- Diversity and inclusion
- Supplier engagement - 100% adherence to policy

### Relevant SDGs



# Introduction

## Sustainability highlights

### 100% sustainable certified soy

- Sustainability of feed ingredients is an important area of focus. Over the last two years we have worked with our suppliers to achieve 100% sustainable certification.

### Above average employee engagement scores

- Our 2022 employee engagement scores are significantly above the industry average across all measures evidencing the success of our People and Communities pillar.

### Implementation of emissions reduction plan for Thailand

- In 2022 we completed an energy efficiency study which resulted in a comprehensive emission reduction programme commencing with the implementation of solar panels.

### 12% reduction in energy intensity ratio

- Our combined growth, energy management and asset utilisation means we can produce more efficiently reducing the environmental impact.

### Completion of climate change risk assessment

- First Group-wide assessment representing important building block towards TCFD disclosure in FY23.

### Issue of first green loan and NOK 750m green bond

- Validates the strength of our ESG credentials through an external rating obtained from Cicero.

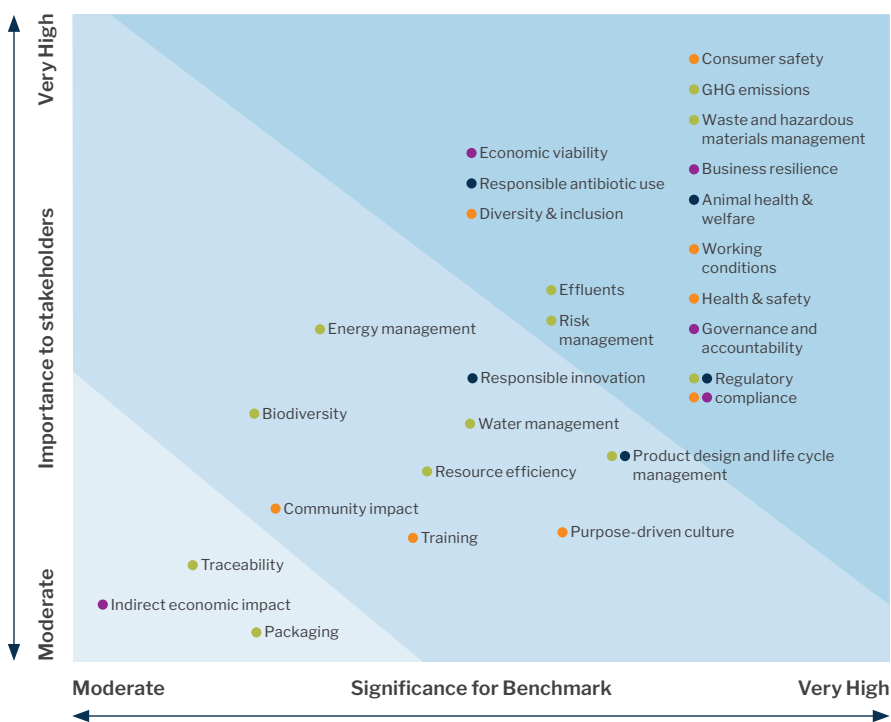
## Materiality assessment

### Materiality assessment - Defining our focus areas

Every year we conduct a materiality assessment to identify and prioritise ESG issues that affect our business and our stakeholders. We apply the Global Reporting Initiative (GRI) materiality analysis recommendations and Sustainability Accounting Standards Board (SASB) Materiality Map and obtain feedback from internal and external stakeholders. Internally, this includes discussions within our Sustainability Working Group and the Sustainability Committee. Externally, we obtain input from key shareholders and other stakeholders including industry participants and rating agencies. We are members of industry associations including the Global Salmon Initiative (GSI) and the Sustainable Shrimp Partnership (SSP). Further information on how we engage with our key stakeholders can be found on pages 58-60.

In FY22 we conducted a review of the newly introduced GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 standard against our materiality assessment. We identified that the material topics within the standard were consistent with those within our own assessment and covered by the focus areas in our sustainability programme. Over the next financial year, we aim to develop internal processes for the Topic Standard GRIs and related disclosures for which we currently do not report against.

Through our materiality assessment we have defined the three pillars in our sustainability programme: animal health and welfare, environment and people and communities. Material aspects related to governance are dealt with through our Group governance framework and policies.



- Key**
- Animal Health & Welfare
  - Environment
  - People & Community
  - Governance



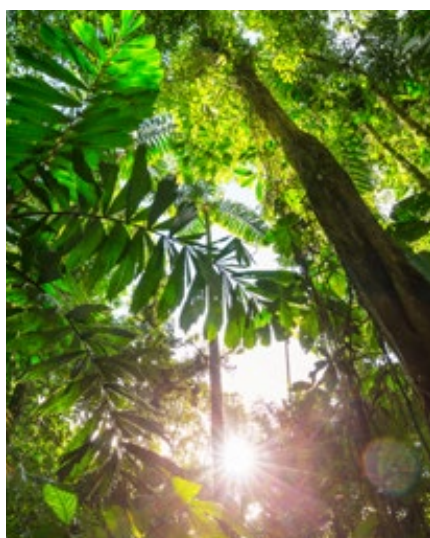
### Extending our impact to our supply chain is an important goal for Benchmark. Our focus in 2022 was on three areas:

- Sustainable sourcing of feed ingredients – continued progress achieving 100% certification for soy
- Implementation of a new supplier policy through the development of a Group-wide supplier management system
- Improved disclosure - development of roadmap towards scope 3 emissions disclosure
- Progress in life cycle assessment of key products



### Goals and objectives for the year ahead

- Complete implementation of supplier management system covering supplier policy compliance and engagement on environmental policy and programmes
- Continue progress towards development of novel feed ingredients
- Continue progress on programmes to reduce packaging
- Commence implementation of scope 3 emissions measurement



## New initiatives



## Extending our impact to our supply chain - A One Benchmark approach

In 2021 we conducted a gap analysis to ensure that our ESG policies and procedures reflected best practice and standards. As a result, we developed a new supplier Code of Conduct covering modern slavery, anti-corruption and transparency. With our broader sustainability mission in mind and our One Benchmark culture we developed an internal online supplier management system to be used across the Group as a single platform to track supplier compliance as well as suppliers' progress in implementing an environmental policy and programme. This will then extend to obtain relevant metrics to be able to measure our scope 3 emissions and act as a conduit to initiate a constructive dialogue with our supplier ecosystem around relevant sustainability issues of impact in aquaculture.

With more than 2000 suppliers in more than 40 countries, implementing a fit-for-purpose policy and platform requires the involvement of all our business areas and key functions – legal, IT and procurement – and showcases our values in action – innovative, commercial, passionate and collaborative.

[▶ Click the link to our ESG download centre](#)

# Environment

As a responsible operator, Benchmark is committed to a programme of continuous improvement to minimise our environmental footprint.

This means focusing our efforts on energy consumption, greenhouse gas emissions, waste reduction and resource management in all aspects of our operations. We do this through our Group environmental policy, and we report on our progress in compliance with the Streamlined Energy and Carbon Reporting (SECR). Our environmental footprint and SECR are managed through:

**Governance:** we have an environmental programme in place led by the Group Health, Safety and Environmental (HSE) Manager and managed locally through Environmental Representatives at each site. Performance and progress are reported through the Sustainability Working Group to the Sustainability Committee chaired by Kevin Quinn, Non-Executive Director.

**Responsibility:** the Group HSE Manager is responsible for collating environmental data on a monthly basis. Data is collected from each site using a standard spreadsheet template and centrally collated.

Wherever possible, data is directly measured, with estimates made where a team is located in shared premises and direct measurements are not available. These estimates represent less than 1% of our total emissions.

**Methodology:** the calculations are aligned with the Greenhouse Gas Protocol and the Global Reporting Initiative Disclosure Standards. The approach covers scope 1 and scope 2 emissions and scope 3 emissions for which data is available. Additionally, we are reporting on the amount of waste, water consumption and energy use by source.

Electricity emissions have been calculated using location-based emissions factors.

For calculations of carbon equivalents the following data sources have been used:

- |  |   |
|--|---|
| • <b>electricity-related emissions (scope 2)</b> | International Energy Agency Emission Factors 2022   |
| • <b>scope 1 and 3 emissions</b>                 | UK Government GHG Conversion Factors 2022   |
| • <b>scope 3 hotel emissions</b>                 | Hotel footprint calculator ( <a href="http://www.hotelfootprints.org">www.hotelfootprints.org</a> ) |
| • <b>CleanTreat® emissions</b>                   | Supplier specific data  |

The reporting period is from 1 October 2021 to 30 September 2022. We will be reporting total scope 1 and 2 emissions along with those scope 3 emissions for which data is available. We are reporting for all sites in the Benchmark Holdings Group.

Intensity measurement - We have chosen the metrics gross scope 1 and 2 emissions in tonnes of CO<sub>2</sub>e per £million revenue and gross scope 1 and 2 energy use in MWh per £million revenue. These are commonly used intensity metrics and enable benchmarking with similar organisations. Our FY22 revenue of £158.3m was used for intensity measurements.

This year we have begun to establish our scope 3 emissions inventory and are able to report in more detail on waste, business travel, commuting (where the Company arranges the transport) and emissions relating to our CleanTreat® operations.

### Our KPIs and SECR disclosures

Our key environmental impacts have been identified as: electricity consumption, gas consumption, vehicle travel, disposable water outputs, and potable water consumption.

## Our KPIs

	FY22			FY21			FY20		
	UK	Global (excl UK)	Group Total	UK	Global (excl UK)	Group Total	UK	Global (excl UK)	Group Total
<b>Emissions (tCO<sub>2</sub>e)</b>									
Scope 1	3	2,571	2,574	4	2,424	2,428	15	2,525	2,540
Scope 2	8	4,014	4,022	6	4,213	4,219	19	3,710	3,729
<b>Total scope 1 &amp; 2</b>	<b>11</b>	<b>6,585</b>	<b>6,596</b>	<b>10</b>	<b>6,637</b>	<b>6,647</b>	<b>34</b>	<b>6,235</b>	<b>6,269</b>
<b>Intensity ratio per £m Revenue</b>			<b>42</b>			<b>53</b>			<b>65</b>
<b>Energy (MWh)</b>									
Total renewable electricity	15	26,638	26,653	0	20,882	20,882	0	20,643	20,643
Total non-renewable electricity	21	6,918	6,939	31	9,827	9,858	72	8,847	8,919
Total gas	12	6,385	6,397	20	5,650	5,670	100	6,042	6,142
Vehicle transport	4	2,370	2,374	24	2,433	2,457	4	2,416	2,420
Other fuels	0	589	589	0	560	560	20	905	925
<b>Total energy consumption</b>			<b>42,952</b>	<b>75</b>	<b>39,352</b>	<b>39,427</b>	<b>196</b>	<b>38,853</b>	<b>39,049</b>
<b>Intensity ratio per £m Revenue</b>			<b>271</b>			<b>313</b>			<b>326</b>

Greenhouse gas emissions for FY22 are 51tCO<sub>2</sub>e (0.7%) lower than FY21. While this absolute reduction is only small it is set against the context of business growth and this is reflected in the intensity ratio of 41.66 tCO<sub>2</sub>e, 21% lower than the previous financial year.

The introduction of electric and hybrid vehicles has reduced related scope 1 emissions. The reduction in scope 2 emissions is related to cleaner production of electricity in some of the countries in which we operate, particularly Belgium and Thailand.

## Sustainable Shrimp Partnership Benchmark joins the Sustainable Shrimp Partnership in Ecuador

This year Benchmark became a member of the Sustainable Shrimp Partnership (SSP), an initiative led by Ecuadorian shrimp producers who are committed to achieving, and promoting, the highest quality shrimp produced to the highest social and environmental standards. Ecuador is the world's largest shrimp producer with more than 1 million tonnes produced last year. All producing members of SSP are required to meet strict criteria including ASC certification, zero antibiotic policy, full traceability, and a neutral impact on water.

With a portfolio covering hatcheries through to farms, Benchmark has a breadth of knowledge and solutions in advanced nutrition, genetics and health across the shrimp production lifecycle. As an Associate Member, we will share our technical expertise in the hatchery and nursery segment, with a focus on shrimp welfare, disease, productivity, and care for the environment.

**// Becoming a member of the Sustainable Shrimp Partnership is a testament to our commitment to sustainability both here in Ecuador and globally. We are looking forward to working with members of the SSP to create a more sustainable future for shrimp production."**

**Xavier Valdez,**  
Area Manager Ecuador

# Environment

## Scope 3 emissions

Throughout the year we have completed a materiality assessment of our scope 3 greenhouse gas emissions and begun to create an emissions inventory. This has been done using the Greenhouse Gas Protocol, Technical Guidance for Calculating Scope 3 Emissions. The material categories are shown in the following table along with the related emissions where we have established data sources.

Four categories are excluded for the following reasons: category 8 and 13 emissions as we do not lease any of our assets; category 14 as we do not have any franchises and category 15 as it is applicable to financial institutions only.

We will continue to build the inventory and an accurate picture of our scope 3 emissions.

Business travel data collection has been improved to capture travel and hotel stays undertaken by our smaller sites during the current financial year. It has not been possible to capture historic data for these sites. The improved data partially accounts for the difference in the related emissions and the remainder is attributable to the post-pandemic resumption of business trips.

CleanTreat® was launched in H2 FY21 which is the reason for the relatively low level of emissions in FY21. In addition to our overall CleanTreat® emissions, we track the carbon footprint of each fish treated, and we will continuously look to reduce this.

Scope 3 emissions (tCO <sub>2</sub> e)			
Emissions category	FY22	FY21	Comments
1 Purchased goods and materials			Data capture process to be established
2 Capital goods			Data capture process to be established
3 Fuel and energy related activities			Data capture process to be established
4 Upstream transportation and distribution	<b>6,486</b>	1,838	CleanTreat® emissions only
5 Waste generated in operations	<b>346</b>	198	
6 Business travel	<b>965</b>	105	Air and rail travel, taxi journeys and hotel stays
7 Employee commuting	<b>10</b>	10	Company provided transport only
9 Downstream transportation and distribution			Data capture process to be established
10 Processing of sold products			Data capture process to be established
11 Use of sold products			Data capture process to be established
12 End of life treatment of sold products			Data capture process to be established

## Waste

We aim to divert as much waste from landfill as possible by segregating waste streams where we can. Wherever possible waste is recycled, used in biodigestion processes or incinerated at authorised waste incinerator sites to produce energy.

The increase in landfill is a consequence of the construction projects that have been undertaken. This has resulted in an increase in the proportion of waste sent to landfill.

Waste (tonnes)			
	FY22	FY21	FY20
Recycle	<b>131</b>	169	107
Landfill	<b>178</b>	145	232
Energy from waste	<b>714</b>	747	421
<b>Total</b>	<b>1,023</b>	1,061	760
<b>% waste to landfill</b>	<b>17.4%</b>	13.7%	30.5%

## Water

Our total freshwater usage has decreased 634,923 (1.5%) year on year; however, when considered against business growth the intensity ratio has reduced by 22%. Mains water consumption has increased at our growing facilities in Chile and Iceland.

Water use by source (m <sup>3</sup> )			
	FY22	FY21	FY20
Mains water	<b>85,656</b>	67,378	66,834
Intensity ratio per £m revenue	<b>541</b>	539	633
Freshwater – surface	<b>20,501,347</b>	19,872,697	16,502,408
Intensity ratio per £m revenue	<b>129,509</b>	158,854	156,273
Freshwater – groundwater	<b>20,218,183</b>	21,500,034	23,928,522
Intensity ratio per £m revenue	<b>127,720</b>	171,863	226,596
<b>Total Freshwater</b>	<b>40,805,186</b>	41,440,109	40,497,764
<b>Intensity ratio per £m revenue</b>	<b>257,771</b>	331,225	383,502
<b>Seawater</b>	<b>52,526,103</b>	63,165,056	47,358,665

Using the World Resource Institute's Aqueduct tool our water stress risk assessment has been reviewed. The review has identified that our sites in Italy, Belgium, Türkiye and Mexico are in areas assessed as 'Extremely High' while our sites in Brazil, Greece and United States (Fellsmere) are considered to be 'High'. In total these sites use 9,526m<sup>3</sup> of freshwater which is 0.02% of the total Group freshwater use.

None of these sites is dependent on freshwater supply nor do they use water in quantities that will deplete local resources as detailed in the table.

Location	Site	Type	FY22 freshwater consumption (m <sup>3</sup> )
Italy	INVE Aquaculture Research Centre	seawater facility	<b>3,025</b>
Belgium	INVE Technologies	commercial office	<b>1,296</b>
Türkiye	INVE Eurasia	commercial office	<b>85</b>
Mexico	INVE Aquaculture Mexico	commercial office	<b>60</b>
Brazil	INVE Do Brazil	commercial office	<b>38</b>
	Spring Genetics Brazil	production facility	<b>3,620</b>
Greece	INVE Hellas	commercial office	<b>33</b>
United States	Benchmark Genetics USA	seawater facility	<b>1,369</b>

## Vehicle emissions

The UK car fuel data is taken from mileage declarations, fuel records and business mileage expense records. For operations outside the UK, car fuel data is taken from mileage declarations.

We are implementing a vehicle policy to transition our existing fleet to electric vehicles where these are available and within their replacement cycle. During the year we have replaced six vehicles in Iceland with electric vehicles and there have been two hybrid-powered replacements in Greece.

Group vehicle related emissions have reduced as a consequence of the increased number of electric and hybrid vehicles. However, this is offset by a post-pandemic increase in business travel.

Vehicle emissions (tCO <sub>2</sub> e)			
	FY22	FY21	FY20
UK car fuel	<b>11</b>	6	17
<b>Total group vehicle emissions</b>	<b>979</b>	988	893

## Energy use by source

Using data from the International Energy Agency Country and World Profile Key Energy Statistics the electricity that we consume is derived from the following sources outlined in the table below.

A project to install solar panels at our production facility in Phichit, Thailand is underway and is expected to provide 30% of their electricity requirements.

During the year

# 62.0%

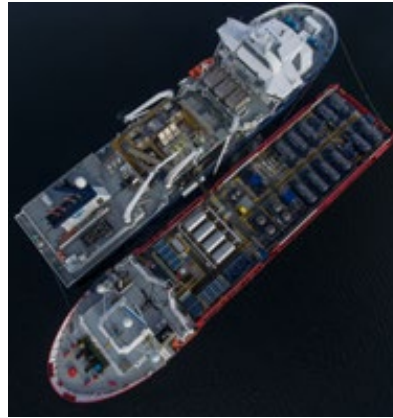
of the electricity we consumed came from renewable sources.

Source	Renewable sources							
	Nuclear	Coal	Oil	Gas	Biofuel	Geo-thermal	Hydro	Wind/solar
% consumption	<b>1</b>	<b>5</b>	<b>20</b>	<b>12</b>	7	44	10	1

# Environment

## CleanTreat®

	FY22	FY21
Emissions (tCO <sub>2</sub> e)	<b>6,486</b>	1,838



This year

# 43million

fish have been treated using the CleanTreat® process

This represents a carbon footprint of

# 151gCO<sub>2</sub>e

for each fish treated which is our base line for future improvements

## Net Zero scope 1 and 2 emissions

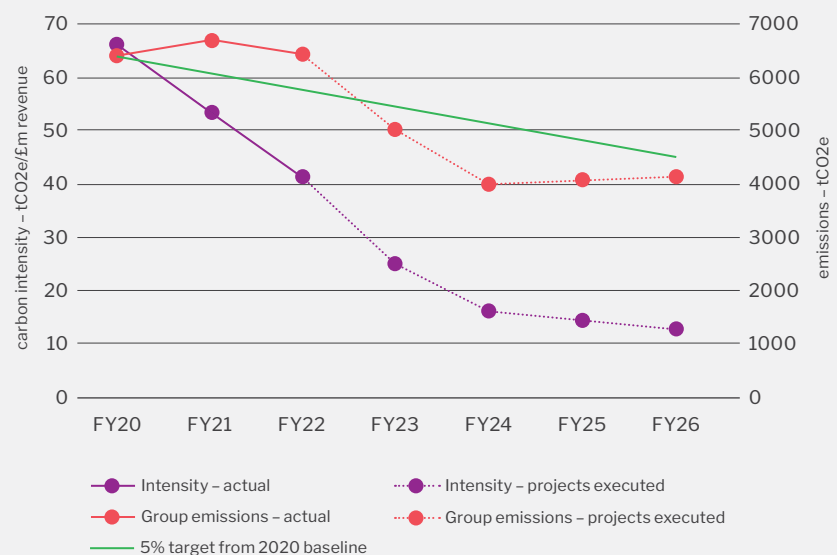
In addition to the projects being implemented we have, throughout the year, identified projects that will contribute to our effort to achieve Net Zero scope 1 and 2 emissions by 2030.

The projects include:

- solar panels at our facility in Colombia with anticipated savings of 60 tCO<sub>2</sub>e (planned for FY24)
- chiller, compressor and condenser replacement at our plant in Thailand with potential emissions reduction of 500 tCO<sub>2</sub>e (planned for FY24)
- procurement of energy from renewable sources for night-time supply at our Thailand facility (planned for FY24)
- we are also investigating the transfer from LPG to electricity for the spray drier operation at our Thailand facility (planned for FY26)

This has enabled us to produce a roadmap for our transition to becoming a Net Zero scope 1 and 2 organisation.

## Scope 1 & 2 greenhouse gas emissions reduction roadmap



## Environmental compliance

Compliance with all relevant environmental legislation in countries where the Group operates is the baseline from which we drive our improvements.

There have been no breaches of environmental legislation during the reporting period.

Environmental fines (£)					
	FY22	FY21	FY20	FY19	FY18
Total cost of environmental fines	<b>0</b>	0	0	0	0

## Environmental policy

Our updated environmental policy, including a suite of targets and metrics, was launched in October 2021. To implement the policy into the business, workshops were run at each of our sites.

During the workshops attendees identified the relevant elements of the policy along with performance metrics to support them. As the metrics develop, site-level targets will be established and will be embedded into the management systems.




Solar panels at our facility in Colombia with anticipated savings of

# 60tCO<sub>2</sub>e

Target	Metric	GRI ref	UN SDG
<b>Climate change</b>			
Achieve Net Zero scope 1 and 2 carbon emissions by 2030	Direct (scope 1) emissions	305-1-a	
	Energy indirect (scope 2) emissions	305-2-a	
Achieve Net Zero scope 3 emissions by 2050	Other indirect (scope 3) emissions	305-3-a	
	Total energy consumption	302-1-e	
<b>Energy</b>			
Operate using energy only from renewable sources by 2030	Total energy consumption	302-1-e	
Reduce our energy consumption/£m revenue by 5% year on year	Energy consumption per £m revenue	302-3-a	
	Percentage of total consumption from renewable sources	302-1-b	
<b>Water resources</b>			
We aim to use freshwater efficiently and take all practicable steps to prevent uncontrolled loss	Water consumption by source	303-3-a	
	Water withdrawal by source by operations in water stressed areas	303-3-b	
	Number of times that discharges exceed limits	303-4-d	
	Volume of water recycled and reused	303-1	
<b>Sustainable materials</b>			
Increase the percentage of raw materials that come from certified sources	Weight of packaging materials used	301-1	
Reduce the quantity of product packaging per £m revenue	Type of packaging materials used - % recyclable, % sustainable	301-2	
Increase the percentage of recyclable or sustainable packaging	% of raw materials from certified sources	301-1	
<b>Waste</b>			
We aim to have zero disposal of waste to landfill by 2030	Quantity of waste by waste stream	306-2	
Increase percentage of waste that is recycled or reuse	Quantity of waste to landfill	306-2	
<b>Company-operated vehicles</b>			
All Company-operated vehicles to be zero emissions by 2035	Percentage of Company vehicles that produce zero emissions		 

# Environment

## Environmental policy continued

Target	Metric	GRI ref	UN SDG
<b>Business travel</b>			
Reduce travel-related greenhouse gas emissions by 5% year on year	Business travel carbon footprint	305-3-d	
	Business travel carbon footprint per employee	305-3-d	
<b>Biodiversity</b>			
When undertaking projects and maintenance schemes likely to result in disturbance or other impact to land and/or water, endeavour to avoid damaging wild species and their habitats	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by our operations	304-4	
	Nature of significant direct and indirect impacts on biodiversity	304-2-a	

### Environmental management system

Our production plant in Phichit, Thailand achieved ISO 14001:2015 registration in October 2021. Building on this we are committed to implementing ISO 14001:2015 compliant environmental management systems at all of our production facilities. An Environmental Systems Manager has been recruited and a phased implementation programme established. In the coming year we aim to have three more of our facilities complete certification.

### Climate change

As a foundation towards Task Force on Climate-related Financial Disclosures (TCFD), a series of Group-wide climate change risk assessment workshops were held throughout FY 22. The workshops included a variety of stakeholders throughout the business and covered all geographical regions, led by our Group Health, Safety and Environment manager. The output from the workshops was collated and is summarised overleaf, which addresses key climate risks and resulting mitigations and controls for our business. The output from the workshops was validated against published national risk assessments. Moving forward we intend to complete a quantitative, scenario-based analysis of each location to enable reporting under TCFD requirements for FY23.

### Case Study

## Proactive environmental action at all our sites across the world

We are proud to have an Environmental Representative at each of our sites across the world to champion site level environmental program activities. With a culture of continuous improvement, the team review the environmental performance of their operations, share best practices and implement site level improvements. This year, projects included:

- **Energy efficiency and behavioural change initiatives**
  - LED lights have been installed throughout our Lønningdal, Norway site resulting in reduced energy consumption and lower maintenance costs.
  - A ‘switch off’ campaign to reduce energy use was launched at our shrimp genetics site in Fellsmere, Florida.
- **Waste reduction programmes**
  - A waste reduction effort on a CleanTreat® vessel resulted in 50% less waste.
  - In line with our commitment to reduce waste across the business during the opening event of our new salmon egg incubation centre in Iceland no single use plastics were used.

- **Recycling schemes**
  - Redundant IT equipment from our office in Bangkok, Thailand has been donated to a local temple.
  - Rainwater is collected at our office in Dendermonde, Belgium which is used for flushing toilets.

Collectively these smaller projects add up and make a difference in reducing Benchmark’s environmental footprint.





Risk	Risk commentary	Risk mitigation and controls
<b>Extreme weather</b>	<p>Extreme weather events are a key risk to our operations. Increase in frequency and/or severity of weather and extreme events, including coastal erosion, hurricanes, and flooding, result in both acute and chronic impacts to our sites and wider supply chain. These weather events translate to higher maintenance/operational costs and less reliable operations and transport, risking customer relationships and market presence.</p>	<ul style="list-style-type: none"> <li>• Site-level contingency plans for response to extreme weather events, to limit the impacts to our operations.</li> <li>• Maintenance and asset integrity programmes to ensure our buildings and equipment are robust, so sites remain operational through periods of disruption.</li> <li>• Monitoring changing weather patterns to anticipate the need to secure additional resources or transport alternatives.</li> </ul>
<b>Freshwater availability</b>	<p>As air temperatures increase, water evaporation also increases, intensifying hydrological cycle variability. This is a key risk for our operations as resulting changes to rainfall and/or winter snow melt patterns can mean less freshwater in local watercourses, risking operational continuity. Freshwater availability also directly impacts our wider supply chain, and changes to customer behaviour can be expected as their operational approach becomes less reliable.</p>	<ul style="list-style-type: none"> <li>• Group water risk assessment using the WRI Aqueduct Tool, which identified no key operational sites were in water stressed areas.</li> <li>• Site-specific water consumption reductions, through maintenance and asset integrity programmes, and financial/CAPEX investment.</li> <li>• Site specific investment to infrastructure supporting continuity of local freshwater supply.</li> </ul>
<b>Great Salt Lake</b>	<p>The GSL has reduced to half its original volume since first recorded in 1847, with the lowest water level ever recorded in 2021. At present the reduction is thought to be predominantly behaviour related, due to rising local population and industry. That said, contributions due to climate change must also be acknowledged. Increased salinity in the water may affect the Artemia harvest.</p>	<ul style="list-style-type: none"> <li>• Working closely with the GSL Co-Operative group to monitor the situation, and support mitigation and novel research projects.</li> </ul> <p>The state of Utah has responded with: -</p> <ul style="list-style-type: none"> <li>• Increasing water quality and management regulations for communities and industry local to the GSL.</li> <li>• Significant financial investment and programs to support water infrastructure, planning and management.</li> </ul>
<b>Fish feed availability</b>	<p>Supply of marine and non-marine ingredients for our fish feed is a concern, as population growth and climate change influence availability. Ocean acidification due to atmospheric CO<sub>2</sub> uptake and subsequent declining pH is projected to have an adverse impact on abundance of aquatic species.</p>	<ul style="list-style-type: none"> <li>• Best practices for feeding, including use of auto feed instrumentation, to ensure a low feed conversion ratio.</li> <li>• Responsible sourcing of marine and non-marine (soy) feed ingredients through robust supply chain management.</li> <li>• Working closely with research partners, into alternatives for marine-based ingredients.</li> </ul>
<b>Seawater temperature</b>	<p>As global temperatures increase, our oceans warm and biological risks to our sea farm customers intensifies. With this change, increased disease, more frequent algae blooms and lower oxygen concentration arise, with detrimental effect on production such as increased mortality and escapees and lower harvest weight.</p>	<ul style="list-style-type: none"> <li>• Optimising CleanTreat® operations for efficiency and availability, to support healthy oceans and maximise financial gains.</li> <li>• Working closely with customers to explore new land farm-based opportunities.</li> </ul>
<b>Transitional</b>	<p>New or increasing severity of regulations in response to tackling climate change poses various financial and operational risks. Tighter restrictions of GHG emissions, water and energy usage would increase costs, requiring technological investment, and risk geographical operational limitations for our customers. Increase in regulations and taxation of carbon would risk our products becoming less competitive in the market, particularly in transport of products and our CleanTreat® activities. Mandated movement towards renewable energy sources may be expected where policies tighten, with interim financial implications, particularly in geographical locations where the technology is not yet widely available.</p> <p>Rising markets for alternative plant-based protein sources may affect the competitive environment and potentially indirectly reduce demand for Benchmark's seafood products.</p>	<ul style="list-style-type: none"> <li>• Third party certification, including GLOBALG.A.P., and ISO management systems.</li> <li>• Science-based target approach to Net Zero emissions, and development of a yearly Group roadmap to realise this goal.</li> <li>• Investment in upgrading our facilities to increase energy efficiency and reduce our carbon footprint, such as LED lighting and upgrading equipment.</li> <li>• Investment into location-based renewable energy sources, including installation of solar panels on our sites.</li> <li>• Strong commercial marketing campaigns, promoting the nutritional benefits of blue food diets, and their contribution to achieving many of the UN SDGs, including sustainable consumer behaviour, ending hunger, and achieving Net Zero.</li> </ul>

# Environment

It cannot be ignored that climate change is a very real, 'here and now' situation. As a business we have experienced the impact of some of the physical risks identified above coming to fruition.

Extreme weather events including coastal erosion, hurricanes, and winter storm intensity, have caused small scale infrastructure damage to multiple locations. Where the local community is impacted, damage to transportation infrastructure has resulted in delays throughout the supply chain. It can be expected that extreme weather events will continue to worsen, and subsequently an increasing risk of damage and disruption to operations globally. Our sites manage small scale damage through robust maintenance programmes, and work closely with the wider supply chain to anticipate and minimise impact of delays in transportation to our customers.

Freshwater is an essential requirement for aquaculture operations, and therefore availability poses a significant risk to business continuity. In some locations, changes to the monsoon season have impacted customer production behaviour: current adaptations include moving to a more seasonal operational cycle, where previously operations were able to run year-round. Reduction in quantity of rain and winter snowfall has resulted in reduced freshwater availability in local watercourses for some of our locations. This physical effect of climate change is expected to continue and worsen if the situation does not improve globally. To mitigate long-term impacts of this risk to our operations, affected sites are responding by working with local government and communities to strengthen security in our supply of freshwater. Our Genetics site in Salten has gained approval to dam the local freshwater source, a project which both secures the supply for our operations but also the local community. Our Advanced Nutrition site in Salt Lake City is working closely with the Great Salt Lake cooperative on multiple projects to ensure the continued availability of freshwater for the local community and industry.

## New initiatives

# INVE Thailand energy reduction

The consultant appointed to study energy consumption at our Thailand factory reported their findings and recommendations. An implementation programme extending to FY26 has been developed and it is anticipated that a reduction of at least 1,900 tCO<sub>2</sub>e will be achieved over this time.

Two key projects commenced during the year. Contracts were signed for the installation of a solar roof top, with a 950 kWh capacity, at the facility. The installation will annually provide over 1,400,000 kWh of solar energy and reduce carbon emissions by at least 700 tCO<sub>2</sub>e. Installation work will get underway once a construction permit is issued, with an expected completion date of April 2023.

Approval has been given for the replacement of air-cooled chillers. Investment in high-efficiency chillers will result in an annual saving of 700,000 kWh of energy and at least a 300 tCO<sub>2</sub>e reduction in emissions. A supplier has been selected and installation is planned to be completed in March 2023.

Together these projects will reduce emissions from the site by more than 20%. However, it is important to identify other areas of energy saving that, while delivering smaller returns, will also deliver emissions reductions. Throughout the year the site has continued to identify and work on smaller projects.

A production team proposed replacing the wet cleaning of crates with an equally effective dry cleaning process. Implementing the proposal has eliminated the need for a drying process saving 15,000kWh of energy per year and reducing emissions by 7tCO<sub>2</sub>e. Additionally, this new process has reduced water usage, saved time and eliminated the use of disinfectants.

An imbalance in the three-phase power system has been identified which has been calculated to increase consumption by 1,200 kWh per year. During ongoing maintenance and equipment replacement works the three-phase supply will be rebalanced. An annual emissions reduction of 1.2 tCO<sub>2</sub>e is anticipated.



## TCFD

### Task Force on Climate-Related Financial Disclosures (TCFD)

As a responsible operator with a mission to drive sustainability, Benchmark acknowledges the importance of providing transparent disclosure which enables its stakeholders to address the material sustainability factors affecting its business including climate risk. TCFD provides a framework and

recommendations which enables companies and investors to measure and assess the risks and opportunities associated with climate risk in a transparent way and to promote effective risk management. Ahead of the mandatory requirement to report under the TCFD framework, Benchmark has put in place the key building blocks including a governance

framework which enables the Company to consider climate issues, a Group-wide process to identify climate risks and opportunities and metrics and targets as set out throughout this ESG report. Looking forward we are developing future scenarios through which we will analyse and evaluate the possible implications on our business.

Pillar	Governance	Strategy	Risk management	Metrics and targets
<b>Summary</b>	Ensuring we have oversight and management of climate-related risks and opportunities	Understanding the impacts from climate change and planning accordingly for a range of climate scenarios	Setting in place a methodology for identifying climate risks and mitigate them accordingly	Disclosure of metrics and targets used to assess and manage relevant climate-related risks and opportunities

### Our progress

We have a well established governance framework including a Board committee, a sustainability working group with broad Group representation and an embedded team of environmental representatives at each of our locations.

This governance framework has been in place for two years with demonstrated efficacy in guiding our sustainability strategy, establishing priorities, directing resources and promoting transparency.

In 2022 we conducted a Group-wide climate risk assessment identifying risks at each of our sites and within each of our business areas. This allowed us to incorporate the assessment into our annual strategy review and development. This in turn led us to consider the adequacy of our business continuity and maintenance programmes to mitigate climate risks.

Our risks are identified through a series of Company-wide workshops held specifically to identify climate risk and opportunities, combined with robust internal research using national datasets and climate predictions for each geographic. Sources include the IPCC or the International Energy Agency.

Risks and opportunities as well as mitigating actions and factors were qualitatively assessed.

We report on energy consumption and carbon emissions. In 2021 we set out Net Zero targets for 2030 and 2050 and in 2022 we are enhancing our disclosure by presenting a greenhouse gas emissions roadmap.

In 2022 we developed a roadmap towards measuring our scope 3 emissions.



# Animal Health and Welfare

Benchmark is committed to designing and managing operations that respect natural resources and foster animal welfare.

Our aim is to achieve better conditions for all animals under our care. We also work with other industry participants to help develop aquaculture systems that promote animal welfare. Our animal welfare approach is based on the internationally recognised Five Freedoms.

## Why it matters?

In addition to its intrinsic importance, animal health and welfare is a critical driver of productivity and sustainability for our customers. Healthier fish and shrimp result in better biological performance which directly leads to more profitable and sustainable aquaculture systems.

## Areas of focus

To promote animal health and welfare we focus on four areas within our operations: training, health plans, protocols and antibiotic use. In addition, we engage with other industry players to promote animal health and welfare across the supply chain. This may involve offering external training, participating in collaborative research initiatives, and working with customers to improve practices supported by our technical services teams.

Our animal welfare approach is based on the internationally recognised

# Five Freedoms



## FY22 progress

- Training: 100% of our relevant employees were trained or are scheduled to be trained on animal welfare within an 18 month period cycle.
- Health plans – full compliance and implementation of central fish health register:
  - Full compliance with existing health plans which include water control and regular checks of appearance and behaviour by trained staff.
  - Implemented centralised fish health registration applying recently developed operative welfare indicators.
  - Modified parasite prevention and treatment protocols in tilapia reducing medicinal use.
- Protocols: We operate under a philosophy of continuous improvement identifying opportunities to improve our processes in ways that promote animal welfare. In 2022 these included:
  - Modifying the protocol for histopathology and growth tests in shrimp;
  - Limiting and reducing the number of animals used in tests; and
  - Modifying the protocol for DNA sampling for tilapia.
- Our protocols are subject to local regulatory oversight including from the USDA APHIS Animal Welfare.
- Antibiotic use: In alignment with our antibiotic policy we ran antibiotic free operations in 2022 and promoted the reduction in antibiotic use amongst our customers.

Training

# 100%

of our employees were trained or are scheduled to be trained within an 18 month period cycle



## Sustainability

### Tesco animal welfare standards

Striving for continuous improvements in animal welfare across the aquaculture industry is part of Benchmark's DNA. Benchmark is recognised in the industry as a leader in animal welfare, both through our own operations and welfare standards which we promote with our customers and our broader outreach in the industry.

As part of this engagement, this year we became a recognised trainer in Tesco welfare standards, which underpins the requirements to which producers, growers and suppliers must comply in order to supply aquatic products to Tesco.

//

**We are delighted that the work of our technical service team has been recognised by Tesco as best practice animal welfare standards. This work adds to all that Benchmark is doing to improve the life and culture standards of all animals in our care throughout the entire production cycle."**

**Andy Shinn,**  
Global Technical Expert (Disease Management)

## Industry impact

- We continued our ongoing effort to promote non-ablation in shrimp through participation in conferences and industry publications.
- We delivered animal welfare training for farmers in Asia as part of leading retailer Tesco's effort to promote animal welfare in their supply chain.
- We are collaborating with an external party to support the design of a stunner for shrimp adapted to small scale operations.

# Our People and Communities

Our people are the key to our success, everything we do is aimed at creating the right environment in which they can be successful.

We value the rich diversity in our business and our culture is one in which everyone has a voice and every voice is heard; where people feel they belong, that the work they do has meaning, and that – at the end of the working day – they have a sense of satisfaction, a sense of energy, a sense of purpose and a feeling of wellbeing.

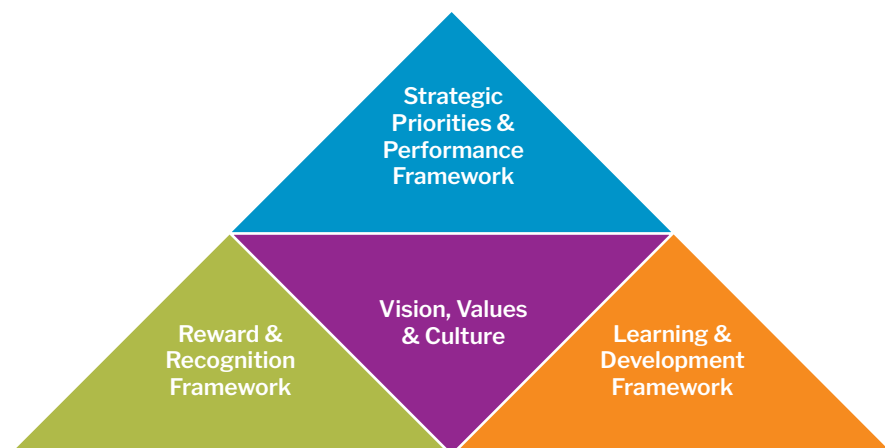
## Our values

Our values are fundamental to all that we do. They define who we are, how we interact and guide our decision making.

It is through our ability to innovate, the passion we show in our work, the collaboration across traditional country and business boundaries and the commercial mindset we apply that sit at the core of our culture, the bed of our success in shaping a sustainable future for aquaculture.

**// I am proud of our people and progress this year. We have seen excellent engagement in our initiatives which embody our values and show that Benchmark really is a great place to work."**

**Corina Holmes,**  
Group Head of People



### Employee engagement survey “Have Your Say, We Are Listening”

This year we conducted our third employee engagement survey, which enables us to embed ‘two-way feedback’ into our culture. We use the output to understand what is working well and what we could do better so that we continue to improve and enhance our culture. The survey has five key metrics:

- Purpose – what Benchmark stands for.
- Enablement – the conditions that enable individuals to do their job well.
- Autonomy – the influences of positive work and health.
- Reward – intrinsic and extrinsic rewards for workplace effort.
- Leadership – examining the way in which leaders listen, support, and enable positive change.

In FY22 there was a 4.5% increase in participation and another outstanding engagement score. We developed and launched an Action Planning Toolkit for managers and these were used to lead Action Planning workshops across the group, identifying key areas to focus our efforts, with plans being put in place at the local team and business area level.

# 92%

participation rate

# 70% ▲ 5%

My career development aspirations at Benchmark are being met

# 88%

Overall score, puts us in the top quartile of companies for employee engagement

# 80% ▲ 2%

I can get the training and development I need to do my job

# 85%

Of our people confirmed that Benchmark’s purpose made them feel good about the work they do

# 81% ▲ 10%

My health and safety at work is supported

## Our people are our greatest asset



# Our People and Communities

## Communications and Engagement

In FY22 we launched our Global People Town Halls, an important internal global engagement channel, where we share updates on the work we are doing to develop the People Agenda for One Benchmark, discuss in more depth topics that matter to our people and their career, and provide an open and transparent forum for our people to have their say and ask questions.

## Diversity and inclusion

We know that diversity unlocks innovation, and we will continue to strive to attract a diverse workforce and provide equal opportunities throughout the business.

We operate across 26 countries and we value the diversity that this brings across cultures, ethnicity, age, educational background, physical or mental abilities, sexual orientation and gender identity and perspectives. We create an open environment where everyone, from any background, can do their best work and most importantly where are people can be ourselves.

It was under the banner of Diversity and Inclusion that in FY22 we conducted our first ever Global benefits review.

## FY22 Global Benefit Review

This is the first time we have undertaken such a substantial and far-reaching review, with the aim of ensuring that all our people have access to the right benefits fairly and equitably no matter where they are in the world.

Our benefit review encompassed information gathering and analysis of our existing local portfolios, their compliance with local regulations and their competitiveness against local market practice. Additionally, we have reviewed the way we help and support our employees in different circumstances and areas of their lives, and agreed on desired global minimum standards we want to implement across all locations, covering topics such as work flexibility, family-friendly policies, and health protection.

It covered all of our countries, 30+ types of benefits, and reviewed 600+ local provisions.

Diversity and Inclusion has been at the core of our work, as we have focused on identifying the implications for protection and well-being for our workforce. We have incorporated all inputs into our Company-wide Total Reward Strategy and will crystallise them into a Group Employee Value Proposition during FY23.

## Training

We have also improved our focus on training and development for all. We have an online learning management system (LMS) which enables our people to access learning opportunities in their respective roles, as well as complete mandatory compliance training. All employees are expected to undertake six mandatory training sessions on LMS each year, available in their local language, to support with their understanding of key policies. During the period 6,017 modules were completed.

To support our managers in the implementation of our Performance Framework we delivered over 800 hours of training covering Objective setting, Development Planning, and Year End Reviews. In FY23 we will develop further training based on the lessons learnt during this year.

## Employee turnover

Our culture has enabled employee turnover to remain stable at 13.64% in FY22, this was despite the phenomenon known as the 'Great Resignation', where globally there was an increase in people leaving their jobs post the COVID-19 pandemic, especially in the hourly paid market. We focused our retention efforts on these markets and are encouraged by our position.

Gender Balance Table

	Female	Male	Total of Employees	Total % of segment occupied by Females	Total % of segment occupied by Males
Exec Director	1	1	2	50%	50%
Exec Management Team	3	3	6	50%	50%
Senior Manager	19	48	67	28%	72%
Managers/Technical Experts	82	120	202	41%	59%
Employees	239	331	570	42%	58%
Grand Total	344	503	847	41%	59%



## Performance Framework in Action

FY22 was the first full year of our new performance framework cycle, a four-stage process, with a different focus to the conversation each quarter: objective setting to align and set goals for the year ahead, development discussions to understand our people's aspirations and development needs, check-in sessions and a formal year-end review.

During the year there was a focus on upskilling our managers giving them the skills they need in the implementation of the framework.

This framework is directly linked to the Strategic Priorities Framework, and individual goals and objectives are, therefore, directly linked to achieving the five Group SP's. This creates a line of sight, helping our people to see how the work they do directly contributes to the business success, something we scored well on in our employee engagement survey. It also creates a real sense of purpose in the business, underpinning our culture.

From a people perspective this framework has given us greater visibility to the capability and aspiration of our people and we saw an increase across the business of internal moves and promotions.

# 100%

of Performance ratings reviews were returned in FY22



## Employee Wellbeing

### One Benchmark A Healthier You – Our global wellbeing programme



This year we launched a Group wellbeing programme – “One Benchmark, A Healthier You” – to ensure our people are the best they can be in mind and body. We partner with international ICAS Employee Health and Wellbeing providers who delivered a series of webinars in English, Thai, and Spanish for our people around the world.

We also hosted our annual Global Health, Safety and Wellbeing Day which gained excellent engagement amongst all our people, in person and online. Participants were asked to identify positive and negative factors that impact their physical and mental health in the workplace. Short and long-term actions to improve wellbeing and strengthen the positive factors were discussed and put into an action plan. The findings were shared on our intranet platform achieving 80% engagement.

To further support the mental health of our employees, we conducted Global Mental Health Awareness training for our managers during the period. Over a third of managers have now participated in in-person training. We have 27 Mental Health First Aiders trained to support our employees and who cover all our sites.



# Our People and Communities

## Health and safety

We take the health and safety of our employees very seriously and have a health and safety management system in place that covers 100% of our operations. Every employee expects to return home from work unharmed and we believe that this responsibility is down to all of us as a responsible operator. We ask every employee to sign up to our health and safety commitment:

- Nothing is more important than health and safety;
- Nothing we do is worth being hurt for;
- Nothing is so important we cannot take time to do it safely; and
- We will never witness an unsafe act or condition without taking action.

We operate mandatory health and safety training for all new employees and the well-being of our people will always be a top priority within the Group; we are committed to upholding this.

Throughout the year we have taken deep dives to understand accident root causes while also focusing on training, near-miss reporting, and completing safety walks.

	FY22	FY21	FY20	FY19	FY18
Fatalities	0	0	0	0	0
Recordable accident rate	0.91	1.28	0.97	1.16	2.57

Ref: GRI disclosure 403-9 Work-related injuries and related definitions. Computation based on 200,000 hours worked.

## Our Values



### Innovative

We actively seek opportunities and find sustainable solutions to challenges and opportunities.



### Passionate

We live our mission and strive for excellence – taking personal leadership and celebrating our achievements.



### Collaborative

We are One Benchmark. We help and support each other. Our interactions are built on integrity, mutual trust and respect.



### Commercial

We have a customer-focused, commercial mindset. We set targets and priorities and take responsibility for meeting our commitments.

## Benchmark for Better (B4B)

Our Benchmark for Better initiative is our way of making a positive impact on our communities. We achieve this by making donations to projects and charitable organisations in countries where we are present and by giving our people the opportunity to dedicate two days per year to volunteering activities.

In 2022 we made donations and volunteered time to several causes including support for Ukrainian refugee families. Members of our team in Bergen took volunteer time out to help Ukrainian refugees living near our office by purchasing essentials and making starter packs for pregnant women and children starting school.

In Thailand, our team continues to support two local primary schools by donating books, sports equipment, funding scholarships, planting of trees, and setting up a first aid room. Our team was awarded the CSR-DIW Continuous Award 2022 by the Department of Industrial Works, Ministry of Industry, reflecting our strong commitment to social responsibility and sustainable development. The Federation of Thai Industries also awarded our Advanced Nutrition production facility with an ECO-Factory certificate for our sustainable practices.

In Colombia, we have an established relationship with a local school and this year we provided support by funding tutoring sessions to help bridge the educational gap created by the Covid-19 disruption. In Mexico, we established a new relationship with Fondo Guadalupe Musalem which funds education for underprivileged young women from rural communities.



## One Benchmark 'Around the World Challenge'

### Connecting our global communities

In June, we launched a virtual "Around the World Challenge" to raise funds for local charities and support our team who were taking part in the UK Challenge, a team-building event based on the Isle of Man. We believe that joining together to complete a challenge as a global team is a great way to bring us closer and to live our values of passion and collaboration, whilst creating a community spirit.

Our challenge was to collectively cover as much of the world's circumference (24,901 miles) as possible, in the month of June by running, walking, swimming, or cycling.

Participation was extremely high across all our locations. 210 people joined our online club and pictures being posted every day via our intranet platform. The challenge epitomised the passion that our people have for becoming healthy, working together in teams, and supporting colleagues while raising money for their communities.

The challenge culminated in 10,875 miles travelled. B4B matched a pound per mile and this sum was donated to a variety of chosen local charities.



# Engaging with our stakeholders


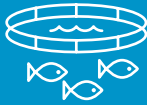
The Board continued to focus on its duties under section 172 of the Companies Act 2006 towards its shareholders as well as having regard to the impact on the Group's other stakeholders.

The Board made its key decisions in the 2022 financial year having regard to the provisions of section 172. This requires the Board to act in the way most likely to promote the success of the Group for its shareholders' benefit and to have regard to matters set out in the table below.

Number	Relevant factors for the Board to consider:	How the Board had regard to these factors
1	The likely consequences of any decision in the long term;	When evaluating new projects and initiatives the Board assesses the long-term strategic, commercial and financial impacts. Projects considered by the Board in the year included capacity expansion projects, the development of new products and the entry into new markets.
2	The interests of the Company's employees;	An all-employee survey was completed and the results were presented to and discussed with the Board.  The Company has an Employee Representative who participates in all meetings of the Extended EMT. They lead a group of employee champions who represent all employees in all countries. They meet throughout the year to discuss and input on the employee benefits per location, the implementation of the Group values, and more general topics such as meeting policies, work regime and how to promote One Benchmark. This year guest speakers have included Head of People, Rewards Manager, Health & Safety Director and Head of Legal and Compliance. Their overall feedback is presented to the Extended EMT and summarised to the PLC Board.
3	The need to foster the Company's business relationships with suppliers, customers and others;	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  See page 59 for table         </div> <div style="text-align: center;">  See pages 21, 23 &amp; 25 for case studies         </div> </div>
4	The impact of the Company's operations on the community and the environment;	The Board's Sustainability Committee is responsible for overseeing the work carried out by the Company's Sustainability Working Group. This includes developing policies aligned with the Company's aim to minimise the impact on the environment and the communities in the regions where it operates. A network of Environmental Representatives at each site enables implementation of the policies and act as a conduit to raise and address any concerns arising. The Company's Health, Safety and Environment Director chairs a quarterly meeting with all Environmental Representatives. Specific areas of focus include emissions, waste management and freshwater use.
5	The desirability of the Company, maintaining a reputation for high standards of business conduct; and	The Company has compliance and conduct policies, which it regularly updates, on topics including the prevention of modern slavery, bribery and money laundering, and encourages its employees to report any concerns confidentially using its whistleblowing channel. Employees also receive training on the Company rules and procedures for these matters. The Group introduced a Supplier Code of Conduct approved by the PLC Board to support its commitment to corporate responsibility, ethical behaviour, environmental footprint and human rights.
6	The need to act fairly as between members of the Company.	The Company maintained a communication programme with all shareholders including quarterly presentations for institutional and retail shareholders. The Company made all presentations and webcasts held available through its website. In addition, the Company invited questions through its webcasts from institutional and retail shareholders. The Company complied with applicable market and disclosure rules concerning equality of information.

The Board is also conscious that the Group cannot grow and succeed without the support of our stakeholders, from customers and suppliers to shareholders and employees, and positive engagement with the communities in which we operate.

The table below sets out our key stakeholder groups and how we engaged with them during the year.

Stakeholder	Engagement
<p><b>Customers</b></p> 	<p><b>Who led the Group's engagement?</b></p> <ul style="list-style-type: none"> <li>• Board, CEO, business area heads.</li> </ul> <p><b>Why do we engage?</b></p> <ul style="list-style-type: none"> <li>• Our customers help us develop and refine our products.</li> <li>• Building trust-based long-term relationships enables us to deliver innovative high quality products and services that help both Benchmark and our customers succeed.</li> </ul> <p><b>What were the key actions and topics?</b></p> <ul style="list-style-type: none"> <li>• Regular meetings and requests for feedback from key customers in each business area.</li> <li>• The Board receives regular updates from the CEO and the Executive Management Team.</li> <li>• The full Board visited customer' sites in Norway which fostered their knowledge of the salmon industry and main challenges.</li> </ul> <p><b>What were the key outcomes?</b></p> <ul style="list-style-type: none"> <li>• Deepening of our understanding of Benchmark's perception and position in key markets.</li> <li>• Refinement of our Ectosan®Vet and CleanTreat® new business model and strategy in co-operation with key customers.</li> <li>• In FY22, the Group continued to face disruption in its supply chain caused mainly by COVID-19 and challenges faced by global supply chains including shortage of raw material, delivery lead time issues, port closures. In order to respond to these challenges, the Group decided to increase inventory holdings for some of its affiliates to mitigate delivery lead time and respond to customer demand. This approach has resulted on keeping services at a satisfactory level to our customers.</li> </ul>
<p><b>Suppliers</b></p> 	<p><b>Who led the Group's engagement?</b></p> <ul style="list-style-type: none"> <li>• CEO, CFO, procurement directors and business area heads.</li> </ul> <p><b>Why do we engage?</b></p> <ul style="list-style-type: none"> <li>• Without suppliers that can deliver quality ingredients and components to the right place at the right time in our supply chain, Benchmark cannot serve its customers.</li> <li>• We want to ensure that all of our suppliers adhere to ethical business standards and treat their workers and communities with respect and fairness.</li> <li>• Engagement with suppliers is an important element in achieving our goal of improving sustainability in our operations across our supply chain including by ensuring that all soy used in our feeds has a sustainability certificate and by making progress towards meeting our Net Zero scope 1, 2 and 3 target by 2050.</li> </ul> <p><b>What were the key actions and topics?</b></p> <ul style="list-style-type: none"> <li>• Regular meetings with key suppliers, for example the CEO and CFO visited this year the Salt Lake Artemia Co-operative, which supplies our Nutrition business area with high-quality brine shrimp.</li> <li>• Improved compliance checks (including the launch of Supplier Code of Conduct) that enable us to ensure that we work with ethical suppliers.</li> <li>• Engagement with existing and potential new suppliers to explore ways to improve the sustainability of the Company's raw materials and packaging.</li> </ul> <p><b>What were the key outcomes?</b></p> <ul style="list-style-type: none"> <li>• Learnings about the impact of COVID-19 on global supply chains and corresponding adjustment in our planning. The majority of inbound logistics for raw material and packaging material has returned to a 'normal' level, except in cost, which remains high in comparison to pre-COVID-19.</li> <li>• A better understanding of trends in our sector.</li> <li>• Establishment of new relationships which will help Benchmark deliver its strategy.</li> <li>• A developed supplier management system has allowed engagement with suppliers and setting our expectations via the Supplier Code of Conduct.</li> </ul>

## Section 172 Companies Act 2006 Statement continued

### Benchmark's engagement with our key stakeholders: continued

Stakeholder	Engagement
<p data-bbox="102 394 256 434"><b>Employees</b></p> 	<p data-bbox="331 394 687 421"><b>Who led the Group's engagement?</b></p> <ul data-bbox="331 421 692 448" style="list-style-type: none"> <li>• Chairman, CEO, CFO, People team.</li> </ul> <p data-bbox="331 450 536 477"><b>Why do we engage?</b></p> <ul data-bbox="331 477 839 577" style="list-style-type: none"> <li>• Our team members across the globe are critical to Benchmark's success.</li> <li>• Our colleagues have brilliant ideas and we want to hear them.</li> </ul> <p data-bbox="331 580 724 607"><b>What were the key actions and topics?</b></p> <ul data-bbox="331 607 852 893" style="list-style-type: none"> <li>• Employee survey across all areas of the Group.</li> <li>• Regular town halls on a Group and business area level.</li> <li>• Development of new working practices in light of COVID-19.</li> <li>• Mental health webinar.</li> <li>• Launch of the Company's performance framework.</li> <li>• With countries opening again, the Board members and the Executive Management Team were able to visit sites and offices again and to meet employees.</li> <li>• One Benchmark – 30 days worldwide challenge.</li> </ul> <p data-bbox="887 394 1198 421"><b>What were the key outcomes?</b></p> <ul data-bbox="887 421 1423 1010" style="list-style-type: none"> <li>• In our employee survey, the Company had an excellent participation rate of 92%, and with an overall engagement score of 88% the Company is very well-positioned in top quartile of companies globally for employee engagement.</li> <li>• Town Halls provide a platform to engage directly with the panel on the topics of the meeting or any questions the colleagues have, the panel will do their best to answer honestly and accurately.</li> <li>• The mental health and wellbeing webinars allow colleagues to review external provider materials and support in their roles.</li> <li>• The Executive Management Team has met this year in Edinburgh and Bergen, allowing face to face discussions and opportunities to talk with the employees, along with the Board and Non-Executive Directors. The CEO and CFO also travelled to sites in the US and Thailand, to meet with teams within Genetics, Health and Advanced Nutrition. Furthermore the CEO travelled to Iceland for the incubation centre opening with all employees attending, as well as Belgium to participate in the Advanced Nutrition town hall allowing an open dialogue with employees.</li> </ul>
<p data-bbox="102 1032 288 1072"><b>Communities</b></p> 	<p data-bbox="331 1032 687 1059"><b>Who led the Group's engagement?</b></p> <ul data-bbox="331 1059 807 1133" style="list-style-type: none"> <li>• The Company's Sustainability Working Group which is overseen by the Board's Sustainability Committee.</li> </ul> <p data-bbox="331 1135 536 1162"><b>Why do we engage?</b></p> <ul data-bbox="331 1162 839 1263" style="list-style-type: none"> <li>• We want to contribute positively to the communities in which we operate.</li> <li>• We can learn from our diverse communities and play our part as a global and responsible business.</li> </ul> <p data-bbox="331 1265 724 1292"><b>What were the key actions and topics?</b></p> <ul data-bbox="331 1292 839 1393" style="list-style-type: none"> <li>• Charitable and volunteering activities around the world under the Benchmark 4 Better programme. During the year the Company made donations and funded voluntary activities totalling £50,000.</li> </ul> <p data-bbox="887 1032 1198 1059"><b>What were the key outcomes?</b></p> <ul data-bbox="887 1059 1423 1561" style="list-style-type: none"> <li>• Through the B4B programme the Group donated to several charities.</li> <li>• The volunteering programme was relaunched globally and encouraged within teams to take part.</li> <li>• Scholarships at the Wat Than School, Thailand.</li> <li>• We held an 'Around the World' challenge which involved employees being motivated to walk, run, or cycle the circumference of the globe, which we then matched from mileage as a charitable donation.</li> <li>• Continuation of established programmes to support schools in our local communities in Thailand and in Colombia. In Colombia this took the form of financial donations specifically to provide dedicated tutoring to students who had been severely disadvantaged during the pandemic.</li> <li>• In addition to our ongoing programmes we funded activities and causes including support for Ukrainian refugee families in our local community in Bergen and support for organisations in India and Mexico dedicated to education and wellbeing for children.</li> </ul>
<p data-bbox="102 1583 288 1624"><b>Shareholders</b></p> 	<p data-bbox="331 1583 687 1610"><b>Who led the Group's engagement?</b></p> <ul data-bbox="331 1610 560 1637" style="list-style-type: none"> <li>• Chairman, CEO, CFO.</li> </ul> <p data-bbox="331 1639 536 1666"><b>Why do we engage?</b></p> <ul data-bbox="331 1666 823 1769" style="list-style-type: none"> <li>• Our shareholders are the owners of our business and we manage it on their behalf.</li> <li>• Our shareholders provide financial support and stewardship.</li> </ul> <p data-bbox="331 1771 724 1798"><b>What were the key actions and topics?</b></p> <ul data-bbox="331 1798 852 2033" style="list-style-type: none"> <li>• Shareholders General Meeting.</li> <li>• Regular investor calls and meetings with the CEO and CFO.</li> <li>• Chairman and NED calls with all major shareholders.</li> <li>• Engagement on sustainability and ESG topics through our Head of IR and Sustainability.</li> <li>• Webcast presentations with Q&amp;A for institutional and retail shareholders.</li> <li>• Soliciting feedback through the Company's advisers.</li> </ul> <p data-bbox="887 1583 1198 1610"><b>What were the key outcomes?</b></p> <ul data-bbox="887 1610 1382 1711" style="list-style-type: none"> <li>• Feedback received from shareholders was incorporated in the Company's annual strategy development and in the decision making process regarding the proposed listing in Oslo.</li> </ul>

For any decision related to stakeholders please refer to the key activities of the Board.

## Principal Risks and Uncertainties

# Risk Management

## Risk management framework

The Group's risk management framework and its implementation is led by the Chief Financial Officer. The Board is ultimately responsible for oversight of the Group's risk management systems, with the Audit Committee acting as a reviewing committee.

During the year, the Audit Committee received reports from the Chief Financial Officer regarding risk management, and from the Group's auditors regarding financial and management controls.

No major issues were identified.

### Identification

#### Bottom-up risk review

Risks are identified in a bottom-up process involving local management, resulting in a risk register for each business.

#### PLC risk register

Risks capable of having an effect at Group level are identified and prioritised.

### Assessment and evaluation

#### Risk weighting

Risks are assessed to give a gross risk weighting, taking into account likelihood of occurrence and severity of impact, and a net risk weighting, which also takes into account existing mitigating factors and controls.

#### Risk exposure

The risk exposure (net risk weighting) is evaluated and it is determined whether the relevant risk is within the Group's risk appetite.

#### Risk appetite

The Group's risk appetite, which varies depending on the type of risk, is determined. The risk tolerance limit, which allows for a level of deviation from risk appetite where warranted to achieve objectives, and risk capacity, which is the level of risk that the Group is able to handle, are also evaluated.

### Mitigation

#### Actions

Where risk exposure is outside risk appetite, actions are agreed and implemented, with priority given to risks capable of having an effect at Group level and risks outside risk tolerance.

### Monitoring

#### Ongoing monitoring and review

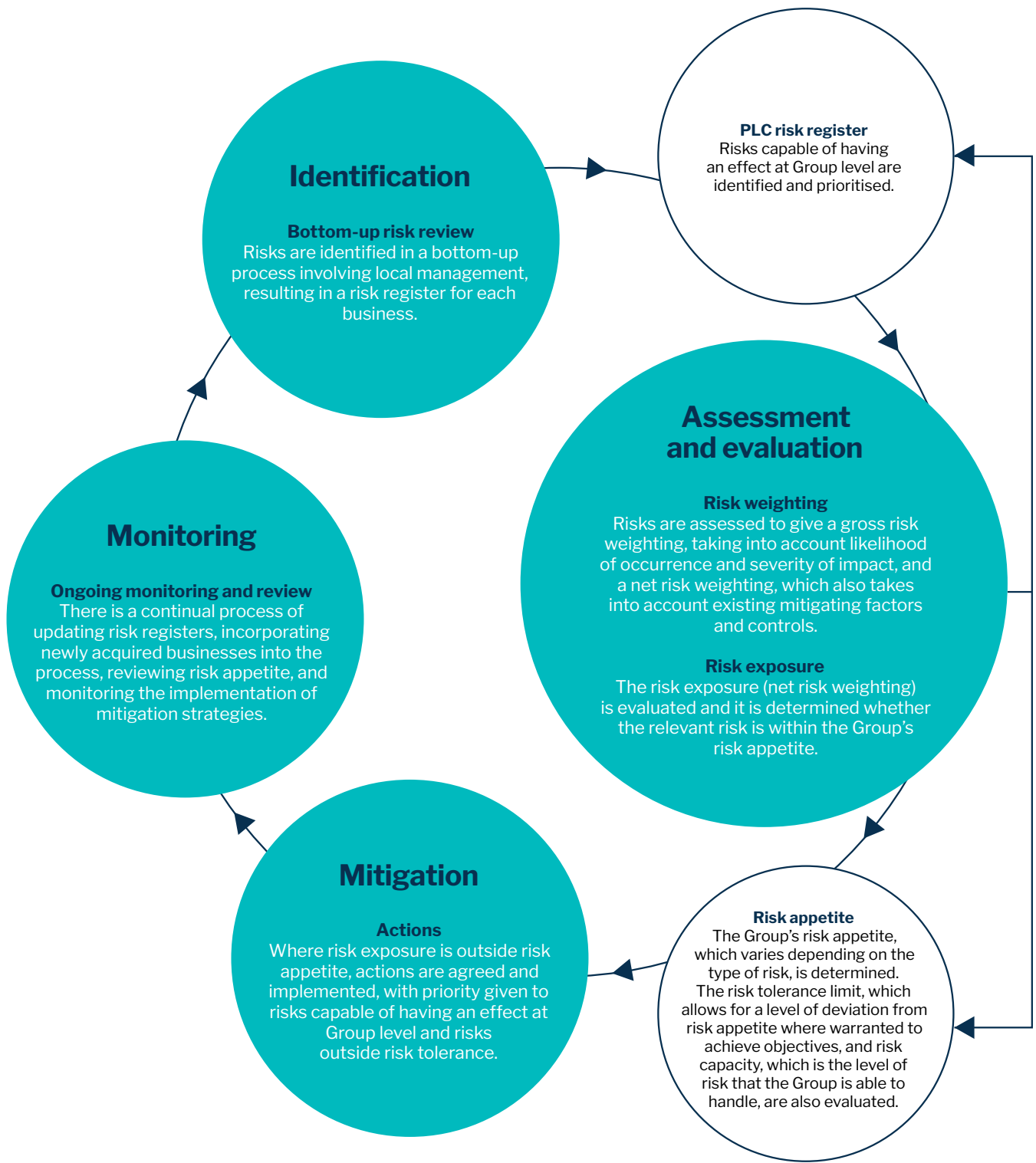
There is a continual process of updating risk registers, incorporating newly acquired businesses into the process, reviewing risk appetite, and monitoring the implementation of mitigation strategies.

The framework follows a bottom-up approach, through which local management lead the identification, assessment and evaluation, mitigation, and ongoing monitoring of risk. This process is followed in the context of guidelines regarding risk appetite in specified areas which are assessed and approved by the Board. The cycle of identification, assessment and evaluation, mitigation and ongoing monitoring is operated with a view to completing a full risk management cycle in each part of the business at least once every 24 months. The framework is designed to make risk management an integrated part of the Group's day-to-day operations. Risks capable of having an effect at Group level are prioritised and reported on to the Board.

During FY22, the Group undertook a bottom-up review of its risk registers and is continuing to update and evaluate the risks previously identified, as well as monitoring the progress of related mitigating actions.

The Chief Financial Officer also met on a quarterly basis with the Business Area Heads and Financial Directors to discuss and monitor risks relating to each Business Area.

The Company operates its established risk management framework, which is illustrated in the diagram below:





## Risk appetite

The Group has decided not to make any amendments to its risk appetite, which is set out below:

**// Benchmark operates in a highly regulated sector covering food safety, animal welfare and environmental responsibility. The Company has a very low tolerance to risks of breaching legal, regulatory or ethical standards or anything which could negatively impact on our people's health, safety and wellbeing, the communities where we are present, our reputation or that of our customers.**

The nature of our business means that we are exposed to biological and climatic risks that are beyond our influence but where possible, we take steps to mitigate the impact of these risks on the business.

As an aquaculture biotechnology company, we develop solutions that tackle unsolved problems often by applying new technology. The technology risk we assume takes into consideration our stakeholders' interests and is commensurate with the potential returns from our product pipeline and intellectual property's assets.

The Group recognises the importance of its supply chain to serve its customers and to meet its ESG goals and seeks to minimise risks within its supply chain which would compromise quality and service for its customer.

The Group has a measured approach to projects and acquisitions and will take an appropriate level of risk commensurate with the potential returns and availability of capital."

### Principal risks and uncertainties

The Group's principal risks are categorised as either strategic, operational, financial or emerging risks and are developed through the Audit Committee and Board's review of the Group's risk register, performance of our businesses and analysis of emerging global trends.

We have set out below each of FY22's Strategic Priorities, and the risk tables include a cross-reference to each individual risk's relevance to such Strategic Priorities.

**1. Growth of Ectosan Vet® and CleanTreat® in Norway;**

**2. Commercial launch of SPR shrimp;**

**3. Reinstate BAN as a global leader in Artemia;**

**4. Deliver an integrated Group-wide ESG programme aligned to Benchmark commitment as a responsible operator and industry leader driving sustainability; and**

**5. Deliver a people agenda that continues to build the 'One Benchmark' Culture.**

These are described in more detail on page 26.

# Strategic risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
<b>Competition and loss of competitive advantage</b>	<ul style="list-style-type: none"> <li>Falling behind competitors with the development and commercialisation of new, innovative products.</li> <li>Threat to market share and revenues.</li> </ul>	<ul style="list-style-type: none"> <li>Innovative development focus and strong pipeline of products.</li> <li>Intellectual Property (“IP”) protection including patents.</li> <li>Strong customer relationships with key account structure.</li> </ul>	Advanced Nutrition, Health and Genetics	<b>1, 2, 3</b>
<b>Reliance on continued success of existing products</b>	<ul style="list-style-type: none"> <li>The Group is currently exposed to risk by limited diversity of revenue streams.</li> <li>Risks associated with legal costs of protecting Group IP.</li> <li>Group products require the holding of certain licences, accreditations or regulatory approvals that could be withdrawn.</li> <li>Failure to gain additional claims on the labels for certain Group products which could result in reduced revenue from such products.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing number of products/ services from development pipeline is diversifying revenues.</li> <li>Strong Group legal team with dedicated IP expertise.</li> <li>Vigorous defence of own IP.</li> <li>High levels of employee competency and stringent processes related to regulatory affairs.</li> </ul>	Advanced Nutrition, Health and Genetics	<b>1, 2, 3</b>
<b>Delivery of cross-Group synergies</b>	<ul style="list-style-type: none"> <li>Risks associated with failure to fully realise operational synergies and cost benefits .</li> <li>Lower profitability and cash generation, and slower returns than anticipated.</li> <li>Risks on delivering the synergy within the timeline set.</li> </ul>	<ul style="list-style-type: none"> <li>EMT continues tracking progress of the Group strategy on weekly basis.</li> <li>Extended-EMT assists with planning and managing key projects.</li> </ul>	Advanced Nutrition, Health and Genetics	<b>1, 2, 3, 4, 5</b>
<b>New product and service commercialisation</b>	<ul style="list-style-type: none"> <li>Risk that pipeline products may be delayed or fail technically before launch.</li> <li>The Group’s strategy has a significant focus on new products and services and a material failure to deliver would be damaging.</li> <li>Risk inherent in timing and market penetration of new products and services.</li> </ul>	<ul style="list-style-type: none"> <li>Close dialogue with regulators.</li> <li>The innovation board (which includes the head of Group Innovation) monitors the R&amp;D projects across the Group.</li> <li>Experienced Group regulatory affairs team, commercial team and Marketing team.</li> <li>Close dialogue with customers regarding their product and service satisfaction to enable efficient and appropriate reaction to their feedback and needs.</li> </ul>	Advanced Nutrition, Health and Genetics	<b>1, 2, 3, 5</b>

# Operational risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
<b>Environmental risk and crisis management</b>	<ul style="list-style-type: none"> <li>The nature of certain of the Group's operating activities exposes us to certain significant risks to the environment, such as incidents associated with releases of chemicals or hazardous substances when conducting our operations, which could result in liability, fines, risk to our product permissions and reputational damage.</li> <li>There is a risk that natural disasters could lead to damage to infrastructure, loss of resources, products or containment of hazardous substances.</li> <li>Our business activities could be disrupted if we do not respond, or are perceived not to respond, in an appropriate manner to any major crisis or if we are not able to restore or replace critical operational capacity.</li> </ul>	<ul style="list-style-type: none"> <li>We have implemented standards and requirements which govern key risk management activities such as inspection, maintenance, testing, business continuity and crisis response.</li> </ul>	Advanced Nutrition, Health and Genetics	<b>1, 2, 3, 4, 5</b>
<b>Biological and climatic risks</b>	<ul style="list-style-type: none"> <li>The Group is exposed to the risk of disease within the Group's own operations and disease in the market resulting in possible border closures.</li> <li>Sales of the Group's sea lice medicines and other relevant solutions such as CleanTreat® are affected by the degree of sea lice challenge in the environment, which is driven by sea temperatures and other biological factors.</li> </ul>	<ul style="list-style-type: none"> <li>The Group operates the highest levels of biosecurity.</li> <li>The Group holds genetic stock at multiple sites; increasingly sources from its own land-based salmon breeding facilities.</li> <li>The Group operates containment zones which mitigates the risk of border closures affecting its ability to import or export.</li> <li>The Group has placed increased focus on insuring its biological stock.</li> <li>The Group's product diversity across business areas offers some mitigation.</li> </ul>	Advanced Nutrition, Health and Genetics	<b>1, 2, 3</b>
<b>Volatility of end markets (salmon, sea bass and shrimp markets) and market and regulatory trends</b>	<ul style="list-style-type: none"> <li>Market fluctuations in shrimp production volumes and pricing, often influenced by disease, drive customer and food services demand for shrimp.</li> <li>Market and regulatory trends for tackling sea lice have an influence on customer demand for the Group's sea lice products.</li> </ul>	<ul style="list-style-type: none"> <li>The geographic diversity of the business area's customer base offers some mitigation.</li> <li>The Group's product diversity across business areas offers some mitigation.</li> </ul>	Advanced Nutrition, Health and Genetics	<b>1, 2, 3, 4, 5</b>

## Principal Risks and Uncertainties continued

### Operational risks continued

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
<b>Threats to the supply chain</b>	<ul style="list-style-type: none"> <li>Benchmark is reliant on a small number of key raw materials and suppliers for important products.</li> <li>The Group has R&amp;D and production sites which are important to its current revenues and future success and which are leased.</li> <li>Commissioning of new facilities could be delayed leading to late product deliveries.</li> <li>Benchmark relies on third parties for importation authorisations required in certain jurisdictions for certain products.</li> </ul>	<ul style="list-style-type: none"> <li>Dual supplies of raw materials where possible.</li> <li>Supplies secured with contractual arrangements, and import authorisations in the process of being applied for where deemed material for the Group.</li> <li>Seek long-term tenure of sites.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3</b>
<b>Health and well-being of employees</b>	<ul style="list-style-type: none"> <li>Poor health or well-being impacts employees' lives and reduces productivity.</li> <li>Some aquaculture activities have inherent operational risks.</li> </ul>	<ul style="list-style-type: none"> <li>Well-developed health and safety management regime in place across the Group.</li> <li>Senior level commitment to ESG programme Group-wide.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2</b>
<b>Recruitment and retention of high-calibre people</b>	<ul style="list-style-type: none"> <li>To maintain market leadership it is essential that the Group has and keeps people with key skills.</li> </ul>	<ul style="list-style-type: none"> <li>Centralised people team delivering people strategy.</li> <li>Succession planning process.</li> <li>Remuneration policy designed to encourage retention.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3, 4, 5</b>
<b>Loss of key IT system</b>	<ul style="list-style-type: none"> <li>The Group IT systems facilitate daily work, collaboration and hold Group IP and trade secrets.</li> <li>Multiple risks of systems failure or cyber attack.</li> <li>Loss of access or key information would be disruptive to the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Internal experienced IT team.</li> <li>Increasing integration of software platforms to improve security and reliability.</li> <li>The Group increased the frequency of phishing simulation exercises to ensure staff awareness of cyber security.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3, 4, 5</b>
<b>Geopolitical risk</b>	<ul style="list-style-type: none"> <li>The diverse locations of our operations around the world expose us to a wide range of political developments and consequent changes to the economic and operating environment. Geopolitical risk is inherent to many regions in which we operate, and heightened political or social tensions or changes in key relationships could adversely affect the Group.</li> </ul>	<ul style="list-style-type: none"> <li>We seek to manage this risk through development and maintenance of relationships with governments and stakeholders. We closely monitor events and implement risk mitigation plans where appropriate.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3</b>
<b>Application of appropriate standards of governance</b>	<ul style="list-style-type: none"> <li>As an international business, the Group is required to comply with laws and regulations in several jurisdictions.</li> <li>There is risk of non-compliance leading to potential fines, penalties, loss of revenues and damage to reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Experienced Group legal, finance, people, regulatory affairs, investor relations, health and safety and IT teams work closely with the business areas.</li> <li>Training programme, whistleblowing policy, and informal routes by which concerns can be raised, are designed to identify and address potential non-compliance.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3, 4, 5</b>

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
<b>Brexit</b>	<ul style="list-style-type: none"> <li>• Primary risk to our Health supply chain because the R&amp;D and manufacturing are based in the UK and products are/will largely be sold outside the UK.</li> <li>• There may be potential tariffs on UK cross-border supply of products and ongoing changes to the regulatory framework.</li> <li>• Requirement for manufacturing import authorities to be maintained for certain products to be imported into target jurisdictions.</li> </ul>	<ul style="list-style-type: none"> <li>• The majority of the Group's Health operations are located outside of the UK and do not trade with the UK so will be unaffected.</li> <li>• In terms of manufacturing and product registration, Health is accustomed to trading with multiple countries and different rules and legislation.</li> <li>• Our distribution and commercial model can adapt to changes in tariffs and duties.</li> <li>• Our business is naturally hedged and diversified, which helps in a period of economic uncertainty and exchange rate volatility.</li> <li>• We will monitor the impact on workforce and global mobility to maintain an effective system for resource planning.</li> <li>• The Group transferred UK-registered marketing authorisations for products that are sold in the EU to an EU entity and duplication of product release testing for products that was transferred between the UK and the EU.</li> <li>• The Group has undertaken various mitigation actions in response to Brexit which includes EU-based laboratory testing facilities for batch testing and the transfer of product registrations to an EU-domiciled legal entity within the Group.</li> </ul>	Health	<b>1</b>

# Financial and legal risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
<b>Maintain liquidity and manage leverage</b>	<ul style="list-style-type: none"> <li>• Failure to identify and maintain sufficient liquidity headroom.</li> <li>• Risk to funding of key growth strategies.</li> </ul>	<ul style="list-style-type: none"> <li>• Close control of cash flows with regular update of short- and long-term projections.</li> <li>• The refinanced facilities provide greater covenant flexibility and headroom.</li> <li>• Group Treasury Manager oversees cash flow management.</li> <li>• Group treasury policy introduced to support how the Group manages cash.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3</b>
<b>Growth in trading results in higher investment in working capital</b>	<ul style="list-style-type: none"> <li>• Top-line growth through new products and markets can drive changing patterns of working capital.</li> <li>• Growth in some markets presents increased risk of slow paying or bad debts.</li> </ul>	<ul style="list-style-type: none"> <li>• Business area management of pricing and credit terms.</li> <li>• Close monitoring of investment in working capital by the EMT and Plc Board.</li> <li>• Key performance indicators include working capital measures.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3</b>
<b>Currency exchange</b>	<ul style="list-style-type: none"> <li>• The Group as a whole is also exposed to fluctuations in currency exchange rates. These impact sales volumes where products are priced by reference to USD but sold in local currencies; and impacts reported results when local results, assets and liabilities are converted to GBP for reporting purposes.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group reduces its exposure to its principal foreign currency risks through the use of hedging instruments.</li> <li>• Group treasury policy explains how the Group should manage FX risk.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3,</b>
<b>Criminal activity, fraud, bribery and compliance risk</b>	<ul style="list-style-type: none"> <li>• Some countries where the Group operates may be exposed to high levels of risk relating to criminal activity, fraud, bribery and corruption.</li> <li>• There are a number of regulatory requirements applicable to the Group and its listing on the London and Oslo Stock exchanges.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group provides compliance training programmes to all its employees through an online training platform and provide face-to-face and virtual training to higher risk teams.</li> <li>• The Group has introduced a code of conduct for its suppliers.</li> <li>• The CFO and Group Legal Counsel are involved in mitigating fraudulent activities in the Group.</li> <li>• The Group has access to competent and experienced external counsel.</li> <li>• Fraud response policy introduced.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3, 4, 5</b>

# Emerging risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
<b>Climate change</b>	<ul style="list-style-type: none"> <li>Climate change and the evolving regulatory environment may expose the Group to regulatory breaches, significant disruption, reputational risk or a reduction in supply for biological raw materials, and demand for products or services.</li> </ul>	<ul style="list-style-type: none"> <li>The Group's Sustainability Committee reports to the Board regularly and its mandate is to ensure the Group's strategy and operations are carried out within the framework of caring for the environment, people, and animals. Its work aligns with major frameworks including the London Stock Exchange Guidance for Environmental, Social and Governance reporting and the UN Sustainable Development Goals.</li> <li>New ESG strategy approved and implemented by the Group.</li> <li>Plan adopted for reduction in the Group's carbon emissions and progressing according to timetable set.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>1, 2, 3, 4</b>
<b>Environmental, Social and Governance responsibilities</b>	<ul style="list-style-type: none"> <li>Increasingly our stakeholders are requiring reassurance that we are overseeing and responding to ethical and environmental issues across the Group's business.</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct in place.</li> <li>New ESG strategy approved and in place.</li> <li>Plan adopted for reduction in the Group's carbon emissions.</li> <li>Code of conduct and ABC policies in place.</li> <li>Green bond successfully launched and subscribed.</li> </ul>	Advanced Nutrition, Genetics, Health	<b>4</b>

The Strategic Report was approved by the Board on 30 November 2022 and signed on its behalf by:

**Trond Williksen**  
Chief Executive Officer

# Diverse leadership

Our Board and Leadership team are diverse and have a wealth of industry knowledge, skills and experience.



**Peter George**  
Non-Executive Chairman



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**Appointed**

May 2018

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**Independent**

Yes, except for the period between 19 August 2019 – 31 July 2020 while Peter served as Executive Chairman

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**Skills and Experience**

Peter has a strong track record in growing successful international life sciences businesses. He is most renowned for his achievements as CEO of Clinigen Group plc, the FTSE AIM global pharmaceutical and services company, which he founded in 2010 and grew into close to a £1bn market cap company having acquired several businesses and expanded its international footprint.

Peter also served as the chairman of Ergomed plc, the AIM-listed provider of clinical research, drug development and safety services internationally.

Prior to Clinigen, he held a number of senior roles in the pharmaceutical and healthcare sectors including chief executive officer and leading the MBO of Penn Pharmaceutical Services. He co-created Unilabs Clinical Trials International in 1997, which was successfully sold to Icon plc in 2000.

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**Other appointments**

Peter is chairman of Oxford Quantum Circuits, non-executive director of Osler Diagnostics and a Health Sciences adviser at Oxford Science Enterprises, Gresham House, Ergomed Plc and Clinigen Group Limited. In addition, Peter has an investment fund, Enigma Holdings Group, and serves on a number of the boards of companies owned by the group. He also owns XPG Ltd, a building and development company.



## Committee Membership

**N** Nominations Committee

**R** Remunerations Committee

**A** Audit Committee

**D** Disclosure Committee

**S** Sustainability Committee

**○** Denotes Chair



**Trond Williksen**  
Chief Executive Officer



**Septima Maguire**  
Chief Financial Officer



**Susan Searle**  
Senior Independent Director



## Appointed

June 2020

## Appointed

December 2019

## Appointed

December 2013

## Independent

No

## Independent

No

## Independent

Yes

## Skills and Experience

Trond is highly experienced in the international aquaculture and seafood industries, having held senior executive positions in the sector for over 25 years. Most recently he was CEO of SalMar ASA, the Norwegian fish farm company being one of the world's largest producers of farmed salmon. Prior to Salmar, he was CEO of AKVA group ASA, the leading global aquaculture technology and service provider for six years. He previously held a number of executive roles in Aker ASA's Seafoods, Ocean Harvest and BioMarine companies as well as being the Managing Director of the Norwegian Fish farmers Association.

## Skills and Experience

Septima joined Benchmark from Dechra Pharmaceuticals PLC, the international provider of specialist veterinary pharmaceuticals and products, where she spent four years as group financial controller, acting group finance director and most recently corporate development director, overseeing all aspects of acquisition activities, strategic projects, business development and investment initiatives playing a significant role in supporting Dechra during a period of high growth.

Prior to Dechra, Septima held a number of senior finance roles at Ardagh Group S.A. (previously Impress Metal Packaging) over a period of six years. She has also held finance roles at UPC, CNH Capital and PricewaterhouseCoopers. Septima holds a Masters in European Union Law from the University of Leicester and is ACCA qualified.

## Skills and Experience

Susan has over 25 years' experience working in a variety of commercial, business development, manufacturing and operational roles including investing in growing technology businesses, acquisitions and the exploitation of new technologies. She co-founded Imperial Innovations plc, a leading technology investment business, and served as its CEO from 2002 to 2013. As part of that role Susan was ultimately responsible for risk assessment regarding investee companies and business continuity management.

She was previously chair of Mercia Technologies PLC, a regional technology and biotech investor and holds an MA in Chemistry from Exeter College, Oxford. She was also non-executive and remuneration chair of Horizon Discovery plc, a gene-editing biotech company, prior to its sale to Perkin Elmer. Susan was formerly chair of Schroders UK Public Private Trust plc, which invested in a wide range of technology companies with a key focus on biotech and sustainability.

Susan brings to Benchmark a wealth of experience of remuneration policy and financial risk management, and has served on a variety of company boards and audit committees.

## Other appointments

Trond is the Chairman at Ivan Ulsund Rederi AS (including Trønderbas AS, Brusøykjær AS, Ivan Ulsund Eiendom AS), an ocean fisheries company.

He is a board member at SinkabergHansen AS, a leading Norwegian salmon farming company, and a board member of Williksen Export AS, a Norwegian salmon export company. Trond also owns an investment company, KRING AS and was an adviser to FSN Capital, a leading Nordic private equity firm.

At the time of Trond's appointment, the Board reviewed Trond's other roles and were comfortable that these would still allow sufficient time to discharge his responsibilities effectively. The Board agreed that each role was not deemed to be significant and will continue to monitor such appointments.

## Other appointments

None.

## Other appointments

Non-executive director of QinetiQ Group plc and Chair of Greenback Recycling Technologies Ltd.

## Board of Directors continued



**Kevin Quinn**  
Non-Executive Director



**Yngve Myhre**  
Non-Executive Director



**Kristian Eikre**  
Non-Executive Director



### Appointed

November 2016

### Independent

Yes

### Skills and Experience

Kevin is a qualified chartered accountant with over 30 years of financial experience in international business and the biosciences industry, including with FTSE 100 companies. Previously, Kevin was chief financial officer at Berendsen plc, the leading FTSE 250 European textile service business, where he was directly responsible for finance risk management, until the takeover of Berendsen by Elis SA in September 2017. In his role at Berendsen Kevin was also responsible for providing assurance on mitigating actions relating to operational risks. Kevin has also previously held senior finance positions within biosciences group Amersham plc and before that was a partner with PricewaterhouseCoopers (Prague). Kevin holds a BA in French from University College, Durham.

### Other appointments

Kevin is also the chairman of Marlowe Plc, a leader in business-critical services and software focussed on assuring safety and regulatory compliance and risk management.

### Appointed

November 2017

### Independent

Yes

### Skills and Experience

Yngve has more than 20 years' experience in the aquaculture sector as a senior executive, adviser and investor. Yngve was chief executive of leading Norwegian salmon producer Salmar, and of international white fish supplier Aker Seafood during periods of successful growth. In both these roles Yngve was involved in evaluation of operational risk management strategies. Yngve also acts as strategic adviser to investors in the aquaculture sector. Yngve has a very strong track record in Benchmark's focus area of aquaculture, both in the Norwegian and international markets.

### Other appointments

Yngve is a member of the board of Kime Akva, Aqua Site AS and other seafood-related companies. He is also chairman of Broodstock Capital and Chilean salmon producer Nova Austral. Yngve also acts as a strategic adviser to investors in the aquaculture sector.

### Appointed

March 2019

### Independent

No

### Skills and Experience

Kristian has more than 15 years' experience as an investment professional with a particular focus on the aquaculture, pharmaceuticals, energy and renewables sectors. Kristian is currently an investment professional and co-head of Ferd Capital, a division of Ferd AS, a Norwegian investment company holding 26.33% of the Company's issued share capital. Prior to that, he was a partner at Herkules Capital, a leading private equity firm in Norway. Before this, he was a research analyst at First Securities, an investment banking firm. Kristian has held various board positions and is currently a board director of a number of companies including Fjord Line AS and Aibel AS.

### Other appointments

Kristian has held various board positions and is currently a board director of a number of companies including Fjord Line AS and Aibel AS.

**Committee Membership**

- N** Nominations Committee      **D** Disclosure Committee  
**R** Remunerations Committee      **S** Sustainability Committee  
**A** Audit Committee      ○ Denotes Chair



**Atle Eide**  
Non-Executive Director



**Jennifer Haddouk**  
Company Secretary and Group Legal Counsel



**Appointed**  
November 2021

**Independent**  
No

**Skills and Experience**

Atle has extensive experience in the seafood industry, he was formerly the Chairman of Salmar ASA and CEO of Mowi ASA. He is currently Chairman of Scale AQ, amongst other appointments. In addition to his extensive involvement in the seafood and aquaculture sectors, Atle has substantial experience as an investor as non-executive chairman, and later senior partner, at HitecVision, the leading Norwegian private equity company, for almost 20 years until 2020.

**Other appointments**

Given Atle's previous role as a director of Kverva AS, a significant shareholder in the Company, the Board has concluded that he is not an independent director of the Company.

**Appointed**  
May 2019

**Independent**  
No

**Skills and Experience**

Jennifer is a French qualified solicitor with over 10 years' experience. Jennifer previously worked in French law firm SCP de Poulpiquet & Co and more recently as an in-house legal counsel for KellyDeli, a European sushi retail company, where she gained experience in the salmon industry, focusing on commercial agreements, corporate and competition law.

Since joining Benchmark, Jennifer has been advising and supporting Group companies to execute their strategies. Jennifer holds a MA in Law from the university of Nice and 'Diplome de Notaire'.

**Other appointments**

None.

## Our leadership team



**Corina Holmes**  
Group Head of People



Corina is a global HR leader with over 25 years' experience living and working extensively across EMEA, Asia and the Americas. She has worked for both large and complex companies in technology, pharmaceuticals, and financial services as well as smaller entrepreneurial start-up businesses.

Throughout her career Corina has led global HR teams in creating values-based company cultures, creating and leading employee engagement and development programmes, and implementing reward and talent management strategies that support the achievement of business goals and objectives, together with acting as coach and mentor to senior leadership teams.

Corina joined Benchmark in January 2021 from Hyve Group Plc where she was chief people officer.



**John Marshall**  
Head of Health



John joined Benchmark from Novartis Animal Health in January 2011 where he has held the positions of European Business unit Aquaculture and head of Global Technical Services – Aquaculture.

John has a degree in Agricultural and Environmental Science (Honours in Crop Protection) from The University of Newcastle-upon-Tyne and an MBA from The Open University (special focus on the International Business Finance) and Business Finance and Acquisition Strategy MBA modules from Harvard University.

John has 28 years of experience in the animal health industry (>20 focused on aquaculture health) working in R&D, sales and marketing, business development, business unit leadership and leads Benchmark's Health business area.



**Jan-Emil Johannessen**  
Head of Genetics



Jan-Emil is Head of Benchmark Genetics and joined SalmoBreed – today part of Benchmark Genetics – as Chairman of the Board in 2011 and Managing Director in 2013. Prior to this he was working for ten years with the Norwegian branded food company Rieber (Toro) and for 15 years in the family-owned company Fossen AS (today Lerøy Fossen AS).

Fossen was one of the pioneers in Norwegian fish farming with a particular focus on trout and value-added products. Jan-Emil holds a MSc in Business Administration and Economics as well as university courses in aquaculture.



**Patrick Waty**  
Head of Advanced Nutrition



Patrick is an experienced aquaculture leader and expert who had his first exposure to the sector in 2005, upon purchasing and growing Seagull NV, the Belgium-based fish processing company.

Patrick joined in November 2021 from SyAqua Group, an industry leader in early-stage nutrition and genetics for shrimp and tilapia, where he was chief executive officer pushing forward Asian market development. Prior to this Patrick spent six years in several key global leadership roles within BernAqua, Epicore Bionetworks, steering the company through a period of mergers, acquisitions, and integration, which significantly and strategically developed Neovia/ADM business as a global aquaculture director.

**Trond Williksen**  
Chief Executive Officer

**Septima Maguire**  
Chief Financial Officer

**Jennifer Haddouk**  
Group Legal Counsel  
and Company Secretary

Biographies for the above individuals can be found on pages 71 and 73.



**Ivonne Cantu**  
 Director of Investor Relations  
 and Corporate Development



Ivonne joined Benchmark in 2017 after 20 years as corporate finance adviser at Cenkos Securities and Merrill Lynch. Throughout her career Ivonne has advised UK and international companies across sectors on a broad range of corporate finance transactions including IPOs, fundraisings and M&A as well as on investor communications, corporate governance and regulatory matters.

Ivonne chairs the Sustainability Working Group and is a member of the Sustainability Committee.

Ivonne holds a BSc in Engineering and an MBA from the Wharton School of Business.



**Ross Houston**  
 Director of R&D and Innovation



Ross joined Benchmark in March 2022 as Director of R&D and Innovation in Benchmark Genetics, where he leads strategic R&D programmes, with a particular focus on applications of emerging technologies. He has been recently appointed as Chair of the Benchmark Innovation Board, which fosters exploitation of synergies across the Genetics, Health, and Advanced Nutrition business units.

Ross is an internationally leading scientist in the field of aquaculture genetics and biotechnology, having formerly been Personal Chair of Aquaculture Genetics, and Deputy Director for Translation and Commercialisation, at the Roslin Institute. He has authored or co-authored more than 100 scientific publications, with several of his discoveries applied in the aquaculture industry to improve animal health and performance.



**Barbara Hostins**  
 Employee Representative



Barbara joined Benchmark in 2017 as part of the Innovations department of Advanced Nutrition. She works as an R&D scientist, contributing to product development in the Health & Environment group. Barbara was appointed as Benchmark's Employee Representative in June 2021, giving continuity to the role and strengthening the employee voice in the board room, in line with the new Corporate Governance guidelines.

Barbara holds a PhD in Aquaculture from the Federal University of Rio Grande in Brazil, and the University of Ghent in Belgium.

# Chairman's Governance Statement



**Peter George**  
Chairman



Engaging with stakeholders and understanding their views is crucial to the Board and its decision-making."

**Peter George**  
Chairman

I am pleased to report that Benchmark has continued to produce strong results and deliver on its strategy this year despite the challenging market conditions by successfully refinancing the Company through a green bond and pursuing the Company's listing on Euronext Growth Oslo. This will constitute a first step towards positioning the Company on the leading seafood and aquaculture listing venue globally.

## **Board changes and composition**

In November 2021, Atle Eide was appointed as a Non-Executive Director. Atle has extensive experience in the seafood and aquaculture industry, he was formerly the chairman of Salmar ASA and CEO of Mowi ASA. In addition, Atle has substantial experience as an investor having been a director at Kverva AS between November 2017 and May 2021 and non-executive chairman, and senior partner, at HitecVision, the leading Norwegian private equity company, for almost 20 years until 2020.

## **Board evaluation**

The Board decided that, in the light of the proposed Oslo listing, it was not appropriate to conduct an external evaluation in 2022 but will continue to keep the matter under review. Therefore, during the financial year, we conducted an extensive internal individual Board evaluation which was followed by delivery of the results in September 2022. It included a thorough internal evaluation of the Board and its Committees, with the aim of ensuring that they operate efficiently and effectively, with an appropriate mix of skills and experience in order to help deliver the Group's strategy within an appropriate risk framework. The anonymous evaluation allowed the Board to consider its composition, diversity and failures and successes. I am pleased to report that the conclusions of this evaluation were positive and confirmed that the Board, its Committees and each of its Directors continue to be effective. The Board has since acted on a number of recommendations to ensure that it is working effectively and acting on areas where opportunities for improvement were identified. Results and further information on this survey can be found on page 87 of this report.

## Culture, ESG and stakeholder engagement

The Board is supportive of the UK Corporate Governance Code 2018 and in particular, its focus on boards demonstrating how the views of stakeholders are captured and considered when making decisions.

The Group's culture is a strategic focus area, and we believe that the right culture and values, supported by effective leadership and a consistent tone from the top, are crucial to the success of the Group. This year, the Board engaged closely with the implementation of the performance framework to create a culture of high performance and made various efforts to monitor Group culture, as described in more detail on page 80 of this report.

I am pleased to note that this financial year, in light of the importance of managing ethical and environmental issues across the Group, the Group further implemented its Environmental, Social and Governance ("ESG") strategy and a plan for the reduction of the Group's carbon emissions. The tremendous progress made by the Company on its commitment on ESG resulted in the issue of a green bond whereby the proceeds will be allocated to projects under our green framework and will support our Net Zero journey and work to improve sustainability in the supply chain.

Engaging with stakeholders and understanding their views is crucial to the Board and its decision-making. The Board receives regular updates throughout the year on engagement with our stakeholders, including feedback from colleague surveys, town halls, and shareholder meetings. During the year our Employee Representative regularly attended board meetings and Extended Executive Management Team meetings, to act as a voice from within the workforce. Additionally, further Employee Champions have been appointed across the business globally to voice the opinions and concerns of the workforce and report to the Employee Representative. Further information on this key role can be found on page 105 of this report.

## Looking forward

We will continue to review our governance framework with a view to building on our strong foundations.

**Peter George**

30 November 2022



Customer visit in Norway – Peter George, Chairman; Geir Olav Melingen, Commercial Director, Salmon; Susan Searle, Senior Independent Director, Jennifer Haddouk, Group Legal Counsel.



Kristian Eikre and Atle Eide, Non-Executive Directors; Peter George, Chairman visiting a customer site



Peter George, Chairman and Karina Antonsen Hjelle, Deputy CEO, Bolaks.

# Governance Framework

The Group's governance framework supports the Board in the delivery of the Group's strategy and long-term sustainable success in various ways as detailed below.

## The Board

The Board is responsible for establishing the Company's purpose, values and strategy, promoting its culture, overseeing its conduct and affairs, and for promoting the success of the Company for the benefit of its members and stakeholders. It discharges some of its responsibilities directly and others with the support of its Committees. Terms of reference for the Board and its Committees are available on the Group's website. Execution of the strategy and day-to-day management of the Company's business is delegated to the Executive Management Team, with the Board retaining responsibility for overseeing, guiding and holding management to account.

## The Board delegates certain matters to its committees

Nomination Committee	Audit Committee	Remuneration Committee	Sustainability Committee	Disclosure Committee
The Nomination Committee leads the process for and makes recommendations to the Board regarding the appointment of new Directors to the Board, reviews the composition and structure of the Board, evaluates the balance of skills, knowledge and experience of the Directors and oversees the Board's annual evaluation. In addition, the Nomination Committee supports the Board with the succession planning process.	The Audit Committee assists the Board in fulfilling its corporate governance obligations in relation to the Group's financial reporting, internal control and risk management systems.	The Remuneration Committee reviews and recommends the policy on remuneration of the Chairman, Executives and senior management team. In addition, it monitors the implementation of the Remuneration Policy and approves awards under the Group's Long-Term Incentive Plan.	The role of the Board's Sustainability Committee is to oversee the Company's ESG strategy and its implementation, ensuring alignment with the Company's commitment to act as a responsible operator driving sustainability. This includes setting and reporting on targets and KPI's, and developing ESG Group policies. The Committee is also responsible for ensuring that the Board takes into account relevant ESG factors in its decision making.	The Disclosure Committee ensures the legal and regulatory disclosure obligations and requirements arising from the listing of the Company's securities and bonds on the London and Oslo Stock Exchanges are met. This includes the timely and accurate disclosure to the market of all relevant information. The Disclosure Committee meets at such times as is necessary or appropriate.

## Executive Management Team (EMT) and Extended-EMT

The Board delegates the execution of the Group's strategy and the day-to-day management of the business to the EMT and Extended-EMT, who are responsible for developing and delivering cross-Group opportunities, revenue and costs synergies, advancing integration, and overseeing the financial and operational performance of the Group as a whole.





# Corporate Governance Statement

The Company is listed on AIM and is subject to the AIM Rules. The Board has voluntarily chosen to comply with the UK Corporate Governance Code 2018 (“the Code”).

An overview of the Company’s compliance with the Code, and an explanation of the Code provisions it has not implemented and why, is set out in the Directors’ Report on pages 103 to 108.

The Company’s Corporate Governance Statement sets out how it complies with the Code and the following sections highlight how the Board has applied the principles of corporate governance in a manner that is appropriate for the size and circumstances of the Company.

## Board leadership and Company purpose

The Board’s primary role is to ensure the Company’s long-term success by setting the Group’s strategic direction, ensuring that strategy is aligned with the Group’s purpose and culture, and promoting and protecting the Group’s interests for the benefit of all our stakeholders. The Board is composed of highly experienced individuals who bring a range of skills, perspective and knowledge of the industry in which the Group operates.

The Board has delegated customary responsibilities to its five principal committees in order to enable the Board as a whole to dedicate time to the Group’s key priorities and manage its time effectively. At each Board meeting (when required), the agenda includes sufficient time for each committee chair to report to the Board on such committee’s activities and to provide recommendations.

In September 2022, the Board held its annual strategy day during which the Board held strategy discussions with senior management and conducted a thorough review of the Group’s strategy. The discussions provided insight to the Board on the progress made on strategy so far, and allowed an assessment and review of the objectives set as well as giving management and each Board member (especially the Non-Executive Directors) an opportunity to challenge and provide input on the Group’s strategy.

## How governance supports our strategy

The Board recognises that it is responsible for promoting the long-term sustainable success of the Group and for delivering long-term value for stakeholders. The Board does this by providing effective leadership and by ensuring that the Group’s business is conducted with high standards of ethical behaviour in a manner which contributes positively to wider society, having regard to the interests of its different stakeholders. To enable the business to meet its strategic priorities, the Board oversees the development of the Group’s strategy and provides strong leadership and support to the Group. The Board continues to benefit from a strong mix of complementary skills and experiences, as well as dynamics that allow for open debate, challenge of existing assumptions and asking difficult questions.

For further information, please refer to our Strategic Report on page 59 and for an outline of how the Board’s activities in FY22 contributed to the Group’s strategic priorities please see page 82.

## Culture

The Company’s vision is to be the leading aquaculture biotechnology company and drive sustainability in aquaculture. In order to achieve this, we want to invest generously in our people and business partners.

Development of the Group’s culture is a strategic focus area and the Board believes that the right culture and values, supported by effective leadership and a consistent tone from the top, are crucial to the success of the Group. The integration of the Group’s values and culture has been led by the CEO, Group Head of People and the EMT and followed by the Employee Representative, who meets with the Board to ensure that the Group’s culture is lived by the employees. This year, the Board engaged closely with the new Company Performance Management Framework and the Chairman followed it for the performance review of the Executive Directors. Creating the environment, frameworks and tools for high performance, where the individual objectives of our people are directly linked to the strategic priorities of the Company constitutes a cornerstone of our culture.

## How the Board monitors culture

In FY22, the Board monitored culture by:

- **Engaging with and listening to our people:** The Group conducted a global employee engagement survey. It allowed employees to share their views on key topics, which provides valuable insight into employee engagement and the Group’s culture. The survey was conducted in April 2022 and the key findings were presented to the Board. Action plans have been prepared by the people team in collaboration with each business area to address the priority issues raised by this survey. The Board visited sites in Norway and Scotland, and spent time with the employees during its visits. In addition, the Employee Representative attended meetings, to update the Board on feedback from the employees through the channel of the employee champions.
- **Leading by example:** The Group’s Directors and senior management act with integrity and lead by example, promoting the Group’s culture to the workforce by living the Group’s values.
- **Reviewing cultural indicators:** The Board regularly receives updates on health and safety metrics and employee turnover numbers, with a breakdown of the reasons given as to why employees have left the Group. This allows trends and changes in the culture of the Group to be monitored.
- **Monitoring ethics, whistleblowing, fraud and anti-bribery:** Mechanisms are in place to facilitate employees reporting incidents of wrongdoing on a named or confidential basis through a direct line to a Non-Executive Director in line with the Code’s requirements. The Board, with the support of Group Legal Counsel, regularly monitors and reviews the Company’s policies, incidents and trends arising from any such incidents and provides the Board with updates. The Non-Executive Director maintains confidentiality of the employee as per our policy guidelines, and the employee is protected in accordance with our whistleblowing policy.

## Compliance

A strong focus has been made to educate and raise awareness to our employees of business ethics and compliance through methods of training, workshops and translations of policies into local languages. Whilst the Company communicates directly to all employees through Town Hall meetings, the Group has conducted a series of smaller group workshops to continue development in compliance policies within the Group. The employees have access to a range of training materials and videos on an internally built learning platform, which requires mandatory training to be undertaken on an annual basis. Each employee is requested to confirm they understand the policy and this allows the Group to monitor understanding globally on training requirements. The results are monitored within the compliance team and a compliance email address allows employees who dedicated in relation to each policy. During the course of FY22, each policy was also translated into several languages along with training videos using subtitles in the local language, to support further learning development.

## Board and Committee attendance

The Board has a comprehensive annual agenda to monitor and review strategy across the Group and its business areas. Board agendas are carefully planned to ensure that sufficient time and consideration are given to the Group's strategic priorities and key monitoring activities as well as reviews of strategic issues. In advance of each meeting, the agenda, papers and relevant materials are provided to Directors via a secure cloud platform. The cloud based secure platform also supports the Board to access a library of relevant information relating to their role, information based on the Company and Board procedures.

During the year, the Board held six scheduled Board meetings, one scheduled comprehensive strategy day and sixteen additional Board meetings. The Chairman ensured that regular meetings were also held with the Non-Executive Directors without the presence of the Executive Directors. All Directors were expected to attend all Board and relevant Committee meetings unless prevented from doing so by illness or conflict of interest. The leadership team were invited, when appropriate, to attend Board meetings to make presentations on their strategic priorities and progress updates. All Directors recognise the requirement to commit sufficient time to fulfil their duties as included in each Letter of Appointment.

The majority of Board and Committee meetings took place using secure virtual meeting technology. In February, April and September 2022, the Board held physical meetings in UK and Norway where the Directors and leadership team were able to meet in person. For FY22 Board meetings and committee structure please refer the timeline on pages 82 and 83.

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Scheduled Meetings held during the year*	6	3	6	4	1
Peter George	6/6 (C)	N/A	5/6	4/4 (C)	N/A
Susan Searle	6/6	3/3	6/6 (C)	4/4	N/A
Kevin Quinn	6/6	3/3 (C)	6/6	4/4	1/1 (C)
Yngve Myhre	6/6	3/3	N/A	N/A	N/A
Trond Williksen	6/6	N/A	N/A	N/A	1/1
Septima Maguire	6/6	N/A	N/A	N/A	N/A
Kristian Eikre	6/6	N/A	N/A	N/A	N/A
Atle Eide**	5/5	N/A	N/A	N/A	N/A

(C) Chair of the Committee

\* Additional Board meetings were held during the year.

\*\* Atle Eide was appointed as a member of the Board on 29 November 2021.

# Key activities of the Board in FY22

## What the Board and Committees achieved in FY22

The Board met throughout FY22 with an agreed agenda in advance of each meeting. Each Board meeting has standing agenda items such as financial updates on performance.

The Company Secretary provides Board papers in advance of each meeting and ensures that Board feedback on such documentation is fed back to management for improvement. The Company Secretary provides minutes of each meeting. The Board continues to work closely with its AIM Nominated Adviser, Numis, to ensure compliance with AIM best practices.

Topic	Specific actions undertaken
Leadership and effectiveness	<ul style="list-style-type: none"> <li>Approved the appointment of Atle Eide as a member of the Board.</li> <li>Performed an internal evaluation of the Board and its committees and agreed on the actions.</li> </ul>
Legal, compliance and governance	<ul style="list-style-type: none"> <li>Approved the FY22 Annual Report and Accounts and interim results.</li> <li>Approved the newly updated policies on anti-bribery, anti-money laundering, whistleblowing and the newly introduced policies on fair competition and supplier code of conduct.</li> <li>Received regular legal, IP and compliance updates from the Group Legal Counsel and Company Secretary.</li> <li>Continued to review the conflict of interest and other significant principal activities of the Directors of the Group, monitoring changes and developments.</li> </ul>
Business development and strategy	<ul style="list-style-type: none"> <li>Received ongoing updates throughout the year from the CEO and business area heads on the implementation of the Group's strategy.</li> <li>Reviewed and approved the Group's strategic priorities presented by the Executive Directors, the head of each business area, Group Head of People, Head of Investor Relations and Head of Innovation.</li> <li>Approved the new performance framework in order to create a culture of success within the workforce.</li> <li>Approved the raise of £20.7m (before expenses) by way of a placing from existing and new shareholders through the issue of 33,106,620 new ordinary shares.</li> <li>Approved the Company's refinancing via a new unsecured floating listed green bond issue of NOK 750m (GBP 64m equivalent) and interest rate swaps and cross currency swaps associated with the new green bond.</li> <li>Conducted a review to define the optimal structure and listing venue of the Company to support its growth and decided to pursue a listing on Euronext Growth in Oslo before the CY22 with the intention to potentially uplist the Company on Oslo Børs in H1 CY23, subject to market conditions.</li> <li>Monitored the Group's sustainability targets and overall ESG strategy which was approved in FY21.</li> </ul>

## Board and Committee activity FY22 timeline

Meeting	Key	Number of Meetings in FY22	Meeting	Key	Number of Meetings in FY22
Audit	A	3	AGM	G	1
Nominations	N	4	PLC Board meeting	B	6
Remuneration	R	6	Strategy day	S	1
Sustainability	S	1			



Topic	Specific actions undertaken
Employees	<ul style="list-style-type: none"> <li>Reviewed the succession planning of the Executive Directors and senior management team.</li> <li>Received annual update from the Employee Representative on employee engagement to continue successful promotion of the employee voice across the Group and the boardroom.</li> <li>Received and discussed the results of the employee surveys.</li> <li>Received verbal updates from the Remuneration Committee Chair on the key areas discussed and actions agreed.</li> </ul>
Communicating with shareholders/ other stakeholders	<ul style="list-style-type: none"> <li>Attended ad hoc meetings with top shareholders, particularly as part of a consultation process in relation to a potential listing in Oslo.</li> <li>Monitored investor engagement and received reports following meetings with shareholders throughout the year.</li> <li>Reviewed regular investor relations reports.</li> </ul>
Monitoring business performance	<ul style="list-style-type: none"> <li>Approved the FY23 budget.</li> <li>Received regular updates on the Group's financial performance and cash flow position.</li> <li>Reviewed the capital expenditure pipeline for the next five years and tracked expenditure and progress with significant capital investments.</li> </ul>
Overseeing culture	<ul style="list-style-type: none"> <li>CEO and CFO held monthly town halls with employees throughout the year.</li> <li>Received reports from the Head of People on matters including the implementation of a culture change centred around a new performance framework.</li> <li>Reviewed results from the Employee Engagement survey.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Received regular updates on health and safety.</li> <li>Reviewed the Group's risk register which included an assessment of the Group's emerging and principal risks.</li> <li>Received updates from the Senior IT manager on the Group's IT strategy and cyber security.</li> </ul>

Apr

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May

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Jun

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Sep

B T R N N

# Division of responsibilities

## Roles within the Board

Role	Name	Responsibilities
Chairman	Peter George	<ul style="list-style-type: none"> <li>Lead the effective operation and governance of the Board.</li> <li>Set agendas which support efficient and balanced decision-making.</li> <li>Ensure effective Board relationships and a culture that supports constructive discussion, challenge and debate.</li> <li>Understand the views of key stakeholders and seek assurance that they have been considered.</li> <li>Oversee the annual Board evaluation and identify any actions required.</li> <li>Lead initiatives to assess the culture across the Group and ensures the Board sets the correct tone.</li> </ul>
CEO	Trond Williksen	<ul style="list-style-type: none"> <li>Lead the development and delivery of strategy and budget, to enable the Group to meet the requirements of its shareholders.</li> <li>Oversee operation of the day-to-day business of the Group.</li> <li>Lead and oversee the executive management team of the Group.</li> <li>Establish an environment which allows the recruitment, engagement, retention and development of the people needed to deliver the Group's strategy.</li> </ul>
CFO	Septima Maguire	<ul style="list-style-type: none"> <li>Support the CEO in developing and implementing strategy.</li> <li>Provide financial leadership to the Group and align the Group's business and financial strategy.</li> <li>Responsible for financial planning and analysis, treasury and tax functions.</li> <li>Responsible for presenting and reporting accurate and timely historical financial information.</li> <li>Manage the capital structure of the Group.</li> <li>Investor relation activities, including communications with investors, alongside the CEO.</li> </ul>
Senior Independent Non-Executive Director	Susan Searle	<ul style="list-style-type: none"> <li>Provide a 'sounding board' for the Chairman in matters of governance or the performance of the Board.</li> <li>Be available to shareholders and other stakeholders if they have concerns which have not been resolved through the normal channels of communication with the Company.</li> <li>To act as an intermediary for Non-Executive Directors when necessary and act as Chairman if the Chairman is conflicted.</li> </ul>
Non-Executive Directors	Kevin Quinn Yngve Myhre Kristian Eikre Atle Eide	<ul style="list-style-type: none"> <li>Provide constructive challenge to the executives, help to develop proposals on strategy and monitor its execution.</li> <li>Ensure that no individual or group dominates the Board's decision making.</li> <li>Promote the highest standards of integrity and corporate governance throughout the Company and particularly at Board level.</li> <li>Review the integrity of financial reporting and those financial controls and systems of risk management are robust.</li> </ul>
Group Legal Counsel & Company Secretary	Jennifer Haddouk	<ul style="list-style-type: none"> <li>Ensure compliance with Board procedures and support the Chairman.</li> <li>Secretary to the Board and its Committees.</li> <li>Ensure the Board has high quality information, adequate time and the appropriate resources.</li> <li>Advise and keep the Board updated on corporate governance developments.</li> <li>Consider Board effectiveness in conjunction with the Chairman.</li> <li>Provide advice, services and support to all Directors as and when required.</li> </ul>

# Independence

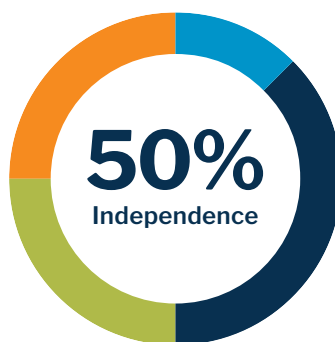
## Independence of the Board

### Board composition as at 30 September 2022



<span style="color: #0070C0;">●</span> Chairman	<b>1</b>
<span style="color: #002060;">●</span> Non-Executive Directors	<b>5</b>
<span style="color: #709238;">●</span> Executive Directors	<b>2</b>

### Board independence/roles as at 30 September 2022



<span style="color: #0070C0;">●</span> Independent Chairman	<b>1</b>
<span style="color: #002060;">●</span> Independent Non-Executive Directors	<b>3</b>
<span style="color: #709238;">●</span> Non-independent Non-Executive Director	<b>2</b>
<span style="color: #FF8C00;">●</span> Executive Directors	<b>2</b>

### Board tenure as at 30 September 2022



<span style="color: #0070C0;">●</span> 1-3 years	<b>2</b>
<span style="color: #002060;">●</span> 3-6 years	<b>4</b>
<span style="color: #709238;">●</span> 6-9 years	<b>2</b>

The Board considered each Non-Executive Director's independence on appointment and concluded that they were independent, with the exception of Kristian Eikre who is representing the Company's largest shareholder, FERD, on the Board and Atle Eide who used to be a director of Kverva AS, a significant shareholder of the Company, until May 2021. The Board reviews independence on an annual basis and has concluded that except for Kristian, and Atle, the Non-Executive Directors all remain independent. Following Peter George's return to his Non-Executive Chairman role on 1 August 2020, the Board also considers Peter to be independent.

### Other external appointments

The Board takes into account a Director's other external commitments when considering them for appointment to satisfy itself that the individual can dedicate sufficient time to the Board and assess any potential conflicts of interest. Our Directors are required to notify the Chairman of any proposed changes to their external commitments and, in accordance with the Code, prior approval must be sought before any additional external appointments are undertaken.

Executive Directors may accept a non-executive role at another company with the approval of the Board. Currently, Trond Williksen (CEO) has other roles outside of the Company. The Board reviewed these positions at the time of Trond's appointment and was comfortable that these would still allow sufficient time for Trond to discharge his responsibilities as CEO effectively. The Board agreed that each role was not deemed to be significant and will continue to monitor such appointments.

When assessing additional directorships, the Board considers the number of public directorships held by the individual already and their expected time commitment for those roles (see biographies on pages 70 to 73). The Board takes into account guidance published by institutional investors and proxy advisers as to the maximum number of public appointments which can be managed efficiently.

### Conflict of interest

Directors are obliged to seek authorisation from the Board before taking up any position which conflicts, or which may conflict, with the interests of the Company. The Board is empowered to authorise situations of potential conflict, where it sees fit, in order that a Director is not in breach of his/her duties. The interested Director is excluded from voting on the resolution to authorise the conflict. The Directors may resolve that any such transaction or arrangement be subject to such terms as they may determine.

All existing external appointments and other such situational conflicts of Directors have been considered and authorised by the Board.

# Composition and Evaluation

## Composition

### Directors' appointment

Non-Executive Directors are engaged under the terms of a Letter of Appointment. For further details of Executive Directors' service contracts and termination arrangements, please refer to the Remuneration Report on pages 96 to 102.

Non-Executive Directors are appointed for specified term, subject to re-election by shareholders, and terms beyond six years are subject to rigorous review. Accordingly, Non-Executive Directors are appointed for a maximum of two additional terms of three years, and thereafter may serve for an additional period only at the invitation of the Board following scrutiny of their continued independence. However, Kristian Eikre, and Atle Eide are subject to a one-year term and any renewal of their respective terms are subject to Board review. All Directors are subject to annual re-election at the Company's AGM. Details of the Directors' length of service are set out on page 89.

### Induction, business awareness and development

The Chairman is responsible for ensuring that new Directors receive a comprehensive induction which includes:

- An overview of the Group, its operations and governance framework.
- Briefings on Directors' responsibilities and compliance.
- Site visits to key locations.
- Detailed reviews of strategic projects and initiatives being pursued.
- One-to-one meetings with senior management.

On appointment, Directors receive a formal induction and meet the senior management team as part of the induction process.

Each year, Non-Executive Directors receive additional training and presentations from across the businesses to update their knowledge and develop their understanding of the Group.

This year the Board received updates from:

- The Chief Executive Officer, regarding the Group's strategic priorities.
- The Heads of the Advanced Nutrition, Genetics and Health business areas, regarding their strategic priorities.
- The Chief Financial Officer, with respect to the business areas and Group budgets (which also involved a Q&A session with the business area heads).
- The Group Head of People regarding the Group's people strategy.
- The senior IT manager to provide update on the Group's IT strategy.

Business area heads attended Board meetings as appropriate for discussions that were relevant to their areas of business or for major initiatives which they were leading on.

## Key strengths

The table below shows the range of our Board's key strengths based on their education/qualifications, professional background, current activity and expertise in each sector. In addition, further detailed biographies of each of the Group's Directors are shown on pages 71 to 73:

Directors	Aquaculture	Biotechnology	Sustainability	Financial	Governance, Risk Management and Control	People	Strategy	International	Capital Markets
Peter George		✓	✓	✓	✓	✓	✓	✓	✓
Susan Searle		✓	✓	✓	✓	✓	✓	✓	✓
Kevin Quinn		✓	✓	✓	✓	✓	✓	✓	✓
Yngve Myhre	✓			✓	✓	✓	✓	✓	✓
Kristian Eikre				✓	✓		✓		✓
Atle Eide	✓		✓	✓	✓		✓	✓	✓
Trond Williksen	✓		✓	✓		✓	✓	✓	✓
Septima Maguire		✓		✓	✓		✓	✓	✓



# Annual Board evaluation

The 2022 Board evaluation process was undertaken in three phases:

Phase 1	Phase 2	Phase 3
<p>The Chairman and Company Secretary created a comprehensive online Board evaluation questionnaire seeking the Directors' views on a number of topics. The questionnaire was designed to allow members of the Board to provide improvement suggestions.</p> <p>The themes covered by the internal evaluation included:</p> <ul style="list-style-type: none"> <li>• Board composition, diversity, skills and performance</li> <li>• Financial reporting and controls</li> <li>• Succession planning</li> <li>• Board functioning and material</li> <li>• Objectives, strategy and risk management</li> <li>• Culture and people</li> <li>• Director self-evaluation</li> <li>• Role of the Committees</li> </ul> <p>The questionnaire also included questions to be answered by the EMT, as the Board wanted to receive feedback on its performance from these stakeholders. The questionnaire was reviewed and approved by the Nomination Committee. Respondents completed the questionnaire confidentially and the results were collated and reported anonymously.</p> <p>A complementary questionnaire drafted by the Senior Independent Director covering the Chairman's performance was also issued.</p>	<p>Responses to all questions were sent to the Chairman and responses on the effectiveness of the Committees were also submitted to the respective Committee Chairs.</p> <p>A report on the evaluation process was prepared by the Company Secretary. The results of the evaluation process were reviewed by the Board and the Committees at their respective meetings in September 2022.</p> <p>The Chairman also provided individual feedback to each Director on their individual performance.</p> <p>The Senior Independent Director led the review of the Chairman's performance, and the results of the review were discussed during the Board meeting with the Chairman.</p>	<p>The output from this review was presented to the Board by the Group Head of People, who acted as a facilitator at the Board's September meeting. The Board evaluation also identified some opportunities for the Board to adapt its procedures and the Board is currently reviewing and implementing the recommendations.</p> <p>In addition, each Board Committee reviewed and discussed the key findings of this review.</p>

## Findings

The conclusions of the 2022 Board evaluation were positive and confirmed that the Board, its Committees and each of its Directors continue to be effective. The Board benefits from positive dynamics and a collegiate boardroom culture that allows for open discussion and constructive challenge. The Chairman continues to provide robust, effective and considerate leadership to the Board. The key recommendations and actions are set out below:

Recommendation	Status
<p><b>Board composition and skills:</b></p> <p>The Board acknowledged a gap of knowledge in the shrimp industry, Asian and LATAM markets.</p>	<p>The Board agreed that in making future appointments it should consider the set of skills and experience relevant to the shrimp and Asian &amp; LATAM markets. In the meantime, the Board will continue to receive bi-annual updates from the Head of Nutrition to further increase the Board's knowledge of these markets.</p>

# Nomination Committee Report



**Peter George**  
Chair of the Nomination Committee

## Composition as at 30 September 2022

The members of the Nomination Committee are:

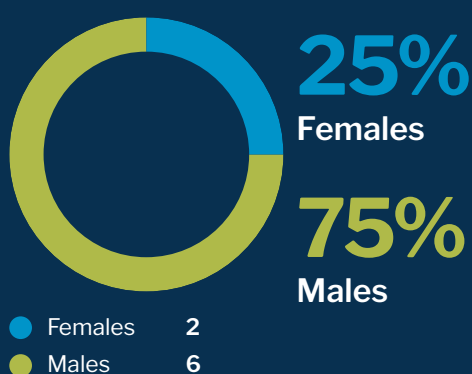
Member	Number of meetings attended	Committee tenure
Peter George (Chair)	4/4	4 years
Susan Searle	4/4	8 years
Kevin Quinn	4/4	4 years

Only the members of the Nomination Committee have the right to attend committee meetings. The Group Head of People, Executive Directors, other Board members and advisers may be invited to attend and contribute on specific agenda items. The Company Secretary acts as secretary to the Nomination Committee. The Nomination Committee updates the Board following its meetings and invites contributions and views from the Board.

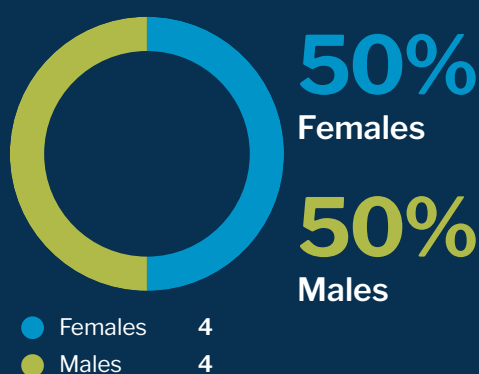
## Achievements:

Reviewed the size, structure and composition of the Board

### Board gender diversity as at 30 September 2022



### Executive Management Team gender diversity as at 30 September 2022



## Responsibilities

The main responsibilities of the Nomination Committee are:

- To review the composition of the Board, having regard to its size, balance of skills, knowledge, experience and diversity.
- To lead the process for Board appointments and recommend the appointment of new Directors.
- To review the reappointment of Non-Executive Directors.
- To continue to review time commitments and independence of each Board member as well as reviewing any potential conflicts of interest.
- To make recommendations on the composition of Board Committees.
- To consider succession for Board members and senior management.

The Nomination Committee is responsible for reviewing the composition and effectiveness of the Board. It regularly reviews the composition of the Board and is responsible for leading a rigorous and transparent process for the identification and appointment of new Directors.

The Nomination Committee's terms of reference, which were updated in the light of the 2018 UK Corporate Governance Code, are available on the governance section of our website at [www.benchmarkplc.com/investors/corporate-governance](http://www.benchmarkplc.com/investors/corporate-governance).

## Activities during FY22:

The Nomination Committee:

- Reviewed the composition of the Board, having regard to its size, balance of skills, knowledge, experience and diversity;
- Developed a broader experience and understanding of our stakeholder groups;
- Recommended the appointment of Atle Eide as a member of the Board;
- Considered and recommended to the Board the re-election of all Directors at the 2022 Annual General Meeting;
- Reviewed and approved the succession planning of the Leadership Team with the support of the Group Head of People.

The 2022 evaluation of the Board, its committees and individual Directors was internally facilitated by Corina Holmes, Group Head of People and there were no significant matters raised.

### Succession planning for the Executive Director and leadership team

In FY22, the Nomination Committee received an update on the implementation of the talent health and succession planning approved in FY21. This included a change of some members of the Executive Management Team and the expansion of roles for the development of key talent. The talent health and the succession plan of the Executive Directors and Executive Management Team was updated and presented to the Nomination Committee for their review and consideration. This exercise was performed with the support of the CEO and Group Head of People. The Group has emergency succession plans in place with respect to its Executive Directors and Executive Management Team, as well as developing medium and long-term plans where internal talent pools have been identified for development and progression opportunities. As part of our Board evaluation process, gaps in knowledge were identified as priority areas for focus when recruiting Board members in the future.

On 9 December 2022, the term of non executive director Susan Searle was due to end as per her director mandate. The Board, with the recommendation of the Nomination Committee, has taken the decision to extend Susan Searle's directorship. The Board reviewed her independence and believe her to remain fully independent despite the fact that her tenure will soon exceed nine (9) years. Susan will be standing for re-election as director at the upcoming annual general meeting.

### Diversity policy

The Company makes all Board appointments on individual merit, while recognising the benefits of Board diversity. Our diversity policy aims to ensure that we consider diversity in its broadest sense. A diverse Board has members with a wide range of skills, social and ethnic backgrounds, regional and industry experiences, and genders.

The Board, with the support of the Nomination Committee:

- Considers all aspects of diversity when reviewing the Board's composition;
- Encourages the development of high-calibre employees, to create a pipeline of potential Executive Directors;
- Considers a wide pool of candidates for appointment as NEDs;
- Ensures a significant portion of the long list for NED positions are women and candidates from different backgrounds; and
- Considers candidates against objective criteria and with regard to the benefits of Board diversity.

### Gender diversity

Benchmark is mindful of the importance of gender diversity at all levels of the Group and welcomes the targets introduced by the Hampton-Alexander Review, which include a 33% target for female representation on boards and in senior management. Benchmark is committed to working toward achieving this target and to attracting the very best diverse talent to our Board and senior management. As at 30 September 2022, the percentage of female Directors on our Board stood at 25%, and the percentage of females in the leadership team stood at 50%. We are pleased with the steps we are taking with respect to gender diversity within the Group's talent pipeline and will continue to prioritise diversity as an important factor in Board composition as and when natural succession changes arise.

### Actions for the coming year

Through FY23, the Nomination Committee will continue to monitor and receive reports on the implementation of the succession planning initiative within the Group. It will also continue to assess the size and composition of the Board to evaluate whether this is suitable for the Group's current stage of development, containing an appropriate balance of skills, knowledge and experience.

**Peter George**  
Chair of the Nomination Committee

30 November 2022

### Non-Executive Director tenure

The periods of service of our Non-Executive Directors are set out below as at 30 September 2022.

Name	Position	Date of appointment	Term
Peter George <sup>1</sup>	Chairman	8 May 2018	4 years, 4 months
Susan Searle	Senior Independent Director	18 December 2013	8 years and 9 months
Kevin Quinn	Non-Executive Director	25 November 2016	5 years, 10 months
Yngve Myhre	Non-Executive Director	6 November 2017	4 years, 10 months
Kristian Eikre	Non-Executive Director (not independent)	14 March 2019	3 years, 6 months
Atle Eide	Non-Executive Director (not independent)	29 November 2021	10 months

1 Peter George was a Non-Executive Director except between 19 August 2019 and 1 August 2020 where he stood in as Executive Chairman until the appointment of and handover to Trond Williksen as Chief Executive Officer.

# Audit Committee Report



**Kevin Quinn**  
Chair of the Audit Committee

## Membership, meetings and attendance

The composition of the Audit Committee during the year was:

Member	Number of meetings attended	Committee tenure
Kevin Quinn (Chair)	3/3	5 years
Susan Searle	3/3	4 years
Yngve Myhre	3/3	1 years

All Committee members are independent Non-Executive Directors.

In addition to the Committee members, there are a number of regular attendees at each meeting. The Chief Financial Officer (CFO) and lead external Group Audit Partner normally attend all scheduled Audit Committee meetings. The Audit Committee members regularly take time before or after a meeting, without any Executive Directors or senior management present, to raise any questions and discuss issues with the external auditor. Furthermore, the Chairman of the Audit Committee frequently meets the CFO and the external auditor separately to review current issues and developments usually prior to each meeting of the Audit Committee and with such meetings often taking place by telephone.

The Audit Committee met three times during the year with all members of the Committee in attendance at each meeting.

## Key objective

The Audit Committee acts on behalf of the Board and the shareholders to ensure the integrity of the Group's financial reporting, evaluate its systems of risk management and internal control and oversee the relationship and performance of the external auditors.

## Responsibilities

The main roles and responsibilities of the Committee are:

- To review accounting policies and the integrity and content of the financial and narrative statements;
- To monitor disclosure controls around any formal announcements relating to the Company's financial performance and procedures and the Group's internal controls;
- To monitor the integrity of the financial and narrative statements of the Group, and to assist the Board in ensuring that the Annual Report and Accounts 2021/22, when taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- To consider the adequacy and scope of external audits;
- To review and monitor the objectivity, independence and effectiveness of the external auditor, including to develop and implement policy on the engagement of the external auditor to supply non-audit services, the scope and expenditure on non-audit work and approve the auditor remuneration and reporting to the Board as to how they have discharged these responsibilities. When appropriate to conduct the tender process for new auditor and make recommendations to the Board;
- To monitor and review the effectiveness of the Company's internal controls and in the absence of an internal audit function considering annually whether there is a need for one and make a recommendation associated with this to the Board;
- To review and recommend the statements to be included in the Annual Report on internal control and risk management; and
- To review and report on the significant issues and judgements considered in relation to the financial and narrative statements and how they are addressed.

The Committee's terms of reference are reviewed annually and a summary of these are available on the Governance section of our website at [www.benchmarkplc.com](http://www.benchmarkplc.com).

## Judgements and significant risks considered by the Audit Committee with respect to the Interim and Annual Reports are set out below.

### Going Concern

The Committee was presented by management with an assessment of the Group's future cash forecasts and profit projections, available facilities, facility headroom, banking covenants and the results of a sensitivity analysis. Detailed discussions were held with management concerning the matters outlined in the basis of preparation in Note 1 to the financial statements, in particular the impact on the disclosures following the Group's refinancing exercise which took place in September 2022. The Committee discussed the assessment with management and was satisfied that the going concern basis of preparation continues to be appropriate for the Group and advised the Board accordingly.

### Valuation of goodwill and intangible assets

The Committee considered the carrying value within the accounts of the Group's businesses, including goodwill and intangible assets. Management performed an annual impairment review on goodwill and other intangible assets held within the Group. The Committee reviewed management's recommendations, which were also reviewed by the external auditor, including an evaluation of the appropriateness the calculated weighted average cost of capital and of the identification of cash generating units and other assumptions applied in determining asset carrying values. The Committee was satisfied with the assumptions and judgements applied by management and agreed with the assessment that no impairments were necessary in FY22.

### Presentation of results

At the request of the Board, the Committee reviewed the presentation of the Group's unaudited results for the six months to 31 March 2022 and the audited results for the year to 30 September 2022 to ensure they were fair, balanced and understandable and provide sufficient information necessary for shareholders and other users of the accounts to assess the Group's position and performance, business model and strategy. In conducting this review, focus was given to the disclosure included in the basis of preparation in Note 1 to the financial statements in relation to the Group's financial projections and the suitability of the going concern assumption, particularly in light of recovery from the financial and economic implications of the global COVID-19 pandemic and the current economic climate.

Particular attention continues to be paid to the presentation of the results in the income statement which uses alternative profit measures as indicators of performance. The Board considers current treatment which retains reference to "Adjusted EBITDA" and "EBITDA" to remain appropriate. "EBITDA" is "earnings before interest, tax, depreciation and amortisation, and "Adjusted EBITDA" is "EBITDA before exceptional items and acquisition related expenditure". "Adjusted Operating Profit/Loss", which adjusts Adjusted EBITDA to include depreciation and amortisation of capitalised development costs to reflect their part in the underlying performance of the Group is also used, as well as Adjusted EBITDA excluding fair value movement in biological assets, which adjusts Adjusted EBITDA by removing the change in value of biological assets related to fair value assumptions. The Board regards these measures as an appropriate way to present the underlying performance and development of the business, reflecting the continuing investment being made by the Group, particularly in relation to past and future acquisition activity, and this is how the Board monitors progress of the existing Group businesses.

### Management override of internal controls

The Committee considered the inherent risk of management override of internal controls as defined by auditing standards. In doing so the Committee continues to review the overall robustness of the control environment, including consideration of the Group's whistleblowing arrangements and the review by the external auditor.

### Revenue recognition

The Committee considered the inherent risk of fraud in revenue recognition as defined by auditing standards and was satisfied that there were no issues arising.

### Valuation of biological assets

The Group holds significant biological assets on the balance sheet at fair value less costs to sell, with the valuation dependent on some subjective assumptions, including some which relate to future egg sales prices and volumes and seasonal variations. The Committee considered the accounting policy employed by the Group for biological assets, the assumptions used in the valuation calculations and the disclosures provided in the financial statements. The Committee was satisfied with the accounting policy in force and with the estimates and judgements applied by management in employing this policy which remains consistent with previous years.

### Risk management

Effective risk management and control is key to the delivery of the Group's business strategy and objectives. Risk management and control processes are designed to identify, assess, mitigate and monitor significant risks, and can only provide reasonable and not absolute assurance that the group will be successful in delivering its objectives. The Board is responsible for the oversight of how the Group's strategic, operational, financial, human, legal and regulatory risks are managed and for assessing the effectiveness of the risk management and internal control framework but delegates the oversight for financial risk to the Audit Committee.

A description of the Group's risk management procedures and the work completed in the year is provided in the Principal Risks and Uncertainties section on page 61-69.

## Audit Committee Report continued

### Internal audit

During the year, the Committee made the decision to pursue the recruitment of an internal audit function having determined that such a function would add significant value as a part of the integrated control environment currently in operation. This process is ongoing. In the meantime, internal assurance around risk is achieved through review of the controls being performed by each business area.

### Safeguards and effectiveness of the external auditor

The Committee recognises the importance of safeguarding auditor objectivity. The following safeguards are in place to ensure that auditor independence is not compromised.

- The Audit Committee carries out an annual review of the external auditor as to its independence from the Group in all material respects and that it is adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review the Audit Committee recommends to the Board the continuation, or removal and replacement, of the external auditor;
- A tax adviser separate from the external auditor is engaged to provide tax-related services;
- The external auditor may provide audit-related services such as regulatory and statutory reporting as well as formalities relating to shareholder and other circulars;
- Non-audit services carried out by the external auditor are generally limited to work that is closely related to the annual audit or where the work is of such a nature that a detailed understanding of the business is beneficial;
- The Audit Committee reviews all fees paid for audit services on a regular basis to assess the reasonableness of fees, value of delivery and any independence issues that may have arisen or may potentially arise in the future;
- The external auditor reports to the Directors and the Audit Committee regarding their independence in accordance with Auditing Standards. KPMG's policy, in line with best practice, is that audit partners are required to be rotated every fifth year;
- Different teams are used on all other assignments undertaken by the auditor; and
- The Audit Committee monitors these costs in absolute terms and in the context of the audit fee for the year, to ensure that the potential to affect auditor independence and objectivity does not arise. The Committee does not adopt a formulaic approach to this assessment. The split between audit and non-audit fees for 2022 and information on the nature of the non-audit fees incurred is detailed in Note 6 accompanying the consolidated financial statements.

The Audit Committee monitors the effectiveness of the external audit. To comply with this requirement, the Committee reviews and comments on the external audit plans before it approves them. It then considers progress during the year by assessing the major findings of their work, the perceptiveness of observations, the implementation of recommendations and management feedback. At the request of the Board, the Committee also monitors the integrity of all financial and narrative statements in the Annual Report and half year results statements, and the significant financial reporting judgements contained in them. Further details of the Committee's procedures to review the effectiveness of the Group's systems of internal control during the year can be found in the section on effective risk management and internal control below.

The Committee recognises that all financial statements include estimates and judgements by management. The key audit areas are agreed with management and the external auditors as part of the year-end audit planning process. This includes an assessment by management both at business unit and at Group level of the significant areas requiring management judgement. These areas are reviewed with the auditors to ensure that appropriate levels of audit work are performed and the results of this work are reviewed by the Committee.

### Effective risk management and internal control

One of the Board's key responsibilities is to ensure that management maintains a system of internal control which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. The Group's systems are designed to identify principal and emerging financial and other risks to the Group's business and reputation, and to ensure that appropriate controls are in place. Consideration is given to the relative costs and benefits of implementing specific controls.

### Assurance

On behalf of the Board, the Audit Committee examines the effectiveness of:

- The systems of internal control, primarily through reviews of the financial controls for financial reporting of the annual, preliminary and half yearly financial statements and a review of the nature, scope and reports of external audit;
- The management of risk by reviewing evidence of risk assessment and management; and
- Any action taken to manage critical risks or to remedy any control failings or weaknesses identified, ensuring these are managed through to closure.

Where appropriate, the Audit Committee ensures that necessary actions have been, or are being taken to remedy or mitigate significant failings or weaknesses identified during the year either from internal review or from recommendations raised by the external auditor. The Group's internal controls over the financial and narrative reporting and consolidation processes are designed under the supervision of the CFO to provide reasonable assurance regarding the reliability of financial and narrative reporting and the preparation and fair presentation of the Group's published financial statements for external reporting purposes in accordance with IFRSs.

Because of its inherent limitations, internal control over financial and narrative reporting cannot provide absolute assurance and may not prevent or detect all misstatements whether caused by error or fraud. The Group's internal controls over financial and narrative reporting and the preparation of consolidated financial information include policies and procedures that provide reasonable assurance that transactions have been recorded and presented accurately.

Management regularly conducts reviews of the internal controls in place in respect of the processes of preparing consolidated financial information and financial and narrative reporting. During the year there were no changes to the internal controls over these processes that have or are reasonably likely to materially affect the level of assurance provided over the reliability of the financial statements.

### **Risk management and internal control system features**

#### **Risk management control system**

As well as the risks that management identify through the ongoing processes of reporting and performance analysis, the Audit Committee has additional risk identification processes, which include:

- Risk and control process for identifying, evaluating and managing major business risks. A risk register is maintained defining each business risk identified and quantifying its likely impact to ensure adequate priority is given to each in turn;
- External audit reports, which comment on controls to manage identified risks and identify new ones; and
- A confidential whistle-blowing helpline and an email address available for employees to contact a designated Non-Executive Director in confidence.

#### **Internal control system**

The internal controls which provide assurance to the Committee of effective and efficient operations, internal financial controls and compliance with law and regulation include:

- A formal authorisation process for investments;
- An organisational structure where authorities and responsibilities for financial management and maintenance of financial controls are clearly defined;
- Anti-bribery and corruption policies and procedures and a dedicated email hotline, designed to address the specific areas of risk of corruption faced by the Group; and
- A comprehensive financial review cycle where annual budgets and subsequent reforecasts are formally approved by the Board and monthly variances are reviewed against detailed financial and operating plans.

# Sustainability Committee Report



**Kevin Quinn**  
Chair of the Sustainability Committee

## Composition as at 30 September 2022

The members of the Sustainability Committee are:

Member	Number of meetings attended	Committee tenure
Kevin Quinn (Chair)	1/1	4 years
Trond Williksen	1/1	2 years
Ivonne Cantu	1/1	4 years

## Introduction

FY22 was a year of significant progress in our sustainability programme across our three pillars - environment, animal welfare and people and communities. Highlights of the year include the completion of an energy efficiency study at our manufacturing plant in Thailand which has enabled us to set out a roadmap and take action towards achieving our Net Zero targets, the completion of our first Group-wide climate risk assessment - an important building block towards TCFD (Taskforce for Climate-Related Financial Disclosures), and the issuance of our first Green bond validating our ESG credentials and commitment.

Looking forward to FY23 our main focus will continue to be on reducing our carbon emissions in line with the Net Zero journey we have mapped, as well as on obtaining ISO14001 certification for our main production facilities, which will enhance our ability to monitor and improve our environmental KPI's.

## Responsibilities of the Sustainability Committee

The Sustainability Committee, established in June 2018, is responsible for providing guidance and overseeing Benchmark's sustainability work. Acting on behalf of the Board, the Committee ensures that the focus and governance of the Company's sustainability work is aligned to its ESG principles and mission of driving sustainability in aquaculture. This is achieved through regular Committee meetings where strategic priorities, ongoing projects and emerging issues are reviewed.

The Committee is also responsible for maintaining a dialogue with the Company's stakeholders on ESG matters. This dialogue provides insights that inform the Company's ESG materiality assessment and priorities. In FY22 members of the Committee engaged with numerous shareholders, customers and industry associations on sustainability matters. Areas of focus for our stakeholders included sourcing of feed ingredients, carbon emissions, water management and supplier policy.

We welcome this increasing engagement and interest we are receiving particularly from investors, which reinforces the confidence that we have in the importance and relevance of our Company mission to drive sustainability in aquaculture.

## FY22 Progress Report

FY22 was a successful year for our sustainability effort with the Company meeting all the objectives set out at the beginning of the year. Highlights in each of our three pillars are set out below.

### Environment

In FY21 the Company set out an ambition to become Net Zero scope 1 and 2 by 2030 and Net Zero scope 1, 2 and 3 by 2050. Underpinning that commitment was a review of our carbon footprint across the Group which identified our operation in Thailand as the main contributor to our carbon footprint. In order to reduce emissions at this site, in FY22 we completed an energy efficiency study which led to the decision to install solar panels at the facility with the potential to reduce our carbon footprint by 10%. The solar panels will become operational in FY23. Greenhouse gas emissions for FY22 are 51tCO<sub>2</sub>e (0.7%) lower than FY21. While this absolute reduction is only small it is set against the context of business growth and this is reflected in the intensity ratio of 41.54 tCO<sub>2</sub>e, 21% lower than the previous financial year.



An important objective for the year was to implement our new environmental policy developed in FY22 across the Group. Aware of the fact that sustainability improvement results from the collective action of our people across the Group we implemented our new policy through a comprehensive programme of workshops that engaged our local teams in establishing a tailored adoption of our Group policy. As part of these workshops, we conducted a climate change risk assessment which formed the basis for an evaluation at Group level. This assessment covered both physical and transitional risks and opportunities as well as the suitability of our mitigating actions. The overall conclusion is that the foreseeable risks are adequately addressed through our ongoing facilities maintenance and contingency plans as well as planned investments.

Water management and freshwater use is an area of concern for our stakeholders. I am pleased to report that our total freshwater usage decreased year on year by 1.5% and when taking into account revenue growth the intensity ratio decreased by 19%.

Sourcing of feed ingredients, in particular soy, is another area of significant focus for stakeholders due to deforestation practices in soy production. Over the last 24 months our procurement team worked closely with our suppliers to ensure that all the soy we source comes from sustainable certified sources and this is now the case.

### **Animal Health and Welfare**

FY22 was a continuation of the work we started in FY21 during the first year of operation of our Animal Welfare Committee. Our focus continued to be on training, on the improvement of operational and R&D protocols and on maintaining and operating health plans that support good animal health and welfare and excellent biosecurity. As a result of these efforts together with our antibiotic policy, no antibiotics were applied across the Group. During the year the Animal Welfare Committee conducted a review of our lumpfish operations, to assess the health and welfare at our facilities. The review was initiated by the Board in response to sustainability concerns raised by industry observers in relation to the use of lumpfish as a sea lice management tool. The review concluded that our protocols and operations adequately address the concerns raised.

### **People and Communities**

Our Benchmark for Better programme brings together our volunteering activities and charitable donations. Through our policy employees can devote two days in the year to volunteering, whether as teams or individually. In addition, we provide monetary support to established programmes in some of our local communities including schools in Thailand and Colombia. Making Benchmark a Great Place to Work is a strategic priority for the Group and a pillar of our sustainability programme. As part of our effort to make Benchmark a Great Place to Work we conducted numerous engagement initiatives including a Wellbeing Day, an International Women's Day campaign and a Group-wide initiative which brought our 800 people together virtually to cycle, run, walk or swim collecting miles that translated into charitable donations. The high level of engagement was very encouraging but not surprising as it correlates to the high scores obtained in our annual Employee Engagement Survey.

I would like to thank the members of the Sustainability Committee, the sustainability working group, and all the people around the Group involved in our sustainability effort, for their continued commitment throughout the year. I look forward to continuing our work in 2022 to progress Benchmark's mission of driving sustainability in aquaculture.

### **Kevin Quinn**

Chair of the Sustainability Committee

# Remuneration Report for the year ended 30 September 2022



**Susan Searle**  
Chair of the Remuneration Committee

## Composition as at 28 November 2022

The members of the Remuneration Committee are:

Member	Number of meetings attended	Committee tenure
Susan Searle (Chair)	6/6	8 years
Kevin Quinn	6/6	5 years
Peter George	5/6	4 years

## Statement from Susan Searle, Chair of the Remuneration Committee

### Our performance in 2022 and pay outcomes in FY2022

The leadership team has successfully delivered against the Benchmark Group's strategic priorities this year, delivered significant growth in adjusted EBITDA and performed well in each of our three business areas. We have closed the year with a strong financial performance driven primarily by the Advanced Nutrition and Genetics businesses and underpinned by the focus on strategic priorities and running the business efficiently.

In Health, we made progress in the development of a new configuration and business model for CleanTreat®, obtained a variation to the Company's Marketing Authorisation from the Norwegian Medicines Agency ("NoMA") enabling a second use of treatment water and further obtained Marketing Authorisation in the Faroe Islands. In Advanced Nutrition we successfully recovered our leadership position in the global Artemia market and saw continued good financial performance driven by a strong commercial focus, cost discipline and better productivity and asset utilisation. In Genetics we saw the commercial launch of SPR shrimp and growing revenues alongside continued growth in salmon egg sales, boosted by the recent investment in the incubation unit in Iceland. Across the Group our People agenda continued to align activity under One Benchmark producing an Employee Engagement participation rate of 92% and a top quartile Employee Engagement score of 88%. The team continued its focus on the ESG agenda which is now well embedded in the business. Further information on our ESG strategy can be found on page 37.

The Group's financial performance and delivery against these strategic objectives was above target performance and close to stretch performance on most metrics. Bonus payments of 94.45% of maximum were approved by the Remuneration Committee for the Chief Executive Officer and 94.90% for the Chief Financial Officer. Further details are shown on page 98.

Performance shares in the form of nominal cost options were awarded under the Benchmark Holdings Company Share Option Scheme in December 2021. The shares normally vest three years from the date of grant and are subject to the performance criteria being met and continued service. Malus and clawback provisions apply for Executive Directors. The performance measures are EPS growth, where 25% vests at threshold performance and 100% vests at maximum performance and Relative Total Shareholder Return measured against the constituents of the FTSE AIM 100 Index, where 25% vests at a ranking of median rising to 100% for a ranking of upper quartile or higher. In the case of Executive Directors, any vested shares will be subject to a further two-year holding period from date of vesting. The Company's policy is to allocate an equal number of shares to each of the six members of the Executive Management Team to ensure an equitable distribution for the role, rather than according to salary.

No shares vested in the year as both the Chief Executive Officer and Chief Financial Officer have less than three years' service.

### Looking forward to FY2023

The Remuneration Committee approved an average salary increase across the Group of 6.67% with effect from 1 January 2023. We have also reviewed our approach to the annual salary review process which drives new salaries from 1 January 2023, taking into account the inflationary environment and cost of living pressures facing all our people in the markets in which we operate. We have undertaken a more targeted approach and have used our salary increase budget to provide more support to those on lower salaries by awarding lower salary increases to those on higher salaries.

We announced during the year the Company's intention to pursue a listing on Euronext Growth Oslo with a view to listing on the Oslo Børs in the first half of 2023. This represents a crucial milestone for Benchmark Holdings which has wide-ranging implications for the way we think about Directors' pay and our share plans.

In light of the changes ahead we have decided to delay the making of awards under the long-term incentive scheme and do not therefore expect to make regular LTIP awards until later in the financial year 2023.

The Remuneration Committee seeks to abide by the UK Corporate Governance Code and continues to review and update our Directors' remuneration policy in the light of the Code.

We shall as usual be submitting the Directors' Remuneration Report, on a voluntary basis, for shareholder approval. We welcome the views of our shareholders on remuneration which the Remuneration Committee believes is key to the success of Benchmark Holdings.

**Susan Searle**  
Chair of the Remuneration Committee

30 November 2022

## Annual Report on Remuneration

### An overview of the Remuneration Committee's membership and work

The composition of the Remuneration Committee during the year was:

- Susan Searle (Chair)
- Kevin Quinn
- Peter George

The Committee membership comprises two independent Non-Executive Directors and the Chairman who was independent on his appointment to the Board. The Company Secretary acts as secretary and the Group Head of People attends committee meetings. At appropriate times, the Committee has invited the views of the Chief Executive Officer and the Employee Representative. No individual is present when his or her own remuneration or fees are discussed. The Committee continues to seek professional, independent advice as and when it is required from FIT Remuneration Consultants LLP.

**Key objectives:** The key objectives of the Remuneration Committee are to develop the Company's policy on executive remuneration and to determine the remuneration of the Executive Directors, Chairman of the Board and the Group's most senior managers.

**Responsibilities:** The main responsibilities of the Committee are to:

- monitor and develop the Group's remuneration policy;
- determine the remuneration of the Executive Directors;
- approve the service agreements of the Executive Directors;
- determine the remuneration of senior management;
- determine the fee for the Chairman;
- review the Group's annual bonus proposals (including performance measures and targets) and to approve bonus payments for the Executive Directors and senior managers;
- approve the design of and oversee all awards under the Group's share incentive plans and to approve performance measures and targets;
- consider the Group's engagement with employees and review remuneration policies for all employees in Benchmark;
- consider risks to the Group in light of its remuneration policies; and
- consider the gender pay gap across the Group, evaluate what this means and plan action to close the gaps.

The Remuneration Committee's terms of reference, which were updated in light of the 2018 UK Corporate Governance Code, are available on the governance section of our website at [www.benchmarkplc.com/investors/corporate-governance/](http://www.benchmarkplc.com/investors/corporate-governance/).

### Decisions and actions undertaken during the year:

During the year and the period prior to publication of the Annual Report, the Committee:

- approved base salary increases for the Executive Directors of 1.55% with effect from 1 January 2022;
- approved the award of performance shares to Executive Directors and senior management under the Group's Long-Term Incentive Plan;
- approved the award of performance shares to employees under the Group's Long-Term Incentive Plan. Over 62.6% of employees have outstanding share awards in the Company; and
- acted as a sounding board on topics such as talent management and succession planning, employee engagement, culture, diversity and values ahead of further detailed Board debate.

The Committee is provided with an overview of remuneration policies for employees throughout the business to assist in its consideration of remuneration packages of the executives and senior management to ensure consistency and alignment.

Although there is no statutory obligation for Benchmark to report on the gender pay gap we have done so on a voluntary basis for 2021.

### Voting history

The Directors' Remuneration Report for the year ended 30 September 2021 was subject to an advisory vote at the Annual General Meeting held on 10 February 2022. The Remuneration Committee has chosen to ask shareholders to vote on the Report for several years even though it is not a requirement. The report was approved by 99.50%.

## Remuneration Report continued

### Single total figure of remuneration for the financial year ended 30 September 2022

The remuneration in respect of qualifying services of the Directors who served during the financial year ended 30 September 2022 is as set out below:

#### Executive Directors (audited)

	Salary (£) (a)	Bonus (£) (b)	Taxable benefits (£) (c)	Long-term incentive (£) (d)	Pension (£) (e)	Total fixed Remuneration (£) 2022	Total Variable Remuneration (£) 2022	Total Remuneration (£) 2022	Total fixed Remuneration (£) 2021	Total Variable Remuneration (£) 2021	Total Remuneration (£) 2021
Trond Williksen	410,000	388,190	1,916	-	40,940	<b>452,856</b>	<b>388,190</b>	<b>841,046</b>	450,145	367,379	817,524
Septima Maguire	261,000	248,638	1,408	-	26,100	<b>288,508</b>	<b>248,638</b>	<b>537,146</b>	291,959	234,202	526,161

(a) The base salary reported above reflects the 2022 increase of 1.55% (subject to rounding) with effect from 1 January 2022.

(b) Cash bonuses will be paid in January 2023 and are based on the salary at 30 September 2022.

(c) Benefits provided for all Executive Directors are medical insurance coverage for the Directors and their families, and death in service benefits.

(d) The Executive Directors did not make any gains on the exercise of any share options during both 2022 and 2021.

(e) The Executive Directors receive 10% employer pension contribution. This is paid into their respective pension funds with any excess to the annual or lifetime limits paid as an allowance

#### The Chairman and the Non-Executive Directors (audited)

	Fees (£)	
	2022	2021
Kristian Eikre	-	-
Susan Searle	<b>53,018</b>	51,014
Kevin Quinn	<b>53,018</b>	51,014
Yngve Myhre	<b>45,518</b>	45,389
Atle Eide	<b>33,641</b>	-
Peter George	<b>121,380</b>	121,035

Other than the services fees noted in the above table, the Non-Executive Directors are not entitled to any other remuneration benefits.

#### Executive Directors' annual bonuses for the financial year ended 30 September 2022

The annual bonus scheme allows for up 100% of salary to be awarded based on the successful delivery of financial performance as measured by Adjusted EBITDA (70% of bonus) and five Strategic Priorities (30% of bonus) based on the delivery of key projects and organisational change. Performance against both the financial and strategic targets were near the stretch levels set and resulted in bonus payments of 94.45% of maximum to the Chief Executive Officer and 94.90% of maximum for the Chief Financial Officer.

#### Defined contribution pension scheme

All Executive Directors participate in defined contribution pension schemes which are in alignment with those available to employees in the UK and Norway respectively. Trond Williksen participates in a Norwegian pension scheme.

In accordance with the policy set out on page 101, the Company contributes 10% of salary for each Executive Director.

### Long-term incentive awards (LTIP)

In December 2021 performance shares were awarded to Septima Maguire and Trond Williksen in line with the Company's Remuneration Policy. These awards have a three-year vesting period and vesting is subject to continued service and performance criteria being met. A holding period of two years applies from the date of vesting. The performance measures used were:

- 50% relative total shareholder return ("TSR") – with 25% vesting for a median ranking, rising on a straight-line basis to full vesting for an upper quartile ranking versus the constituents of the FTSE AIM 100 Index.
- 50% earnings per share ("EPS") – with 25% vesting for threshold, rising on a straight-line basis to full vesting for maximum.

### Executive Directors' external appointments

The Executive Directors who held non-executive directorships or external appointments with organisations other than the Company in the financial year ended 30 September 2022 are set out on pages 71 to 73.

## Statement of implementation of our remuneration policy in 2022/3

### Executive Directors' salaries

The change to the listing of Benchmark's shares will have implications for executive remuneration and share plans and we shall engage with shareholders on this at the appropriate time. Some decisions have, however, been made.

Salaries for the two current Executive Directors, CEO and CFO, will be increased by 5% and 6% respectively from 1 January 2023. These increases are in line with Benchmark's approach to market-linked increases applied to employees and are effective from 1 January 2023.

	Salary (£) 2023	Salary (£) 2022	Increase in salary 2022 to 2023 (%)
Trond Williksen	431,500	411,000	5
Septima Maguire	277,750	262,000	6

### Bonus

The 2023 annual bonus will be implemented in line with the remuneration policy framework, with a maximum of 100% of salary payable. The metrics used will comprise 70% financial and 30% non-financial objectives. Bonuses based on financial objectives are paid out with a trigger point at 95% of the Group's financial budget, with a scale to 110% of financial budget at which point 100% of the bonus based on financial targets is paid. The financial measures for the 2023 financial year are directly linked to achievement of the budget and the non-financial measures relate to the strategic priorities, which in addition to three commercial objectives also include two objectives, one on ESG goals and one related to People and Culture.

### The fees of the Chairman and the Non-Executive Directors for the financial year ended 30 September 2022

#### The Chairman's fee

The Chairman's fee was not increased for 2022, so remains £121,380 per year and will be increased to £127,500 from 1 January 2023.

#### The Non-Executive Directors' fees

The Non-Executive Directors' fees are determined by the Chairman and Executive Directors and were not increased for 2022, so remains £45,518, with the exception of Atle Eide who is not a member of a Committee and therefore receives a reduced fee of £40,000. In addition, Susan Searle and Kevin Quinn received an allowance of £7,500 to reflect their additional responsibilities as chairs of the Remuneration and Audit Committees respectively. The basic fees will be increased to £48,000 for 2023 with the exception of Atle Eide who will receive a fee of £42,000. There will be no change to the allowances.

## Remuneration Report continued

### Additional information on Directors' interests

#### Directors' interests under the Company's employee share plans (unaudited)

Details of the Executive Directors' interests in share awards under the employee share plans during the financial year ended 30 September 2022 are set out below:

	Share option scheme	Options held at 30 September 2021	Options exercised in year	Options forfeited in year	Options granted in year	At 30 September 2022	Exercise price	Grant date	Date from which exercisable
Septima Maguire	CSOP I	70,588	-	-		70,588	42.5p	21 February 2020	20 February 2023
Septima Maguire	CSOP II	329,412	-	-		329,412	42.5p	21 February 2020	20 February 2023
Septima Maguire	CSOP II	600,000	-	-		600,000	31.5p	2 June 2020	1 June 2023
Septima Maguire	CSOP II	380,597	-	-		380,597	0.1p	5 January 2021	4 January 2024
Septima Maguire	CSOP II	-	-	-	412,693	412,693	0.1p	7 December 2021	6 December 2024
Trond Williksen	CSOP II	1,500,000	-	-		1,500,000	31.5p	2 June 2020	1 June 2023
Trond Williksen	CSOP II	597,015	-	-		597,015	0.1p	5 January 2021	4 January 2024
Trond Williksen	CSOP II	-	-	-	647,360	647,360	0.1p	7 December 2021	6 December 2024

#### Directors' interests in ordinary shares (unaudited)

At 30 September 2022, the interests of the Directors and their connected persons in ordinary shares was as follows:

	Interests in ordinary shares at 30 September 2022	% of Company's issued share capital at 30 September 2022	Interests in ordinary shares at 30 September 2021
Trond Williksen	270,000	0.04	180,000
Septima Maguire	342,028	0.05	317,028
Peter George	3,145,719	0.45	3,085,719
Yngve Myhre	1,126,401	0.16	1,000,000
Susan Searle	224,625	0.03	224,625
Kevin Quinn	85,929	0.01	85,929
Atle Eide	120,000	0.02	-
Kristian Eikre	-	-	-

## A summary of the Directors' remuneration policy

The Group's remuneration policy seeks to balance three key objectives:

- To pay competitively in the relevant talent markets to sustain motivation and commitment, in light of Benchmark's style and culture.
- To remunerate in a way that makes economic sense for the Company, ensuring there is a fair balance of return to the executive team, management, employees and shareholders for their contributions to the Company's success.
- To encourage the cooperative behaviours which promote business priorities and lead to high performance.

### Remuneration policy

The UK Corporate Governance Code asks companies when determining their remuneration policies to have considered the following six factors:

1. Clarity
  - a. Our policy has three clear key objectives as set out above.
  - b. Each component of our policy (including its purpose, how it is operated, maximum potential and applicable performance measures) are set out in this report.
2. Simplicity
  - a. Our policy reflects what we believe to be standard market practice for listed companies with the operation of an annual potential bonus and long-term incentive share plan.
  - b. All incentive payments made are either in the form of cash or Benchmark Holdings plc shares.
3. Risk
  - a. The Committee has the ability to use its discretion to override formulaic outcomes if considered appropriate.
  - b. Our policy includes malus and clawback provisions which enable the recovery and/or withholding of payments if considered appropriate.
4. Predictability
  - a. Appropriate limits are set out in the policy and applicable share plan rules so that outcomes can be predicted.
5. Proportionality
  - a. The outcomes of our incentive schemes are aligned to our financial and non-financial targets.
  - b. Outcomes are assessed against a variety of metrics to ensure performance is measured on a balanced basis.
6. Alignment of culture
  - a. Our policy objectives look to recognise the Group's culture and encourage cooperative behaviours which promote strategic priorities and lead to high performance.

Pursuant to the remuneration policy approved in November 2020, the Executive Directors' remuneration comprises fixed elements in the form of a base salary, benefits and pension contributions and variable elements in the form of an annual cash bonus scheme and Long-Term Incentive Plan (LTIP).

### Fixed elements of remuneration

The fixed elements of the Executive Directors' remuneration are designed to attract and retain Directors of the appropriate calibre, with the requisite knowledge, skills and experience, and to sustain motivation and commitment.

The Executive Directors may participate in defined contribution pension schemes with the Company contributing 10% of the Executive's salary. They may instead receive a cash allowance of up to 10% of salary or a combination. The Executive Directors also receive private medical insurance for themselves and their families and death in service benefits.

### Variable elements of remuneration

Executive Directors are eligible for an annual performance bonus. The maximum award is 100% of salary. The bonus is designed to reward and incentivise success leading to sustainable long-term growth and to recognise the Directors' commitment and contribution to the business. The remuneration policy approved by the Remuneration Committee enables the use of discretion to override formulaic outcomes in line with the requirements of the UK Corporate Governance Code.

The Executive Directors are also eligible to participate in the Long-Term Incentive Plan with a maximum award of 100% of salary. The performance period in respect of the share awards is usually three years and in the case of the Executive Directors any vested shares will be subject to a holding period of two years.

### Statement of consideration of employment conditions elsewhere in the Group

Historically, the salaries across the Group have been increased annually by reference to the consumer price index ("CPI") in each country in which the Company operates. In 2022, we applied the principles of rewarding a higher percentage increase to those employees in the lower quartile, funded by smaller increases for senior management. The average salary increase across the Group including senior management was 6.67%. This percentage rise included adjustments made for additional responsibilities taken on by employees, promotions and market adjustments.

All employees participate in an annual bonus plan with bonus potential determined in accordance with the remuneration policy.

The Company believes it is important to invest in, develop and reward the contribution of our senior managers and our Long-Term Incentive Plan aims to foster a culture of cooperation and shared participation in the Group's achievements. In December 2021 the Company issued 4,569,496 shares to 68 employees across the Group. Where we are unable to grant options a cash mirror scheme is operated to ensure consistent treatment of the teams globally.

## Remuneration Report continued

### Executive Directors' service contracts and remuneration on termination

The Company's policy is that the contracts of the Executive Directors are normally terminable by either party on six months' notice at any time, and by the Company at any time and without compensation in case of serious misconduct, breach of duty or in similar circumstances. In the event of termination by the Company without cause, the Executive Director is entitled to receive payment of salary for any unexpired notice period and any accrued holiday entitlement. This is the case for the Chief Financial Officer. In accordance with Norwegian law, however, Trond Williksen is entitled to receive an additional three months' salary in the event that his contract were to be terminated by the Company. An additional payment of three months' salary will also be payable should the Board decide to enforce the non-compete and non-solicit clauses of his employment contract, again in accordance with Norwegian law and irrespective of whether his contract is terminated with or without cause. In the event of termination for cause, the Director is not entitled to compensation in respect of salary.

The Executive Directors' bonuses are fully discretionary. In the event of termination during a bonus period, the Committee will consider payment of a bonus on a pro rata basis for the relevant portion of the year worked, having regard to the circumstances.

Under the Company's remuneration policy, Executives have an employment shareholding requirement of 100% of salary.

### The terms of appointment of the Chairman and the Non-Executive Directors

The Chairman and the Non-Executive Directors hold office under letters of appointment. Each of the Non-Executive Directors are appointed for an initial term of three years, and are typically expected to serve two additional three-year terms, subject to re-election by shareholders, and terms in aggregate beyond six years are subject to rigorous review. However, Kristian Eikre and Atle Eide are subject to a one-year term and any renewal of their terms are subject to Board review.

Non-Executive Directors may serve for an additional period only at the invitation of the Board following scrutiny of their continued independence. Under the Non-Executive Directors' terms of appointment, they are all required to stand for re-election every year.

At the Company's last AGM held on 10 February 2022, Peter George, Kristian Eikre, Kevin Quinn, Susan Searle, Yngve Myhre and Trond Williksen were re-elected as Directors and Atle Eide was elected as a Director.

Either the Company or the Non-Executive Director may terminate the appointment on three months' notice (except Kristian Eikre and Atle Eide on one month's notice), and the appointments are subject to the Company's Articles of Association and to the Director being re-elected by shareholders upon retirement by rotation. On termination as a result of the Non-Executive Director not being re-elected by shareholders or under the Articles of Association for reasons connected with outside interests or independence, the appointment terminates immediately and the Non-Executive Director is not entitled to compensation. On termination in other circumstances, including on three months' notice (or

one month's notice for Kristian Eikre and Atle Eide), a Non-Executive Director is entitled to accrued but unpaid Directors' fees to the date of termination but no other compensation.

The dates of appointment of and length of service for each Non-Executive Director and the Chairman are shown in the table below.

	Date of appointment	Length of service at date of Annual Report publication
Peter George	8 May 2018	4 year 6 months
Susan Searle	18 December 2013	8 years 11 months
Kevin Quinn	25 November 2016	6 years
Yngve Myhre	6 November 2017	5 years
Kristian Eikre	14 March 2019	3 year 8 months
Atle Eide	29 November 2021	1 year

### Share dilution

The total number of ordinary shares issued and issuable in respect of options granted in any ten-year period under the Company's discretionary share option schemes (excluding pre-IPO options under the Enterprise Management Incentive ('EMI') scheme) is restricted to 10% of the Company's issued ordinary shares in any ten-year rolling period.

In the financial year ended 30 September 2022, the Company allocated 4,625,186 performance shares on 7 December 2021 (0.66% of issued share capital as at such date of grant) and 205,899 further performance shares on 25 May 2021 (0.03% of issued share capital as at such date of grant) to employees including senior management and Executive Directors as mentioned on page 101.

### Susan Searle

Chair of the Remuneration Committee

30 November 2022



# Directors' Report

## The Directors present their Annual Report and audited financial statements of the Company and of the Group for the year ended 30 September 2022.

Benchmark Holdings plc is a public limited company, incorporated and domiciled in England and Wales. Its shares are admitted to trading on AIM, London Stock Exchange's international market for smaller growing companies.

The disclosure requirements of the Companies Act 2006, and where the Directors have deemed it appropriate, the UK Disclosure Guidance and Transparency Rules, have been met by the contents of this Directors' Report, along with the Strategic Report, Corporate Governance Report, Nomination Committee Report, Audit Report and Remuneration Report, which should be read in conjunction with this report.

### UK Corporate Governance Code

The Company assesses its corporate governance arrangements and practice against the UK Corporate Governance Code 2018 (the "Code"). A copy of the Code is available from the website of the Financial Reporting Council ("FRC") at [frc.org.uk](http://frc.org.uk). In accordance with the AIM Rules, we produce a statement setting out how the Company complies with the principles of the UK Corporate Governance Code, which is available on our website at [benchmarkplc.com](http://benchmarkplc.com). The statements and table below set out how Benchmark complies with the Code, and where it deviates from the Code.

The Nomination Committee evaluates the performance of the Board as a whole and in doing so evaluates the performance of each of the Directors. An internal evaluation of the performance of individual Directors was undertaken in July 2022 this year with the results reviewed in September 2022, further details of which can be found on page 87.

### Overview of compliance with principles of UK Corporate Governance Code 2018

The Board considers that it has complied with the Code during the financial year covered by this Annual Report, except that:

- The Company's remuneration policy was adopted in November 2020 and updated in November 2021 and applies to remuneration and awards made from November 2020 onwards. While the Company's remuneration policy has been introduced to ensure the Company's compliance with the new Code requirements relating to Directors' remuneration, there is one element of the Code's recommendations which have not been fully reflected by the new remuneration policy:
  - The new remuneration policy includes a mandatory shareholding requirement which the Executive Directors will be required to achieve during their employment. For the time being the Company has not introduced a mandatory post-employment shareholding requirement, however there is a two-year holding period applicable from the date of vesting, which continues to apply to executive directors' vested awards despite any termination of employment and will prevent the executive directors from immediately disposing of awarded shares which remain subject to this holding period post-employment.

- The Company's board composition does not comply with the Provision 11 of the Code, as (excluding the Chairman) there are two executive directors, two non-independent non-executive directors and three independent non-executive directors. However, the Company has three significant shareholders, each holding more than 20 per cent. of the issued share capital of the Company, and so the Board believes that the current composition is appropriate for the Company and its shareholders as a whole.

### Directors

The Directors who held office during FY22 were as follows:

- Trond Williksen
- Septima Maguire
- Peter George
- Kevin Quinn
- Susan Searle
- Yngve Myhre
- Kristian Eikre
- Atle Eide (since 29 November 2021)

The Directors benefitted from qualifying third-party indemnity provisions during the financial year and continue to do so at the date of this report.

### Re-election of Directors

At the AGM held in February 2022, in accordance with Provision 18 of the Code, the appointments and re-elections (as applicable) of all the Directors of the Company in situ at the time were approved.

In accordance with Provision 18 of the Code, at the AGM to be held on 16 February 2022, all the Directors will be standing for re-election.

### Substantial shareholders

The Company's issued share capital, together with details of movements during the year, are shown in Note 26 accompanying the financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company.

As at 30 November 2022 the Company has been notified of the following substantial shareholdings under Rule 5 of the Disclosure Guidance and Transparency Rules:

Significant shareholders	% of issued share capital
Ferd AS	26.33
Kverva Finans AS	21.40
JNE Partners LLP	21.11
Harwood Capital	4.14

### Power to allot shares

Each year at the AGM, the Directors seek authority to allot shares for the following year. At the last AGM held on 10 February 2022, shareholders authorised the Directors to allot relevant securities up to an aggregate nominal value of £469,191.34 representing approximately two thirds of the issued share capital, and £234,595.67 of this authority was reserved only for a fully pre-emptive rights issue, in accordance with investment Association guidance. Directors were authorised to allot for cash equity securities having a nominal value not exceeding in aggregate £35,189.35 (being 5% of issued share capital), and to further allot for cash equity securities having a nominal value not exceeding in aggregate £35,189.35 for the purpose of financing acquisitions and capital investments, in each case without first offering the securities to existing shareholders. The authorities expire at the conclusion of the next AGM.

At the forthcoming AGM similar authorities will be sought, although the disapplication of pre-emption rights will be sought on the basis of the most recent Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group.

### Authority for the Company to purchase its own shares

At the Company's 2022 AGM, shareholders renewed the Company's authorities to make market purchases of up to 70,378,701 ordinary shares, representing approximately 10% of the Company's issued share capital as at 10 February 2022. These authorities were not used in the year. At the 2023 Annual General Meeting, shareholders will be asked to renew these authorities for another year, and the resolution will once again propose a maximum aggregate number of ordinary shares which the Company can purchase equal to 10% of the Company's issued ordinary share capital.

The Company held no treasury shares during the year, or at the date of this report.

### Significant agreements - change of control

The Group's principal banking and loan note facilities include provisions that, in the event of a change of control of the Company, the Group could be obliged to repay the facilities together with penalties. Certain client and supplier contracts and joint venture arrangements also contain change of control provisions. Additionally, the company's Long-Term Incentive Plan and Employee Share Option Plan contain change of control provisions which potentially allow for the acceleration of the exercisability of awards in the event that a change of control occurs with respect to the Company.

### Stakeholder engagement

During the 2022 financial year, with COVID-19 restrictions being lifted in Europe, the Board was able to travel to Norway and Edinburgh to meet customers by visiting customers' salmon farms and employees based on these offices. In addition, the Board continued to foster the Company's business relationships with suppliers, customers and other partners through other means, including through hosting and attending meetings and workshops, conducting surveys and attending seminars and trade shows. The Group has a diverse community of stakeholders which includes shareholders, employees, customers and supplier partners, as well as the communities in which the Group operates, and continues to listen to these stakeholders; insights help shape the Group's strategy and decisions. The Board also receives regular updates throughout the year on engagement with the Group's stakeholders, including feedback from employee surveys and engagement forums, discussing customer and supplier surveys, and details of stakeholder meetings.

Throughout the year, the Board considered the long-term consequences of the decisions it made, focusing on the interests of relevant stakeholders as appropriate. The key strategic items considered by the Board in 2022 included:

- Approving the strategic priorities of the Group: refocussing the Group's direction with a view to providing long-term sustainable growth for the benefit of shareholders, employees, suppliers and customers.
- Launching of the Group's performance framework: ensuring employee's performance is linked to the Group's achievement and their individual one in order to create a culture of success within the workforce.
- Approving the refinancing of the Company through the issuance of green bond: enabling the Company to refinance its main existing debt to allow the Group to focus on commercial execution of its growth strategy, while demonstrating its sustainability commitment.
- Pursuing the Company's listing on Euronext Growth Oslo: a first step towards positioning the Company on the leading seafood and aquaculture listing venue globally.
- Planning for the reduction of the Group's carbon emissions: taking steps to improve our sustainability as a business and reduce our impact on the environment for the benefit of our shareholders, employees, customers and community.

## Workforce engagement

During FY22, the Employee Representative continued to report to the Board and extended-EMT to facilitate the Group's engagement with its workforce and strengthen the employee voice in the boardroom. Various Employee Champions have been identified throughout the sites at which the Group operates, who report to the Employee Representative on key issues affecting the workforce. During the financial year, the Employee Representative reported to the Board twice, and attended one Remuneration Committee meetings to discuss culture and provide remuneration policy feedback. The Employee Representative's duties include:

- Gathering feedback from employees through various channels;
- Attending Extended-EMT meetings and offering advice and opinions based on their knowledge of workforce opinions and concerns;
- Reporting to the Extended-EMT quarterly on key workstreams;
- Cascading non-confidential messages; and
- Reporting to the Board on matters relevant to this role.

Additionally, the Group has continued its series of focus groups and introduced monthly town halls and the launch of people town halls with the aims of:

- Establishing how informed people are about its strategy and developments at Benchmark;
- Assessing people buy-in to the Group's philosophy and values;
- Understanding the extent to which employees feel informed and motivated by communications from different sources;
- Capturing ideas around new initiatives;
- Identifying training needs;
- Giving employees an opportunity to speak up and be heard; and
- Promoting employee engagement and collaboration.

## Shareholder engagement

The Board recognises that it is vital for the Group's success that shareholders understand the Group's strategy and the means by which it will be delivered. All Directors welcome regular and open engagement with shareholders.

A focus of the Company during the financial year was strengthening its engagement and communication with shareholders.

During the financial year, the Company had a regular programme of meetings with institutional shareholders led by Peter George (Chairman), Trond Williksen (Chief Executive Officer) and Septima Maguire (Chief Financial Officer), and also held ad hoc briefing sessions with certain shareholders as requested. The Board is provided with summary reports by its investor relations advisers which detail share price and share register movements and approves all significant announcements delivered to shareholders.

## Viability statement

The Board assesses the Group's going concern and viability based on its cash flows and business plans, combined with downside scenarios of the principal risks described on pages 61-69 and other financial and performance factors that could threaten the Group's plans, performance and financial position including the nature of the business and its investment and planning periods. The outcome of this analysis and the appropriateness of the period over which the Board decided to provide its viability statement are described below.

## Assessing our prospects

The Group's principal markets and strategy are described in detail in the Strategic Report. The key factors affecting the Group's prospects are:

- Clear strategic focus with vision for commercially led growth strategy.
- High growth global aquaculture market.
- Clear portfolio focus with strong market positions in aquaculture genetics and nutrition.
- Commercial ramp-up and modification to the business model of highly innovative and efficacious sea lice treatment Ectosan® Vet and CleanTreat®.
- Committed and talented team driven by the desire to make a difference.
- Innovative approach to delivering solutions for aquaculture customer challenges.
- Ability to meet our ESG commitments in line with our mission.

The Directors believe that the business model is sustainable, especially having resisted the headwinds presented by the COVID-19 pandemic and will continue to execute its strategy through its diversified and innovative product portfolio, its geographic footprint and investment in excellent facilities and technology platform creating a strong basis to exploit the growing markets and withstand any economic turbulence in the short term.

### The assessment process and key assumptions

The Group's prospects are assessed primarily through its strategic and financial planning processes over a five-year time period. The strategic plan is supported by a five-year financial plan, both of which are updated annually by the Executive Management Team (EMT) and reviewed by the Board. The Board also reviews the Group's principal risks on a rolling basis throughout the year, based on updates from EMT and extended EMT members.

The strategic planning process is conducted over a five year time horizon and is updated annually. It:

- assesses market and environmental changes and the opportunities and threats such changes may present;
- considers risks to sales and cost forecasts for each part of the Group; and
- includes key assumptions to support longer term projections.

The financial plans are reviewed to confirm that adequate financing facilities are in place or there is a reasonable likelihood that alternate replacement facilities will be available should they be required. The Group successfully completed a new senior unsecured green bond issue of NOK 750 million on 27 September 2022, using the proceeds to refinance its existing NOK 850 million senior secured bonds and the USD15m RCF has been refinanced post year end with a new GBP20m RCF being agreed on 21 November 2022. The green bond has a three-year term maturing on 27 September 2025 and the RCF has a maturity in June 2025. Furthermore, the lenders of our NOK 180m loan (which was currently set to mature in October 2023) and our NOK 17.5m overdraft facility combined and refinanced these facilities and refinanced them into one NOK179.5m facility and extended the term for a further 5 years, to no later than 15 January 2028. Following all of these refinancing transactions, the Directors are satisfied there are sufficient facilities in place during the assessment period.

Progress against financial budgets, forecasts and key business objectives are reviewed through monthly business performance reviews at both Group and business unit levels. Mitigating actions are taken to address underperformance. The latest updates to the plans were reviewed in September 2022 and considered the Group's current position, its future prospects and reaffirmed the Group's stated strategy.

### Assessment period

The Board has determined that a five-year period to 30 September 2027 is an appropriate period over which to provide its viability statement. This time period is supported by the Group's budget process, which includes detailed projections for the next two financial years, and broader projections from year three onwards of the five-year strategic planning process. The Board believes this provides a sound framework for providing reasonable assurance on the Group's viability given the inherent uncertainty associated with longer term forecasts.

### Assessment of viability and going concern

In order to reach a conclusion on both the appropriateness of adopting the going concern basis of accounting in preparing the Annual Report and on our viability, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Although the output of the Group's strategic and financial planning processes reflects the Board's best estimate of the future prospects of the business, the Group has also conducted stress testing to assess the liquidity impact of a range of downside scenarios. The key factors affecting the Group's prospects are the underlying conditions in our key markets, our ability to maintain our leading position in Genetics and Advanced Nutrition, the commercial delivery of our new products, including Ectosan® Vet/CleanTreat® and SPR shrimp as well as the resilience of the Group's key markets against any short-term economic uncertainty caused by the war in Ukraine.

A number of severe but plausible downside scenarios were considered around these factors, including modelling slower ramp up of the commercialisation of Ectosan® Vet and CleanTreat® through delayed roll-out of the revised operating model for the service, together with reductions in expected biomass treated and reduced treatment prices. Other key downside sensitivities modelled included assumptions on slower commercialisation of SPR shrimp, slower salmon egg sales growth both in Chile and to land-based farms in Genetics, along with sensitivities on sales price increases and potential supply constraints on CIS artemia in Nutrition. Mitigating measures within the control of management have been identified should they be required in response to these sensitivities, including reductions in areas of discretionary spend, deferral of capital projects and temporary hold on R&D for non-imminent products.

Under all of the above scenario analysis, the Group has sufficient liquidity and resources throughout the period under review while still maintaining adequate headroom against the borrowing covenants. The Directors therefore remain confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due within the period of 12 months from the date of approval of these financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

Also, based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to September 2027.

### Audit, risk and internal control

The Board is responsible to stakeholders for ensuring that the Company has in place effective procedures for the management of risk, and that the principal risks faced by the Group are identified, assessed, appropriately mitigated and monitored.

Responsibility for oversight of the Group's financial reporting procedures, internal controls and audit process is delegated to the Audit Committee, which also oversees the Group's risk management framework. The Audit Committee provides regular updates to the Board on such matters.

For further details on audit, risk management and internal control and the work of the Audit Committee, see pages 90-93.

### Annual General Meeting

The AGM will be held within six months of the close of the financial year. The upcoming meeting will be conducted by the Board of Directors on 16 February 2023 at Travers Smith LLP, 10 Snow Hill, London, EC1A 2AL. Details of the AGM will be set out in the Notice of AGM which will be made available to shareholders in due course.

### Shareholder voting

In accordance with section 338 and section 303 respectively of the Companies Act 2006:

- Shareholders of the Company can require the Company to circulate a resolution to be voted on at the Company's AGM where such a request is made by either:
  - Shareholders representing at least 5% of the total voting rights of all shareholders who have a right to vote on the resolution at that AGM; or
  - 100 shareholders who have a right to vote on the resolution at that meeting and hold shares that have been paid up an average of at least GB£100 per shareholder.
- A shareholder or group of shareholders representing at least 5% of voting rights can request the Directors of the Company to call a special general meeting.

### Length of notice of general meetings

The Company has taken authority under the Companies Act 2006 to call general meetings of the Company, other than AGMs, on 14 days' notice. The 14 days' notice period will only be used where the flexibility is merited by the business of the meeting and is thought to be in the best interests of shareholders as a whole. The Company offers the facility for shareholders to vote by electronic means. This facility is open to all shareholders and would be available if the Company were to call a meeting on 14 clear days' notice.

### Employees with disabilities

The Group values diversity and aims to make best use of everyone's skills and abilities. We are therefore committed to equal opportunities at every stage of our employees' careers. Our policy on employees with disabilities is to fully and fairly consider people with disabilities for all vacancies.

We interview and recruit people with disabilities and endeavour to retain employees if they become disabled while they work for us. Where possible, we will retrain employees who become disabled and adjust their working environment, so they can maximise their potential.

### Employee share ownership

The Group has a policy of encouraging share ownership and 62.28% of the Group's employees hold shares or options in the Company.

### Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the current or prior year.

### Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Branches outside the UK

The Company dissolved its only branch in Switzerland in October 2022.

### Reporting requirements:

The following sets out the location of additional information forming part of the Director's Report:

Reporting requirements		Pages
Financial instruments	Details of the Group's financial risk management objectives and policies including the Group's policy for hedging, and the exposure of the Company and its subsidiaries to price risk, credit risk, liquidity risk and cashflow risk.	137 to 142
Important events	Particulars of important events affecting the Company and its subsidiaries.	61 to 69
Post-balance sheets events	Description of post-balance sheet refinancing of debt facilities.	169
Future developments	Likely future developments in the business of the Company or its subsidiaries.	26 to 27
R&D	Details of the R&D activities of the Company and its subsidiaries.	20 to 25
Risk management	Details of the risk management framework, activities in the year and principal risk and uncertainties.	61 to 69
Directors' remuneration and interests	Details of Director's remuneration, interests in shares of the Company, share options and pension arrangements.	98 to 102
Principal activities and business review	Business review, details of 2022 results, key performance indicators, outlook for future years.	18 to 27
Financial risk management	Objectives and policies for management of financial risk.	90 to 93
Share capital	Details of the issued share capital and movements during the year.	103 to 104
Stakeholder engagement	Details on how the Company engaged with its stakeholders (including employees and shareholders).	58 to 60
Greenhouse gas emissions	Details on greenhouse gas emissions and environmental protection.	40 to 49
Statement on Corporate Governance	Details of the corporate governance report, the Audit Committee report, Nomination Committee Report and Director's remuneration report.	76 to 102

This report was approved by the Board on 30 November 2022 and signed on its behalf:

**Jennifer Haddouk**  
Company Secretary

30 November 2022

# Directors' Responsibilities

## Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and they have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Group and Parent 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 Group or the Parent 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 Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the 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 Group and to prevent and detect fraud and other irregularities.

The Directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements applied to the Company. The Directors have also decided to prepare voluntarily a Corporate Governance Statement as if the Company were required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Director Responsibilities was approved by the Board on 30th November 2022 and signed on its behalf by:

**Trond Williksen**  
Chief Executive Officer

30 November 2022

# Independent Auditor's Report

## to the member of Benchmark Holdings plc

### 1. Our opinion is unmodified

We have audited the financial statements of Benchmark Holdings plc ("the Company") for the year ended 30 September 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Company Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Overview

<b>Materiality:</b> group financial statements as a whole	£1,534,000 (2021: 1,070,000) 1% (2021: 0.9%) of Group revenue
<b>Coverage</b>	90% (2021: 88%) of Group revenue
<b>Key audit matters</b>	<b>vs 2021</b>
<b>Recurring risks</b>	
Recoverability of goodwill and acquired intangibles	◀▶
Recoverability of Parent Company's investments in subsidiaries and intercompany indebtedness	◀▶
Valuation of biological assets	◀▶
Going Concern	▼



## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, 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 matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
<p><b>Recoverability of Group goodwill and intangibles</b></p> <p>Goodwill: £114,724,000 (2021: £98,697,000)</p> <p>Intangibles: £130,540,000 (2021: £130,343,000)</p> <p><i>Refer to page 90 and 91 (Audit Committee Report), page 131 and 132 (accounting policy) and page 154 (financial disclosures).</i></p>	<p><b>Forecast based assessment:</b></p> <p>The carrying value of goodwill and intangibles, depend on assumptions of future financial performance which inherently contain an element of estimation uncertainty. In addition, certain cash generating units of the Group, containing these goodwill and intangible assets balances, are at risk of impairment as they contain immature products or markets.</p> <p>Significant areas of judgement include sales growth rates and the discount rate applied to future cash flows.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value in use of the CGUs, have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 16) disclose the sensitivity estimated by the Group.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Data comparisons:</b> We compared the Group's impairment model against the board approved budgets and forecast to confirm consistency of assumptions;</li> <li>• <b>Methodology implementation:</b> We tested the Group's impairment model to ensure it performs the intended calculation;</li> <li>• <b>Benchmarking assumptions:</b> We challenged group's assumptions by comparing them to externally derived data in relation to key inputs such as projected growth and discount rates;</li> <li>• <b>Our valuation expertise:</b> With the assistance of our own valuation specialists, we assessed the discount rate assumption by comparing it with our sector knowledge;</li> <li>• <b>Sensitivity analysis:</b> We performed analysis of changes in key assumptions, such as, reducing forecast revenue from the Group's sea lice treatment, reducing forecast revenue from SPR shrimp, slower salmon egg sales growth along with sensitivities on sales price increases and potential supply constraints to understand the sensitivity of the value in use calculation to changes in these key assumptions;</li> <li>• <b>Historical comparison:</b> We compared the prior periods' prospective financial information against the prior period's actual results and compared the current period's prospective financial information with the post-year end actual results to assess historical reliability of the forecasting;</li> <li>• <b>Comparing valuations:</b> We compared the sum of the discounted cash flows for each CGU to the carrying value of its assets, to assess the reasonableness of these cashflows and their ability to support the carrying value of those assets; and</li> <li>• <b>Assessing transparency:</b> We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation of goodwill and intangibles.</li> </ul>

## Independent Auditor's Report continued to the member of Benchmark Holdings plc

	<b>The risk</b>	<b>Our response</b>
<p><b>Valuation of biological assets</b> Salmon broodstock: £30,501,000 (2021: £26,700,000)</p> <p><i>Refer to page 91 (Audit Committee Report), page 135 (accounting policy) and page 163 (financial disclosures).</i></p>	<p><b>Forecast based assessment:</b></p> <p>The Group holds significant biological assets, primarily at Benchmark Genetics Iceland and Benchmark Genetics Salten (Norway).</p> <p>Under relevant accounting standards these are required to be held at fair value less cost to sell. Salmon broodstock are classified as level 3 within the fair value hierarchy. The calculation of fair value includes a number of assumptions relating to the future (e.g. egg sales prices, sales volumes) which are significant areas of estimation uncertainty.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that fair value of the salmon broodstock within biological assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 20) disclose the sensitivity estimated by the Group.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Data comparisons:</b> We compared the Group's valuation model against the board approved budgets and forecast to confirm consistency of assumptions;</li> <li>• <b>Methodology implementation:</b> We tested the Group's valuation model to ensure it performs the intended calculation;</li> <li>• <b>Benchmarking assumptions:</b> We compared the Group's assumptions to externally derived data in relation to key inputs such as selling price of eggs and historical sales volumes;</li> <li>• <b>Assessing transparency:</b> We considered the adequacy of the Group's disclosures, including the sensitivity disclosures, in respect of the valuation of biological assets; and</li> <li>• <b>Independent reperformance:</b> We considered an alternative valuation model. We compared the output of the model with the Group's valuation to assess whether it would yield a materially different valuation.</li> </ul>

	The risk	Our response
<b>Going Concern</b>	<p data-bbox="453 439 651 465"><b>Accounting basis:</b></p> <p data-bbox="453 488 890 622">The financial statements explain how the Directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Parent Company.</p> <p data-bbox="453 645 890 891">That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.</p> <p data-bbox="453 913 890 994">The risks most likely to adversely affect the Group's and Company's available financial resources over this period were:</p> <ul data-bbox="453 1016 890 1137" style="list-style-type: none"> <li>• the ability to refinance the existing facilities; and</li> <li>• the uncertainty in the cashflows in relation to future sales.</li> </ul> <p data-bbox="453 1160 890 1263">There are also less predictable but realistic second order impacts, such as the impact of foreign exchange fluctuations.</p> <p data-bbox="453 1285 890 1509">The risk for our audit is whether or not those risks are such that they amounted to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. If there were such risks, then the fact would have been required to be disclosed, along with a description of the circumstances.</p>	<p data-bbox="903 439 1497 573">We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p data-bbox="903 595 1171 622">Our procedures included:</p> <ul data-bbox="903 645 1497 1879" style="list-style-type: none"> <li>• <b>Our sector experience:</b> With the assistance of our specialists we challenged the key assumptions in the prospective financial information by reference to our knowledge of the business and general market conditions;</li> <li>• <b>Our valuation expertise:</b> With the assistance of our own valuation specialists, we assessed the discount rate assumption by comparing it with our sector knowledge;</li> <li>• <b>Funding assessment:</b> We obtained and inspected financing agreements to ascertain the committed level of financing, its duration and related covenant requirements;</li> <li>• <b>Key dependency assessment:</b> We considered the facilities due to expire in the going concern period with reference to the Group's history of successful refinancing, extent of funding needed, forecast cashflows and financial health, conditions of the credit markets and status of management's arrangements for planned funding sources.</li> <li>• <b>Historical comparisons:</b> We compared the prior periods' prospective financial information against the prior and current period's actual results and compared the current period's prospective financial information with the post-year end actual results to assess historical reliability of the forecasting;</li> <li>• <b>Sensitivity analysis:</b> We performed analysis of changes in key assumptions. This included a slower ramp up in the commercialisation of the Group's sea lice treatment (Ectosan and CleanTreat) through delayed roll-out of the revised operational model, a slower commercialisation of SPR shrimp, slower salmon egg sales growth along with sensitivities on sales price increases and potential supply constraints to understand the sensitivity of the cash flow forecasts in relation to available facility headroom and covenant compliance; and</li> <li>• <b>Assessing transparency:</b> We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and the availability of funding. We assessed the completeness of the going concern disclosure.</li> </ul>

**Independent Auditor’s Report continued  
to the member of Benchmark Holdings plc**

	<b>The risk</b>	<b>Our response</b>
<p><b>Recoverability of Parent Company’s investment in subsidiaries/intercompany indebtedness</b></p> <p>Investments (Parent Company): £251,368,000 (2021: £250,648,000)</p> <p>Intercompany indebtedness: Group entities (Parent Company): £212,230,000 (2021: £195,286,000)</p> <p><i>Refer page 135 and 136 (accounting policy) and page 162 (financial disclosures).</i></p>	<p><b>Forecast-based assessment</b></p> <p>The carrying amount of the Parent Company’s investments in subsidiaries and intercompany indebtedness are significant and at risk of irrecoverability due to the inherent estimation uncertainty in the assumptions of future financial performance. As a result, the estimated recoverable amount of these balances is subjective. In addition, certain cash generating units of the group are at risk of impairment as they contain immature products or markets.</p> <p>Significant areas of judgement include sales growth rates and the discount rate applied to future cash flows.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the cost of investment in subsidiaries has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p>	<p>We performed the tests below rather than seeking to rely on any of the Company’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Tests of detail:</b> Comparing the carrying amount of 100% of investments, which includes intercompany indebtedness, with the relevant subsidiaries’ financial statements to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.</li> <li>• <b>Comparing valuations:</b> For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the value in use recoverable amount of each CGU.</li> <li>• The value in use recoverable amount of each CGU has been tested as described within the Recoverability of Group goodwill and intangibles key audit matter on page 111.</li> </ul>

### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1,534,000 (2021: £1,070,000), determined with reference to a benchmark of Group revenue, of which it represents 1.0% (2021: 0.9%). We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than loss before tax.

Materiality for the parent company financial statements as a whole was set at £900,000 (2021: £500,000), which is the component materiality for the parent company determined by the group audit engagement team. This is lower than the materiality we would otherwise have determined with reference to a benchmark of Parent Company total assets, of which it represents 0.2% (2021: 0.1%).

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.

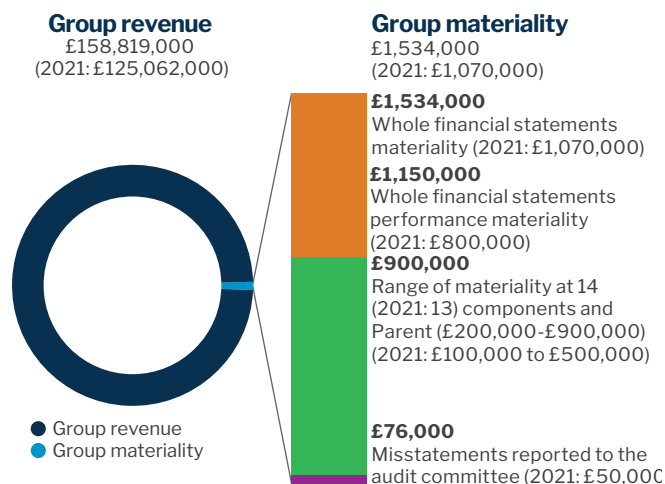
Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £1,150,000 (2021: £800,000) for the Group and £675,000 (2021: £375,000) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £76,000 (2021: £50,000) in addition to other identified misstatements that warranted reporting on qualitative grounds.

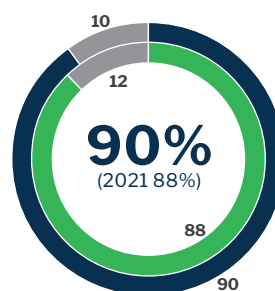
Of the Group's 63 (2021: 63) reporting components, we subjected 12 (2021: 11) to full scope audits for group purposes and 2 (2021: 2) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. We subjected 1 (2021: 1) component to specified risk-focused audit procedures over purchases and 1 (2021: 1) component to specified risk-focused audit procedures over biological assets.

The components within the scope of our work accounted for the percentages illustrated opposite.

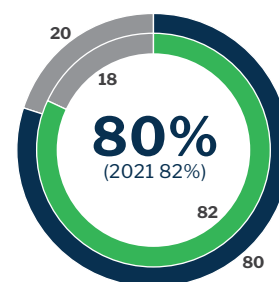
The remaining 10% (2021: 12%) of total Group revenue, 7% (2021: 18%) of Group loss before tax and 9% (2021: 10%) of total Group assets is represented by 49 (2021: 50) of reporting components, none of which individually represented more than 3% (2021: 3%) of any of total Group revenue, Group loss before tax or total Group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.



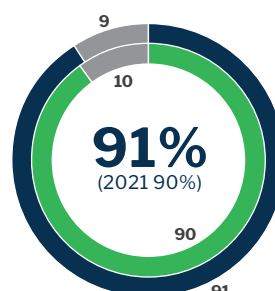
#### Group revenue



#### Group loss before tax (absolute)



#### Group total assets



- Full scope for group audit purposes 2022
- Specified risk-focused audit procedures 2022
- Full scope for group audit purposes 2021
- Specified risk-focused audit procedures 2021
- Residual components

## Independent Auditor's Report continued to the member of Benchmark Holdings plc

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £200,000 to £900,000 (2021: £100,000 to £500,000), having regard to the mix of size and risk profile of the Group across the components. The work on 12 of the 14 components (2021: 11 of the 13 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team.

The Group team held calls with all in scope component auditors to assess the audit risk and strategy as part of the planning process. During these, the audit approach to key risk areas were discussed.

Physical visits of component locations were not performed. Instead, video and telephone conference meetings were held with all in scope component auditors. During these, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor. The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

### 4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and 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 their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in section 2 of our report.

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 Group's or Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 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 Group or the Company will continue in operation.

### 5. 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 Directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and relevant Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to in-scope component audit teams of relevant fraud risks identified at the Group level and request to in-scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet performance targets and debt covenants, we perform procedures to address:

- the risk of management override of controls
- the risk of fraudulent revenue recognition, in particular the risk that revenue is overstated by recording in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries,
- the risk of bias in accounting estimates and judgements such as valuation of Group goodwill, other intangibles and of the Parent Company's investment in subsidiaries/ intercompany indebtedness.

We also identified a fraud risk related to valuation of biological assets in response to possible pressures and opportunity to meet performance targets. Further detail on the procedures performed over this balance is set out in the key audit matter disclosures in section 2 of this report.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted by infrequent users and those posted to unusual/unrelated accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Identifying revenue transactions on either side of year end date to test for all full scope components based on risk criteria and comparing the identified transactions to supporting documentation to ensure revenue is recognised in correct accounting period.

### 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 general commercial and sector experience, through discussion with the Directors and management (as required by auditing standards) and from inspection of the Group's Board meeting minutes, and discussed with the Directors and management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to in-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full-scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits 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.

Secondly, the Group is subject to many 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 the loss of the Group's license to operate in respective sectors and territories. We identified the following areas as those most likely to have such an effect: health and safety, GDPR, anti-bribery, employment, environmental protection and Medicines and Healthcare products Regulatory Agency (MHRA) regulation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and 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 remained a higher risk of non-detection of fraud, as these 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.

### 6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability statement (page 105) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

## Independent Auditor's Report continued to the member of Benchmark Holdings plc

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. 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 absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

### 7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects

### 8. Respective responsibilities

#### Directors' responsibilities

As explained more fully in their statement set out on page 109, 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 Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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](http://www.frc.org.uk/auditorsresponsibilities).

### 9. The purpose of our audit work and to whom we owe our responsibilities

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

#### Johnathan Pass

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

30 November 2022



## Consolidated Income Statement for the year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Revenue</b>	4	<b>158,277</b>	125,062
Cost of sales		<b>(75,149)</b>	(59,477)
<b>Gross profit</b>		<b>83,128</b>	65,585
Research and development costs		<b>(6,691)</b>	(7,010)
Other operating costs		<b>(44,661)</b>	(38,221)
Share of loss of equity-accounted investees, net of tax		<b>(595)</b>	(905)
<b>Adjusted EBITDA<sup>2</sup></b>		<b>31,181</b>	19,449
Exceptional – restructuring/acquisition-related items	10	<b>16</b>	(184)
<b>EBITDA<sup>1</sup></b>		<b>31,197</b>	19,265
Depreciation and impairment	5	<b>(19,897)</b>	(8,359)
Amortisation and impairment	5	<b>(19,161)</b>	(16,283)
<b>Operating loss</b>		<b>(7,861)</b>	(5,377)
Finance cost	9	<b>(20,057)</b>	(7,987)
Finance income	9	<b>4,741</b>	4,185
<b>Loss before taxation</b>		<b>(23,177)</b>	(9,179)
Tax on loss	11	<b>(7,274)</b>	(2,397)
<b>Loss for the year</b>		<b>(30,451)</b>	(11,576)
<b>(Loss)/profit for the year attributable to:</b>			
– Owners of the parent		<b>(32,087)</b>	(12,891)
– Non-controlling interest	28	<b>1,636</b>	1,315
		<b>(30,451)</b>	(11,576)
<b>Earnings per share</b>			
Basic loss per share (pence)	12	<b>(4.60)</b>	(1.93)
Diluted loss per share (pence)	12	<b>(4.60)</b>	(1.93)

1 EBITDA - earnings before interest, tax, depreciation, amortisation and impairment.

2 Adjusted EBITDA - EBITDA before exceptional and acquisition-related items.

The accompanying notes form part of the financial statements.

## Consolidated Statement of Comprehensive Income for the year ended 30 September 2022

	2022 £000	2021 £000
<b>Loss for the year</b>	<b>(30,451)</b>	(11,576)
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Foreign exchange translation differences	<b>47,606</b>	(9,929)
Cash flow hedges - changes in fair value	<b>2,627</b>	3,054
Cash flow hedges - reclassified to profit or loss	<b>2,546</b>	709
<b>Total comprehensive income for the year</b>	<b>22,328</b>	(17,742)
<b>Total comprehensive income for the year attributable to:</b>		
- Owners of the parent	<b>20,326</b>	(19,329)
- Non-controlling interest	<b>2,002</b>	1,587
	<b>22,328</b>	(17,742)

The accompanying notes form part of the financial statements.

## Consolidated Balance Sheet as at 30 September 2022

	Notes	2022 £000	2021 £000
<b>Assets</b>			
Property, plant and equipment	13	81,900	78,780
Right-of-use assets	14	27,034	25,531
Intangible assets	15	245,264	229,040
Equity-accounted investees	17	3,113	3,354
Other investments		15	15
Biological and agricultural assets	20	20,878	21,244
<b>Non-current assets</b>		<b>378,204</b>	357,964
Inventories	19	29,813	20,947
Biological and agricultural assets	20	25,780	17,121
Trade and other receivables	21	56,377	46,498
Cash and cash equivalents	34	36,399	39,460
<b>Current assets</b>		<b>148,369</b>	124,026
<b>Total assets</b>		<b>526,573</b>	481,990
<b>Liabilities</b>			
Trade and other payables	22	(44,324)	(46,668)
Loans and borrowings	23	(17,091)	(10,654)
Corporation tax liability		(10,211)	(5,634)
Provisions	24	(1,631)	(563)
<b>Current liabilities</b>		<b>(73,257)</b>	(63,519)
Loans and borrowings	23	(93,045)	(109,737)
Other payables	22	(8,996)	(911)
Deferred tax	25	(27,990)	(28,224)
<b>Non-current liabilities</b>		<b>(130,031)</b>	(138,872)
<b>Total liabilities</b>		<b>(203,288)</b>	(202,391)
<b>Net assets</b>		<b>323,285</b>	279,599
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	26	704	670
Additional paid-in capital	26	420,824	400,682
Capital redemption reserve	27	5	5
Retained earnings	27	(185,136)	(154,231)
Hedging reserve	27	(703)	(5,876)
Foreign exchange reserve	27	77,705	30,465
<b>Equity attributable to owners of the parent</b>		<b>313,399</b>	271,715
Non-controlling interest	28	9,886	7,884
<b>Total equity and reserves</b>		<b>323,285</b>	279,599

The financial statements on pages 119 to 182 were approved and authorised for issue by the Board of Directors on 30 November 2022 and were signed on its behalf by:

**Septima Maguire**  
Chief Financial Officer  
Company number: 04115910

The accompanying notes form part of the financial statements.

## Company Balance Sheet as at 30 September 2022

	Note	2022 £000	2021 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	50	59
Right-of-use assets	14	18	77
Intangible assets	15	25	28
Investments	18	251,368	250,648
Trade and other receivables	21	212,023	195,085
<b>Total non-current assets</b>		<b>463,484</b>	445,897
<b>Current assets</b>			
Trade and other receivables	21	2,220	2,042
Cash and cash equivalents	34	3,210	9,003
<b>Total current assets</b>		<b>5,430</b>	11,045
<b>Total assets</b>		<b>468,914</b>	456,942
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	(48,832)	(45,219)
Loans and borrowings	23	(4,019)	(49)
<b>Total current liabilities</b>		<b>(52,851)</b>	(45,268)
<b>Non-current liabilities</b>			
Trade and other payables	22	(8,387)	-
Loans and borrowings	23	(61,054)	(75,496)
<b>Total non-current liabilities</b>		<b>(69,441)</b>	(75,496)
<b>Total liabilities</b>		<b>(122,292)</b>	(120,764)
<b>Net assets</b>		<b>346,622</b>	336,178
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	26	704	670
Additional paid-in capital	26	420,824	400,682
Capital redemption reserve	27	5	5
Hedging reserve	27	(176)	(5,736)
Retained earnings	27	(74,735)	(59,443)
<b>Total equity and reserves</b>		<b>346,622</b>	336,178

The financial statements on pages 119 to 182 were approved and authorised for issue by the Board of Directors on 30 November 2022 and were signed on its behalf by:

**Septima Maguire**

Chief Financial Officer

Company number: 04115910

The accompanying notes form part of the financial statements.

## Consolidated Statement of Changes in Equity for the year ended 30 September 2022

	Share capital £000	Additional paid-in share capital* £000	Other reserves £000	Hedging reserve £000	Retained earnings £000	Total attributable to equity holders of parent £000	Non-controlling interest £000	Total equity £000
<b>As at 1 October 2020</b>	668	399,601	40,683	(9,651)	(142,170)	289,131	6,309	295,440
<b>Comprehensive income for the year</b>								
(Loss)/profit for the year	-	-	-	-	(12,891)	(12,891)	1,315	(11,576)
Other comprehensive income	-	-	(10,213)	3,775	-	(6,438)	272	(6,166)
<b>Total comprehensive income for the year</b>	-	-	(10,213)	3,775	(12,891)	(19,329)	1,587	(17,742)
<b>Contributions by and distributions to owners</b>								
Share issue	2	1,081	-	-	-	1,083	-	1,083
Share-based payment	-	-	-	-	830	830	-	830
<b>Total contributions by and distributions to owners</b>	2	1,081	-	-	830	1,913	-	1,913
<b>Changes in ownership</b>								
Acquisition of NCI	-	-	-	-	-	-	(12)	(12)
<b>Total changes in ownership interests</b>	-	-	-	-	-	-	(12)	(12)
<b>Total transactions with owners of the Company</b>	2	1,081	-	-	830	1,913	(12)	1,901
<b>As at 30 September 2021</b>	670	400,682	30,470	(5,876)	(154,231)	271,715	7,884	279,599
<b>Comprehensive income for the year</b>								
(Loss)/profit for the year	-	-	-	-	(32,087)	(32,087)	1,636	(30,451)
Other comprehensive income	-	-	47,240	5,173	-	52,413	366	52,779
<b>Total comprehensive income for the year</b>	-	-	47,240	5,173	(32,087)	20,326	2,002	22,328
<b>Contributions by and distributions to owners</b>								
Share issue	34	20,704	-	-	-	20,738	-	20,738
Share issue costs recognised through entity	-	(562)	-	-	-	(562)	-	(562)
Share-based payment	-	-	-	-	1,182	1,182	-	1,182
<b>Total contributions by and distributions to owners</b>	34	20,142	-	-	1,182	21,358	-	21,358
<b>Changes in ownership</b>								
<b>Total changes in ownership interests</b>	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	34	20,142	-	-	1,182	21,358	-	21,358
<b>As at 30 September 2022</b>	704	420,824	77,710	(703)	(185,136)	313,399	9,886	323,285

\* See Note 26.

The accompanying notes form part of the financial statements.

## Company Statement of Changes in Equity for the year ended 30 September 2022

	Share capital £000	Additional paid-in share capital* £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Total attributable to equity holders £000
<b>As at 1 October 2020</b>	668	399,601	5	(9,013)	(56,367)	334,894
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(3,906)	(3,906)
Other comprehensive income	-	-	-	3,277	-	3,277
<b>Total comprehensive income for the year</b>	-	-	-	3,277	(3,906)	(629)
<b>Contributions by and distributions to owners</b>						
Share-based payment	-	-	-	-	830	830
Share issue	2	1,081	-	-	-	1,083
<b>Total contributions by and distributions to owners</b>	2	1,081	-	-	830	1,913
<b>At 30 September 2021</b>	670	400,682	5	(5,736)	(59,443)	336,178
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(16,474)	(16,474)
Other comprehensive income	-	-	-	5,560	-	5,560
<b>Total comprehensive income for the year</b>	-	-	-	5,560	(16,474)	(10,914)
<b>Contributions by and distributions to owners</b>						
Share-based payment	-	-	-	-	1,182	1,182
Share issue	34	20,704	-	-	-	20,738
Share issue costs recognised through entity	-	(562)	-	-	-	(562)
<b>Total contributions by and distributions to owners</b>	34	20,142	-	-	1,182	21,358
<b>At 30 September 2022</b>	704	420,824	5	(176)	(74,735)	346,622

\* See Note 26.

The accompanying notes form part of the financial statements.

## Consolidated Statement of Cash Flows for the year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Cash flows from operating activities</b>			
<b>Loss for the year</b>		<b>(30,451)</b>	(11,576)
<b>Adjustments for:</b>			
Depreciation and impairment of property, plant and equipment	5	8,602	5,017
Depreciation and impairment of right-of-use assets	5	11,295	3,342
Amortisation and impairment of intangible fixed assets	5	19,161	16,283
(Profit)/loss on sale of property, plant and equipment	5	(43)	46
Finance income	9	(319)	(1,442)
Finance costs	9	18,437	7,987
Increase in fair value of contingent consideration receivable		(1,203)	-
Share of loss of equity-accounted investees, net of tax		595	905
Foreign exchange losses/(gains)		(3,985)	(1,800)
Share-based payment expense	31	1,182	830
Other adjustments for non-cash items		(276)	-
Tax expense	11	7,274	2,397
Increase in trade and other receivables		(8,511)	(8,178)
Increase in inventories		(5,406)	(3,554)
Increase in biological and agricultural assets		(6,099)	(5,427)
Increase in trade and other payables		6,946	5,547
Increase in provisions		1,058	-
		18,257	10,377
Income taxes paid		(7,447)	(4,587)
<b>Net cash flows generated from operating activities</b>		<b>10,810</b>	5,790
<b>Investing activities</b>			
Purchases of investments		(378)	(578)
Receipts from disposal of investments		1,544	9
Purchases of property, plant and equipment		(10,808)	(17,683)
Purchases of intangibles		(205)	(225)
Capitalised research and development costs		(1,708)	(4,813)
Proceeds from sale of fixed assets		220	112
Interest received		119	88
<b>Net cash flows used in investing activities</b>		<b>(11,216)</b>	(23,090)
<b>Financing activities</b>			
Proceeds of share issues		20,737	750
Share-issue costs recognised through equity		(562)	-
Acquisition of NCI		-	(12)
Proceeds from bank or other borrowings (net of borrowing fees)		67,939	-
Repayment of bank or other borrowings		(74,874)	(3,106)
Interest and finance charges paid		(9,629)	(7,699)
Repayments of lease liabilities		(10,533)	(4,602)
<b>Net cash flows used in financing activities</b>		<b>(6,922)</b>	(14,669)
<b>Net decrease in cash and cash equivalents</b>		<b>(7,328)</b>	(31,969)
Cash and cash equivalents at beginning of year		39,460	71,605
Effect of movements in exchange rate		4,267	(176)
<b>Cash and cash equivalents at end of year</b>	34	<b>36,399</b>	39,460

The accompanying notes form part of the financial statements.

## Company Statement of Cash Flows for the year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Cash flows from operating activities</b>			
<b>Loss for the year</b>		<b>(16,474)</b>	(3,907)
<b>Adjustments for:</b>			
Depreciation and impairment of property, plant and equipment	13	29	750
Depreciation of right-of-use assets	14	59	176
Amortisation of intangible fixed assets	15	3	2
Finance income		(4,130)	(1,812)
Finance expense		16,862	5,326
Foreign exchange gains		(365)	(2,621)
Share-based payment expense		463	213
Tax expense		2	5
Increase in trade and other receivables		(3,710)	(82)
Increase in trade and other payables		602	1,831
		<b>(6,659)</b>	(119)
Income taxes paid		(2)	(5)
<b>Net cash flows used in operating activities</b>		<b>(6,661)</b>	(124)
<b>Investing activities</b>			
Loans to subsidiary undertakings		(12,859)	(34,838)
Receipts from the disposal of investments		1,544	-
Purchases of property, plant and equipment		(20)	(25)
Purchases of intangible assets		-	(30)
Interest received		206	18
Dividends received		3,924	1,489
<b>Net cash (used in)/generated from investing activities</b>		<b>(7,205)</b>	(33,386)
<b>Financing activities</b>			
Proceeds of share issues		20,737	750
Share issue costs recognised through equity		(562)	-
Proceeds from bank borrowings (net of borrowing fees)		67,939	-
Payment of lease liabilities		(48)	(179)
Repayment of bank borrowings		(73,235)	(245)
Interest paid		(6,956)	(5,631)
<b>Net cash (used in)/generated from financing activities</b>		<b>7,875</b>	(5,305)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,991)</b>	(38,815)
Cash and cash equivalents at beginning of period		9,003	47,825
Effect of movements in exchange rate		198	(7)
<b>Cash and cash equivalents at end of year</b>	34	<b>3,210</b>	9,003

The accompanying notes form part of the financial statements.



# Notes Forming Part of the Financial Statements

## for the year ended 30 September 2022

### 1 Accounting policies

#### Corporate information

Benchmark Holdings plc (the "Company") is a public limited company, which is listed on the Alternative Investment Market ("AIM"), a sub-market of the London Stock Exchange. The Company is incorporated and domiciled in England. The registered company number is 04115910 and the registered office is at Benchmark House, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH. The Group is principally engaged in the provision of technical services, products and specialist knowledge that support the global development of sustainable food and aquaculture industries.

#### Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement, the Strategic Report, the FY22 Financial Review and the Audit Committee Report.

These Group and parent company financial statements were prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 as it applies to companies reporting under those standards ("Adopted IFRS"). The Group reports earnings before interest, depreciation and amortisation ("EBITDA") and EBITDA before exceptional and acquisition related items ("Adjusted EBITDA") to enable a better understanding of the investment being made in the Group's future growth and provide a better measure of our underlying performance.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: certain financial assets and financial liabilities (including contingent consideration receivable and derivatives) and biological assets measured at fair value. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### Going concern

As at 30 September 2022 the Group had net assets of £323.3m (2021: £279.6m), including cash of £36.4m (2021: £39.5m) as set out in the Consolidated Balance Sheet on page 121. The Group made a loss for the year of £30.5m (2021: £11.6m). As at 30 September 2022 the Company had net assets of £346.6m (2021: £336.2m), including cash of £3.2m (2021: £9.0m) as set out on the Company Balance Sheet on page 122. The Company made a loss for the year of £16.5m (2021: £3.9m).

As noted in the Strategic Report, we have seen a year of strong performance following an extended period impacted by COVID-19, with improvements throughout the year in all of our three business areas. The Directors have reviewed forecasts and cash flow projections for a period of at least 12 months including downside sensitivity assumptions in relation to trading performance across the Group to assess the impact on the Group's trading and cash flow forecasts and on the forecast compliance with the covenants included within the Group's financing arrangements.

In the downside analysis performed, the Directors considered severe but plausible scenarios on the Group's trading and cash flow forecasts, firstly in relation to continued roll out of the Ectosan<sup>®</sup>Vet and CleanTreat offering. Sensitivities considered included modelling slower ramp up of the commercialisation of Ectosan<sup>®</sup> Vet and CleanTreat<sup>®</sup> through delayed roll-out of the revised operating model for the service, together with reductions in expected biomass treated and reduced treatment prices. Key downside sensitivities modelled in other areas included assumptions on slower commercialisation of SPR shrimp, slower salmon egg sales growth both in Chile and to land-based farms in Genetics, along with sensitivities on sales price increases and potential supply constraints on CIS artemia in Advanced Nutrition. Mitigating measures within the control of management have been identified should they be required in response to these sensitivities, including reductions in areas of discretionary spend, deferral of capital projects and temporary hold on R&D for non-imminent products.

The year ended with the successful refinancing of its NOK 850 million bond which was due to mature in June 2023 with the issue of a NOK 750 million unsecured green bond maturing in September 2025. This was achieved against a backdrop of challenging macroeconomic and market conditions and places the Group in a much stronger position in light of the ongoing market environment. Additionally, following the year end, the USD15m RCF was refinanced with the agreement of a new GBP20m RCF on 21 November 2022 with a maturity of June 2025. Furthermore, our NOK 216m loan facility (which had NOK 165.6m outstanding at the year end) which was set to mature in October 2023 was combined with our NOK 17.5m overdraft facility into a new loan facility of NOK 179.5m on 1 November 2022, with a new maturity date in a further 5 years no later than 15 January 2028. Following all of these refinancing transactions, the Directors are satisfied there are sufficient facilities in place during the assessment period.

# Notes Forming Part of the Financial Statements continued

## for the year ended 30 September 2022

### 1 Accounting policies continued

The global economic environment has recently experienced turbulence largely as a result of the conflict in Eastern Europe with supply issues in a number of industries impacted and inflation at high levels. Against this backdrop, the Group shows resilience against these pressures in its forecasts, with financial instruments in place to fix interest rates and with opportunities available to mitigate globally high inflation rates, such that even under all of the above scenario analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants.

The Directors therefore remain confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due within the period of 12 months from the date of approval of these financial statements. Based on their assessment, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 30 September 2022. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date when such control ceases.

Where the Company has power, either directly or indirectly, over another entity or business and the ability to use this power to affect the amount of returns, as well as exposure or rights to variable returns from its involvement with the investee, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries (the 'Group') as if they formed a single entity. Inter-company transactions, balances, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Non-controlling interests, presented as part of equity, represent a proportion of a subsidiary's profit or loss and net assets that is not held by the Group. The total comprehensive income or loss of non-wholly-owned subsidiaries is attributed to owners of the Parent and to the non-controlling interests in proportion to their respective ownership interests.

A separate income statement for the Company is not presented, in accordance with section 408 of the Companies Act 2006. The loss for the year for the Company was £16,475,000 (2021: £3,906,000).

### Standards issued but not effective

A number of new standards, amendments to standards and interpretations are not yet effective, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below:

- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IFRS 3: Reference to the Conceptual Framework
- IFRS 17 Insurance Contracts
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IFRS 17
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimate
- Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Directors do not expect that the adoption of the above standards and interpretations will have a material impact on the financial statements of the Group in future periods.

### New standards and interpretations applied for the first time

The following standards which are effective for periods beginning on or after 1 January 2021 have been adopted without any significant impact on the amounts reported in these financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS4, and IFRS 16: Interest Rate Benchmark Reform
- Amendment to IFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021

## Revenue

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific criteria must also be met before revenue is recognised:

### Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration and excludes intra-group sales and value added and similar taxes. The primary performance obligation is the transfer of goods to the customer. Revenue from the sale of goods is recognised when control of the goods is transferred to the customer, at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods.

As sales arrangements differ from time to time (for example by customer and by territory), each arrangement is reviewed to ensure that revenue is recognised when control of the goods has passed to the customer.

This review and the corresponding recognition of revenue encompass a number of factors which include, but are not limited to the following:

- reviewing delivery arrangements and whether the buyer has accepted title, recognising revenue at the point at which full title has passed; and/or
- where distribution arrangements are in place, recognising revenue when control has passed either to the third party customer or the distributor (for example by consideration of any rights of return) at the point at which title has passed.

Within Genetics, revenue from the sale of eggs is recognised when the control of the goods has transferred to the customer or distributor, either on despatch or on receipt of goods by customer in line with the commercial terms governing the transaction.

Within Advanced Nutrition, revenue of products is recognised when the control of the goods has transferred to the customer or distributor, either on despatch or when goods are loaded onto the freight vessel, in line with the commercial terms of the transaction and relevant local regulations.

Within Health, revenue from the sale of licensed veterinary treatments, vaccines and vaccine components is recognised when the control of the goods has transferred to the customer or distributor, either on despatch or upon treatment of biomass by the customer in line with commercial terms of the transaction. Where the buyer has a right of return, revenue and cost of sales are adjusted for the value of the expected returns based on historical results, taking into consideration the specifics of each arrangement.

### Rendering of services

Services including technical consultancy and water purification following medicinal bath treatments are provided by Genetics, and Health. Genetics also licenses production of its genetic lines to certain salmon farmers and receives royalties based on the number of eggs produced by those farmers.

Within each contract, judgement is applied to determine the extent to which activities within the contract represent distinct performance obligations to be delivered. Judgement is applied to determine first whether control passes over time and if not, then the point in time at which control passes. Where control passes at a point in time then revenue is recognised at that point. For all the services currently provided by the Group, control passes at a point in time upon delivery of the service and revenue is recognised at that point. Royalty income from the licensed production of the Group's genetic lines is recognised during the period the farmer produces the eggs.

### Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Transaction costs, other than share and debt issue costs, are expensed as incurred. In accordance with IFRS 3: Business Combinations, the Group has a 12-month period in which to finalise the fair values allocated to assets and liabilities determined provisionally on acquisition.

Contingent consideration is measured at fair value based on an estimate of the expected future payments. Deferred consideration is measured at the present value of the obligation.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the Consolidated Income Statement.

# Notes Forming Part of the Financial Statements continued

## for the year ended 30 September 2022

### 1 Accounting policies continued

#### Foreign currency

The Group's consolidated financial statements are presented in UK Pounds Sterling, which is also the Parent Company's functional currency. The Group determines the functional currency of each of its subsidiaries and items included in the financial statements of each of those entities are measured using that functional currency.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Consolidated Income Statement.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in the Income Statement in the Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the Consolidated Income Statement as part of the profit or loss on disposal.

#### Financial assets

The Group has measured all of its financial assets (trade receivables and cash and cash equivalents), except for contingent consideration receivable, at amortised cost.

Financial assets arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. To determine whether financial assets may be measured at amortised cost or fair value through other comprehensive income, management assesses whether the cash flows represent solely payments of principal and interest on the principal amount (SPPI). Assets meeting the SPPI criterion are recognised at amortised cost using the effective interest rate method, less provision for impairment, while assets that do not meet SPPI are measured at fair value through profit and loss.

Impairment provisions for receivables, in accordance with IFRS 9, are calculated using an expected credit loss model. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within operating costs in the Consolidated Income Statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Amounts owed by subsidiaries are classified and recorded at amortised cost and reduced by allowances for expected credit losses. Estimated future credit losses are first recorded on initial recognition of a receivable and are based on estimated probability of default. Individual balances are written off when management deems them not to be collectible. Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand with sufficient liquidity in the group to flow funds if required. Therefore expected credit losses relating to receivables and loans from subsidiary companies are considered to be immaterial.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from inception, and for the purpose of the statements of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Consolidated Balance Sheet.

Any gain or loss arising on derecognition of a financial asset is recognised directly in the income statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### Financial assets fair value through profit and loss

Contingent consideration receivable is recognised at fair value with movements recognised in the Consolidated Income Statement.

#### Financial liabilities

The Group classifies its financial liabilities as other financial liabilities which include the following items:

- Bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Balance Sheet.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Any gain or loss arising on derecognition of a financial liability is recognised directly in the income statement. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

#### **Financial liabilities fair value through profit and loss**

Contingent consideration is recognised at fair value with movements recognised in the Consolidated Income Statement. For financial contracts which are designated as a fair value hedge, the fair value of the derivative is recognised in the Consolidated Income Statement.

#### **Financial liabilities fair value through hedging reserve**

For financial contracts which are designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in the Statement of Other Comprehensive Income ("OCI") and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

#### **Share capital**

The Group's ordinary shares are classified as equity instruments.

#### **Derivative Financial Instruments**

The Group uses derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are remeasured to fair value at each reporting date.

#### **Cash Flow Hedges**

Changes in the fair value of derivative financial instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs.

#### **Net Investment Hedge**

For hedges of net investments in foreign operations where the hedge is effective, movements are recognised in other comprehensive income. Ineffectiveness is recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

#### **Retirement benefits: defined contribution schemes**

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

#### **Share-based payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Income Statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Income Statement over the remaining vesting period.

Where equity-settled share options are awarded to employees of subsidiaries, in the Company accounts a credit is made to equity which is equal to the expense that should be recognised in the relevant subsidiary's (and Group's) accounts and an equal increase in investments in subsidiaries is made. The credit to equity in the Parent will not be a realised profit and will not therefore be available for distribution.

#### **Goodwill**

Goodwill is initially measured at cost, being the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Income Statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Consolidated Income Statement on the acquisition date.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 1 Accounting policies continued

#### Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives as outlined below, on a straight-line basis from the time they are available for use.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

In-process research and development programmes acquired in such combinations are recognised as an asset, even if subsequent expenditure is written off because it does not meet the criteria specified in the policy for development costs below.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Validation method
Websites	5 years	Assessment of estimated revenues and profits
Patents	2–5 years	Cost to acquire
Trademarks	2–5 years	Cost to acquire
Contracts	3–20 years	Assessment of estimated revenues and profits
Licences	3–20 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Intellectual property	Up to 20 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Customer lists	Up to 26 years	Assessment of estimated revenues and profits
Genetic material and breeding nuclei	10–40 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Development costs	Up to 10 years	Cost to acquire

#### Impairment of non-financial assets (excluding inventories and biological assets)

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash-generating unit (“CGUs”), when there is an indication that the assets might be impaired. Additionally, goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows: its CGUs. Goodwill is allocated on initial recognition to each of the Group’s CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the Consolidated Income Statement, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

#### Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are recognised at cost, less accumulated amortisation and impairment losses and are amortised over the period the Group expects to benefit from selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the Consolidated Income Statement as incurred.

### Finance income and costs

Finance costs include interest payable, finance charges on lease liabilities recognised in profit or loss using the effective interest method, amortisation of capitalised borrowing fees, unwinding of the discount on provisions, ineffective portions of the fair value movement of derivative financial instruments and net foreign exchange losses that are recognised in the income statement. Finance income comprises interest receivable on funds invested, dividend income and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

### Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### Uncertain tax positions

In respect of uncertain tax positions, where an outflow of funds is believed to be probable and a reliable estimate of the outcome can be made, management provides for its best estimate of the liability. Such provisions are measured using either the most likely outcome method, or the expected value method depending on management's judgement of which method better predicts the resolution of the uncertainty. The methodology will be reviewed in each case upon the receipt of any new information.

### Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Assets in the course of construction which have not yet been brought into use are not depreciated until fully commissioned and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold property	– 2%–10% per annum straight line
Long-term leasehold property improvements	– 2%–10% per annum straight line
Plant and machinery	– 15% per annum reducing balance/10%–33% per annum straight line
Motor vehicles	– 25% per annum reducing balance
E commerce infrastructure	– 10% per annum straight line
Other fixed assets	– 15%–33% per annum straight line

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 1 Accounting policies continued

#### IFRS 16: Leases

The Group leases various properties, plant, equipment and vehicles with a wide range of rental periods.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by the Group under residual value guarantees.
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee which does not have recent third-party financing.
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is remeasured when there is a change in future lease payments arising from a change in the Group's assessment of whether it will exercise a purchase, extension or termination option or if there is a revised lease term for an existing lease. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets, such as IT equipment, are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.



### Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The recoverability of the cost of inventories is assessed every reporting period, by considering the expected net realisable value of inventory compared to its carrying value. Management considers the nature and condition of the inventory and considers expected sales of work in progress, finished goods and goods for resale and future usage of raw materials. Where the net realisable value is lower than the carrying value, a provision is recorded.

### Biological assets

Biological assets comprise the asset types:

- Salmon eggs
- Salmon broodstock
- Salmon milt
- Lumpfish fingerlings
- Shrimp

Biological assets are, in accordance with IAS 41: Agriculture, measured at fair value, unless the fair value cannot be measured reliably.

The categorisation, for each of the above asset types, of the level in the fair value hierarchy set out in IFRS 13 is detailed in Note 20.

For any biological assets where fair value cannot be measured reliably, the assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Non-current biological assets are those biological assets which will not be sold or produce saleable progeny within 12 months of the balance sheet date. Further details of the valuation of biological assets are given in Note 20.

### Government grants

Government grants received on capital expenditure are included in the balance sheet as deferred income and released to the income statement over the life of the asset. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the Consolidated Income Statement or netted against the asset purchased.

### Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. The Group has recognised provisions for liabilities of uncertain timing or amount, including those for leasehold dilapidations and future unavoidable costs of dismantling and removing items of equipment from leased items. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

### Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for impairment.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 1 Accounting policies continued

#### Investments in equity-accounted investees

A joint venture is an entity over which the Group has joint control, under a contractual agreement. An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of joint ventures and associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures and associates are carried in the Consolidated Balance Sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture or associate, less any impairment in the value of the investment. Losses of a joint venture or associate in excess of the Group's interest in that entity are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

The activities of the Group's equity accounted investees are closely aligned with the Group's principal activities, usually being set up to exploit opportunities from the Intellectual Property ("IP") held within the Group. As a result, the Group's share of the results of these entities is included within Operating Profit to provide more meaning to the operating results.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture or associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

#### Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting ("AGM").

#### Assets held for sale

Any non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### 2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Estimates

##### (a) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted).
- Level 2: Observable direct or indirect inputs other than Level 1 inputs.
- Level 3: Unobservable inputs (i.e. not derived from market data).

## 2 Critical accounting estimates and judgements continued

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The key sources of estimation uncertainty in items the Group measures at fair value are in biological assets (Note 20), these are the estimation of sales volumes and sales prices for uncontracted future sales of salmon eggs. This applies to salmon eggs and broodstock with a fair value of £16,042,000.

### (b) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in Note 16.

### Judgements

#### Recognition of deferred tax

Deferred tax is provided in full on temporary differences under the liability method using substantively enacted rates to the extent that they are expected to reverse. Provision is made in full where the temporary differences result in liabilities, but deferred tax assets are only recognised where the Directors believe it is probable that the assets will be recovered. Judgement is required to determine the likelihood of reversal of the temporary differences in establishing whether an asset should be recognised.

## 3 Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

### Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Floating rate NOK Bond ("FRN")
- Cross-currency swap ("CCS")
- Interest rate swaps ("IRS")
- Contingent consideration

The Group's interest rate risk is primarily in relation to floating rate borrowings, which generates interest cost volatility. The Group's policy is to mitigate, to an acceptable level, this possible cost volatility.

To manage this risk, the Group took out a NIBOR floating-to-fixed IRS in 2019 to fix a proportion of the interest payments on the NOK 165.5m (2021: NOK 180m) term loan in Benchmark Genetics Salten. The IRS fully matches the tenor of the loan and further information on the underlying loan can be found in Note 23.

Following the issue of the NOK 750m FRN (Green Bond) in 2022 a floating-to-fixed CCS was entered which fully matches the timing and tenor of the underlying FRN. The CCS converted NOK 450m (60%) to US dollars. The Group also took out a floating-to-fixed IRS for the remaining NOK 300m. Further information on the CCS and IRS can be found in Note 23.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 3 Financial instruments – risk management continued

The CCS and IRS will be carried at fair value on the balance sheet. The effective portion of changes in fair value of the CCS will either be taken directly to the income statement or to equity within the hedging reserve and recycled to profit or loss as the hedged FRN impacts the profit or loss. To the extent that any ineffectiveness results, the ineffective portion of the gain or loss will be recognised in profit or loss within finance expense. To measure actual ineffectiveness the change in fair value of the hedged item is calculated using a hypothetical derivative method.

The main sources of ineffectiveness relating to interest rate risk hedges are differences in the critical terms, differences in repricing dates and credit risk.

Hedges of the Group's net investment in foreign operations principally comprise borrowings in the currency of the investment's net assets. This enables gains and losses arising on retranslation of these foreign currency borrowings to be charged to other comprehensive income, providing a partial offset in equity against the gains and losses arising on translation of the net assets of foreign operations.

During the year the Group designated NOK 300m of the issued NOK 750m green bond as a net investment hedge of NOK net assets. Any ineffective portion of the change in fair value is recognised immediately in the income statement.

As at September 2022	Notional Value of contracts thousands	Average fixed rate	Change in fair value of hedging instrument during reporting period used for measuring ineffectiveness £000	Fair value recognised in balance sheet (Assets) £000	Fair value recognised in balance sheet (Liabilities) £000	Change in fair value of hedged item during reporting period used for measuring effectiveness £000	Ineffectiveness recognised in the period £000
Interest rate risk – NOK	NOK 82,800	5.13%	529	375	–	(529)	–
Interest rate risk – NOK	NOK 300,000	10.15%	176	176	–	(176)	–
Cross-currency risk – USD	NOK 450,000	8.03%	(1,855)	–	(8,563)	1,855	–

As at September 2021	Notional Value of contracts thousands	Average fixed rate	Change in fair value of hedging instrument during reporting period used for measuring ineffectiveness £000	Fair value recognised in balance sheet (Assets) £000	Fair value recognised in balance sheet (Liabilities) £000	Change in fair value of hedged item during reporting period used for measuring effectiveness £000	Ineffectiveness recognised in the period £000
Interest rate risk – NOK	NOK 90,000	2.01%	486	–	(153)	(486)	–
Cross-currency risk – GBP	NOK 637,500	6.42%	3,277	–	(5,736)	(3,277)	–
Cross-currency risk – USD	NOK 212,500	7.28%	2,063	–	(972)	(2,063)	–

The line item in the balance sheet that the above hedging instruments is included in is trade and other payables. The item in the profit and loss account that includes the recognised hedge ineffectiveness is finance cost.

Further information is shown in Note 23.

A summary of the financial instruments held by category is provided below:

#### Group

#### Financial assets

	2022 £000	2021 £000
<b>Financial assets not measured at fair value</b>		
Cash and cash equivalents (Note 34)	36,399	39,460
Trade and other receivables (Note 21)	28,470	22,033
	<b>64,869</b>	61,493
<b>Financial assets at fair value through profit and loss</b>		
Other receivables – contingent consideration	887	1,028
<b>Total financial assets</b>	<b>65,756</b>	62,521

**Group** continued  
**Financial liabilities**

	2022 £000	2021 £000
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables (Note 22)	44,711	40,556
Loans and borrowings (Note 23)	110,136	120,391
	<b>154,866</b>	160,947
<b>Financial liabilities at fair value through Hedging Reserve</b>		
Financial contracts – hedging instrument (Note 22)	21	5,889
	<b>21</b>	5,889
<b>Financial liabilities at fair value through profit and loss</b>		
Financial contracts – hedging instrument (Note 22)	7,991	972
<b>Total financial liabilities</b>	<b>162,859</b>	167,808

**Company**  
**Financial assets**

	2022 £000	2021 £000
<b>Financial assets not measured at fair value</b>		
Cash and cash equivalents (Note 34)	3,210	9,003
Trade and other receivables (Note 21)	212,230	195,286
<b>Financial assets at fair value through profit and loss</b>	<b>215,440</b>	204,289
Other receivables – contingent consideration	886	1,028
<b>Total financial assets</b>	<b>216,326</b>	205,317

**Financial liabilities**

	2022 £000	2021 £000
<b>Financial liabilities at amortised cost</b>		
Trade and other payables (Note 22)	48,832	38,511
Loans and borrowings (Note 23)	65,073	75,545
	<b>113,905</b>	114,056
<b>Financial liabilities at fair value through Hedging Reserve</b>		
Finance contracts – hedging instrument (Note 22)	396	5,736
	<b>396</b>	5,736
<b>Financial liabilities at fair value through profit and loss</b>		
Finance contracts – hedging instrument (Note 22)	7,991	972
<b>Total financial liabilities</b>	<b>122,292</b>	120,764

There were no financial instruments classified as available for sale.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 3 Financial instruments – risk management continued

#### General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Group's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group for debts past due. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit-risk characteristics, and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 September 2022 and the corresponding historical losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. At 30 September 2022 the risk is considered to have increased in response to the global economic pressures caused by the conflict in Eastern Europe.

The loss allowance provision as at 30 September 2022 and 30 September 2021 is determined as follows:

	Not due £000	Past due (up to one month) £000	Past due (one to three months) £000	Past due(three to twelve months) £000	Past due(over twelve months) £000	Total £000
<b>30 September 2022</b>						
Expected loss rate	0.99%	0.99%	3.86%	11.83%	101.56%	
Gross carrying amount – trade receivables	22,606	3,754	2,021	530	2,310	31,219
Loss allowance	(225)	(37)	(78)	(63)	(2,346)	(2,748)
Specific loss allowance	-	-	-	-	-	-
Total loss allowance	(225)	(37)	(78)	(63)	(2,346)	(2,748)
<b>30 September 2021</b>						
Expected loss rate	0.25%	0.65%	4.33%	16.36%	100.00%	
Gross carrying amount – trade receivables	18,859	1,932	786	669	2,280	24,526
Loss allowance	(46)	(13)	(34)	(109)	(2,280)	(2,482)
Specific loss allowance	-	-	-	(11)	-	(11)
Total loss allowance	(46)	(13)	(34)	(120)	(2,280)	(2,493)

The movement in Group provision for impairment of trade receivables is shown in Note 21.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating 'A' are accepted.

### Fair value and cash flow interest rate risk

During the year the Group had borrowings denominated in US Dollars and Norwegian Krone. If interest rates on US Dollar and Norwegian Krone denominated borrowings had been 100 basis points higher/lower with all other variables held constant, loss after tax for the year ended 30 September 2022 would be £956,000 higher/lower (2021: £962,000 higher/lower). The Directors consider that 100 basis points is the maximum likely change in the relevant interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The Group renegotiated the terms of its LIBOR Revolving Credit Facility in December 21 to Sterling Overnight Index Average Rate (SONIA). The impact of this was not material.

The only interest rate benchmarks which the Group is predominantly exposed to and that is subject to reform is NIBOR. These exposures relate to the FRN, Revolving Credit Facility, Benchmark Genetics Salten Term Loan and the associated floating-to-fixed IRS and CCS. At present the Norwegian regulatory bodies have provided no further updates on NIBOR transition and no formal cessation date has been agreed.

The Group continues to engage with its finance partners whilst closely monitoring the market and output from various industry working groups managing the transition to new benchmark interest rates.

### Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency (principally Sterling, Norwegian Krone, Icelandic Krona, Euro, US Dollars and Danish Krone). The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The following table shows the impact of a 10% increase and reduction in Sterling against the relevant foreign currencies, with all other variables held constant, on the Group's profit before tax and equity. A greater or smaller change would have a pro rata effect. The movements in profit arise from retranslation of foreign currency denominated monetary items held at the year end, including the foreign currency revolving credit facility, foreign currency bank accounts, trade receivables, trade and other payables. The movements in equity arise from the retranslation of the net assets of overseas subsidiaries and the intangible assets arising on consolidation in accordance with IFRS 10: Consolidated Financial Statements.

### Foreign exchange risk

Increase/(decrease)	£/\$		£/€		£/NOK		£/ISK		£/THB	
	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000
<b>2022 10% increase in rate</b>	<b>(1,310)</b>	<b>(14,886)</b>	<b>(344)</b>	<b>(2,952)</b>	<b>6,085</b>	<b>(1,614)</b>	<b>5</b>	<b>(3,781)</b>	<b>(520)</b>	<b>(2,277)</b>
<b>2022 10% reduction in rate</b>	<b>1,601</b>	<b>18,194</b>	<b>420</b>	<b>3,608</b>	<b>(7,438)</b>	<b>1,973</b>	<b>(6)</b>	<b>4,621</b>	<b>635</b>	<b>2,783</b>
2021 10% increase in rate	99	(14,824)	(53)	(2,422)	6,816	(926)	5	(2,787)	41	(1,887)
2021 10% reduction in rate	(121)	18,119	64	2,961	(8,331)	1,131	(6)	3,406	(50)	2,306

### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group seeks to maintain cash balances (or agreed facilities) sufficient to meet expected requirements detailed in rolling three-month cash flow forecasts, and in long-term cash flow forecasts for a minimum period of not less than 12 months.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 3 Financial instruments – risk management continued

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

#### Group

As at September 2022	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
<b>Trade and other payables</b>	<b>36,097</b>	<b>7,630</b>	<b>96</b>	<b>–</b>	<b>888</b>
<b>Financial contracts – hedging instruments</b>	<b>77</b>	<b>24</b>	<b>12</b>	<b>7,899</b>	<b>–</b>
<b>Loan notes and bank borrowings</b>	<b>2,005</b>	<b>5,962</b>	<b>21,086</b>	<b>69,455</b>	<b>1,420</b>
<b>Lease liabilities</b>	<b>3,071</b>	<b>10,374</b>	<b>10,861</b>	<b>2,091</b>	<b>–</b>
<b>Total</b>	<b>41,250</b>	<b>23,990</b>	<b>32,055</b>	<b>79,445</b>	<b>2,308</b>

As at September 2021	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	32,489	7,156	–	–	911
Financial contracts – hedging instruments	232	416	6,060	153	–
Loan notes, bank borrowings and other loans	1,614	4,803	77,264	15,853	1,849
Lease liabilities	3,271	5,936	6,902	10,444	274
Total	37,606	18,311	90,226	26,450	3,034

#### Company

As at September 2022	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
<b>Trade and other payables</b>	<b>46,548</b>	<b>2,283</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Financial contracts</b>	<b>77</b>	<b>24</b>	<b>12</b>	<b>8,724</b>	<b>–</b>
<b>Loan notes</b>	<b>1,613</b>	<b>4,786</b>	<b>6,416</b>	<b>68,319</b>	<b>–</b>
<b>Lease liabilities</b>	<b>9</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>48,247</b>	<b>7,103</b>	<b>6,428</b>	<b>77,043</b>	<b>–</b>

As at September 2021	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	37,191	1,320	–	–	–
Financial contracts	232	416	6,060	–	–
Loan notes	1,211	3,594	75,652	–	–
Lease liabilities	22	28	19	–	–
Total	38,656	5,358	81,732	–	–

#### Capital management

The capital structure of the Group consists of debt, as analysed in Note 23, and equity attributable to the equity holders of the Parent Company, comprising share capital, share premium, merger reserve, capital redemption reserve, hedging reserve, foreign exchange reserve, retained earnings, and share-based payment reserve, and non-controlling interest as shown in the consolidated statement of changes in equity. The Group manages its capital with the objective that all entities within the Group continue as going concerns while maintaining an efficient structure to minimise the cost of capital and ensuring that the Group complies with the banking covenants associated with the external borrowing facilities. These covenants are related to minimum liquidity, equity and borrowing ratios. The Group is not restricted by any externally imposed capital requirements.



## 4 Revenue

The Group's operations and main revenue streams are those described in Note 1. The Group's revenue is derived from contracts with customers.

Disaggregation of revenue in the following tables: revenue is disaggregated by primary geographical market and by sales of goods and services. The table includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 8).

### Sales of goods and provision of services

Year ended 30 September 2022	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000
<b>Sale of goods</b>	<b>53,978</b>	<b>80,191</b>	<b>13,528</b>	–	–	<b>147,697</b>
<b>Provision of services</b>	<b>3,973</b>	–	<b>6,607</b>	–	–	<b>10,580</b>
<b>Inter-segment sales</b>	<b>57</b>	<b>95</b>	–	<b>5,120</b>	<b>(5,272)</b>	–
	<b>58,008</b>	<b>80,286</b>	<b>20,135</b>	<b>5,120</b>	<b>(5,272)</b>	<b>158,277</b>

Year ended 30 September 2021	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000
Sale of goods	41,947	70,458	6,135	–	–	118,540
Provision of services	4,825	–	1,697	–	–	6,522
Inter-segment sales	25	72	–	4,820	(4,917)	–
	46,797	70,530	7,832	4,820	(4,917)	125,062

### Primary geographical markets

Year ended 30 September 2022	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000
<b>Norway</b>	<b>34,666</b>	<b>965</b>	<b>15,571</b>	–	–	<b>51,202</b>
<b>India</b>	<b>619</b>	<b>12,001</b>	–	–	–	<b>12,620</b>
<b>Singapore</b>	–	<b>7,044</b>	–	–	–	<b>7,044</b>
<b>Turkey</b>	–	<b>6,419</b>	–	–	–	<b>6,419</b>
<b>Ecuador</b>	<b>18</b>	<b>6,472</b>	–	–	–	<b>6,490</b>
<b>Greece</b>	<b>2</b>	<b>6,197</b>	–	–	–	<b>6,199</b>
<b>Faroe Islands</b>	<b>5,465</b>	<b>9</b>	<b>587</b>	–	–	<b>6,061</b>
<b>UK</b>	<b>4,318</b>	<b>93</b>	<b>199</b>	–	–	<b>4,610</b>
<b>Chile</b>	<b>1,006</b>	<b>15</b>	<b>871</b>	–	–	<b>1,892</b>
<b>Rest of Europe</b>	<b>7,110</b>	<b>4,056</b>	–	–	–	<b>11,166</b>
<b>Rest of World</b>	<b>4,747</b>	<b>36,920</b>	<b>2,907</b>	–	–	<b>44,574</b>
<b>Inter-segment sales</b>	<b>57</b>	<b>95</b>	–	<b>5,120</b>	<b>(5,272)</b>	–
	<b>58,008</b>	<b>80,286</b>	<b>20,135</b>	<b>5,120</b>	<b>(5,272)</b>	<b>158,277</b>

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 4 Revenue continued

Year ended 30 September 2021	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000
Norway	27,129	570	3,689	-	-	31,388
UK	3,843	117	622	-	-	4,582
Faroe Islands	5,636	18	348	-	-	6,002
Ecuador	-	4,066	-	-	-	4,066
India	-	12,166	3	-	-	12,169
Greece	25	6,108	-	-	-	6,133
Singapore	-	7,544	-	-	-	7,544
Chile	437	7	2,335	-	-	2,779
Turkey	-	5,977	-	-	-	5,977
Rest of Europe	6,922	4,208	26	-	-	11,156
Rest of World	2,780	29,677	809	-	-	33,266
Inter-segment sales	25	72	-	4,820	(4,917)	-
	46,797	70,530	7,832	4,820	(4,917)	125,062

In 2021 and 2022 no customer accounted for more than 10% of revenue.

### 5 Expenses by nature

	2022 £000	2021 £000
Changes in inventories of finished goods and work in progress	(3,955)	(999)
Fair value movement in biological assets	(1,595)	(3,323)
Other movements in biological assets	(4,532)	(2,104)
Write-down of inventory to net realisable value	(14)	(87)
Raw materials and consumables used	60,794	52,007
Transportation expenses	5,302	3,111
Staff costs (see Note 7)	44,256	37,993
Motor, travel and entertainment	2,439	783
Premises costs	8,672	5,424
Advertising and marketing	1,352	1,077
Professional fees	6,895	6,108
Losses on disposal of property, plant and equipment	(43)	46
Exceptional – restructuring/acquisition related items (see Note 10)	(16)	184
Other research and development costs	2,741	3,037
Depreciation and impairment of PPE	8,602	5,017
Depreciation and impairment of right-of-use assets	11,295	3,342
Amortisation and impairment of intangible assets	19,161	16,283
Net impairment (reversed)/recognised on trade receivables	101	(583)
Other costs	5,430	3,663
	166,885	130,979
Other income – included within operating costs	(1,342)	(1,445)
<b>Total cost of sales, operating costs, depreciation, amortisation and impairment</b>	<b>165,543</b>	<b>129,534</b>

**Other income**

	2022 £000	2021 £000
Research and development expenditure credit	199	429
Grant	114	58
Royalties and compensation	458	493
Other	571	465
	<b>1,342</b>	1,445

**6 Auditor's remuneration**

	2022 £000	2021 £000
Audit of these financial statements	564	423
Additional charges relating to the audit of the FY21/20 financial statements	35	19
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	510	435
Audit related assurance services	5	4
All other services	6	4
	<b>1,120</b>	885

**7 Staff costs**

	2022 £000	2021 £000
Staff costs (including Directors) comprise:		
Wages and salaries	36,884	30,486
Social security contributions and similar taxes	3,829	4,323
Defined contribution pension cost	2,360	2,354
Share-based payment expense (Note 31)	1,182	830
	<b>44,255</b>	37,993

During the year the Group received government grants totalling £70,858 (2021: £261,700) in relation to the UK's Coronavirus Job Retention Scheme and similar schemes in other countries. The above staff costs are shown net of these grants.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 7 Staff costs continued

	2022 Number	2021 Number
The average monthly number of employees, including Directors, during the year was as follows:		
Production	656	613
Administration	101	112
Management	80	95
	837	820

### Directors' remuneration

Directors' emoluments and pension payments are detailed in the Single total figure of remuneration for the financial year ended 30 September 2022 table on page 98 and the Directors' share options are detailed in the Directors' interests under the Company's employee share plans table on page 100 in the Remuneration Report. These two tables form part of these audited financial statements.

In addition to the above, there was an accounting charge for share-based payments in respect of the Directors £209,000 (2021: £113,000). No options were exercised by the Directors during the current or prior year. The cost of employer National Insurance contributions in relation to the Directors was £216,000 (2021: £105,000).

The key management of the Group are deemed to be the Board of Directors and Executive Management Team who have authority and responsibility for planning and controlling all significant activities of the Group. Further information in relation to remuneration of key management team personnel can be found in Note 31.

### 8 Segment information

Operating segments are reported in a manner consistent with the reports made to the chief operating decision maker. It is considered that the role of chief operating decision maker is performed by the Board of Directors.

The Group operates globally and for management purposes is organised into reportable segments based on the following business areas:

- **Genetics** – harnesses industry leading salmon breeding technologies combined with state-of-the-art production facilities to provide a range of year-round high genetic merit ova.
- **Advanced Nutrition** – manufactures and provides technically advanced nutrition and health products to the global aquaculture industry.
- **Health** – following the divestment programme completed in the previous year the segment now focuses on providing health products to the global aquaculture market.

In order to reconcile the segmental analysis to the Consolidated Income Statement, corporate and inter-segment sales are also shown. Corporate sales represent revenues earned from recharging certain central costs to the operating business areas, together with unallocated central costs.

### Measurement of operating segment profit or loss

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter- segment sales £000	Total £000
<b>Year ended 30 September 2022</b>						
<b>Revenue</b>	<b>58,008</b>	<b>80,286</b>	<b>20,135</b>	<b>5,120</b>	<b>(5,272)</b>	<b>158,277</b>
Cost of sales	(25,971)	(37,733)	(11,544)	4	95	(75,149)
<b>Gross profit/ (loss)</b>	<b>32,037</b>	<b>42,553</b>	<b>8,591</b>	<b>5,124</b>	<b>(5,177)</b>	<b>83,128</b>
Research and development costs	(4,329)	(1,990)	(372)	-	-	(6,691)
Operating costs	(11,133)	(21,546)	(8,111)	(9,048)	5,177	(44,661)
Share of profit of equity-accounted investees, net of tax	(595)	-	-	-	-	(595)
<b>Adjusted EBITDA</b>	<b>15,980</b>	<b>19,017</b>	<b>108</b>	<b>(3,924)</b>	<b>-</b>	<b>31,181</b>
Exceptional – restructuring/acquisition related items	-	(220)	18	218	-	16
<b>EBITDA</b>	<b>15,980</b>	<b>18,797</b>	<b>126</b>	<b>(3,706)</b>	<b>-</b>	<b>31,197</b>
Depreciation and impairment	(5,322)	(2,236)	(12,251)	(88)	-	(19,897)
Amortisation and impairment	(1,695)	(15,000)	(2,463)	(3)	-	(19,161)
<b>Operating profit/(loss)</b>	<b>8,963</b>	<b>1,561</b>	<b>(14,588)</b>	<b>(3,797)</b>	<b>-</b>	<b>(7,861)</b>
Finance cost						(20,057)
Finance income						4,741
<b>Loss before tax</b>						<b>(23,177)</b>
<b>Year ended 30 September 2021</b>						
<b>Revenue</b>	<b>46,797</b>	<b>70,530</b>	<b>7,832</b>	<b>4,820</b>	<b>(4,917)</b>	<b>125,062</b>
Cost of sales	(20,866)	(34,562)	(4,118)	2	67	(59,477)
<b>Gross profit/(loss)</b>	<b>25,931</b>	<b>35,968</b>	<b>3,714</b>	<b>4,822</b>	<b>(4,850)</b>	<b>65,585</b>
Research and development costs	(4,865)	(1,948)	(197)	-	-	(7,010)
Operating costs	(8,933)	(19,918)	(6,202)	(8,018)	4,850	(38,221)
Share of profit of equity-accounted investees, net of tax	(605)	(300)	-	-	-	(905)
<b>Adjusted EBITDA</b>	<b>11,528</b>	<b>13,802</b>	<b>(2,685)</b>	<b>(3,196)</b>	<b>-</b>	<b>19,449</b>
Exceptional – restructuring/acquisition related items	850	(356)	(515)	(163)	-	(184)
<b>EBITDA</b>	<b>12,378</b>	<b>13,446</b>	<b>(3,200)</b>	<b>(3,359)</b>	<b>-</b>	<b>19,265</b>
Depreciation and impairment	(4,166)	(2,154)	(1,871)	(168)	-	(8,359)
Amortisation and impairment	(1,338)	(13,896)	(1,047)	(2)	-	(16,283)
<b>Operating profit/(loss)</b>	<b>6,874</b>	<b>(2,604)</b>	<b>(6,118)</b>	<b>(3,529)</b>	<b>-</b>	<b>(5,377)</b>
Finance cost						(7,987)
Finance income						4,185
<b>Loss before tax</b>						<b>(9,179)</b>

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 8 Segment information continued Non-current assets by location of assets

	2022 £000	2021 £000
Belgium	173,135	156,998
Norway	83,752	86,545
UK	42,373	44,629
Iceland	39,448	35,062
Rest of Europe	953	1,062
Rest of world	38,543	33,668
	<b>378,204</b>	<b>357,964</b>

### 9 Net finance costs

	2022 £000	2021 £000
Interest received on bank deposits	319	88
Foreign exchange gains on financing activities	4,422	786
Foreign exchange gains on operating activities	-	1,957
Cash flow hedges – reclassified from OCI	-	(709)
Cash flow hedges – ineffective portion of changes in fair value	-	2,063
<b>Finance income</b>	<b>4,741</b>	<b>4,185</b>
Finance leases (interest portion)	(1,744)	(1,076)
Cash flow hedges – reclassified from OCI	(2,546)	-
Cash flow hedges – ineffective portion of changes in fair value	(4,475)	-
Foreign exchange losses on operating activities	(1,620)	-
Interest expense on financial liabilities measured at amortised cost	(9,672)	(6,911)
<b>Finance costs</b>	<b>(20,057)</b>	<b>(7,987)</b>
<b>Net finance costs recognised in profit or loss</b>	<b>(15,316)</b>	<b>(3,802)</b>

### 10 Exceptional items – restructuring/acquisition related items

Items that are material because of their nature, non-recurring or whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. The separate reporting of exceptional items helps to provide an understanding of the Group's underlying performance.

	2022 £000	2021 £000
Acquisition related items	-	(850)
Exceptional restructuring costs	1,229	480
Cost in relation to disposals	(1,245)	554
Total exceptional items	<b>(16)</b>	<b>184</b>

Acquisition-related items are costs incurred in investigating and acquiring new businesses. In 2021 contingent consideration of £850,000 was released in relation to the purchase of Benchmark Genetics (USA) Inc.

Exceptional costs include: £843,000 (2021: £nil) of legal and professional costs in relation to preparing for listing the Group on the Oslo stock exchange, and £276,000 (2021: £480,000) relating to restructuring costs.

Costs in relation to disposals includes a credit of £1,203,000 (2021: £nil) in relation to additional contingent consideration received and receivable from disposals in previous years (£294,000 relating to the disposal of Aquaculture UK on 7 February 2020, and £909,000 relating to the disposal of Improve International Limited and its subsidiaries on 23 June 2020) together with legal fees, lease costs and disposal items (net of proceeds received) totalling £42,000 relating to additional costs and disposals proceeds relating to disposals that occurred in 2020.

## 11 Taxation

### Amounts recognised in profit or loss

	2022 £000	2021 £000
<b>Current tax expense</b>		
Analysis of charge in period		
Current tax:		
Current income tax expense on profits for the period	11,727	5,383
Adjustment in respect of prior periods	(39)	502
<b>Total current tax charge</b>	<b>11,688</b>	<b>5,885</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(4,414)	(3,228)
Deferred tax movements in respect of prior periods	-	(260)
<b>Total deferred tax credit (Note 25)</b>	<b>(4,414)</b>	<b>(3,488)</b>
<b>Total tax credit</b>	<b>7,274</b>	<b>2,397</b>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2022 £000	2021 £000
Accounting loss before income tax	(23,177)	(9,179)
Expected tax credit based on the standard rate of UK corporation tax at the domestic rate of 19.0% (2021: 19.0%)	(4,404)	(1,744)
Income not taxable	(181)	(133)
Expenses not deductible for tax purposes	1,235	358
Deferred tax not recognised	9,299	3,775
Adjustment to tax charge in respect of prior periods	(39)	242
Effects of changes in tax rates	-	(6)
Different tax rates in overseas jurisdictions	1,364	(95)
<b>Total tax charge</b>	<b>7,274</b>	<b>2,397</b>

As at 30 September 2022, the Group held a current provision within corporation tax of £1.0m (2021: £1.0m) in respect of uncertain tax positions. The resolution of these tax matters may take many years. The range of reasonably possible outcomes within the next financial year is £nil to £1.2m.

Deferred tax not recognised of £9,299,000 (2021: £3,775,000) mainly relates to current year losses which largely originate in the UK, and for which there is insufficient evidence that taxable profits will be available against which they can be utilised and so no deferred tax asset is recognised.

In FY21, the adjustment to tax charge in respect of prior periods includes a credit of £260,000 relating to deferred tax on intangible assets that should have been recognised at 30 September 2020. No adjustment was made in the current year.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 11 Taxation continued

#### Changes in tax rates and factors affecting the future tax charge

The UK Finance Bill 2021 substantively enacted on 24 May 2021, included an increase in the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. UK deferred tax assets and liabilities as at 30 September 2022 have been recalculated accordingly, based on the Group's best estimate of the timing of the unwind of existing temporary differences.

Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date, in the territories in which they arose.

There was no deferred tax recognised in other comprehensive income in the year (2021: £nil).

### 12 Loss per share

Basic loss per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	2022	2021
Loss attributable to equity holders of the parent (£000)	<b>(32,087)</b>	(12,891)
Weighted average number of shares in issue (thousands)	<b>698,233</b>	669,459
Basic loss per share (pence)	<b>(4.60)</b>	(1.93)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. This is done by calculating the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options and warrants.

A total of 6,240,304 potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the year (2021: 4,615,712) as they are anti-dilutive and reduce the loss per share. However, these potential ordinary shares could dilute earnings per share in the future.



## 13 Property, plant and equipment Group

	Freehold Land and Buildings £000	Assets in the course of construction £000	Long Term Leasehold Property Improvements £000	Plant and Machinery £000	Office Equipment and Fixtures £000	Total £000
<b>Cost</b>						
Balance at 1 October 2020	57,856	1,213	5,967	25,149	2,596	92,781
Additions	4,461	4,118	841	7,608	955	17,983
Reclassification	(2,075)	(371)	38	2,414	(6)	-
Increase/(decrease) through transfers from assets in the course of construction	3,080	(3,080)	-	-	-	-
Exchange differences	(5)	(73)	(22)	(1,107)	(206)	(1,413)
Disposals	(290)	-	(403)	(1,171)	(588)	(2,452)
Disposals through sale of subsidiary	-	-	-	-	-	-
Balance at 30 September 2021	63,027	1,807	6,421	32,893	2,751	106,899
<b>Balance at 1 October 2021</b>	<b>63,027</b>	<b>1,807</b>	<b>6,421</b>	<b>32,893</b>	<b>2,751</b>	<b>106,899</b>
<b>Additions</b>	<b>4,025</b>	<b>1,616</b>	<b>283</b>	<b>4,546</b>	<b>338</b>	<b>10,808</b>
<b>Re-classification to inventory</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,514)</b>	<b>-</b>	<b>(1,514)</b>
<b>Increase/(decrease) through transfers from assets in the course of construction</b>	<b>251</b>	<b>(1,275)</b>	<b>-</b>	<b>995</b>	<b>29</b>	<b>-</b>
<b>Exchange differences</b>	<b>1,924</b>	<b>116</b>	<b>432</b>	<b>2,377</b>	<b>146</b>	<b>4,995</b>
<b>Disposals</b>	<b>(224)</b>	<b>-</b>	<b>-</b>	<b>(131)</b>	<b>(126)</b>	<b>(481)</b>
<b>Balance at 30 September 2022</b>	<b>69,003</b>	<b>2,264</b>	<b>7,136</b>	<b>39,166</b>	<b>3,138</b>	<b>120,707</b>
<b>Accumulated Depreciation</b>						
Balance at 1 October 2020	6,481	-	4,984	14,669	1,046	27,180
Depreciation charge for the year	2,120	-	192	2,379	486	5,177
Reversal of impairment in the year	-	-	-	(160)	-	(160)
Exchange differences	(541)	-	(63)	(986)	(196)	(1,786)
Disposals	(231)	-	(390)	(1,096)	(575)	(2,292)
Balance at 30 September 2021	7,829	-	4,723	14,806	761	28,119
<b>Balance at 1 October 2022</b>	<b>7,829</b>	<b>-</b>	<b>4,723</b>	<b>14,806</b>	<b>761</b>	<b>28,119</b>
<b>Depreciation charge for the year</b>	<b>2,387</b>	<b>-</b>	<b>197</b>	<b>5,411</b>	<b>607</b>	<b>8,602</b>
<b>Exchange differences</b>	<b>792</b>	<b>-</b>	<b>256</b>	<b>1,200</b>	<b>141</b>	<b>2,389</b>
<b>Disposals</b>	<b>(84)</b>	<b>-</b>	<b>-</b>	<b>(102)</b>	<b>(117)</b>	<b>(303)</b>
<b>Balance at 30 September 2022</b>	<b>10,924</b>	<b>-</b>	<b>5,176</b>	<b>21,315</b>	<b>1,392</b>	<b>38,807</b>
<b>Net book value</b>						
<b>At 30 September 2022</b>	<b>58,079</b>	<b>2,264</b>	<b>1,960</b>	<b>17,851</b>	<b>1,746</b>	<b>81,900</b>
At 30 September 2021	55,198	1,807	1,698	18,087	1,990	78,780
At 1 October 2020	51,375	1,213	983	10,480	1,550	65,601

**Notes Forming Part of the Financial Statements continued**  
**for the year ended 30 September 2022**

**13 Property, plant and equipment** continued  
**Company**

	Office equipment and fixtures £000
<b>Cost</b>	
Balance at 1 October 2020	1,326
Additions	25
Disposals	-
Balance at 30 September 2021	1,351
<b>Balance at 1 October 2021</b>	<b>1,351</b>
<b>Additions</b>	<b>20</b>
<b>Disposals</b>	<b>-</b>
<b>Balance at 30 September 2022</b>	<b>1,371</b>
<b>Accumulated Depreciation</b>	
Balance at 1 October 2020	542
Depreciation charge for the year	284
Impairment charge for the year	466
Balance at 30 September 2021	1,29
<b>Balance at 1 October 2021</b>	<b>1,292</b>
<b>Depreciation charge for the year</b>	<b>29</b>
<b>Balance at 30 September 2022</b>	<b>1,321</b>
<b>Net book value</b>	
<b>At 30 September 2022</b>	<b>50</b>
At 30 September 2021	59
At 1 October 2020	784

**14 Leases**  
**Group**

	2022 £000	2021 £000
<b>Right-of-use-assets</b>		
Leasehold property	9,389	9,859
Plant and machinery	17,582	15,541
Office equipment and fixtures	63	131
	<b>27,034</b>	25,531
<b>Lease liabilities</b>		
Current	11,522	9,042
Non-current	14,765	14,945
	<b>26,287</b>	23,987

**Depreciation charge of right-of-use assets**

	2022 £000	2021 £000
Leasehold property	1,383	1,449
Plant and machinery	9,176	1,718
Office equipment and fixtures	72	75
	10,631	3,242

**Additional information**

	2022 £000	2021 £000
Additions to right-of-use assets	497	18,721
Modifications to right-of-use assets	10,884	-
Impairment of leasehold property right-of-use asset	664	100
Interest expense	1,744	1,076
Expense relating to short-term leases	152	371
Expense relating to leases of low-value leases	151	58
Total cash outflow for leases	10,533	6,107

Benchmark Animal Health Limited modified the existing leases for two PSV vessels, the FS Aquarius and the FS Pegasus to extend the lease term only. These two assets constitute £15,741,399 of the net book value and £15,358,543 of the lease liability at the year end.

**Company**

<b>Right-of-use-assets</b>	2022 £000	2021 £000
Leasehold property	16	74
Office equipment and fixtures	2	3
	18	77

<b>Lease liabilities</b>	2022 £000	2021 £000
Current	19	49
Non-current	-	18
	19	67

**Depreciation charge of right-of-use assets**

	2022 £000	2021 £000
Leasehold property	57	175
Office equipment and fixtures	1	1
	58	176

**Additional information**

	2022 £000	2021 £000
Additions to right-of-use assets	-	-
Lease interest (expense and amount paid)	2	8
Expense relating to short-term leases	-	92
Expense relating to leases of low-value leases	1	1
Total cash outflow for leases	51	280

Notes Forming Part of the Financial Statements continued  
for the year ended 30 September 2022

**15 Intangible assets**  
**Group**

	Websites £000	Goodwill £000	Patents and Trademarks £000	Intellectual Property £000	Customer Lists £000	Contracts £000	Licences £000	Genetics £000	Development costs £000	Total £000
<b>Cost or valuation</b>										
Balance at 1 October 2020	201	144,346	270	138,718	5,497	6,561	35,559	22,182	23,057	376,391
Additions – externally acquired	115	-	68	-	-	-	42	-	-	225
Additions – internally developed	-	-	-	-	-	-	-	-	4,813	4,813
Exchange differences	3	(4,291)	-	(5,517)	(226)	41	(1,122)	454	(291)	(10,949)
Balance at 30 September 2021	319	140,055	338	133,201	5,271	6,602	34,479	22,636	27,579	370,480
<b>Balance at 1 October 2021</b>	<b>319</b>	<b>140,055</b>	<b>338</b>	<b>133,201</b>	<b>5,271</b>	<b>6,602</b>	<b>34,479</b>	<b>22,636</b>	<b>27,579</b>	<b>370,480</b>
<b>Additions – externally acquired</b>	<b>94</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205</b>
<b>Additions – internally developed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,708</b>	<b>1,708</b>
<b>Exchange differences</b>	<b>34</b>	<b>24,619</b>	<b>3</b>	<b>27,206</b>	<b>1,107</b>	<b>(27)</b>	<b>5,841</b>	<b>599</b>	<b>1,935</b>	<b>61,317</b>
<b>Balance at 30 September 2022</b>	<b>447</b>	<b>164,674</b>	<b>452</b>	<b>160,407</b>	<b>6,378</b>	<b>6,575</b>	<b>40,320</b>	<b>23,235</b>	<b>31,222</b>	<b>433,710</b>
<b>Accumulated amortisation and impairment</b>										
Balance at 1 October 2020	26	43,101	81	63,163	1,005	6,114	11,376	3,431	1,091	129,388
Amortisation charge for the period	41	-	53	12,707	199	66	1,909	622	299	15,896
Impairment	-	-	-	-	-	-	-	-	387	387
Exchange differences	-	(1,743)	(1)	(2,329)	(38)	30	(208)	58	-	(4,231)
Balance at 30 September 2021	67	41,358	133	73,541	1,166	6,210	13,077	4,111	1,777	141,440
<b>Balance at 1 October 2021</b>	<b>67</b>	<b>41,358</b>	<b>133</b>	<b>73,541</b>	<b>1,166</b>	<b>6,210</b>	<b>13,077</b>	<b>4,111</b>	<b>1,777</b>	<b>141,440</b>
<b>Amortisation charge for the period</b>	<b>67</b>	<b>-</b>	<b>70</b>	<b>13,574</b>	<b>215</b>	<b>102</b>	<b>2,027</b>	<b>636</b>	<b>2,165</b>	<b>18,856</b>
<b>Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305</b>
<b>Exchange differences</b>	<b>9</b>	<b>8,592</b>	<b>3</b>	<b>16,966</b>	<b>275</b>	<b>(19)</b>	<b>1,839</b>	<b>139</b>	<b>41</b>	<b>27,845</b>
<b>Balance at 30 September 2022</b>	<b>143</b>	<b>49,950</b>	<b>206</b>	<b>104,386</b>	<b>1,656</b>	<b>6,293</b>	<b>16,943</b>	<b>4,886</b>	<b>3,983</b>	<b>188,446</b>
<b>Net book value</b>										
<b>At 30 September 2022</b>	<b>304</b>	<b>114,724</b>	<b>246</b>	<b>56,021</b>	<b>4,722</b>	<b>282</b>	<b>23,377</b>	<b>18,349</b>	<b>27,239</b>	<b>245,264</b>
At 30 September 2021	252	98,697	205	59,660	4,105	392	21,402	18,525	25,802	229,040
At 1 October 2020	175	101,245	189	75,555	4,492	447	24,183	18,751	21,966	247,003

## Group continued

Description	Category	NBV 2022 £000	NBV 2021 £000	Remaining life 2022
<b>Acquisition of INVE in 2015</b>				
Goodwill	Goodwill	87,585	72,385	–
Harvesting rights	Licences	22,449	19,599	13
Product technology	Intellectual property	446	1,843	0
Product rights	Intellectual property	39,390	42,571	3
Brand names	Intellectual property	12,976	11,533	13
In-process R&D	Intellectual property	847	915	3
Customer relationships	Customer lists	4,723	4,105	19
<b>Total relating to acquisition of INVE</b>		<b>168,416</b>	152,951	
<b>Acquisition of Salmobreed AS (Now part of Benchmark Genetics Norway AS) in 2014</b>				
Goodwill	Goodwill	6,523	6,703	–
Genetic material and breeding nuclei	Genetics	9,911	10,500	32
<b>Total relating to acquisition of Salmobreed AS</b>		<b>16,434</b>	17,203	
<b>Acquisition of Stofnfiskur (Now Benchmark Genetics Iceland) in 2014</b>				
Goodwill	Goodwill	12,467	11,394	–
Genetic material and breeding nuclei	Genetics	8,147	7,677	32
<b>Total relating to acquisition of Stofnfiskur</b>		<b>20,614</b>	19,071	
<b>Acquisition of Akvaforsk Genetics Center AS (Now part of Benchmark Genetics Norway AS) in 2015</b>				
Goodwill	Goodwill	7,348	7,552	–
Licences	Licences	292	662	1
Contracts	Contracts	282	392	3
<b>Total relating to acquisition of Akvaforsk Genetics Center AS</b>		<b>7,922</b>	8,606	
<b>Capitalised development costs</b>				
Ectosan®Vet/CleanTreat®	Development costs	15,840	17,621	9
Live food alternative diets	Development costs	4,115	3,318	Not yet ready for use
SPR Shrimp	Development costs	6,686	4,863	9
<b>Total capitalised development costs</b>		<b>26,641</b>	25,802	
<b>Other purchased material intangible assets</b>		<b>1,497</b>	1,586	<b>17</b>
<b>Total relating to other purchased intangible assets</b>		<b>1,497</b>	1,586	
<b>Other individually immaterial goodwill and intangibles</b>		<b>3,740</b>	3,821	
<b>Total net book value at 30 September</b>		<b>245,264</b>	229,040	

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 15 Intangible assets continued Company

	Patents and trademarks £000
<b>Cost</b>	
Balance at 1 October 2020	-
Additions	30
Balance at 30 September 2021	30
<b>Balance at 1 October 2021</b>	<b>30</b>
<b>Additions</b>	<b>-</b>
<b>Balance at 30 September 2022</b>	<b>30</b>
<b>Accumulated Depreciation</b>	
Balance at 1 October 2020	-
Amortisation charge for the year	2
Balance at 30 September 2021	2
<b>Balance at 1 October 2021</b>	<b>2</b>
<b>Depreciation charge for the year</b>	<b>3</b>
<b>Balance at 30 September 2022</b>	<b>5</b>
<b>Net book value</b>	
<b>At 30 September 2022</b>	<b>25</b>
At 30 September 2021	28
At 1 October 2020	-

### 16 Impairment testing of goodwill and other intangible assets

The Group tests goodwill and other intangibles not yet ready for use annually for impairment, or more frequently if there are indications that goodwill or the other intangible assets might be impaired. Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combination. The only intangible assets not yet ready for use are generally the capitalised development costs on internally developed products. Following the commercial launch of the SPR Shrimp product in Genetics, amortisation of these development costs commenced during the year. The development costs included in the table below represents only those that are not yet ready for use.

Due to the interdependence of the operations within each of the business areas and the way in which they are managed, management have determined the CGUs are the business areas themselves – Health, Genetics and Advanced Nutrition. These are the smallest groups of assets that independently generate cashflows and whose cashflows are largely independent of those generated by other assets. Goodwill and capitalised development costs arise across the Group, and are allocated specifically against the CGUs as follows:

	Genetics 2022 £000	Advanced Nutrition 2022 £000	Health 2022 £000	Total 2022 £000
Benchmark Genetics Norway AS	6,523	-	-	6,523
Benchmark Genetics Iceland HF	12,467	-	-	12,467
Akvaforsk Genetic Center*	8,150	-	-	8,150
INVE Aquaculture Group	-	87,585	-	87,585
Goodwill	27,140	87,585	-	114,725
Other intangibles not yet ready for use – development costs	-	4,115	-	4,115

\* Includes goodwill arising from the joint acquisition of Akvaforsk Genetics Center AS (which was transferred into Benchmark Genetics Norway AS) and Benchmark Genetics USA Inc (formerly Akvaforsk Genetics Center Inc).

	Genetics 2021 £000	Advanced Nutrition 2021 £000	Health 2021 £000	Total 2021 £000
Benchmark Genetics Norway AS	6,702	-	-	6,702
Benchmark Genetics Iceland HF	11,394	-	-	11,394
Akvaforsk Genetic Center*	8,216	-	-	8,216
INVE Aquaculture Group	-	72,385	-	72,385
Goodwill	26,312	72,385	-	98,697
Other intangibles not yet ready for use – development costs	4,863	3,318	-	8,181

\* Includes goodwill arising from the joint acquisition of Akvaforsk Genetics Center AS (which was transferred into Benchmark Genetics Norway AS) and Benchmark Genetics USA Inc (formerly Akvaforsk Genetics Center Inc).

The recoverable amounts of the above CGUs have been determined from value-in-use calculations. These calculations used Board approved cash flow projections from five-year business plans based on actual operating results and current forecasts. These forecasts were then extrapolated into perpetuity taking account of specific terminal growth rates for future cash flows, using individual business operating margins based on past experience and future expectations in light of anticipated economic and market conditions. The pre-tax cash flows that these projections produced were discounted at pre-tax discount rates based on the Group's beta adjusted cost of capital, further adjusted to reflect management's assessment of specific risks related to the markets and other factors pertaining to each CGU. Forecasts also include any costs in relation to the Group's climate change strategy and climate change factors have been considered when setting the long-term growth rates.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Specific assumptions used are as follows:

### Genetics

Amortisation of the development costs relating to the business area's new SPR Shrimp product commenced in the period. The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 14.7% (2021: 10.9%). CAGR of revenue of 15% (2021: 14%) is implied by the five-year plan and a long-term growth rate of 2.5% (2021: 2.5%) has been used to extrapolate the terminal year cashflow into perpetuity.

Having conducted a sensitivity analysis of key assumptions, no reasonably possible changes that would result in the elimination of all headroom were identified.

### Advanced Nutrition

The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 15.6% (2021: 10.3%). CAGR of revenue of 10% (2021: 6%) is implied by the five-year plan and a long-term growth rate of 3.5% (2021: 3.5%) has been used to extrapolate the terminal year cashflow into perpetuity. Market analysis reports predict long-term growth rates of c5.0%, and the health benefits of shrimp are still very much in evidence. Management have used a long-term growth rate of 3.5% to represent both a prudent and consistent approach for the CGU.

The value in use assessment is sensitive to changes in the key assumptions used. All other assumptions being unchanged a decrease in the long-term growth rate to 1.8% or an increase in the pre-tax discount rate to 16.8%, either of which are considered to be reasonably possible, would reduce the headroom on the Advanced Animal Nutrition CGU of £21.6m to nil. Should the discount rate increase further than this, then an impairment of the goodwill or development costs would be likely.

In the work done during the year in assessing the risks caused by climate change as noted on page 69 there is a risk associated with the water levels in the Great Salt Lake which is a key source of artemia for the Group. The mitigating actions noted in that review mean that this is not currently a trigger event causing our forecasts to be sensitised for this risk. However, should the water levels fall to a level that could not sustain production of artemia, this might lead to an impairment. Were this to occur, other mitigating actions available to the Group including obtaining artemia from other globally available sources and exploiting our Diets portfolio to reduce the use of artemia in our feed programmes would be explored. As a result, management believe that no impairment to the carrying value of the intangible assets is required.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 16 Impairment testing of goodwill and other intangible assets continued

#### Health

The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 16.4% (2021: 12.6%). An assumed CAGR of revenue of 27% (2021: 70%) in the five-year plan reflects the importance of the successful commercial ramp-up of the business area's new sea lice treatment in the forecast period. A long-term growth rate of 0.0% (2021: 0.0%) has been used to extrapolate the terminal year cashflow into perpetuity. The prudent assumption in the long-term growth rate is intended to reflect that the business area's new sea lice treatment is the principal source of cash generation, and only benefits from patent protection against generic competitors for a finite period of time.

The valuation of the Health cash generating unit indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment in related development costs.

While the valuation of the Health cash-generating unit indicates sufficient headroom such that any reasonably possible change to key assumptions is unlikely to result in an impairment in related development costs, commercialisation is at an early stage and in the unlikely event that this is not successful, impairment could result.

### 17 Equity-accounted investees

	2022 £000	2021 £000
Interest in joint venture	1,106	1,608
Interest in associates	2,007	1,746
	<b>3,113</b>	3,354

#### Joint ventures

Salmar Genetics AS (SGA) is a joint venture in which the Group has joint control and a 50% ownership interest.

SGA is structured as a separate vehicle and the Group has a residual interest in the net assets of SGA. Accordingly, the Group has classified its interest in SGA as a joint venture. SGA is a provider of breeding and genetics services related to Atlantic salmon and as such is strategically aligned to the Group.

The Group's interest in SGA is 50% of its net assets, including 50% of its result and total comprehensive income each year.

The company is registered in Norway and the registered address is 7266 Kverva, Frøya, Norway.

#### Associates

The Group has a 22% interest in an associate Great Salt Lake Brine Shrimp Cooperative, Inc (the 'Cooperative'). The Cooperative is one of the Group's strategic suppliers and is an aquacultural cooperative organised for the purpose of harvesting, processing, manufacturing, and marketing Artemia cysts and Artemia feeds.

The Group's interest in the Cooperative represents the aggregate of the cost of the investment in the Cooperative and the post acquisition movements in the Group's share of the unallocated and allocated equity reserves.

The company is registered in USA and the registered address is 1750 West 2450 South, Ogden, Utah.

The Group also has a 44% interest in an associate Benchmark Genetics (Thailand) Limited ("BGTL"). BGTL engages in shrimp production in the form of a multiplication centre by selecting and growing marine shrimp species products (including broodstock, nauplii and post-larvae, based on Benchmark's and its Affiliates' genetic strains) which are locally optimised for Thailand.

The company is registered in Thailand and the registered address is No. 471, Bond Street Road, Bangpood Sub-district, Pakkred District, Nonthaburi Province, Thailand.

The Group also has a 34% interest in an associate Baggfossen Mikrokraft AS ("BMAS"). BMAS is a power generation business and provides electricity to Benchmark Genetics Salten AS.

The company is registered in Norway and the registered address is Salmobreed Salten AS Sorfjordmoen 34, 8264 Engan.



## 18 Subsidiary undertakings

The direct and indirect subsidiary undertakings of Benchmark Holdings plc, all of which have been included in these consolidated financial statements, are as follows:

Company name	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies	Note
<b>Genetics</b>						
Benchmark Genetics Brasil Cultivo de Especies Aquaticas Ltda	Rua Dr Ribamar Lobo 451, Fortaleza, Ceara, Brazil, CEEP 60.192-230	Brazil	Indirect	ordinary	80%	a
Akvaforsk Genetic Center Spring Mexico, SA de CV (dormant)	Caguama 3023, Loma Bonita, Zapopan, Jalisco CP 45086, Mexico	Mexico	Indirect	ordinary	80%	a
Benchmark Genetics USA Inc	21200 SW 177th Ave Miami FL 33187 USA	USA	Indirect	ordinary	80%	a
Benchmark Genetics Chile SpA	Santa Rosa 560 Oficina 25 B, Puerto Varas, Chile	Chile	Indirect	shares	100%	
Benchmark Genetics Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
Benchmark Genetics Colombia SAS	Cra 2 # 11 41 of 1002 Torre Grupo Area Bocagrande, Cartagena 13001, Colombia	Colombia	Indirect	ordinary	100%	
Benchmark Genetics Norway AS	Bradbenken 1, 5003 Bergen	Norway	Indirect	ordinary	100%	
Icecod A Islandi EHF (dormant)	Bæjarhraun 14 – 220 Hafnarfjörður, Iceland	Iceland	Indirect	ordinary	88.87%	
Benchmark Genetics Salten AS	Sørfjordmoen, Kobbelv, 8264 Engan	Norway	Indirect	ordinary	75%	
Spring Genetics SRL	Calle Los Alemanes, Condominium Condado de Baviera, APT 703A, LOC 380409452, San Rafael, Escazu, San Jose, Costa Rica	Costa Rica	Indirect	ordinary	80%	a
Stofnfiskur Chile Limitada (dormant)	(As Icecod address above)	Chile	Indirect	ordinary	89.48%	
Benchmark Genetics Iceland HF	(As Icecod address above)	Iceland	Indirect	ordinary	89.53%	
Stofngen EHF (dormant)	(As Icecod address above)	Iceland	Indirect	ordinary	89.48%	
Sudourlax EHF (dormant)	(As Icecod address above)	Iceland	Indirect	ordinary	89.48%	
<b>Advanced Nutrition</b>						
Fortune Ocean Americas, LLC	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	N/A	100%	
Fortune Ocean Technologies Ltd (dormant)	25/F., OTB Building 160 Gloucester Road, Wanchai	Hong Kong	Indirect	1 HKD ordinary	100%	
Golden West Artemia	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	\$1 shares	100%	
Inland Sea Incorporated	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	shares	100%	
INVE (Thailand) Ltd.	No. 79/1 Moo 1, Nakhon Sawan-Phitsanulok Road, Tambon Nong Lum, Wachirabarami, Phichit, Thailand, 66220	Thailand	Indirect	THB 1,000 shares	100%	
Inve Animal Health, S.A.	Polcarpo Sanz 12, 4º, 36202 Vigo, Pontevedra	Spain	Indirect	10€ shares	100%	
Inve Aquaculture Europe Holding B.V.	Verlengde Poolseweg 16, 4818 CL Breda	Netherlands	Indirect	1€ shares	100%	
Benchmark Holding Europe B.V.	Verlengde Poolseweg 16, 4818 CL Breda	Netherlands	Direct	\$1 shares	100%	
Inve Aquaculture México, S.A. de C.V.	Avenida Camaron Sabalo # 51, Local 6, Interior, Plaza Riviera, Zona Dorada, Mazatlán Sinaloa 82110	Mexico	Indirect	MXN \$1,000 shares	100%	
Inve Aquaculture NV	Hoogveld 93, 9200 Dendermonde	Belgium	Indirect	shares	100%	
Inve Aquaculture Temp Holding B.V.	Verlengde Poolseweg 16, 4818 CL Breda	Netherlands	Indirect	1€ shares	100%	

**Notes Forming Part of the Financial Statements continued**  
**for the year ended 30 September 2022**

**18 Subsidiary undertakings** continued

Company name	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies	Note
INVE Aquaculture, Inc.	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	shares	100%	
Inve Asia Ltd	25/F., OTB Building, 160 Gloucester Road, Wanchai	Hong Kong	Indirect	\$1 shares	100%	
INVE Asia Services Ltd.	471 Bond Street, Tambon Bangpood, Amphur Pakkred, Nonthaburi, Thailand, 11120	Thailand	Indirect	THB 100 shares	100%	
Inve do Brasil Ltda.	Rua Augusto Calheiros, n° 226, Messejana, Fortaleza, Ceará, Zip Code 60.863-290	Brazil	Indirect	BRL 1 shares	100%	
Inve Eurasia SA	Karacaoğlan Mahallesi 6170 Sokak No. 17/B Işikkent/Izmir	Turkey	Indirect	6.25 TL shares	100%	
Inve Hellas S.A.	93 Kiprou Str., 16451, Argyroupoli	Greece	Indirect	\$29.35 shares	100%	
Inve Latin America B.V.	Verlengde Poolseweg 16, 4818 CL Breda	Netherlands	Indirect	10€ shares	100%	
Inve Technologies NV	Hoogveld 93, 9200 Dendermonde	Belgium	Indirect	shares	100%	
INVE USA Holdings, Inc.	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	\$0.001 shares	100%	
Inve Vietnam Company Ltd	8F1-19 Tan Canh, Ward 1, Tan Binh District, Ho Chi Minh City	Vietnam	Indirect	N/A	100%	
Invecuador S.A.	CDLA. Las Conchas, MZ A-11 No. Lot 8, Salinas, Santa Elena	Ecuador	Indirect	\$1 shares	100%	
Inveservicios, S.A. de C.V.	Avenida Camaron Sabalo # 51, Local 6, Interior, Plaza Riviera, Zona Dorada, Mazatlán Sinaloa 82110	Mexico	Indirect	shares	100%	
Maricoltura di Rosignano Solvay S.r.l.	Rosignano Marittimo (LI), in via Pietro Gigli, 57013, Solvay Loc. Lillatro	Italy	Indirect	shares	100%	
PT. Inve Indonesia	Ruko Prominence Blok 38E No.7 Jl. Jalur Sutera Boulevard Panunggangan Timur Pinang 15143 Kota Tangerang Banten	Indonesia	Indirect	A shares & B shares	100%	
Salt Creek Holdings, Inc	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	\$0.001 shares	100%	
Salt Creek, Inc.	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	\$0.05 shares	100%	
Sanders Brine Shrimp Company, L.C.	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	N/A	100%	
Tianjin INVE Aquaculture Co., Ltd	Room 605-607, Building #10, Binhai Information Security Industrial Park, No.399 Huixiang Road, Tanggu Ocean Science and Technology Park, Binhai High-Tech Zone, Tianjin	China	Indirect	shares	100%	
United Aquaculture Technologies, LLC	3528 W 500 South, Salt Lake City, Utah 81404	USA	Indirect	N/A	100%	

**Health**

Benchmark Animal Health Group Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
Benchmark Animal Health Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Indirect	£1 ordinary	100%	
Benchmark Vaccines Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Indirect	£1 ordinary	100%	
Benchmark R&D (Thailand) Limited	471 Bond Street, Bangpood Subdistrict, Pakkred District, Nonthaburi Province	Thailand	Indirect	THB 10 ordinary	100%	
Benchmark Animal Health Inc	800 René-Lévesque Boulevard West, Suite 2220, Montréal (Québec), H3B 1X9	Canada	Indirect	CAD 1 ordinary	100%	
Benchmark Animal Health US, Inc	Severin M. Beliveau, Corporation Service Company, 45 Memorial Circle, Augusta, ME 04330	USA	Indirect	\$10 common stock	100%	
Benchmark Animal Health Chile SpA	Santa Rosa 560, of. 26, Puerto Varas	Chile	Indirect	\$1.20 ordinary	100%	
Benchmark Animal Health Norway AS	Bradbenken 1, 5003 Bergen	Norway	Indirect	NOK 100 ordinary	100%	
<b>Knowledge Services</b>						
FAI Aquaculture Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	b
FAI do Brasil Criação Animal LTDA	Fazenda Santa Terezinha, S/N – Zona Rural, Jaboticabal/SP, CEP: 14870-000	Brazil	Indirect	R\$1 ordinary	100%	

## Notes

- a A put and call option agreement is in place to acquire the remaining 20% of Benchmark Genetics USA Inc, so the Group controls 100% of that company and its wholly-owned subsidiaries despite having an 80% equity holding.
- b FAI Aquaculture Limited (company number 04450207) is exempt from the requirements of the Companies Act 2006 under S479A-479C relating to the audit of individual accounts. Benchmark Holdings plc will guarantee the debts and liabilities of FAI Aquaculture Limited in accordance with Section 479C of the Companies Act 2006.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 18 Subsidiary undertakings continued Company

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
Balance at 1 October 2020	255,719
Additions	617
Disposals	(1,051)
<b>Balance at 1 October 2021</b>	<b>255,285</b>
<b>Additions</b>	<b>720</b>
<b>Disposals</b>	<b>(2,427)</b>
<b>Balance at 30 September 2022</b>	<b>253,578</b>
<b>Provisions</b>	
Balance at 1 October 2020	(5,688)
Disposals	1,051
<b>Balance at 1 October 2021</b>	<b>(4,637)</b>
<b>Disposals</b>	<b>2,427</b>
<b>Balance at 30 September 2022</b>	<b>(2,210)</b>
<b>Net book value</b>	
<b>At 30 September 2022</b>	<b>251,368</b>
At 30 September 2021	250,648
At 1 October 2020	250,031

During 2022, £720,000 (2021: £617,000) of the charge associated with share options relates to employees of the subsidiary companies, and so this amount has been treated as an investment by the Company. There were no other additions in the year (2021: £nil).

In the year the following companies were dissolved: Dust Collective Limited £317,000, 5M Enterprises Inc £nil, 5M Enterprises Limited £2,100,000, and Bark SPV £10,000, all of which were fully impaired (2021: Disposals of £1,051,000 all of which were fully impaired).

For impairment testing purposes, the Group has determined that the Parent Company's net assets exceed the Group's net assets which is a trigger for an impairment review. Management have performed an impairment review of the investments in subsidiaries at the period end taking into account both net assets of the subsidiaries and value-in-use calculations using assumptions consistent with those disclosed in Note 16. The impairment testing is performed at a CGU level due to the interdependence of the operations within each of the business areas and they way in which they are managed. The sensitivity testing conducted did not sufficiently reduce the NPV of any of the CGUs to a level where they would not support the investments in any of the Company's subsidiaries.

### 19 Inventories

Group	2022 £000	2021 £000
Raw materials	7,107	5,232
Work in progress	3,722	1,488
Finished goods and goods for resale	18,984	14,227
<b>Total inventories at the lower of cost and net realisable value</b>	<b>29,813</b>	20,947

During 2022, £60,780,000 (2021: £51,920,000) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales. The cost of inventories recognised as a credit includes £14,000 (2021 credit: £87,000) in respect of write-downs of inventory to net realisable value.

The Company did not have any inventories at the year end (2021: £nil).

## 20 Biological assets

### Book value of biological assets recognised at fair value

Group	2022 £000	2021 £000
Salmon eggs	14,037	9,830
Salmon broodstock	30,501	26,700
Salmon milt	606	365
Lumpfish fingerlings	1,090	1,104
Shrimp	424	366
<b>Total biological assets 30 September</b>	<b>46,658</b>	38,365
<b>Analysed as</b>		
Current	25,780	17,121
Non-current	20,878	21,244
<b>Total biological assets 30 September</b>	<b>46,658</b>	38,365

### Change in book value of biological assets

	2022 £000	2021 £000
Biological assets 1 October	38,365	32,469
Increase from production	48,067	36,872
Reduction due to sales	(43,535)	(34,768)
Other movements in biological assets (see Note 5)	4,532	2,104
Foreign exchange movement before fair value adjustment	1,704	311
Change in fair value through income statement (see Note 5)	1,595	3,323
Foreign exchange impact on fair value adjustment	462	158
<b>Biological assets 30 September</b>	<b>46,658</b>	38,365

### Assumptions used for determining fair value of biological assets

IAS 41 requires that biological assets are accounted for at the estimated fair value net of selling and harvesting costs. Fair value is measured in accordance with IFRS 13 and is categorised into levels in the fair value hierarchy which are described in Note 2.

The fair value inputs for salmon eggs are categorised as level 2. The calculation of the fair value of the salmon eggs is based upon the current seasonally adjusted selling prices for salmon eggs less transport and incubation costs and taking account of the market capacity. The valuation also takes account of the mortality rates of the eggs and expected life as sourced from internally generated data.

The fair value inputs for salmon broodstock are categorised as level 3. The broodstock contain generations of genetic improvements and cannot be valued purely on the market weight of salmon. The Group does not sell its broodstock commercially so there is no observable input in this respect. Therefore, the calculation of the estimated fair value of salmon broodstock is primarily based upon its main harvest output being salmon eggs, which are priced upon the current seasonally adjusted selling prices for the Group's salmon eggs. These prices are reduced for harvesting costs, freight costs, incubation costs and market capacity to arrive at the net value of broodstock. The valuation also reflects the internally generated data to arrive at the biomass. This includes the weight of the broodstock, the yield that each kilogram of fish will produce and mortality rates. The fish take four years to reach maturity, and the age and biomass of the fish is taken into account in the fair value. Finally, the valuation takes account of future expected sales volumes.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 20 Biological assets continued Change in book value of salmon broodstock

	2022 £000	2021 £000
Biological assets 1 October	26,700	21,051
Increase from production	28,720	22,428
Transfer to salmon eggs following harvesting	(26,509)	(19,602)
Foreign exchange movement before fair value adjustment	1,326	169
Change in fair value through income statement	(31)	2,530
Foreign exchange impact on fair value adjustment	295	124
<b>Biological assets 30 September</b>	<b>30,501</b>	26,700

### Significant unobservable inputs used in the valuation of salmon broodstock

	2022	2021
Number of eggs valued in broodstock (m units)	222	192
Average selling price per egg (GBP)	0.135	0.128
Future costs per egg (GBP)	(0.021)	(0.015)

The fair value inputs for lumpfish fingerlings and shrimp are categorised as level 2. The calculation of the fair value of lumpfish fingerlings and shrimp is valued on current selling prices less transport costs. Internally generated data is used to incorporate mortality rates and the weight of the biomass.

The fair value inputs for salmon milt are categorised as level 3. Where we have identified individual salmon carrying particular traits or disease resistance, semen (milt) can be extracted and deep-frozen using cryopreservation techniques (the process of freezing biological material at extreme temperatures in liquid nitrogen). The calculation of the fair value of milt is based on production and freezing costs and, where appropriate, an uplift to recognise the additional selling price that can be achieved from eggs fertilised by premium quality milt.

There is a presumption that fair value can be measured reliably for a biological asset. However, we sometimes face a situation where alternative estimates of fair value are determined to be clearly unreliable (for example, where we establish a new broodstock farm in a new territory). In such a case, that biological asset shall be measured at its cost less any accumulated impairment losses. In the year this applied to £1,969,000 of broodstock in Chile. As at 30 September the gross carrying amount was £4,704,000 (2021: £4,674,000) and the accumulated impairment losses were £2,735,000 (2021: £2,507,000).

The valuation models by their nature are based upon uncertain assumptions on sales prices, market capacity, weight, mortality rates, yields and assessment of the discounts to reflect the stages of maturity. The Group has a degree of expertise in these assumptions but these assumptions are subject to change. Relatively small changes in assumptions would have a significant impact on the valuation. A 1% increase/decrease in assumed selling price would increase/decrease the fair value of biological assets by £445,000. A 10% increase/decrease in the biomass of salmon broodstock and the quantity of salmon eggs valued would increase/decrease the fair value of those biological assets by £4,450,000.

The Group is exposed to financial risks arising from changes in the market value of the salmon eggs, lumpfish fingerlings and shrimp broodstock that it sells. The Group does not anticipate that prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in the price of its products. The Group reviews its outlook for salmon eggs, lumpfish fingerlings and shrimp broodstock prices regularly in considering the need for active financial risk management.

### Risk management strategy related to aquaculture activity

The Group is exposed to the following risks relating to its aquaculture activities. These risks and management's strategies to mitigate them are described below:

#### Regulatory and environmental risks

The nature of certain of the Group's operating activities exposes us to certain significant risks to the environment, such as incidents associated with releases of chemicals or hazardous substances when conducting our operations, which could result in liability, fines, risk to our product permissions and reputational damage. There is a risk that natural disasters could lead to damage to infrastructure, loss of resources, products or containment of hazardous substances. Our business activities could be disrupted if we do not respond, or are perceived not to respond, in an appropriate manner to any major crisis or if we are not able to restore or replace critical operational capacity.

In mitigation we have implemented standards and requirements which govern key risk management activities such as inspection, maintenance, testing, business continuity and crisis response.

#### Biological risks

The Group is exposed to the risk of disease within the Group's own operations and disease in the market resulting in possible border closures. In mitigation, the Group:

- Operates the highest levels of biosecurity.
- Holds genetic stock at multiple sites and increasingly sources from its own land-based salmon breeding facilities.
- Operates containment zones which mitigates the risk of border closures affecting its ability to import or export.
- Has placed increased focus on insuring its biological stock.

#### Outputs and quantities held

Total output of aquaculture activity in the year was:

	2022	2021
Salmon eggs	291.1m units	242.0m units
Lumpfish fingerlings	2.0m units	2.4m units

Total quantities held at 30 September were:

	2022	2021
Salmon eggs	103.9m units	79.9m units
Salmon broodstock	1,737 tonnes	1,577 tonnes
Lumpfish fingerlings	0.7m units	2.6m units

The Company did not hold any biological assets during the year or the prior year.

## 21 Trade and other receivables

Group	2022 £000	2021 £000
Trade receivables	31,218	24,526
Less: provision for impairment of trade receivables	(2,748)	(2,493)
Trade receivables – net	28,470	22,033
<b>Total financial assets other than cash and cash equivalents measured at amortised cost</b>	<b>28,470</b>	<b>22,033</b>
Other receivables – contingent consideration	887	1,028
<b>Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss</b>	<b>887</b>	<b>1,028</b>
Prepayments	14,989	11,114
Other receivables	12,031	12,323
<b>Total trade and other receivables</b>	<b>56,377</b>	<b>46,498</b>

Other receivables relate to the following items: VAT recoverable £4,386,000 (2021: £2,650,000), research and development expenditure tax credits and similar items £154,000 (2021: £472,000), the right to receive an agreed proportion of a key supplier's harvest\* £5,249,000 (2021: £7,302,200), accrued income of £1,377,000 (2021: £348,000) and other amounts receivable of £865,000 (2021: £1,551,000).

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 21 Trade and other receivables continued

\*A financial liability of £5,249,000 (2021: £7,302,200) is recognised (within trade payables) for the amount invoiced and remaining outstanding at the year-end in relation to the Group's contractual obligation to pay for a specified share of the harvest of a supplier, regardless of delivery and without recourse to the supplier. As at 30 September, as the Group has not taken physical delivery of the harvested product and as the Group does not control the harvested product, an 'other receivable' of £5,249,000 (2021: £7,302,200) has been recorded in relation to the Group's right to receive the product in the future.

The financial asset at fair value through profit and loss relates to contingent consideration outstanding from the disposal of Improve International Limited in FY20. This relates to deferred cash consideration dependent on the delivery of certain future revenues in the financial year ended 30 September 2022 and the fair value is derived from the likely receivable amount based on current expectations of performance against the targets.

The fair values of trade and other receivables measured at amortised cost are not materially different to their carrying values. As at 30 September 2022 trade receivables of £5,943,000 (2021: £3,060,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2022 £000	2021 £000
Up to 3 months overdue	5,761	2,703
3 to 6 months overdue	218	211
6 to 12 months overdue	(36)	146
	<b>5,943</b>	<b>3,060</b>

Movements on the Group provision for impairment of trade receivables are as follows

	2022 £000	2021 £000
At 1 October	2,493	3,216
Provided during the year	281	54
Unused provisions reversed	(180)	(637)
Receivable written off during the year as uncollectable	-	(22)
Foreign exchange movements	154	(118)
At 30 September	<b>2,748</b>	<b>2,493</b>

The movement on the provision for impaired receivables has been included in the operating costs line in the Consolidated Income Statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

Company	2022 £000	2021 £000
Loan and receivables due from subsidiary company	212,230	195,286
<b>Total financial assets other than cash and cash equivalents measured at amortised costs</b>	<b>212,230</b>	<b>195,286</b>
Other receivables – contingent consideration	886	1,028
<b>Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss</b>	<b>886</b>	<b>1,028</b>
Prepayments	888	592
Other receivables	239	221
<b>Total trade and other receivables</b>	<b>214,243</b>	<b>197,127</b>
Less: non-current portion: loans provided to subsidiary companies	(212,023)	(195,085)
<b>Current portion</b>	<b>2,220</b>	<b>2,042</b>



The balance of loans provided to subsidiary companies include a provision for impairment of £11,504,000 (2021: £13,489,000). During the year £1,985,000 of these provisions have been released, £1,909,000 relating to 5M Enterprises Limited as the loan has been waived, and £76,000 relating to FAI Aquaculture Limited due to some of the loan being repaid (2021: £1,709,000 relating to £416,000 loan waiver and £1,293,000 loan repayment).

For all the loans provided to subsidiary companies outstanding at 30 September 2022 no interest is payable. No interest was payable on loans provided to subsidiary companies outstanding at 30 September 2021.

Loans and receivables due from subsidiary companies of £212,023,000 (2021: £195,085,000) have been classified as non-current assets, even though these balances are repayable on demand, as at 20 September 2022 the Company did not expect to realise them in the next 12 months.

## 22 Trade and other payables

Group	2022 £000	2021 £000
Trade payables	22,149	20,690
Other payables	1,127	1,978
Accruals	17,636	15,812
Other payables – tax and social security payments	3,799	2,076
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>44,711</b>	40,556
Financial contracts – hedging instrument	7,991	972
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss</b>	<b>7,991</b>	972
Financial contracts – hedging instrument	21	5,889
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through Hedging Reserve</b>	<b>21</b>	5,889
Deferred income	597	162
<b>Total trade and other payables</b>	<b>53,320</b>	47,579
Less: non-current: contingent consideration in other payables and financial contracts	(8,996)	(911)
<b>Current portion</b>	<b>44,324</b>	46,668

Book values approximate to fair value at 30 September 2022 and 2021.

Of the financial contracts £8,387,000 (2021: £6,708,000) relates to a NOKUSD floating to fixed cross-currency interest rate swap (CCS) and a NOK interest rate swap (IRS), both of which were entered to fully match the timing and tenor of the underlying new senior secured floating rate listed bond issue of NOK 750m.

The floating-to-fixed NOK IRS (notional NOK 300m) is designated a cash flow hedge where any changes in the fair value of the swap will be taken directly to equity within the hedging reserve and recycled to profit or loss as the bond impacts the profit or loss.

The NOKUSD CCS (notional NOK450m) has been separated into two synthetic swaps; the first is a floating-to-fixed NOKGBP interest rate swap, being a cash flow hedge of the foreign exchange and interest rate risk on NOK denominated debt. The fair value of this synthetic swap is posted to the hedging reserve in equity. The second synthetic swap is a fixed-to-fixed GBPUSD swap designated as a net investment hedge in the USD net assets in the consolidated accounts of Benchmark Holdings plc. The fair value of this leg is posted to the foreign exchange translation reserve in equity.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 22 Trade and other payables continued

Company	2022 £000	2021 £000
Trade payables	460	608
Loans received from subsidiary companies	44,447	34,623
Accruals	3,713	3,162
Other payables – tax and social security payments	212	118
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>48,832</b>	<b>38,511</b>
Financial contracts – hedging instrument	7,991	972
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss</b>	<b>7,991</b>	<b>972</b>
Financial contracts – hedging instrument	396	5,736
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through Hedging Reserve</b>	<b>396</b>	<b>5,736</b>
<b>Total trade and other payables</b>	<b>57,219</b>	<b>45,219</b>
Less: non-current: financial contracts	(8,387)	-
<b>Current portion</b>	<b>48,832</b>	<b>45,219</b>

The amount within loans received from subsidiary companies is the balance due to Inve Aquaculture Holding B.V., the loan is repayable on demand and interest is incurred at a rate of 2% plus LIBOR per annum.

Book values approximate to fair value at 30 September 2022 and 2021.

### 23 Loans and borrowings Group

	2022 £000	2021 £000
<b>Non-Current</b>		
2025 750m NOK Loan notes	61,054	-
2023 850m NOK Loan notes	-	75,478
Bank borrowings	17,226	19,314
Lease liabilities (Note 14)	14,765	14,945
	<b>93,045</b>	<b>109,737</b>
<b>Current</b>		
Bank borrowings	5,569	1,612
Lease liabilities (Note 14)	11,522	9,042
	<b>17,091</b>	<b>10,654</b>
<b>Total loans and borrowings</b>	<b>110,136</b>	<b>120,391</b>

At 30 September 2022 the fair value of the unsecured floating rate listed green bond of NOK 750m was not materially different to the nominal value and has not been separately disclosed. At 30 September 2021 the fair value of 2023 850m NOK Loan notes was £73,981,000.

On 27 September 2022, the Group successfully issued a new unsecured floating rate listed green bond of NOK 750m. The bond which matures in September 2025, has a coupon of three-month NIBOR + 6.50% p.a. with quarterly interest payments, and is to be listed on the Oslo Stock Exchange. The proceeds were used to repay the NOK 850m floating rate listed bond, originally raised in June 2019.

A USD 15m Revolving Credit Facility (“RCF”) has been provided by DNB Bank ASA (50%) and HSBC UK Bank PLC (50%). At 30 September 2022 £4,000,000 was drawn on this facility. The facility was undrawn at 30 September 2021.

**Group continued**

Benchmark Genetics Salten AS had the following loans (which are ring-fenced debt without recourse to the remainder of the Group) at 30 September 2022:

- Term loan with a balance of NOK 165.6m (2021: NOK 180.0m) provided by Nordea Bank Norge Abp. The loan is a five-year term loan ending November 2023 at an interest rate of 2.5% above three-month NIBOR.
- NOK 20.0m 12-month working capital facility provided by Nordea Bank Norge Abp. This was undrawn at 30 September 2022 (2021: undrawn).
- An additional NOK 17.5m overdraft facility was provided by Nordea Bank Norge Abp during the year with maturity in December 2022. This facility was undrawn at 30 September 2022.
- Term loan with a balance of NOK 40.1m (2021: NOK 44.7m) provided by Innovasjon Norge. The loan is a 12-and-a-half-year term loan maturing in March 2031. The interest rate on this loan at 30 September 2022 was 4.95%. The interest rate on this loan is variable.
- NOK 21.75m loan provided by Salten Aqua ASA (the minority shareholder). The loan attracts interest at 2.5% above three-month NIBOR and is repayable on maturity of the Nordea term loan above.

Subsequent to the year end on 1 November 2022, the Nordea Bank term loan above was refinanced together with an existing undrawn overdraft facility into a new loan facility of NOK 179.5m with a new maturity date in a further five years no later than 15 January 2028. Other terms remain the same.

Furthermore on 21 November 2022, the Group refinanced the USD15m RCF with a secured GBP20m RCF provided by DNB Bank ASA, maturing on 27 June 2025. The margin on this facility is a minimum of 2.75% and a maximum of 3.25%, dependent upon the leverage of the Group above the relevant risk free reference or IBOR rates depending on which currency is drawn.

The lease liabilities are secured on the assets to which they relate.

The currency profile of the Group's loans and borrowings is as follows:

	2022 £000	2021 £000
Sterling	16,619	13,912
Norwegian Krone	80,712	97,389
Thai Baht	954	1,258
Euro	272	351
US Dollar	10,888	6,508
Icelandic Krone	545	750
Other	146	223
	<b>110,136</b>	120,391

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 23 Loans and borrowings continued Company

The book value and fair value of loans and borrowings are as follows:

	2022 £000	2021 £000
<b>Non-Current</b>		
2025 750m NOK Loan notes	61,054	-
2023 850m NOK Loan notes	-	75,478
Lease liabilities (Note 14)	-	18
	<b>61,054</b>	75,496
<b>Current</b>		
RCF	4,000	-
Lease liabilities (Note 14)	19	49
	<b>4,019</b>	49
<b>Total loans and borrowings</b>	<b>65,073</b>	75,545

At 30 September 2022 the fair value of the unsecured floating rate listed green bond of NOK 750m was not materially different to the nominal value and has not been separately disclosed. The fair value of 2023 850m NOK loan notes as at 30 September 2021 was £73,981,000.

The currency profile of the Company's loans and borrowings is as follows:

	2022 £000	2021 £000
Sterling	19	248
US Dollar	4,000	-
Norwegian Krone	61,054	75,497
	<b>65,073</b>	75,745

**Reconciliation of movements of liabilities to cash flows arising from financing activities****Group**

Year ended 30 September 2022

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Non-controlling interest £000	Total £000
<b>Balance at 1 October 2021</b>	<b>120,391</b>	<b>401,352</b>	<b>7,884</b>	
<b>Changes from financing cash flows</b>				
Proceeds of share issues	-	20,175	-	20,175
Proceeds from bank or other borrowings	67,939	-	-	67,939
Repayment of bank or other borrowings	(74,874)	-	-	(74,874)
Interest and finance charges paid	(9,629)	-	-	(9,629)
Payments to finance lease creditors	(10,533)	-	-	(10,533)
<b>Total changes from financing cash flows</b>	<b>(27,097)</b>	<b>20,175</b>	<b>-</b>	<b>(6,922)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(6,087)</b>	<b>-</b>	<b>-</b>	
<b>Other changes – liability-related</b>				
Interest expense	9,488	-	-	
Capitalised borrowing fees	1,937	-	-	
New leases	11,380	-	-	
Interest accrual movement	124	-	-	
<b>Total liability-related other changes</b>	<b>22,929</b>	<b>-</b>	<b>-</b>	
<b>Total equity-related other changes</b>	<b>-</b>	<b>1</b>	<b>2,001</b>	
<b>Balance at 30 September 2022</b>	<b>110,136</b>	<b>421,528</b>	<b>9,885</b>	

Year ended 30 September 2021

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Non-controlling interest £000	Total £000
<b>Balance at 1 October 2021</b>	109,158	400,269	6,309	
<b>Changes from financing cash flows</b>				
Proceeds of share issues	-	750	-	750
Acquisition of NCI	-	-	(12)	(12)
Repayment of bank or other borrowings	(3,106)	-	-	(3,106)
Interest and finance charges paid	(7,699)	-	-	(7,699)
Payments to finance lease creditors	(4,602)	-	-	(4,602)
<b>Total changes from financing cash flows</b>	<b>(15,407)</b>	<b>750</b>	<b>(12)</b>	<b>(14,669)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(681)</b>	<b>-</b>	<b>-</b>	
<b>Other changes – liability-related</b>				
Interest expense	7,711	-	-	
Capitalised borrowing fees	1,012	-	-	
New leases	18,610	-	-	
Interest accrual movement	(12)	-	-	
<b>Total liability-related other changes</b>	<b>27,321</b>	<b>-</b>	<b>-</b>	
<b>Total equity-related other changes</b>	<b>-</b>	<b>333</b>	<b>1,587</b>	
<b>Balance at 30 September 2021</b>	<b>120,391</b>	<b>401,352</b>	<b>7,884</b>	

**Notes Forming Part of the Financial Statements continued**  
**for the year ended 30 September 2022**

**23 Loans and borrowings** continued  
**Company**  
**Year ended 30 September 2022**

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Total £000
<b>Balance at 1 October 2021</b>	<b>75,545</b>	<b>401,352</b>	
<b>Changes from financing cash flows</b>			
Proceeds of share issues	–	20,175	20,175
Proceeds from bank or other borrowings	67,939	–	67,939
Repayment of bank borrowings	(73,235)	–	(73,235)
Interest and finance charges paid	(6,956)	–	(6,956)
Repayments of lease liabilities	(48)	–	(48)
<b>Total changes from financing cash flows</b>	<b>(12,300)</b>	<b>20,175</b>	<b>7,875</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(7,065)</b>	<b>–</b>	
<b>Other changes – liability-related</b>			
Interest expense	6,832	–	
Capitalised borrowing fees	1,937	–	
Interest accrual movement	124	–	
<b>Total liability-related other changes</b>	<b>8,893</b>	<b>–</b>	
<b>Total equity-related other changes</b>	<b>–</b>	<b>1</b>	
<b>Balance at 30 September 2022</b>	<b>65,073</b>	<b>421,528</b>	

Year ended 30 September 2021

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Total £000
<b>Balance at 1 October 2020</b>	<b>75,745</b>	<b>400,269</b>	
<b>Changes from financing cash flows</b>			
Proceeds of share issues	–	750	750
Repayment of bank borrowings	(245)	–	(245)
Interest and finance charges paid	(5,631)	–	(5,631)
Repayments of lease liabilities	(179)	–	(179)
<b>Total changes from financing cash flows</b>	<b>(6,055)</b>	<b>750</b>	<b>(5,305)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(788)</b>	<b>–</b>	
<b>Other changes – liability-related</b>			
Interest expense	5,643	–	
Capitalised borrowing fees	1,012	–	
Interest accrual movement	(12)	–	
<b>Total liability-related other changes</b>	<b>6,643</b>	<b>–</b>	
<b>Total equity-related other changes</b>	<b>–</b>	<b>333</b>	
<b>Balance at 30 September 2021</b>	<b>75,545</b>	<b>401,352</b>	

## 24 Provisions

	Repairs provision £000	Other provisions £000	Total £000
At 1 October 2020	-	-	-
Provisions made during the year	-	(563)	(563)
<b>At 1 October 2021</b>	-	<b>(563)</b>	<b>(563)</b>
<b>Provisions made during the year</b>	-	<b>(1,127)</b>	<b>(1,127)</b>
<b>Provisions used</b>	-	<b>69</b>	<b>69</b>
<b>Unused provisions reversed</b>	-	<b>(10)</b>	<b>(10)</b>
<b>At 30 September 2022</b>	-	<b>(1,631)</b>	<b>(1,631)</b>
<b>Current</b>	-	<b>(1,631)</b>	<b>(1,631)</b>
<b>Non-current</b>	-	-	-
<b>At 30 September 2022</b>	-	<b>(1,631)</b>	<b>(1,631)</b>
Current	-	(563)	(563)
Non-current	-	-	-
<b>At 30 September 2021</b>	-	<b>(563)</b>	<b>(563)</b>

### Other provisions

During the year, £700,000 (2021: £300,000) was provided in respect of costs relating to contractual commitments in leases entered into during the year to restore certain leased assets to their original condition at the end of the lease period. The costs have been capitalised and are being depreciated over the life of the relevant asset.

During the year a provision of £472,000 was made in relation to committed running costs, incremental to the lease obligations, for the remainder of the lease period on a leased production site which is no longer needed by the business.

No provisions were held by the Company at the year end (2021: £nil).

## 25 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the substantively enacted rates in the relevant territories in which the temporary differences and tax losses are expected to reverse.

The movement on the net deferred tax account is as shown below:

Group	2022 £000	2021 £000
At 1 October	(28,224)	(32,647)
Recognised in income statement		
Tax credit	4,414	3,488
Exchange differences	(4,180)	935
At 30 September	(27,990)	(28,224)

The Company did not have a deferred tax balance at the year end (2021: £nil).

There was no deferred tax recognised in other comprehensive income.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 25 Deferred tax continued

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered. The Directors believe there is sufficient evidence that the amounts recognised will be recovered against future taxable profits in the relevant tax jurisdiction. The Group did not recognise deferred tax assets of £44,576,000 (2021: £36,713,000) in respect of losses amounting to £146,241,000 (2021: £120,790,000) and temporary differences of £28,145,000 (2021: £25,185,000), mainly originating in the UK and for which there was insufficient evidence that taxable profits will be available in the near term against which they can be utilised. Of the unused tax losses on which no deferred tax is recognised, £112,601,000 have no expiry date and £33,640,000 expire between 2028 and 2035.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, for which deferred tax has not been recognised is £125,225,000. As the earnings are continually reinvested by the Group and there is no intention for these entities to pay dividends, no tax is expected to be payable on them in the foreseeable future.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period, together with amounts recognised in the Consolidated Income Statement and amounts recognised in other comprehensive income are as follows:

Group	Asset	Liability	Net	(Charged)/	(Charged)/
	2022	2022	2022	credited to	credited to
	£000	£000	£000	profit or loss	equity
				2022	2022
				£000	£000
Accelerated capital allowances	–	(25,511)	(25,511)	4,076	–
Biological assets	–	(4,109)	(4,109)	(850)	–
Other temporary and deductible differences	1,560	–	1,560	1,169	–
Available losses	–	–	–	(5)	–
Fair value of share options	70	–	70	24	–
<b>Net tax assets/(liabilities)</b>	<b>1,630</b>	<b>(29,620)</b>	<b>(27,990)</b>	<b>4,414</b>	<b>–</b>

Group	Asset	Liability	Net	(Charged)/	(Charged)/
	2021	2021	2021	credited to	credited to
	£000	£000	£000	profit or loss	equity
				2021	2021
				£000	£000
Accelerated capital allowances	–	(25,408)	(25,408)	3,908	–
Biological assets	–	(3,258)	(3,258)	(740)	–
Other temporary and deductible differences	391	–	391	402	–
Available losses	5	–	5	(96)	–
Fair value of share options	46	–	46	14	–
<b>Net tax assets/(liabilities)</b>	<b>442</b>	<b>(28,666)</b>	<b>(28,224)</b>	<b>3,488</b>	<b>–</b>

The Company did not have any deferred tax in the profit or loss or balance sheet at the year end (2021: £nil). The Company has not recognised deferred tax assets of £16,520,000 (2021: £14,653,000) in respect of losses amounting to £39,010,108 (2021: £20,002,700) and temporary differences of £25,827,000 (2021: £37,397,700) for which there is insufficient evidence that taxable profits will be available in the near term against which they can be utilised.



## 26 Share capital and additional paid-in capital

Allotted, called up and fully paid	Number	Share Capital £000	Share Premium £000
<b>Ordinary shares of 0.1 penny each</b>			
Balance at 30 September 2020	667,685,612	668	399,601
Exercise of share options	2,152,600	2	748
Shares issued through placing and open offer	536,272	-	333
<b>Balance at 30 September 2021</b>	<b>670,374,484</b>	<b>670</b>	<b>400,682</b>
<b>Exercise of share options</b>	<b>184,694</b>	<b>-</b>	<b>73</b>
<b>Shares issued through placing and open offer</b>	<b>33,401,620</b>	<b>34</b>	<b>20,069</b>
<b>Balance at 30 September 2022</b>	<b>703,960,798</b>	<b>704</b>	<b>420,824</b>

The holders of ordinary shares are entitled to one vote per share at meetings of the company, and to receive dividends from time to time as declared.

During the year ended 30 September 2022, the Group issued a total 184,694 ordinary shares of 0.1p each to certain employees of the Group relating to share options of which 12,509 were exercised at a price of 0.1 pence, and 172,185 were exercised at a price of 42.5p.

On 29 November 2021, the Company issued 33,401,620 new ordinary shares of 0.1 pence each by way of a placing and subscriptions at an issue price of 62.0 pence per share. Gross proceeds of £20.7m were received for the placing and subscription shares. Non-recurring costs of £0.6m were in relation to the share issues and this has been charged to the share premium account (presented within Additional paid-in share capital).

During the year ended 30 September 2021, the Group issued a total of 2,152,600 ordinary shares of 0.1p each to certain employees of the Group relating to share options, of which 426,182 were exercised at a price of 0.1 pence, 1,626,436 were exercised at a price of 42.5 pence and 99,982 were exercised at a price of 58.5 pence.

In the prior year, contingent consideration totalling USD 450,000 (£333,000) became payable relating to an acquisition from 2016 and this was paid in ordinary shares in the Group with the issue of 536,272 ordinary shares of 0.1p each on 13 January 2021.

## 27 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<b>Share premium reserve</b>	Amount subscribed for share capital in excess of nominal value.
<b>Merger reserve</b>	Under merger relief, the amount in excess of nominal value attributed to shares issued as consideration in an acquisition where the Group has secured at least a 90% equity holding in the other company.
<b>Capital redemption reserve</b>	Amounts transferred from share capital on redemption of issued shares.
<b>Foreign exchange reserve</b>	Gains/losses arising on retranslating the net assets of overseas operations into Sterling.
<b>Hedging reserve</b>	Comprises the effective portion of the cumulative net change in fair value of hedging instruments used in cash flow hedges pending subsequent recognition on profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.
<b>Retained earnings</b>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere. To simplify presentation, the share-based payment reserve has been combined with the retained earnings reserve. The share-based payment reserve recognised the value of equity-settled share-based payment transactions provided to employees, including management personnel, as part of their remuneration. Refer to Note 31 for further details of these plans.

The balance of additional paid-in share capital includes the merger reserve balance of £33,188,000, the balance being the share premium reserve. The merger reserve arose due to the Company issuing 38,635,671 shares of 0.1p each at 86p as part consideration for the acquisition of INVE Aquaculture Holdings B.V. on 30 December 2015.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 28 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest ("NCI"), before any intra-group eliminations.

Year ended 30 September 2022	Benchmark Genetics Iceland HF £000	Benchmark Genetics Salten AS £000	Total £000
<b>NCI percentage</b>	<b>10%</b>	<b>25%</b>	
Non-current assets	18,836	38,212	
Current assets	35,606	13,977	
Non-current liabilities	(3,548)	(17,510)	
Current liabilities	(4,796)	(14,463)	
<b>Net assets</b>	<b>46,098</b>	<b>20,216</b>	
<b>Net assets attributable to NCI</b>	<b>4,826</b>	<b>5,060</b>	<b>9,886</b>
Revenue	26,103	15,676	
Profit	7,522	3,390	
OCI	3,517	(8)	
<b>Total comprehensive income</b>	<b>11,039</b>	<b>3,382</b>	
Profit allocated to NCI	787	849	1,636
OCI allocated to NCI	368	(2)	366
Cash flows from operating activities	6,210	5,578	
Cash flows used in investment activities	(2,779)	(1,302)	
Cash flows (used in)/from financing activities (dividends to NCI: £nil)	(481)	(2,795)	
<b>Net increase in cash and cash equivalents</b>	<b>2,950</b>	<b>1,481</b>	

Year ended 30 September 2021	Benchmark Genetics Iceland HF £000	Benchmark Genetics Salten AS £000	Total £000
<b>NCI percentage</b>	<b>10%</b>	<b>25%</b>	
Non-current assets	15,992	39,604	
Current assets	27,102	9,757	
Non-current liabilities	(3,072)	(19,505)	
Current liabilities	(4,964)	(13,023)	
<b>Net assets</b>	<b>35,058</b>	<b>16,833</b>	
<b>Net assets attributable to NCI</b>	<b>3,671</b>	<b>4,213</b>	<b>7,884</b>
Revenue	21,554	13,651	
Profit	6,085	2,708	
OCI	399	920	
<b>Total comprehensive income</b>	<b>6,484</b>	<b>3,628</b>	
Profit allocated to NCI	637	678	1,315
OCI allocated to NCI	42	230	272
Cash flows from operating activities	6,918	4,782	
Cash flows used in investment activities	(5,016)	(778)	
Cash flows (used in)/from financing activities (dividends to NCI: £nil)	(663)	(3,972)	
<b>Net increase in cash and cash equivalents</b>	<b>1,239</b>	<b>32</b>	

## 29 Retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group and amounted to £2,361,000 (2021: £2,354,000). Contributions totalling £1,126,000 (2021: £1,051,000) were payable to the fund at the balance sheet date and are included in other payables.

## 30 Capital commitments

At 30 September 2022, the Group and Company had capital commitments as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Contracted for but not provided within these financial statements	1,476	1,297	–	–

## 31 Share-based payment

### Share options

The Group operates equity-settled share-option schemes for certain employees. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited, other than in limited circumstances, if the employee leaves the Group before the end of the vesting period. In these limited circumstances options will be exercisable in a specified period following termination of employment after which they will lapse.

For options granted in 2021 and 2022 additional performance measures apply. The performance measures are EPS growth, where 25% vests at threshold performance and 100% vests at maximum performance and Relative Total Shareholder Return measured against the FTSE AIM 100 index, where 25% vests at a ranking of median rising to 100% for a ranking of upper quartile or higher. In the case of Executive Directors, any vested shares will be subject to a two-year holding period.

The share options under the scheme are as follows:

Year ended 30 September 2022:

Year	No. of options				As at 30 September 2022	Option Price <sup>1</sup>	Exercise Period
	As at 1 October 2021	Granted in 2022	Exercised in 2022	Forfeited in 2022			
2013	42,000	–	–	–	42,000	0.10p	August 2016 to July 2023
2015	93,197	–	–	–	93,197	0.10p	March 2018 to February 2025
2015	46,553	–	–	(2,480)	44,073	0.10p	July 2018 to June 2025
2016	376,203	–	(12,509)	(3,112)	360,582	0.10p	March 2019 to February 2026
2017	115,172	–	–	–	115,172	0.10p	March 2020 to February 2027
2018	5,373,668	–	–	(572,557)	4,801,111	69.5p	January 2021 to January 2028
2019	6,014,383	–	–	(672,983)	5,341,400	58.5p	January 2022 to January 2029
2020	10,328,359	–	(172,185)	(1,094,377)	9,061,797	42.5p	February 2023 to February 2030
2020	2,100,000	–	–	–	2,100,000	31.5p	June 2023 to June 2030
2021	3,737,134	–	–	(366,876)	3,370,258	0.10p	January 2024 to January 2031
2021	205,899	–	–	–	205,899	0.10p	May 2024 to May 2031
2022	–	4,569,496	–	(301,582)	4,267,914	0.10p	December 2024 to December 2031

1 The option price is the nominal value of the Parent Company's shares for options issued except for the options issued in 2018, 2019 and 2020 for which the option price is the market price of the share on the date the options were granted.

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 31 Share-based payment continued

Year ended 30 September 2021:

Year	No. of options				As at 30 September 2021	Option Price <sup>1</sup>	Exercise Period
	As at 1 October 2020	Granted in 2021	Exercised in 2021	Forfeited in 2021			
2013	212,000	-	(145,000)	(25,000)	42,000	0.10p	August 2016 to July 2023
2015	235,840	-	(74,558)	(68,085)	93,197	0.10p	March 2018 to February 2025
2015	49,963	-	(3,410)	-	46,553	0.10p	July 2018 to June 2025
2016	524,001	-	(115,950)	(31,848)	376,203	0.10p	March 2019 to February 2026
2017	222,536	-	(87,264)	(20,100)	115,172	0.10p	March 2020 to February 2027
2018	7,920,876	-	-	(2,547,208)	5,373,668	69.5p	January 2021 to January 2028
2019	10,026,600	-	(99,982)	(3,912,235)	6,014,383	58.5p	January 2022 to January 2029
2020	13,675,329	-	(1,626,436)	(1,720,534)	10,328,359	42.5p	February 2023 to February 2030
2020	2,100,000	-	-	-	2,100,000	31.5p	June 2023 to June 2030
2021	-	3,817,762	-	(80,628)	3,737,134	0.10p	January 2024 to January 2031
2021	-	205,899	-	-	205,899	0.10p	May 2024 to May 2031

1 The option price is the nominal value of the Parent Company's shares for options issued except for the options issued in 2018 and 2019 for which the option price is the market price of the share on the date the options were granted.

Of the total number of options outstanding at 30 September 2022, 11,267,925 (2021: 6,515,149) were exercisable. In addition to all of the outstanding share options from 2013 to 2019, the balance of options exercisable also included nil options (2021: 274,283) from 2019, 246,555 options (2021: 194,073) from 2020, 63,772 options (2021: nil) from 2021, and 7,063 options (2021: nil) from 2022 which had vested early, not been exercised and had not lapsed. The early vests were due to employees leaving the Group as part of the structural efficiencies programme and the restructuring of management.

Options exercised in 2022 resulted in 184,694 shares being issued at a weighted average price of 40.3p. The related weighted average share price at the time of exercise was 62.5p per share. Options exercised in 2021 resulted in 2,152,600 shares being issued at a weighted average price of 36.8p. The related weighted average share price at the time of exercise was 57.8p per share.

The fair value of all of the equity-settled share-options granted above is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted. The weighted average fair value of the share options granted during the period was 51p (2021: 54.3p). Other inputs used in the fair value measurement include:

Inputs	2022	2021
Expected share price volatility	<b>39.61%</b>	37.75%
Risk-free rate	<b>0.39%</b>	(0.11)%
Expected dividend yield	<b>0.00%</b>	0.00%

The expected price volatility is based on the historic volatility (based on the remaining life of the options).

**Share options** continued

The total charge reflected in the consolidated income statement in relation to the share-based transactions listed in the table below. The share based payment expense comprises:

Share options issued	Weighted average exercise price	Weighted average remaining contractual life	2022 £000	2021 £000
August 2013	0.1p	One years	-	-
March 2015 and July 2015	0.1p	Two years	-	-
March 2016	0.1p	Three years	-	-
March 2017	0.1p	Four years	-	-
January 2018	69.5p	Five years	-	58
January 2019	58.5p	Six years	<b>101</b>	321
February 2020	42.5p	Seven years	<b>330</b>	249
June 2020	31.5p	Seven years	<b>57</b>	61
January 2021	0.1p	Eight years	<b>293</b>	133
May 2021	0.1p	Eight years	<b>16</b>	8
December 2021	0.1p	Nine years	<b>385</b>	-
Equity-settled schemes			<b>1,182</b>	830
<b>Total share-based payment charge</b>			<b>1,182</b>	830

The expense recognised above has been recognised in the income statement and included within operating costs.

The Group did not enter into any other share-based payment transactions with parties other than employees during the current or previous period.

The total charge recognised in the Company's income statement was £463,000 (2021: £212,000), all charged to operating costs in both years.

**32 Related party transactions**

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

**Subsidiaries**

Transactions between the Company and its subsidiary undertakings (see Note 18), which are related parties, amounted to £5,120,000 in the year (2021: £4,761,000). These transactions related to inter-company recharges. Balances with subsidiary undertakings are shown in Notes 21 and 22. Details of transactions between the Group and other related parties are disclosed in the following note.

**Other related party transactions**

Upon refinancing our Bond debt in September 2022, some related parties participated, at arms length, in the newly issued unsecured green bond. Those related parties and the amounts invested were as follows: FERD AS (NOK 6.5m), Kverva Finans AS (NOK 20.0m), JNE Partners LLP (NOK 6.5m), each of whom are deemed to be substantial shareholders of Benchmark Holdings PLC, and Atle Eide (NOK 5.0m) who is a Non-Executive Director of Benchmark Holdings PLC.

In addition, Group entities entered into the following trading transactions with related parties during the year that are not members of the Group:

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 32 Related party transactions continued

	Transaction values for the year ended 30 September		Balance outstanding as at 30 September	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Sales of goods and services</b>				
Salmar Genetics AS <sup>1</sup>	93	126	26	-
Benchmark Genetics (Thailand) Limited <sup>2</sup>	23	-	60	-
Great Salt Lake Brine Shrimp Cooperative, Inc <sup>2</sup>	473	285	142	111
Andromeda S.A. <sup>3</sup>	-	-	-	760
Baggfossen Mikrokraft AS <sup>2</sup>	-	20	-	10
NovAustral <sup>4</sup>	-	-	89	-
<b>Purchases</b>				
Great Salt Lake Brine Shrimp Cooperative, Inc <sup>2</sup>	24,583	25,634	5,961	7,640
Baggfossen Mikrokraft AS <sup>2</sup>	21	-	-	-
Marco Polo Events Ltd <sup>5</sup>	8	-	-	-
Kontali Analyse AS <sup>6</sup>	1	-	-	-

1 Joint venture.

2 Associate.

3 A Director is a director of the parent undertaking of Andromeda S.A.

4 A director is KMP of NovAustral.

5 A director is a director of Marco Polo Events Ltd.

6 A director is a director of Kontali Analyse AS.

### Remuneration of key management personnel

The aggregate remuneration of the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. In 2022 and 2021 the key management personnel of the Group were considered to be the Board of Directors and the Executive Management Team.

	2022 £000	2021 £000
Salary	1,799	1,465
Bonus	1,422	1,019
Social security	459	251
Taxable benefits	24	11
Pension	124	100
Fees	307	285
Share-based payment	404	200
<b>Total</b>	<b>4,539</b>	<b>3,331</b>

### Parent and ultimate controlling party

The Company is controlled by the shareholders. There is no single controlling party.

### 33 Contingent liabilities

There is a full cross guarantee in respect of certain borrowings of other Group undertakings. Total such borrowings of other Group undertakings at 30 September 2022 were £nil (2021: £nil).

### 34 Notes supporting statement of cash flows

Cash and cash equivalents for the purposes of the statement of cash flows comprises:

	2022 £000	2021 £000
<b>Group</b>		
Cash at bank and in hand	36,399	39,460
<b>Cash and cash equivalents</b>	<b>36,399</b>	<b>39,460</b>
<b>Company</b>		
Cash at bank and in hand	3,210	9,003
<b>Cash and cash equivalents</b>	<b>3,210</b>	<b>9,003</b>

### 35 Alternative profit measures and other metrics

#### Alternative profit measures

Management has presented the performance measures EBITDA, Adjusted EBITDA, Adjusted Operating Profit and Adjusted Profit Before Tax because it monitors performance at a consolidated level and believes that these measures are relevant to an understanding of the Group's financial performance.

EBITDA, a widely used measure, which reflects profitability, is earnings before interest, tax, depreciation, amortisation and impairment and is shown on the income statement.

Adjusted EBITDA which reflects underlying profitability, is earnings before interest, tax, depreciation, amortisation, impairment, exceptional items and acquisition-related expenditure and is shown on the income statement.

Adjusted operating profit is operating loss before exceptional items including acquisition-related items and amortisation of intangible assets excluding development costs as reconciled below.

Adjusted profit before tax is earnings before tax, amortisation and impairment of acquired intangibles, exceptional items and acquisition-related expenditure as reconciled below. These measures are not defined performance measures in IFRS. The Group's definition of these measures may not be comparable with similarly titled performance measures and disclosures by other entities.

#### Reconciliation of adjusted operating profit to operating loss

	2022 £000	2021 £000
<b>Revenue</b>	<b>158,277</b>	125,062
Cost of sales	(75,149)	(59,477)
<b>Gross profit</b>	<b>83,128</b>	65,585
Research and development costs	(6,691)	(7,010)
Other operating costs	(44,661)	(38,221)
Depreciation and impairment	(19,897)	(8,359)
Amortisation of capitalised development costs	(2,165)	(299)
Share of loss of equity accounted investees net of tax	(595)	(905)
<b>Adjusted operating profit</b>	<b>9,119</b>	10,791
Exceptional including acquisition related items	16	(184)
Amortisation and impairment of intangible assets excluding development costs	(16,996)	(15,984)
<b>Operating loss</b>	<b>(7,861)</b>	(5,377)

## Notes Forming Part of the Financial Statements continued for the year ended 30 September 2022

### 35 Alternative profit measures and other metrics continued Reconciliation of loss before tax to adjusted (loss)/profit before tax

	2022 £000	2021 £000
<b>Loss before taxation</b>	<b>(23,177)</b>	(9,179)
Exceptional including acquisition-related items	(16)	184
Amortisation and impairment of intangible assets excluding development costs	<b>16,996</b>	15,984
<b>Adjusted (loss)/profit before tax</b>	<b>(6,197)</b>	6,989

### Other metrics

	2022 £000	2021 £000
<b>Total R&amp;D Investment</b>		
Research and development costs	<b>6,691</b>	7,010
Internal capitalised development costs (Note 15)	<b>1,708</b>	4,813
<b>Total R&amp;D investment</b>	<b>8,399</b>	11,823

	2022 £000	2021 £000
<b>Adjusted EBITDA excluding fair value movement in biological assets</b>		
Adjusted EBITDA	<b>31,181</b>	19,449
Exclude fair value movement	<b>(1,595)</b>	(3,323)
<b>Adjusted EBITDA excluding fair value movement</b>	<b>29,586</b>	16,126

### Liquidity

A key financial covenant is a minimum liquidity of £10m, defined as cash plus undrawn facilities.

	2022 £000
Cash and cash equivalents	<b>36,399</b>
Undrawn bank facility	<b>9,398</b>
<b>Liquidity</b>	<b>45,797</b>

The undrawn bank facility relates to the RCF facility (Note 23). At 30 September 2022, £4,000,000 (2021: £nil) of the RCF was drawn, leaving £9.4m undrawn.

### 36 Net debt

Net debt is cash and cash equivalents less loans and borrowings.

	2022 £000	2021 £000
Cash and cash equivalents	<b>36,399</b>	39,460
Loans and borrowings (excluding lease liabilities) – current	<b>(5,569)</b>	(1,612)
Loans and borrowings (excluding lease liabilities) – non-current	<b>(78,280)</b>	(94,792)
<b>Net debt excluding lease liabilities</b>	<b>(47,450)</b>	(56,944)
Lease liabilities – current	<b>(11,522)</b>	(9,042)
Lease liabilities – non-current	<b>(14,765)</b>	(14,945)
<b>Net debt</b>	<b>(73,737)</b>	(80,931)



## Glossary

<b>Adjusted EBITDA</b>	EBITDA before exceptional and acquisition costs (see income statement)
<b>Adjusted Operating Profit</b>	Adjusted Operating Profit is operating loss before exceptional items including acquisition-related items and amortisation and impairment of intangible assets excluding development costs (see Note 36)
<b>AEBITDA</b>	EBITDA before exceptional and acquisition costs (see income statement)
<b>AER</b>	Actual exchange rate
<b>AGM</b>	Annual General Meeting
<b>AIM</b>	Alternative Investment Market
<b>APHIS</b>	Animal and Plant Health Inspection Service
<b>ASC</b>	Aquaculture Stewardship Council
<b>Breeders</b>	Broodstock shrimp
<b>CAGR</b>	Compound Annual Growth Rate
<b>CCS</b>	Cross-currency swap
<b>CEO</b>	Chief Executive Officer
<b>CER</b>	Constant exchange rate
<b>CFO</b>	Chief Financial Officer
<b>CGU</b>	Cash-Generating Unit
<b>CleanTreat®</b>	Benchmark's water purification system that removes medicines from treatment water
<b>CO2</b>	Carbon Dioxide
<b>Constant currency</b>	2021 figures in GBP converted using average foreign exchange rates prevalent in 2020
<b>EBITDA</b>	Earnings before interest, tax, depreciation, and amortisation (see income statement)
<b>Ectosan®Vet</b>	Sea Lice veterinary medicinal treatment used together with CleanTreat®
<b>ESG</b>	Environmental, Social, Governance
<b>FAO</b>	Food and Agriculture Organisation
<b>FAWC</b>	Farm Animal Welfare Council
<b>FRN</b>	Floating rate NOK Bond
<b>GHG</b>	Greenhouse Gas Emissions
<b>GRI</b>	Global Reporting Initiative. Organisation producing reporting standards.
<b>GSI</b>	Global Salmon Initiative
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>Investing Activities</b>	Investing Activities are those activities which have no associated income stream in the current period, but which are intended to provide the Group with income-generating operations in future periods. Includes exceptional items, R&D expenditure, pre-operational expenses for new ventures and costs of acquiring new businesses
<b>IP</b>	Intellectual Property
<b>IRS</b>	Interest rate swap
<b>ISO</b>	International Organisation for Standardisation
<b>LIBOR</b>	London Interbank Offered Rate
<b>Liquidity</b>	Undrawn bank facilities plus cash and cash equivalents
<b>LMS</b>	Learning Management System
<b>LTIP</b>	Long-Term Incentive Plan

## Glossary continued

<b>MWh</b>	MegaWatt hours. Unit of measure for energy.
<b>Net debt</b>	Net debt is cash and cash equivalents less loans and borrowings
<b>Net zero</b>	A net zero organisation will set and pursue an ambitious 1.5 °C aligned science-based target for its full value-chain emissions. Any remaining hard-to-decarbonise emissions can be compensated using certified greenhouse gas removal
<b>NIBOR</b>	Norwegian Interbank Offered Rate
<b>R&amp;D</b>	Research & Development
<b>Salmosan®Vet</b>	Benchmark's sea lice bath treatment
<b>SASB</b>	Sustainability Accounting Standards Board
<b>Sea lice</b>	Parasite in salmon farming causing significant economic loss and welfare issues
<b>SECR</b>	Streamlined Energy of Carbon Reporting. The requirement to report carbon emissions annually
<b>SONIA</b>	Sterling Overnight Index Average Rate
<b>SPR</b>	Specific Pathogen Resistant
<b>SSP</b>	Sustainable Shrimp Partnership
<b>tCO<sub>2</sub>e</b>	Tonnes of CO <sub>2</sub> equivalent. Unit of measure for reporting all greenhouse gas emissions in a common way
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>Total Adjusted EBITDA</b>	Adjusted EBITDA for continuing and discontinued operations (see income statement)
<b>USDA</b>	U.S. Department of Agriculture
<b>WRI</b>	World Resources Institute

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