



Benchmark®

Driving sustainability in aquaculture

Benchmark Holdings plc
Annual Report and Accounts 2023

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The Challenge

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

See pages 6-7 for more insight into how we are meeting global challenges

Our Mission

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

See pages 22-23
for Genetics

See pages 24-25 for
Advanced Nutrition

See pages 26-27
for Health

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FY23 Highlights

Financial highlights (continuing operations)²

Revenue

7% ahead of FY22

Total R&D investment (£m)
(expensed and capitalised)

£6.7m

Gross margin (%)

51%

Adjusted EBITDA

9% above FY22

Revenue (£m)

£169.5m

Operating loss (£m)

£5.3m

Total loss after tax (£m)

£21.6m

Adjusted EBITDA¹ (£m)
(AEBITDA Margin %)

£35.5m

Tangible capex (£m)

£6.0m

Net debt (£m)

£(65.5)m

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

² Continuing operations exclude the tilapia business which was divested in the year. The comparative figures have been adjusted where applicable to reflect changes to the ongoing continuing business during the year following this divestment.

Operational highlights

Group

- We continued our efforts to integrate and streamline the Group aligning the operational management team with our customer base and product offering. This customer-centric move enhances our commercial impact and opportunity for synergies across the Group.
- Demonstrating our commitment to sustainability we achieved ISO 14001 environmental management system certification in Norway and Iceland and MSC certification for our Artemia harvested from the Great Salt Lakes.

Genetics

- Record sales of salmon eggs in Norway, Iceland and Chile reaching 330m eggs, 15% increase from FY22.
- Doubling of sales in Chile demonstrate commercial traction. Furthermore our facilities received disease-free compartment status from the World

Organisation for Animal Health opening new avenues for exports.

- We strengthened our R&D Genetics team with a focus on reproductive technologies paving the way for **breakthrough** developments in sterility and gene editing.
- A strategic review of our tilapia business resulted in a management buy-out. We maintain our presence and expertise in tilapia through our Genetics Services offering.
- We broadened our Genetics Services offering by developing new cost effective genotyping tools that serve producers in multiple species.

Advanced Nutrition

- In a year of challenging market conditions we strengthened our market leading position in the shrimp and Mediterranean fish markets.
- A structured programme of operational efficiencies implemented

in the year will further increase our competitiveness and profitability.

- New research collaborations established in Ecuador and Singapore to develop products and solutions that address local market needs.
- We launched our first AI-enabled tool which enables shrimp and fish producers to count live feed with ease, speed, and accuracy, increasing farming efficiency.

Health

- Increased adoption of Ectosan® Vet and CleanTreat and progress towards development of new business model

See pages 22-23
for Advanced Nutrition

See pages 24-25
for Health

See pages 26-27
for Genetics

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.

Innovative

Collaborative

Passionate

Commercial

See pages 60-65
for more on our values in action

A year of delivery

Peter George
Chairman

2023 highlights

- Third consecutive year of financial and strategic delivery
- Organisational changes driving integration and commercial focus
- Continued commitment and progress in our sustainability strategy

2023 marks the third consecutive year of financial and strategic delivery following the Group restructuring and the appointment of a new management team in 2020. The new financial discipline and commercial focus implemented by our CEO and CFO are now well embedded in the Group and, together with our ongoing organisational change programme, are driving continued growth and strategic progress. Since 2020 Benchmark's revenue from continuing operations has grown from £105.4m (after adjusting for £0.2m revenue from the divested tilapia business) to £169.5m and Adjusted EBITDA has increased from £15.5m (after adjusting for loss of £11m from the divested tilapia business) to £35.5m, turning operating cashflow positive. In the same period, operating loss has reduced from £9.6m (after adjusting for loss of £1.2m from the divested tilapia business) to £5.3m, and total loss for the year has reduced from £31.9m to £21.6m.

We have a strong business with a capable organisation which is capitalising on the attractive megatrends in our industry, and which has proven its agility to adapt to the cyclicity in our end markets, taking every opportunity to further consolidate our leading market position.

The structural growth drivers in our industry are increasingly compelling. Aquaculture plays a crucial role in meeting the demand for seafood and represents a growing proportion of seafood consumption.

In addition, there are a number of exciting trends gaining momentum which are further driving the demand for innovative biotechnology solutions which are our focus. For instance, the increasing adoption of certification standards; the adoption of technological advancements, from automation to genetic improvements; the emergence of alternative feeds; and the increased use of data driven, AI enabled decision making are all aligned with and support Benchmark's future growth.

Organisational transformation

We continued our strategic journey to integrate and streamline our organisation in order to realise synergies, reduce costs and enhance our customer value proposition. This is an effort that commenced three years ago and crystallised this year with the integration of our Health, Genetics and Advanced Nutrition salmon and shrimp offerings by species in order to drive greater synergies into those end markets.

This means we can now fully leverage our customer relationships and commercial footprint to cross-sell our offerings and develop new products and solutions. Our salmon and shrimp activities are now respectively led by Geir Olav Melingen and Patrick Waty, both strong commercial leaders, who also continue to be business area heads for Genetics and Advanced Nutrition. As a result of the change we were able to streamline the teams with immediate cost savings.

Listing venue and share price performance

It is evident to the Board that our share price does not reflect the fundamental value of the business, its growing track

record, or unique strategic positioning and attractive prospects. In an effort to address this longstanding issue, the Board decided to pursue a listing in Oslo, the leading seafood market in order to attract specialist investors and over time attain a fair valuation for our shares. An initial listing on Euronext Growth Oslo announced in November 2022 represented a first step towards this goal, to be followed by an uplisting to the Oslo Børs, subject to shareholder approval.

In 2023, we conducted a consultation with shareholders regarding an uplisting to the Oslo Børs and simultaneous delisting from AIM. However, we concluded from these discussions that it was necessary to maintain listings on both Euronext Growth Oslo and on AIM for the foreseeable future and keep an uplisting under review as part of the Group's ongoing strategy to deliver shareholder value.

Board changes

During the year we made changes to the Board that increased shareholder representation, improved the gender balance, and addressed the normal Board rotation cycle.

In December we appointed Laura Lavers as Non-Executive Director. Laura is an experienced investment professional with two decades of experience and acts as shareholder representative for JNE Partners, a significant shareholder in the Company. In April, we announced the appointment of Torgeir Svae as Non-Executive Director with Atle Eide stepping down at the same time. Torgeir is an Investment Director at Kverva AS, one of the Company's main shareholders, and acts as their shareholder representative. Following the appointments of Mrs Lavers and Mr Svae, alongside our independent directors, we have three Non-Executive Directors representing our three main shareholders who collectively hold 71% of the Company's shares.



I am proud to be reporting a third consecutive year of financial and strategic delivery for Benchmark. It is testament to the Group's successful operational transformation, our market leading positions and the ongoing fundamentals in our industry."

Adjusted EBITDA
from continuing operations

£35.5m

2022 restated: £32.6m

Peter George

As a step to enhance Board diversity in the normal rotation of Directors, on 30 June we appointed Marie Danielsson as Non-Executive Director and Chair of the Audit Committee succeeding Kevin Quinn who joined the Board in 2016.

In December 2023, Susan Searle, the Company's most tenured Board member, will conclude her service on the Board. The Board wishes to express its heartfelt gratitude for her exceptional contributions and dedicated work over the past decade.

Sustainability

Sustainability is at the core of our mission and our sustainability strategy runs across all our business and extends to our supply chain; it guides our decision-making and investment strategy. Our sustainability report on pages 40-65 sets out the initiatives and the progress made during the year in our three Sustainability pillars: Environment, Animal Welfare and People and Communities. We set priorities for our three pillars in alignment with a materiality assessment carried out annually which reflects key areas of impact for the business and our stakeholders. This year areas of focus included certification of our operations, sustainability of our supply chain, and enhanced climate risk assessment reporting.

Through enhanced disclosure and policies we were pleased to achieve an improvement in our MSCI ESG ratings to AA.

We have an ambitious commitment to energy transition. In 2023, we made substantial progress towards our Net Zero goals with the installation of solar panels in our facility in Thailand which represents the majority of our GHG emissions. The new solar panels will be operational in Q1 FY24.

Our People

Benchmark is driven by a group of highly talented and motivated people at all levels around the world, and I thank them all on the Board's behalf for their contribution this year. We continued to invest in making Benchmark a great place to work through an ambitious engagement programme, new learning and development resources, and regular, open communication with the management team. For a third consecutive year we obtained excellent engagement scores in our employee survey, well above the industry norm.

Looking forward

Our organisation is stronger than ever and, with market leading positions in our three business areas, I am confident that we will continue to build on our record of consistent delivery despite short term headwinds in some of our markets. Our focus continues to be on creating shareholder value by building a sustainably profitable, cash generative business positioned to capitalise on the opportunity to deliver healthy, nutritious, sustainable food for our future generations.

Peter George
Chairman

Benchmark's first Science and Innovation Fair

Collaboration, scientific expertise and customer insight come together to address aquaculture's future challenges.

At Benchmark, our commitment to innovation sets us apart and makes us industry leaders. We are passionate about continuously improving our customer offering through innovation. Scientific expertise, customer insight and collaboration have been at the core of our track record of innovation.

In 2023 Benchmark's Innovation Board held its first Science and Innovation Fair bringing together our brightest minds to share knowledge, encourage dialogue across all business areas and engage in forward-looking discussions on opportunities around the challenges facing the aquaculture industry in the years and decades to come. Topics including sea lice, disease challenges, climate change and aquatic health and welfare were discussed leading to future pilot projects in areas such as AI and disruptive technologies to counter sea lice reproduction.

We are proud and excited to have shared this dialogue with all our employees – a first for Benchmark – and testament to the importance we place on engagement, collaboration and sharing a common vision.

What we do

Our approach in the aquaculture industry is unique.

We focus on three complementary areas - **Genetics, Advanced Nutrition and Health** - which are critical for farming efficiency, growth, and fish welfare, driving sustainability.

With operations in 26 countries, we provide innovative, mission-critical products and solutions to more than 750 customers worldwide.

Genetics

Professional genetics form an essential foundation for growth, disease resistance, and survivability throughout the production cycle, driving resource efficiency and sustainability. Our world-class genetics team harnesses the power of long-standing breeding programs and the latest genomic tools to deliver exceptional products and solutions for salmon, shrimp, and a wide range of other aquaculture species

39%
of revenue

See pages 22-23
for Genetics

Advanced Nutrition

Early-stage nutrition and optimal environmental conditions are critical for promoting growth, health, and survivability throughout the production stages - from hatchery to nursery and grow-out. Benchmark, a pioneer and leader in the field, has developed proprietary technologies and offering a comprehensive portfolio of nutritional and preventative health solutions for shrimp and fish that help our customers optimise their farming efficiency and production.

46%
of revenue

See pages 24-25
for Advanced Nutrition

Health

Benchmark is a leader in medicinal sea lice solutions for salmon, addressing one of the most pressing sustainability challenges in salmon production. Our two complementary medicinal solutions, Salmosan® Vet and Ectosan® Vet and CleanTreat® coupled with our dedicated technical services team, enable our customers to tackle this critical issue in their production. Our award-winning CleanTreat® system prevents the release of medicines into the ocean demonstrating our continued commitment to innovation and sustainability.

15%
of revenue

See pages 26-27
for Health

Specialised mission critical solutions

Sustainable production

Farming efficiency

Animal health and welfare

Global operations

750

clients
in 70 countries

26

countries
commercial and R&D operations

823

people
employed worldwide

Focus on sustainability

Through our products

By developing products and solutions that enhance resource efficiency, growth, yield and animal health and welfare.

As a responsible operator

- Net Zero commitment
- Sourcing sustainably certified feed ingredients
- Obtaining environmental certification for our facilities
- Promoting fair working practices across our supply chain
- Assessing and mitigating climate risk

See pages 40-65
for our sustainability report

Our Customer Reach

Aquaculture: A large, growing industry driven by global megatrends

Our growing end market: seafood

Fish and shellfish are the most consumed animal proteins and continue to grow in importance. We eat more seafood than ever, more than double our consumption per capita 50 years ago.

20% of animal protein intake for more than 3.1bn people.

Per capita consumption has increased from 9kg to 21kg in the last 30 years and forecast to grow.

More than 3.1 billion people depend on fish for at least 20% of their total animal protein intake, and a further 1.3 billion people for 15% of animal protein intake.

Aquaculture supplies more than 50% of all seafood produced for human consumption

With wild fish capped to avoid over fishing, aquaculture is responsible for a growing percentage of seafood consumption. Still, aquaculture is considered a young industry, with significant development opportunities.

As a source of animal protein, seafood scores favourably compared to other animal proteins on health and sustainability parameters and sustainability including fat content, feed conversion and water usage.

Source: Historical data 1950–2010: FOA. 2014. "FishStatJ". Rome: FAO. Calculated at WRJ, assumes reduction in wild fish catch between 2010 and 2050, and linear growth of aquaculture at an additional 2 million tons per year between 2010 and 2050. See www.wrl.org/publication/improving-aquaculture

Challenges to sustainable growth and catalysts for change

For the aquaculture industry to reach its full potential, it needs to develop in a sustainable way addressing issues that are of increasing importance to all stakeholders from consumers and local communities to governments and shareholders.

Meeting global challenges in the areas of:

Greenhouse
gas emissions

Fish feed
supply

Antibiotic
use

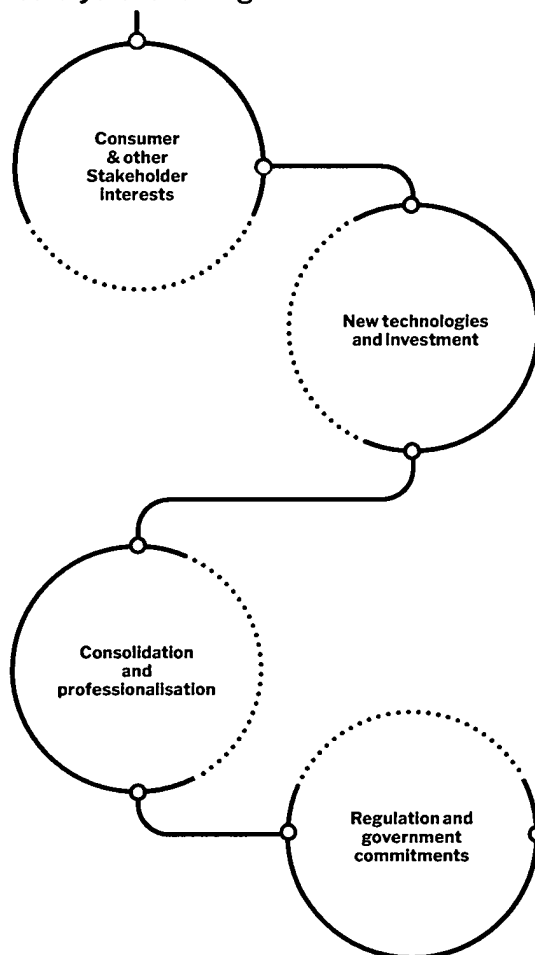
Biodiversity
loss

Working
conditions

Fish
welfare

Effluents

Catalysts for change



Innovation in Genetics

New genomic tools provide cost-effective genotyping solutions for the aquaculture industry

Benchmark's focus on innovation and customer success within our Genetics team has led to the development of new genotyping tools which expand our customer offering in genomic selection for a broad range of aquaculture species.

Following the start of a strategic innovation programme in 2022, this year we developed and launched a suite of new Single Nucleotide Polymorphism (SNP) arrays. These arrays are applicable to many aquaculture species, including salmon, shrimp, tilapia, trout, sea bass, and sea bream and have broad applications from genetic marker discovery and disease resistance research to diversity study, parentage verification, quality control and conservation. By leveraging our genotyping volume

for our internal salmon breeding programmes, we can offer these arrays to genetic services customers at market-leading prices.

This elevates our position as a go-to-market leader in genetic services, providing clients with a one-stop-shop for all their breeding programme and genomics requirements, while facilitating the use of genomic tools across the industry contributing to its future development.

Species at a glance

Our products and solutions address the needs of the largest, most industrialised aquaculture species globally.

Shrimp

Value of global production¹

£38bn

Producing countries¹:

Ecuador 24%
India 18%
Vietnam 18%
China 17%
Indonesia 8%
Thailand 6%
Other 9%

Production²:

5.1 million tonnes
Market growth:
-0.4% (2023e)
4% (2024e)

Maturity level:

High **Medium** Low

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

The shrimp farming sector is more than twice as large in value as salmon. In contrast with salmon, shrimp farming is not consolidated, taking place in many countries across Asia and Latin America in farms ranging from small family-owned ponds to large, sophisticated producers. Historically, the industry has faced environmental and disease challenges which have significantly impacted production. However, the industry is adopting new practices and technologies which, together with increased regulation, is improving biosecurity and productivity.

Sources: ¹ GlobeNewswire, Kontali, FAO - percentage of world production in tonnes
² FAO, Rabobank, Pareto, Company estimates.

Salmon

Value of global production¹
£16.2bn

Producing countries¹:

Norway 52%
Chile 26%
UK 5%
Canada 4%
Faroes & Iceland 3%
Other 10%

Production²:

2.9 million tonnes
Market growth:
0.5% (2023e)
4.8% (2024e)

Maturity level:

High Medium Low

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

Salmon farming has seen substantial growth due to the rising popularity of salmon in diets worldwide, driven by its health benefits and versatility. The industry is highly regulated due to environmental and animal welfare concerns which limits growth in supply. This has promoted the adoption of new technologies to improve yield and animal welfare as well as new production paradigms including land-based farming.

Sea bass and sea bream

Value of global production¹
£2.6bn

Producing countries¹:

Turkey 46%
Greece 20%
North Africa 17%
Other Mediterranean 10%
Other 7%

Production²:

0.7 million tonnes
Market growth:
1% (2023e)
3.9% (2024e)

Maturity level:

High Medium Low

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.

Business Overview

Our business is customer-centric. We develop and deliver innovative mission-critical products and solutions that help drive our customers' success.

Key resources

Proprietary technologies and know-how

Resulting from decades of investment in R&D and teams of leading scientists in their field.

Our people and culture

Our people are the driving force behind everything we do. Guided by our values and objectives, we promote a collaborative, inclusive culture that makes Benchmark a great place to work.

Global well-invested footprint

With a commercial presence in 26 countries and well-invested production facilities, we are well-placed to deliver high-quality products to customers around the world.

Partners and suppliers

Our network of partners and suppliers is important to our success. We build sustainable relationships with industry partners who share our commitment to operate responsibly.

Key activities

Innovation

Leveraging our commercial insights, expertise, and technology platforms, our teams of scientists develop groundbreaking and sustainable products and solutions that address the evolving needs of the aquaculture industry.

Production and manufacturing

We operate well-invested production facilities with protocols in place to promote resource efficiency, health and safety, good animal health and welfare and ecosystem health.

Technical services and consulting

We offer technical support and consulting services to aquaculture producers to optimise their production and farming efficiency and help address challenges.

Sales, distribution and customer support

Driven by a strong commercial focus and customer-centric approach, we deliver tailored products and solutions along with exceptional customer support on a timely basis to our global customer base.

Industry collaboration

We collaborate with industry participants, research institutions and other stakeholders in projects and initiatives that promote sustainable practices and innovation.

Our customers and channels

We serve a highly diverse customer base covering multiple species, geographies and production systems.

We pride ourselves in delivering tailored products and solutions complimented with technical support specifically tailored to our customers' individual needs.

We aim to establish long term relationships, helping our customers address present and future production challenges.

We serve our customers directly and through an extensive network of distributors which contribute to expand our reach.

We actively promote the utilisation of our solutions and sustainable aquaculture practices through an extensive programme of webinars, digital resources, training sessions and active participation in trade shows and conferences.

Our species

Value of global production

Shrimp

£38bn

Salmon

£16.2bn

Sea bass and sea bream

£2.6bn

Our contribution and impact

Our products and solutions play an important role in meeting the needs of aquaculture producers and consumers for a sustainable, reliable and nutritious source of protein in fish and shrimp.

As a responsible operator, we manage our business in a way that promotes the wellbeing of our people, the animals under our care, our communities and the planet by adopting best practices, ambitious targets and transparent reporting for the benefit of all our stakeholders.

SDGs

How we contribute to the achievement of the goal

Through our products and solutions and our technical support, we help to develop sustainable food production systems and implement resilient practices that increase productivity and production for large and small-scale producers. This contributes to improve food security in every region of the world.

750

aquaculture producers supported across every continent

1 of 3

Our products are used in 1 of 3 salmon and shrimp farmed globally

We take the health, safety and well-being of our employees very seriously with policies and programs in place including: mental health first aiders, well-being campaigns and a health and safety management system covering 100% of our operations. Through our supplier code of conduct we seek to extend our reach into our supply chain.

450

hours of employee participation in well-being sessions

32

trained mental health aiders

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

We are mindful of the importance of gender diversity at all levels of the Group.

Gender Ratio

Executive Management

50%/50%

Total Employees

41% female 59% male

We promote inclusive and sustainable economic growth, employment, and decent working conditions in our operations and in our supply chain. Our people policies and approach to global compensation and benefits ensure equality across our locations worldwide.

100%

roll-out of our supplier code of conduct (modern slavery)

Equality in benefit and remuneration policy across all regions

In the growing climate crisis that we are experiencing, rapid and sustained reductions in GHG emissions are essential. We take our responsibility towards this critical goal seriously with ambitious GHG reduction targets. Our Net Zero targets are underpinned by defined actions across our operations which we are implementing according to plan.

New solar panels in Thailand facility will reduce its GHG emissions by

30%

Our work supports efforts to conserve and sustainably use our oceans and marine resources:

- We contribute to reduce overfishing by supporting the development of the aquaculture industry
- We work to replace marine ingredients in our feeds
- We avoid the discharge of medicines into the ocean with our CleanTreat® system

Avoided discharge of

29,000 kg

of medicine into the ocean by using CleanTreat® in our sea lice solution

Terrestrial ecosystems are vital for sustaining human life. Escalating trends of forest loss and land degradation pose a severe threat to the planet and people.

By sourcing certified land ingredients for our feeds, we contribute to protecting life on land.

100%

certified soy use in our feeds and at our breeding facilities

Delivery and strategic progress

Trond Williksen
Chief Executive Officer

2023 highlights

- Good growth in revenues and Adjusted EBITDA despite weak shrimp markets
- Progress in key growth vectors
- Strategic steps to further integrate and streamline the Group
- Strengthened innovation capabilities

Third consecutive year of financial and strategic delivery

I am pleased to report a third consecutive year of financial delivery and strategic progress at Benchmark. The change programme which we embarked on three years ago and which is ongoing has transformed Benchmark into a robust and commercial organisation with leading market positions focused on delivering growth and shareholder value.

Supported by industry megatrends and growing interest in sustainability, farming efficiency and animal welfare, Benchmark is uniquely positioned in the aquaculture industry. With a clear focus on three business areas – Genetics, Advanced Nutrition and Health we deliver specialised, mission critical solutions that address the most important challenges facing the aquaculture industry today. This creates excellent opportunities and prospects ahead for Benchmark.

FY23 Overview

We delivered good growth in revenue and Adjusted EBITDA despite challenging conditions in the global shrimp markets. This demonstrates the strength of our business and the agility of our organisation to adapt - mitigating the impact of a soft market and taking advantage of commercial opportunities to further consolidate our leading market position. We continued to build on our established track record of growth and improved profitability with revenues increasing by 7%, and Adjusted EBITDA from continuing operations excluding fair value movements from biological assets by 15% (see Note 36). Operating loss for the year reduced by 15% from the previous year, and total loss for the year reduced 29%. Since the end of FY20 when we completed the Group restructuring, revenues and Adjusted EBITDA from continuing operations have increased by 61% and 128%, respectively after adjusting for the divested tilapia business. In the same period, operating loss reduced by 45% and total loss for the year reduced by 32%.

Good performance in our core established business

Our three business areas reported good contribution and progress. Advanced Nutrition showed the strength of an excellent organisation and was able to land a good year despite weak shrimp markets which resulted in a drop in demand for our products in key markets. Genetics increased revenues by 14% driven by its core established business with record salmon egg sales from its three facilities in Iceland, Salten and Chile, and continued to invest in its growth vectors. Health reported 27% revenue growth. With leading market positions, good commercial momentum, and growth in our underlying markets we expect further organic growth in our core areas.

Innovation capability coupled with deep market insight sets us apart. During the year we strengthened our Genetics R&D team with a focus on reproductive technologies aiming to bring new breakthroughs in sterility and gene editing to the market in the coming years. In Advanced Nutrition we launched our first AI-powered artemia counting tool SnappArt, an example of how we incorporate state of the art technology into our product offering.

Growth vectors

In addition to the growth potential across our established core business, we have three significant growth vectors which represent strategic priorities for the Group:

- the commercial expansion of our salmon genetics into the Chilean market;
- the commercialisation of our shrimp genetics products; and
- the development of a new business model and operating platform for Ectosan® Vet and CleanTreat®.

During the year we devoted considerable effort and resources to ensure that we have a compelling customer proposition and the right infrastructure and cost base in each of our growth vectors to deliver adequate returns.

Chile is the second largest salmon producing country in the world and a natural new market for our salmon genetics business. Barriers to entry in genetics are high and it is by leveraging our world class genetics expertise to develop a pure Chilean strain and our extensive operational capabilities that we have a competitive product in the market which is reliable, biosecure and high performing. Results from our first full production cycle demonstrate this, translating into new customer wins and a growing pipeline of orders supported by an intense commercial effort from our local and global team.

// Benchmark has a unique positioning in the aquaculture industry delivering products and solutions that address the growing needs of aquaculture producers, consumers and key stakeholders seeking a sustainable future.”

Trond Williksen

Revenue from continuing operations

£169m

2022: £158m

We see significant potential in shrimp genetics as a driver of growth and sustainability in shrimp production; indeed, this is an area where Benchmark has world class capabilities and expertise. We launched our first commercial shrimp genetics products in 2022 exporting breeders from our production facility in Florida to multiple markets in Asia. Based on feedback from the first commercial phase, in FY23 we decided to develop a new range of products addressing a need in the market for growth and balanced strains in addition to resistance, as well as a need for locally adapted strains tailored to variations in customer needs across countries. We undertook trials to enable product testing in local conditions and our new product development is well progressed. We also took the decision to exit our JV multiplication centre in Thailand and plan to develop alternative market routes for our shrimp genetics through partnerships with other industry players, leveraging our extensive network and established relationships. In order to leverage our leading market position and commercial network in the shrimp market through Advanced Nutrition, we combined our shrimp activities across Genetics and Advanced Nutrition under the leadership of Patrick Waty, our Head of Advanced Nutrition.

Our sea lice solution Ectosan® Vet and CleanTreat® has proven to be highly efficacious, protective of animal welfare and the environment, and represents a key growth vector for Benchmark. During the year there was increased adoption of our sea lice solution by small and large producers along the entire Norwegian coastline. Full market penetration however relies on the development of a new business model and configuration aligned to our customers' infrastructure. During the year we signed an agreement with a specialist wellboat equipment provider, MMC, and ship designer, SALT, to integrate CleanTreat® systems into new wellboats.

This also opens up opportunities for retro-fits or installations on platforms other than the current PSV (platform supply vessel) setup. The implementation of the new business model will allow us to streamline the organisation and reduce capital intensity. Part of these actions are reviewing different options to optimise operations and cash flow on our journey towards fully integrated customer-owned systems, including taking down the exposure to the capital intensive setup we currently hold with two PSV's.

Strategic Action

We continue our efforts to integrate and streamline the Group - making sure we have an organisation that is as optimal as possible from an operational and commercial point of view. To this end we executed an important alignment in the year bringing together our salmon activities under the leadership of our Head of Genetics and our shrimp activities under the leadership of our Head of Advanced Nutrition. This customer-centric action will enable us to increase our commercial impact with a combined offering and customer network, leveraging resources and knowledge and further strengthening our market leading position.

Our overarching aim to achieve profitability and sustainable cash generation led to the decision to exit from our tilapia breeding operation while maintaining our exposure to this species through our Genetic Services business. Having developed top performing genetics and an efficient operation and supply chain, the slow industrialisation and adoption of tilapia genetics in the industry meant that we did not see a path to adequate returns in the short and medium term. We were pleased to have exited the business through a management buyout and we continue to work with the new owners providing support for the breeding programme through our Genetics Services activities.

Our culture and our people

Benchmark's purpose driven team and culture is our most important asset. Our values underpin the way we conduct our business and create a collaborative, innovative and commercial organisation which I am very proud of. We take employee well-being and engagement seriously and create regular opportunities to facilitate dialogue. These are an important pillar in making Benchmark a 'Great Place to Work'.

Looking forward – Outlook

We have had a good start to the year and there is good momentum in the business. We have good visibility of sales in Genetics at normalised levels following the supply shortage experienced Q1 FY23. In Advanced Nutrition we are seeing early signs of recovery in the shrimp markets which we expect will contribute positively from Q2FY24 onwards. Our CleanTreat® units are currently operating at a good capacity utilisation and we expect this to be reflected in Q1 FY24. We expect normal seasonality with low treatment volumes in the second half. We are considering actions to optimise our operations and cashflow during the transition to an integrated customer solution. The continued integration and streamlining of the Group will enable us to further leverage the Group capabilities and drive efficiencies contributing to a positive outlook for the year ahead.

Looking into the future, we are uniquely positioned in an industry that is structurally growing. With a clear strategy addressing the main aquaculture species, we have significant opportunity to deliver growth and shareholder returns. We will continue the development of the Group and ongoing consideration of our strategy to realise the value inherent in our business for the benefit of all our stakeholders.

Trond Williksen
Chief Executive Officer

Delivering on our strategy

Our strategy is guided by our mission to drive sustainability in aquaculture. We apply commercial focus and innovation to deliver specialised mission critical solutions, and build market leading positions in each of our markets.

Through our strategic priorities and Group-wide performance framework we align our efforts and resources towards our main goals. Our medium term targets are set to deliver growth, profitability and shareholder value.

Medium term KPI's

Revenue growth p.a.

15%-18%

Adjusted EBITDA margin

25%-30%

Period end

Cash conversion¹

70%-80%

Free cash flow² % sales

10%-15%

period end

¹ Cash generated from operations after working capital and taxes as percentage of Adjusted EBITDA.

² Free cash flow: Net cash from operating activities less capex and lease payments (excluding cash interest).

Strategic Pillar	Maintain and grow our leadership position in established markets
2023 Priority	- Genetics: become supplier of choice for salmon genetics in all key markets - Advanced Nutrition: maintain a leading position in the global artemia market - Health: continue to increase customer adoption of Ectosan® Vet and CleanTreat® in Norway
2023 Delivery	- Genetics: 15% growth in number of salmon eggs sold with record sales from all three production facilities - Advanced Nutrition: increased market share in the global artemia market in challenging market conditions - Health: increased market adoption of Ectosan® Vet and CleanTreat® across the Norwegian coastline
2024 Priority	- Genetics: become supplier of choice for salmon genetics in all key markets - Advanced Nutrition: maintain leadership in artemia and strengthen position in diets and health products - Health: establish a sustainable operating model for Ectosan® Vet and CleanTreat®

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

- Continue to develop the CleanTreat® model integrating customer infrastructure
- Continue roll-out of shrimp breeders and explore post larvae business model for shrimp genetics

- Development of integrated CleanTreat® solution progressed through collaboration with MMC and Salt
- Developing the next generation of shrimp genetics products based on feedback from initial commercialisation: sales effort paused until new products are ready for launch

- Continue work to position Benchmark as an established supplier towards achieving scale and profitability
- Complete development of next generation of shrimp genetics products and commence commercialisation

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

- 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

- Integration within salmon activities and shrimp activities under common leadership enabling us to realise synergies and enhance our commercial-centric focus
- Outstanding participation in engagement survey and top quartile engagement scores

- Continue the effort to realise the benefits from the integration of the salmon and shrimp activities across the Group to leverage resources and knowledge

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

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

- A number of opportunities were evaluated but not pursued following detailed due diligence to establish strategic fit and potential financial returns

- Continue to explore opportunities to develop new growth avenues within core areas

Investment case

Benchmark is a leading aquaculture biotechnology company uniquely positioned to address the growing need for sustainable seafood production.

Market-leading position in major farmed species

Market leader in mission-critical areas:

- Genetics
- Early-stage specialist nutrition
- Sea lice treatments

1 in 3
farmed salmon
carries our genetics

and we feed
1 in 3
farmed shrimp

Unique mature biotech platform

Three complementary areas driving farming efficiency, growth and animal health and welfare

- High entry barriers
- Proprietary technologies
- Track record of innovation

20+
year genetic
programmes

Financial framework for growth and returns

Medium term KPIs

- 15%-18% annual revenue growth
- 25%-30% Adjusted EBITDA margin
- 70%-80% cash conversion
- 10%-15% free cash flow as a percentage of sales

17%
CAGR Revenue
post restructuring
in 2020

Purpose driven with strong ESG credentials

- Purpose-driven organisation; sustainability at core of our mission
- Net Zero commitments
- AA MSCI ESG Rating
- First green loan and green bond issued in FY22

Track record of delivery

- Consistent strategic and financial delivery following restructuring
- Revenue growth, cost control and disciplined investment
- Increased integration, streamlining and operational efficiency
- Enhanced sustainability credentials

35%

**CAGR Adjusted
EBITDA**

post 2020 restructuring

Opportunities for growth

- Growing end markets driven by population and consumption megatrends
- Increasing customer and stakeholder interest in sustainable solutions
- Continued innovation

First

AI-enabled product

Genetics

Strong performance underpinned by our leading genetics, bio-secure well-invested facilities and continued customer focus.

Geir Olav Melingen
Head of Salmon, Health and Genetics

2023 highlights

Salmon

- We achieved record sales of salmon eggs from Norway, Iceland and Chile resulting in more than 330m eggs delivered to 26 countries worldwide, a 15% increase from FY22.
- Significant increase in demand for eggs from our facilities in Iceland underpinned by the new incubation centre opened in FY22 and our commitment to maintaining the highest biosecurity standards.
- Increased commercial traction in Chile with doubling of sales.
- We were granted disease-free compartment status by the World Organisation for Animal Health (WOAH) for our facilities in Chile, a status only held by seven facilities worldwide, of which four are Benchmark's – two in Iceland and two in Chile. The disease-free compartment status enables exports from Chile to salmon producers worldwide.

Revenue

£65.5m

(2022 restated : £57.4m, up 14%)

Adjusted EBITDA

£15.7m

(2022 restated: £17.4m, down 10%)

Shrimp

- Development of a new product portfolio underway tailored to the needs of individual local markets, applying the learnings from the first commercial phase.
- We set up a new trial facility in Asia to facilitate product development and commercialisation.
- We reduced our commercial efforts until the new products are launched; timing coincides with challenging market conditions in the global shrimp markets which have affected demand.

Tilapia

- We completed a strategic review of the tilapia business resulting in a sale of the business to the management team, and the establishment of an agreement for the ongoing development of the tilapia breeding programme by our Genetics Services team. This enables us to reduce costs and accelerate our path to cash generation while maintaining a presence in tilapia.
- Benchmark has been at the forefront of advancing sustainable, high-quality tilapia production by delivering tilapia strains with superior growth and disease resistance based on 24 generations of selection. We will continue with this work through our Genetics Services activities.

R&D and Genetic Services

- We expanded our R&D team with a focus on reproductive technologies aiming to bring new breakthroughs in sterility and gene editing to the market in the coming years.
- We developed new cost-effective genotyping tools as part of our expanded Genetic Services offering: Single Nucleotide Polymorphism (SNP) arrays, a tool relevant for the leading aquaculture species. This supports our strategy to become the one-stop shop for market-leading genetic services.



Our unwavering commitment to investment in R&D positions us as a global leader in salmon genetics today and in the years and decades to come and establishes a path to sustained commercial success.”

Geir Olav Melingen

- We completed breakthrough research in collaboration with the USDA Aquatic Animal Health Research Unit related to resistance to *Streptococcus iniae* in tilapia, identifying a significant quantitative trait locus (QTL).
- We developed a strategic partnership with the Institute of Marine Research (IMR) in Bergen focused on reproductive biotechnologies with one of our senior geneticists now primarily based at IMR and winning a major collaborative project from the Norwegian Research Council to study the potential use of salmon germ cell culture to advance genetic improvement for key traits.

Sustainability

- We Implemented an environmental management system ISO 14001 in our facilities in Norway and Iceland.
- We acquired a hydro powerplant, Baggfossen Mikrokraft AS, in Salten with potential to cover 8–10% of the facility's energy requirements.
- We completed the construction of a new broodstock hall in Salten to improve fish welfare, allowing for reduced handling.
- We Installed a new cooling system in Vøgar, Iceland which fully replaces the need for freon gas, a significant ozone depleter.
- We also installed a more efficient heating system in Lønningdal which optimises conditions for our salmon fry and saves energy and costs.

Focus on biosecurity: disease-free compartment status for our genetics facilities in Chile

In May 2023 we reached a significant milestone in our commitment to biosecurity when we were granted Disease-Free Compartment status for our genetics facilities in Chile, becoming the first genetics company in Chile to receive this recognition.

The Disease-Free Compartment status, as defined by the World Organisation for Animal Health (WOAH), stands as a testament to our commitment to the highest standards of animal health, confirming strict adherence to a comprehensive sanitary management system. This ensures that our production complies with specific disease-free health status.

The rigorous certification process entails robust implementation of sanitary and biosecurity measures including contingency plans to prevent the dissemination of potential disease agents in the event of outbreaks.

The certification represents an important differentiating factor for Benchmark in the market and opens an export market from Chile creating new avenues for future growth.

Advanced Nutrition

Through commercial focus and operational efficiency we delivered a strong performance, consolidating our position as industry leader.

Patrick Waty
Head of Advanced Nutrition

2023 highlights

- **Market leadership and business resilience:** In a year of challenging market conditions we strengthened our leading market position in the global shrimp and Mediterranean fish markets. This is a reflection of the capability and agility of our commercial organisation. By leveraging our local technical services capabilities and global footprint we adapted to the market needs, taking advantage of commercial opportunities across our markets.
- In FY23 the global shrimp markets were affected by a number of factors including high inflation which reduced shrimp consumption and increased production costs. This created oversupply impacting shrimp prices. Producers reacted by reducing pond stocking in the short term, reducing demand for our products.
- **Operations 2.0 programme:** During the year we began the implementation of a structured programme of operational efficiencies, focused on four elements: production process automation, supply chain integration, digitalised data management and automated workflows. The initial progress made through this programme contributed to mitigate the financial impact of the drop in demand as a result of adverse shrimp markets.
- **Technical support:** Technical support services are a core element in our offering to promote best practices in farm management and in the use of our products. Our expert team conducts regular hands-on workshops with farmer groups, distributors and customers on crucial themes including disease diagnostics and biosecurity. This promotes the optimal use of our products and protocols contributing to our customers' success.
- **R&D collaboration:** We established new collaborations with research institutes in Ecuador and Singapore to work on initiatives to address local production environments and challenges. This will enable us to gain a deeper understanding of our customers' production systems and to develop products and solutions that best address their current and future needs.
- **Local training capabilities:** We set up a cutting-edge artemia demonstration room in collaboration with key Indian hatchery groups. The artemia room serves as a training and demonstration centre, supporting the launch of new products, allowing us to showcase our technologies and share best practices with customers and other stakeholders.

Revenue

£78.5m

(2022: £80.3m, down 2%)

Adjusted EBITDA

£18.4m

(2022: £19.0m, down 3%)



I am proud of our performance in 2023, a year of significant challenges in the global shrimp industry, our main market. By focusing on our mission to help our customers succeed, adapting to the prevailing environment and maintaining financial discipline we were able to consolidate our leading market position and further increase operational efficiency.”

Patrick Waty

- **Innovation:** Our proprietary technology and commitment to sustained innovation underpin our excellent technical performance and we are committed to continued investment to bring to market innovative value added products incorporating state of the art technologies. In 2023 we launched a new AI-enabled Artemia tool, SnappArt which enables our customers to count live feeds with unmatched ease, speed, and accuracy.

Sustainability

- **MSC certification:** We obtained MSC Chain of Custody certification for our Artemia products harvested from the Great Salt Lakes. This represents an important milestone for Benchmark and for our customers, contributing to the sustainability and transparency of the full aquaculture value chain, lending further credibility to our credentials.
- **Global GAP Chain of Custody for compound feed:** Our Global GAP certification obtained in 2013 was enhanced this year through voluntary scrutiny of sustainability parameters including labour practices.
- **Installation of solar panels in Thailand:** Post period end we completed the installation of solar panels in our production facility in Thailand which will make a substantial contribution towards our goal to reduce GHG emissions towards our Net Zero Journey.
- **Novel Green Ingredients Innovation:** We have identified, evaluated, and approved a low environmental impact protein source for inclusion in our shrimp and fish larval feeds.
- **Sustainability scorecard:** We increased the sustainability focus in our product development and lifecycle management by introducing a scorecard which to assess and track sustainability parameters in our product lifecycle process. This important step will help align our sustainability efforts with our customers own sustainability goals.

SnappArt: first AI-powered counting and qualifying tool for live feed

In FY23 we launched our first AI-powered tool – SnappArt. The innovative technology addresses the challenge of manually counting live feed of both artemia and rotifers: a time-consuming, laborious task prone to error that hinders hatchery efficiency.

SnappArt is the result of a collaboration between Benchmark's INVE R&D experts and Netherlands based ARIS B.V. bringing together Benchmark INVE's 40 years of expert knowledge on live feed culture and deep learning networks underpinning the SnappArt technology.

The tool offers substantial improvements in the speed and efficiency of artemia and rotifer counting improving accuracy and delivering highly reproducible results. This ensures consistency, eliminating the variability and subjectivity associated with manual counting methods.

When combined with tailored cloud-based management software, SnappArt takes efficiency and automation to the next level. Hatcheries can access real-time production data, generate automated analyses, and create dashboards for their live food production. Allowing hatcheries to access standardised expert-level counting results around the clock, aligns with our commitment to enhance efficiency, automation, and sustainability in the aquaculture industry.

The technology highlights our ability to translate extensive research and development efforts into tangible products that deliver real value to our customers and contribute to the future of aquaculture.

Health

Substantial revenue growth and improved profitability driven by growth across Benchmark's portfolio of medicinal sea lice treatments.

Geir Olav Melingen
Head of Salmon, Health and Genetics

2023 highlights

In the fight to manage sea lice, producers look to reliable, effective, and safe treatments as part of their strategic de-lousing programme. Benchmark's portfolio of medicinal sea lice treatments plays a key role – with a growing number of Ectosan Vet® and Salmosan® Vet treatments recorded in FY23.

Integration of activities with Benchmark's salmon genetics creating an integrated customer-centric offering

- In FY23 we combined our salmon activities across Health and Genetics under the leadership of Geir Olav Melingen. This leverages Benchmark's leadership, presence and brand across our salmon solutions, enhancing customer focus and enabling the Group to realise synergies over time.

Revenue

£25.5m

(2022: £20.1m, up 27%)

Adjusted EBITDA

£4.8m

(2022: £0.1m)

Ectosan® Vet and CleanTreat®

- We saw increased adoption of Ectosan® Vet and CleanTreat® by large and small salmon producers along the entire Norwegian coastline.
 - A positive development in the Norwegian market with more new customers implementing Ectosan® Vet and CleanTreat® as part of their sea lice strategy.
 - The solution continues to show c.100% efficacy and high animal welfare.
- We made important progress in the development of a new business model and new configuration for CleanTreat® to integrate the CleanTreat® system into our customers' wellboat infrastructure.
- We signed an agreement with MMC First Process AS and working closely with Salt Ship Design AS to integrate the CleanTreat® systems onboard wellboats. This will:
 - Align our solution with our customers' infrastructure and future wellboat strategy.
 - Reduce the environmental footprint of the treatment operations by reducing the number of vessels involved in the delivery of the solution.
 - Reduce the capital investment for Benchmark.
- We took initial steps towards the expansion of Ectosan® Vet and CleanTreat® in Chile, Canada and the Faroe Islands.
- The Norwegian Veterinarian Institute published a report stating imidacloprid (Ectosan® Vet), shown to be the most efficacious sea lice product against all mobile and adult sealice.
 - The report also focuses on the welfare effects of sea lice treatments and the development of resistance, all in favour of Ectosan® Vet and CleanTreat®.



Quite simply, CleanTreat® is a game changer. It makes medicinal treatments environmentally viable and is key to parasite control. Environmental sustainability is rightly on the agenda, and as an industry, we have had to adapt the balance between sustainability and profitability. CleanTreat® enables the best solution for efficacy, welfare and the environment.”

Geir Olav Melingen

Salmosan® Vet

- We have continued our effort to expand the use of Salmosan® Vet in the global salmon industry through expansion into new markets, commercial focus and label extensions.
- During the year, we entered into an exclusive agreement with STIM Scotland to distribute Salmosan® Vet in the UK, enhancing access to our sea lice treatment accompanied by our technical support.
- In Canada, the label change extending the bath duration of Salmosan® Vet and the regulatory change to increase the number of treatments allowed in a year has proven to improve results leading to increased use. As a result of the improved results, we have seen a positive market development in Canada during FY23.
- The first sales of Salmosan® Vet in Iceland occurred.

First hand praise from our customers for our innovative sea lice solution Ectosan® Vet and CleanTreat®

In many ways, this has been a year in focus for Ectosan® Vet and CleanTreat®. We have now marked two years of commercial deployment; we have grown the number of farmers that have used the solution and have now supported farms along the entire length of the Norwegian coastline.

Silje Flåtues Hansen, Fish Health Biologist at Nordlaks AS shares her good experience of using Ectosan® Vet and CleanTreat® at their site in northern Norway. She lists the informative training provided to the wellboat crew and the support their health team received from Benchmark ahead of treatment to ensure efficient and optimal treatments, all as imperative to their treatment success.

Furthermore, Silje comments on the reliable results and safety of the treatment making it a useful tool in Nordlaks strategy against sea lice.

Watch Silje share her feedback here:

Strong and positive performance in the year

Septima Maguire
Chief Financial Officer

We have been able to deliver a solid set of results in FY23 built on our focus toward profitability and cash generation as we continue to progress our strategic objectives.

Continuing Gross Profit

£86.8m

2022 restated: £83.9m

Net Debt⁴

(£65.5)m

2022: (£73.7)m

Introduction

We continued to develop a business structured for growth and resilience. FY23 has been a year of significant progress in which we have delivered sales growth in both Genetics and Health, our two salmon focussed business areas. Additionally, in Advanced Nutrition, we have been able to continue to make progress even despite difficult economic conditions in which the market contracted. Our continued focus on cost and cash conservation has proven key to our progress and we ended the year with healthy cash, net debt and available liquidity position. We anticipate that the shrimp markets will improve somewhat in FY24 and our shrimp focussed businesses are poised to benefit. Salmon continues to be a very solid market for the Group allowing us to continue to progress the business in line with our strategic objective to be the preferred supplier of salmon eggs in all key markets.

Financial highlights

- Revenues were 7% above the prior year resulting from:
 - a marginal 2% decrease in Advanced Nutrition revenues (-7% in constant currency (CER⁵)) showing resilience in difficult market conditions.
 - Strong performance in Genetics with revenues 14% above the prior year (+20% in constant currency) due to strong demand for salmon eggs during the year.
 - 27% increase in revenues in Health (+29% in constant currency) with higher sales of Ectosan[®]Vet/ CleanTreat[®] and Salmosan[®] Vet.

- Continuing Adjusted EBITDA² excluding fair value movements in biological assets was up 15% to £35.6m reflecting the impacts of the revenue noted above and tight control over costs.
- Loss before tax from continuing operations was improved from last year at £12.7m (2022 restated: £21.4m). Loss from discontinued operations relating to the disposal of the tilapia business of £5.5m (2022 restated: £1.8m).

Liquidity and net debt

- Liquidity⁶ (cash and available facility) increased to £48.8m (2022: £45.8m) and cash at year end of £36.5m (2022: £36.4m).
- Net debt reduced to (£65.5)m (2022: (£73.7)m) reflecting the impact of the equity raise of £13m in December 2022, resilience in trading, lower capex and focus on working capital control.

Overview of reported financial results

During 2023, the Group's focus was on continuing to strengthen the business and deliver good commercial results and advancing its strategic priorities with the aim to be cash generative.

Advanced Nutrition continued to deliver strong results even as they faced headwinds in the shrimp markets demonstrating good resilience within the business area. Genetics had a good year with strong sales and solid results, and with Ectosan[®] Vet and CleanTreat[®] sales gaining more traction in Health this resulted in an increase in Group revenue of 7% to £169.5m in the year (2022 restated: £157.7m). This increase in sales meant that gross profit increased to £86.8m (2022 restated: £83.9m). Gross margin was slightly down at 51% (2022 restated: 53%). Using the same foreign exchange rates experienced in 2022 (constant currency⁵) revenue increased by 7%.

Continuing Revenue

£169.5m

2022 restated: £157.7m

Continuing AEBITDA²**£35.5m**

2022 restated: £32.6m

See pages 111-187
for Financial Statements

// As we continue to progress towards being fully cash positive, this year has shown the true strength within Benchmark, delivering revenue and AEBITDA growth even with market headwinds. I am delighted that Benchmark has continued to grow and deliver forward momentum in cash generation."

Septima Maguire

As Reported (£m unless otherwise stated)	2023	2022 restated*	% AER	% CER ⁵
Revenue from continuing operations	169.5	157.7	7%	7%
Operating loss from continuing operations	(5.3)	(6.2)	15%	22%
Loss before tax from continuing operations	(12.7)	(21.4)	41%	44%
Loss for the period including discontinued operations	(21.6)	(30.5)	29%	31%
Basic loss per share (p)	(3.16)	(4.60)	31%	-

* 2022 numbers have been restated to reflect changes to the ongoing continuing business following the disposal of the tilapia business during the year (Note 12).

Adjusted Measures (£m unless otherwise stated)	2023	2022 restated*	% AER	% CER ⁵
Gross profit from continuing operations	86.8	83.9	3%	4%
Gross profit %	51%	53%	-	-
Gross profit from continuing operations exc movements in fair value of biological assets	86.9	82.3	5%	6%
Gross profit %	51%	52%	-	-
Adjusted EBITDA ² from continuing operations	35.5	32.6	9%	11%
Adjusted EBITDA ² margin %	21%	21%	-	-
Adjusted EBITDA ² from continuing operations exc movements in fair value of biological assets	35.6	31.0	15%	16%
Adjusted EBITDA ² exc fair value movements margin %	21%	20%	-	-
Adjusted Operating Profit ³ from continuing operations	14.6	10.7	36%	41%
Net debt ⁴	(65.5)	(73.7)	11%	-

* 2022 numbers have been restated to reflect changes to the ongoing continuing business following the disposal of the tilapia business during the year Note 12.

1 EBITDA is earnings/(loss) before interest, tax, depreciation and amortisation and impairment. See income statement.

2 Adjusted EBITDA is EBITDA¹ before exceptional and acquisition-related items. See income statement.

3 Adjusted Operating Profit is operating loss before exceptional and acquisition-related items and amortisation of intangible assets excluding development costs. See Note 36.

4 Net debt is cash and cash equivalents less loans, borrowings and lease obligations. Net debt includes £19.9m (FY22: £26.3m) relating to lease obligations. See Note 37.

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 36 of the financial statements.

Financial Review continued

Business area performance

From continuing operations (£m)	Revenue				AEBITDA ²					
	Actual 2023	Actual 2022 restated*	% AER	% CER ⁵	Actual 2023	Actual 2022 restated*	% AER	% CER ⁵	AEBITDA margin % 2023	AEBITDA margin % 2022 restated*
Genetics	65.5	57.4	14%	20%	15.7	17.4	(10%)	(1%)	24%	30%
Advanced Nutrition	78.5	80.3	(2%)	(7%)	18.4	19.0	(3%)	(8%)	23%	24%
Health	25.5	20.1	27%	29%	4.8	0.1	4,295%	4,165%	19%	1%
Corporate	5.7	5.1	12%	12%	(3.4)	(3.9)	13%	13%	-	-
Inter-segment sales	(5.7)	(5.2)	(10%)	(10%)	-	-	-	-	-	-
Total Group	169.5	157.7	7%	7%	35.5	32.6	9%	11%	21%	21%
Genetics excluding FV uplift	65.5	57.4	14%	20%	15.8	15.8	0%	8%	24%	28%
Group excluding FV uplift	169.5	157.7	7%	7%	35.6	31.0	15%	16%	21%	20%

* 2022 numbers for Genetics have been restated to reflect changes to the ongoing continuing business following the disposal of the tilapia business during the year (Note 12).

We continued to manage costs across the Group very closely. Operating costs from the continuing business increased by 2% to £45.2m (2022 restated: £44.1m) with increased costs in Genetics and Advanced Nutrition driven in the main by inflation offset by cost cuts in Health. Expensed R&D from continuing operations decreased by 9% to £6.1m (2022 restated: £6.6m).

Adjusted EBITDA from continued operations increased by 9% to £35.5m (2022 restated: £32.6m) driven by increased performance in Health which offset Genetics where we had significant investment in shrimp genetics as well as lower fair value uplift and Advanced Nutrition.

Adjusted measures (see Note 36)

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, in which currency balances are retranslated at the same exchange rates 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 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 Gross profit and 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

Despite forex headwinds impacting both NOK and ISK, Genetics delivered good growth in revenue driven by sales of salmon eggs where volumes increased by 15% to 335 million eggs. Total revenues from continuing operations of £65.5m (2022 restated: £57.4m) were up 14%, 20% in constant currency.

Egg sales in our biggest market, Norway, increased by 17% during the year, with most of the demand being met by higher production volumes from our Salten facility. We also saw increased sales to almost all other territories in the year, resulting in an increase in revenue from salmon eggs of 19% to £45.6m (2022: £38.3m).

In non-product-based revenue streams, revenues from harvested fish were aided by increased salmon prices resulting in harvest income in the year of £11.1m (2022: £8.5m). Royalties earned from use of our genetic IP fell in the year, with sales down to £0.5m (2022: £0.8m). No further revenues are expected from this revenue stream as the expected unwind of contracts is now complete. Genetic Services delivered slightly lower revenues of £1.2m in the year (2022: £1.3m), but revenues from

1 EBITDA is earnings/(loss) before interest, tax, depreciation and amortisation and impairment. See income statement.

2 Adjusted EBITDA is EBITDA¹ 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 36.

4 Net debt is cash and cash equivalents less loans, borrowings and lease obligations. Net debt includes £19.9m (FY22: £26.3m) relating to lease obligations. See Note 37.

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 36 of the financial statements.

this income stream are expected to increase in future years as we build on the strength and depth of our recently expanded genetics team and our IP in the business. Revenues from other products totalled £7.4m (2022: £9.1m).

Gross profit from continuing operations reduced by 7% in 2023 to £30.6m (2022 restated: £32.8m) and gross margin fell to 47% (2022 restated: 57%). The reduction in gross margin was due to a number of factors. We experienced higher third-party production costs on our broodstock licence, inflation in our own costs and non-capitalisation of shrimp development costs in the year (£1.0m capitalised in 2022). Additionally, the fair value movement of bio assets fell to a reduction of £0.1m in 2023 which is a combination of a slowing in the growth of our biomass and lower eggs being incubated at the end of the year, compared to an increase of £1.6m in 2022, as the overall value of biological assets fell versus prior year.

The previously announced strategic review of our tilapia business was completed in Q4 and as a result we sold the tilapia assets in a management buy-out. Our Genetics Services team will continue to support the ongoing development of the tilapia breeding programme on an arms-length basis. The tilapia operation had revenues of £0.3m in the year (2022: £0.6m) and an AEBITDA loss of £1.3m (2022: loss of £1.4m). We also booked exceptional costs of £3.9m in the year (2022: £nil) relating to termination of the business.

Our work to refine the shrimp genetics product line is ongoing and we have lower commercial activities during the year. Prevailing conditions in the shrimp markets have also affected this area of our business. Shrimp sales in the year of £1.2m were behind last year (2022: £2.0m) and Adjusted EBITDA losses of £3.6m were £2.0m worse than prior year, £1.0m of which, as noted above, was due to capitalisation of development costs for the shrimp nucleus in 2022 before it launched commercially.

R&D spend was £0.6m lower in the year (2023: £3.7m, 2022: £4.3m) and operating costs were higher by £0.6m (2023: £11.2m, 2022: £10.6m) 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 to the joint venture with Salmar Genetics AS where we recorded a share of profit of £0.03m in 2023 (2022: share of loss of £0.5m), and a share of losses of £0.2m at Benchmark Genetics Thailand (2022: share of losses of £0.1m). Post year-end, as part of consolidating the shrimp genetics business under Patrick Waty,

Genetics has continued to establish its facilities in Chile and with overall AEBITDA losses of £2.9m and £0.1m invested in capex in these facilities in 2023 (2022: £3.4m and 0.6mm). These facilities have potential production capacity of 50 million eggs and is currently utilising capacity of around 30 million eggs. During the year we sold 7 million eggs.

All these factors contributed to increased AEBITDA from continuing business of £15.7m (2022 restated: £17.4m) and AEBITDA margin of 24% (2022 restated: 30%). AEBITDA from continuing business excluding fair value was the same as prior year at £15.8m (2022 restated: £15.8m) with an AEBITDA margin of 24% (2022 restated: 28%).

Advanced Nutrition

Throughout 2023, Advanced Nutrition delivered a resilient performance driven by continued commercial and customer focus. Advanced Nutrition had a good start to the year but at that stage we could already see weakening within the shrimp markets. This continued throughout the year but we have delivered strong results despite the market trends. Revenues in Advanced Nutrition decreased by only 2% in the year (7% at CER) as our strong commercial focus has allowed us to continue to strengthen our position and take increased market share even as the market has softened.

In 2023 and 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, artemia revenue were £36.7m (2022: £37.4m) followed by diets £32.6m (2022: £35.3m). health which covers our probiotic and environmental pond management portfolio grew revenues by 13.6% to £9.2m (2022: £8.1m).

Gross profit of £43.8m (2022: £42.6m) showed an increase of 3% at AER but a reduction of 1% at CER after the effect of the foreign exchange tailwinds. However, good cost control and reducing logistics costs during the year along with lower cost of goods for our Artemia products helped support the resilience of the business. As a result we saw an increase in gross profit margin up from 53% to 56%. This increase in gross profit was offset in part by an increase in operating costs as we saw the full year effect of the investment made in the business during 2022. There continued to be strong cost control and where appropriate staff reductions throughout this year in light of difficult market conditions. Operating costs grew to £23.4m (2022: £21.5m). This led to Advanced Nutrition reporting AEBITDA of £18.4m (2022: £19.0m) and a slight decrease in AEBITDA margin from 24% to 23%.

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.

Financial Review continued

Health

Health reported revenue of £25.5m (2022: £20.1m) largely reflecting increased market traction for Ectosan®Vet and CleanTreat® which represented of £17.2m of revenue (2022: £14.8m) of which £4.8m relates to revenue for vessel-related costs (2022: £2.5m). Additionally, it was a good year for our other sea lice treatment, Salmosan® Vet, which showed a resurgence of demand in the year driven mainly by label changes which allow longer use in certain territories and delivered revenue of £8.3m (2022: £5.4m).

Gross profit increased by £3.8m to £12.3m, driven by the increased sales from of Ectosan®Vet and CleanTreat® combined with increased margins from Salmosan® Vet. Gross margin increased to 48% (2022: 43%), due to increased Ectosan®Vet and CleanTreat® sales.

During the year, the focus of this business area has been to drive demand for Ectosan®Vet and CleanTreat® in Norway and also to lay the ground work for moving the CleanTreat® treatments away from Benchmark leased and controlled vessels, onto customer owned platforms. This will reduce the capital intensive nature of the solution and ultimately reduce costs for the customer, making it a more attractive solution to use for the treatment of sea lice. To date capacity utilisation on the CleanTreat® vessels varied with treatment seasonality which translated into utilisation of c.50% in each vessel during FY23. We are reviewing different options to manage capacity and optimise operations and cash flow as we transition towards fully integrated customer owned systems on wellboats. This may include reducing the exposure to the capital intensive setup we currently hold with two PSV's. With cash and cost control being a very key focus for this business area, operating costs decreased to £7.3m (2022: £8.1m) and research and development fell to £0.3m (2022: £0.4m). Adjusted EBITDA for the business area was £4.8m (2022: £0.1m). AEBITDA margin was 19% for 2023 (2022: 1%).

Within Health and Genetics, given the commonality of customers we adopted a single sales and marketing team approach which has been in place during the financial year. To further drive these efforts, Health and Genetics were brought under common operational leadership during the year under Geir Olav Melingen. We will continue to report these as separate segments to aid in transparency of results.

Cost Inflation

As noted earlier, cost control remains of significant importance in Benchmark and in the current inflationary environment becomes even more so. During the year, we saw higher cost inflation in a number of areas, the most significant of which related to salaries. Within Health we were able to mitigate this by reducing the overall number of headcount and limiting discretionary spend. Within Genetics and Advanced Nutrition, we have, within the constraints of existing contracts, tried to increase prices and also limit discretionary spend to mitigate. Within Advanced Nutrition, a number of roles were also reorganised to make the operation leaner to best fit the current market conditions.

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.

	2023 £mil	2022 £mil
Aborted acquisition related items	0.6	-
Exceptional restructuring costs	0.9	1.2
Costs associated with the Oslo listing	2.6	-
Cost in relation to disposals	(0.2)	(1.2)
Total exceptional items	3.9	(nil)

The above table excludes £3.9m of exceptionals included within discontinued operations as mentioned earlier.

Exceptional expenses in 2023 were mainly driven by legal and professional costs in relation to the dual listing on the Oslo exchange of and consideration of uplisting to the Oslo Børs of £2.6m. Within Health and Advanced Nutrition some restructuring occurred during the year, in Health to move towards the integration of the operational leadership and within Advanced Nutrition to adapt to the changes in the markets. This resulted in costs of £0.9m (2022: £1.2m). The costs were offset by a credit of £0.2m (2022: £1.2m) relating to additional contingent consideration received in the period following the disposal of Improve International on 23 June 2020, actually cash received was £1.25m related to this divestment.

Depreciation, amortisation and impairments

Depreciation and impairment of tangible assets including discontinued operations and right of use assets was £18.7m (2022 restated: £19.9m). In total, depreciation and impairment charges on right of use assets under IFRS 16 was £10.3m (2022 restated: £11.3m). The charge within discontinued operations included above was £0.3m (2022: £0.2m). Amortisation and impairment of intangible assets totalled £18.5m (2022: £19.2m). This includes an impairment charge of £0.5m related to some intellectual property within Health which is deemed no longer to be of value. We expect the amortisation charge to start reducing from FY25 as some of the Advanced Nutrition (INVE) assets will be fully amortised then.

Research and development

£m	Expensed				Total expensed and capitalised			
	2023 Continuing business	As % of sales	2022 restated	As % of sales	2023 Continuing business	As % of sales	2022 restated	As % of sales
Expensed R&D by business area								
Genetics	3.7	6%	4.3	7%	3.7	6%	5.2	9%
Advanced Nutrition	2.1	3%	2.0	2%	2.1	3%	2.1	3%
Health	0.3	1%	0.4	2%	0.9	4%	1.0	5%
Total research and development	6.1	4%	6.7	4%	6.7	4%	8.3	5%

Expensed R&D activities decreased in the year by £0.5m 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	2023	As % of sales	2022 restated	As % of sales
Operating Expenses for continuing business by Business Area				
Genetics	11.2	17%	10.6	18%
Advanced Nutrition	23.4	30%	21.5	27%
Health	7.3	29%	8.1	40%
Corporate (net)	3.3		3.9	
Total operating expenses	45.2	27%	44.1	28%

Other operating costs within the continuing business increased from £44.1m in 2022 (restated) to £45.2m in 2023. The modest increase in costs reflects the impact of cost inflation being mitigated by good cost control and limiting discretionary spend.

Discontinued Operations

During the year we initiated a strategic review of our tilapia operations with a view to understanding the timeline to cash generation within the area of our Genetics business. As a consequence of this review we divested the business via a management buy-out in the fourth quarter of the financial year. The results of the discontinued business can be seen in Note 12 within the financial statements.

Net finance costs

£m Continuing business	Analysis	
	2023	2022 restated
Net Finance expenses		
Interest Income	(0.6)	(0.3)
Foreign Exchange gains	(0.3)	(2.8)
Interest on bond and bank debt	8.4	6.2
Amortisation of deferred financing fees	0.5	1.9
Penalty for early settlement of the bond	–	1.6
Movements in hedging instruments	(2.2)	7.0
Finance lease interest	1.6	1.6
Total net finance expenses	7.4	15.2

The Group incurred net finance costs of £7.4m during the year (2022 restated: £15.2m). Included within this was interest charged on the Group's interest-bearing debt facilities of £8.4m (2022: £6.2m), the higher interest cost was due to higher utilisation of the RCF facility during the year and also higher interest coupon on the bond. In addition, a further £0.5m was charged on amortisation of the deferred finance costs (2022: £1.9m). Net foreign exchange gains of £0.3m (2022 restated: net gain of £2.8m) arose due to the movement in exchange rates on intercompany loans and external debt. Movements on the hedging instruments associated with the Group's NOK bond debt resulted in gains of £2.2m (2022: loss of £7.0m).

Financial Review continued

Statutory loss before tax

The loss before tax from continuing operations for the year at £12.7m is lower than the prior year (2022 restated: loss of £21.4m). This was a result of the positive trading result offset by higher exceptional items and lower finance costs due to changes in fair value of in-effective portion of cash flow hedges slightly offset by unfavourable foreign exchange movements.

Taxation

There was a tax charge on the loss for the year of £3.4m (2022: £7.3m), 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 £21.6m, there was a significant movement of £23.0m in OCI resulting from movements in the foreign exchange and hedging reserves. The forex loss of £23.5m was driven by USD and NOK impacting the retranslation of foreign currency denominated subsidiary balance sheets into GBP offset by amounts designated as net investment hedges, together with long term internal loans not expected to be repaid in the foreseeable future which are treated like equity with the movements going directly to reserves. These were offset by £0.5m credit into the hedge reserve from hedge accounting on cashflow hedges.

Transfer and cancellation of share premium

During 2023, we obtained approval via the AGM to cancel part of the share premium account and transfer it to retained earnings. This amounted to £394.2m. This has allowed the business to increase its distributable reserves and serves as a step towards the goal of being a cash generative group, able to issue dividends in line with its dividend policy.

Reported loss for the year

The loss for the year from the continuing business was £16.1m (2022 restated: loss of £28.7m). The total loss from continuing activities and discontinued operations was £21.6m (2022: £30.5m).

Loss per share

Basic loss and diluted loss per share were both 3.16p (2022: loss per share 4.60p). 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 33.7m.

Dividends

No dividends have been paid or proposed in either 2023 or 2022 and the Board is not recommending a final dividend in respect of the year ended 30 September 2023.

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 2023, the carrying value of biological assets was £46.0m (2022: £46.7m). This decrease is due principally to the reduction in eggs available for sale in FY24 compared to FY23, as demand for our eggs was higher at the start of FY23 while there were supply issues in the market which did not affect Benchmark. This has normalised during the year. The fair value movement on biological assets included in cost of sales for the year was a reduction of £0.1m (2022: uplift of £1.6m).

Intangibles

Additions to intangibles were £0.8m (2022: £1.9m) with the main area of investment being capitalised development costs which in the year decreased by £1.1m to £0.6m (2022: £1.7m). 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 project capitalised was Salmosan Vet (£0.6m).

Capital expenditure

During 2023, to manage cash, we curtailed the investment incurred and focussed on purely business critical areas. The Group incurred tangible fixed asset additions of £6.0m (2022: £10.8m) broken down as follows:

- Health: £0.7m (2022: £2.6m)
- Genetics: £3.4m (2022: £5.6m)
- Nutrition: £1.9m (2022: £2.6m)

Within Health, there was an increase in the provision to demobilise the Cleantreat® units from the current vessels of £0.4m and additional equipment for the existing Cleantreat® units of £0.3m. Capex associated with our Genetics business was £3.4m where we finished the building of new tanks at Salten to support ramping up to the 150 million egg capacity at that facility (£1.4m) and we continue to invest in our production footprint in Iceland and Salten. 2023 saw minimal investment in our growth initiatives in Chile and shrimp as we believe they have been sufficiently invested. In Advanced Nutrition we continued to invest in the two manufacturing facilities to support growth and operational efficiency.

Cash flow, liquidity and net debt

Movement in net debt	2023 £m	2022 £m
Net debt at 30 September 2022 / 2021	(73.7)	(80.9)
Cash generated from operations excluding working capital and taxes paid	29.6	30.3
Investment in working capital	(1.1)	(12.0)
Capital expenditure	(6.8)	(12.7)
Other disposal activities	0.2	(0.2)
Foreign exchange on cash and debt	4.3	10.5
Interest and tax	(17.1)	(17.0)
Proceeds from previous year disposals of subsidiaries	1.3	1.5
Acquisition of subsidiaries net of cash/debt acquired	(0.2)	-
Investment in associates	(0.6)	(0.4)
Acquisition of non controlling interest	(8.0)	-
Additions to/modifications of leases (IFRS 16)	(3.7)	(11.5)
Shares issued	10.9	20.2
Other non-cash movements	(0.6)	(1.5)
Net debt at 30 September 2023/2022	(65.5)	(73.7)

Cash flow

With improved trading in the business, we saw strong cash generated from operations of £29.6m (2022: £30.3m). During 2023 with significant focus on cash conservation, we restricted the investment in working capital to £1.1m versus an outflow last year £12.0m. Interest and taxes were in line with last year. Capital expenditure, both intangible and tangible, showed a significant decrease of £5.9m to £6.8m (2022: £12.7m) as we continue to moderate our capex.

Working capital

Working capital has reduced slightly in the period driven by a number of factors. We can see the impact of foreign exchange on the balance sheet as noted above in the other comprehensive income section and this impacted the working capital balances at 30 September 2023, but our investment in working capital was more moderate this year as can be seen in the cash flow.

We noted earlier the decrease in biological assets within the genetics areas. Other inventories fell in Advanced Nutrition as we had less GSL Artemia in inventory than previous years.

In Health, we had transferred the CleanTreat® equipment into inventory in 2022 but we had lower levels of inventory of Salmosan® Vet than 2022.

Trade debtors and creditors, of course, increased as a result of increased sales but trade debtors decreased as a percentage of sales from 20% to 16% in the year. Trade payables were 20% higher than last year as expected from higher level of costs both from activity levels and from cost inflation.

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

Refinancing and borrowing facilities

The Group has a 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. The Group also had a USD 15m revolving credit facility ("RCF") which was due to mature in December 2022 and had £4m drawn at 30 September 2022. During the year, this RCF was refinanced by a new £20m RCF on 21 November 2022 with a June 2025 maturity. The interest rate on the facility is between 2.5% and 3.25%

above compound interest rate depending on leverage. At 30 September 2023, there was £7.75m drawn on this facility (2022: £4.0m).

There are other borrowing facilities held within Benchmark Genetics Salten AS which were originally put in place to fund the building of the Salten salmon eggs facility. On 1 November 2022 the term loan facility outstanding balance and the overdraft facility provided by Nordea were refinanced into one facility totalling NOK179.5m with a maturity date of January 2028. The margin on the new facility is 2.5%. In addition, a working capital facility of NOK 20.0m (renewal annually in March) is in place for use solely by Benchmark Genetics Salten AS. This facility is undrawn (2022: undrawn). Two additional ten-year term loans of NOK 25,000,000 and NOK 30,000,000 respectively provided by Innovasjon Norge in 2018. These loans currently have a flat interest rate of 5.95% per annum.

Cash and total debt

	£m	
Net debt	2023	2022
Cash	36.5	36.4
NOK 750m bond	(57.6)	(62.0)
Other borrowings	(24.5)	(21.8)
Lease liabilities	(19.9)	(26.3)
Net debt	(65.5)	(73.7)

The RCF combined with the year-end cash balance of £36.5m (2022: £36.4m) means the Group had total liquidity of £48.8m (2022: £45.8m). 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 required to crystallise the growth opportunities which are part of the strategic priorities of the Group and provide adequate headroom.

Equity raise and Oslo Euronext Growth Listing

In December 2022, £10.8m net proceeds were raised through a placing to provide the Company with sufficient free float to establish a listing on Oslo Euronext Growth. The listing was completed on 15 December 2022 and we have remained dual listed since that time. During 2023, the Board considered an uplisting to Oslo Børs but ultimately through shareholder consultation, the decision was made to remain dual listed on Euronext Growth and AIM. The proceeds of this equity raise facilitated us in having sufficient available cash to purchase the minority interest in our Icelandic operation.

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 2023 is £48.8m (2022: £45.8m). The equity ratio, defined as 'the ratio of Book Equity to Total Assets' must always exceed 40%. The equity ratio at 30 September 2023 was 60% (2022: 61%). 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 60.0% at 30 September 2023 (2022: 51.3%).

Acquisition of Iceland minority Interest

In December 2014 Benchmark acquired an 89.48% interest in Stofnfiskur, subsequently rebranding it Benchmark Genetics Iceland. Since the acquisition, the business has grown substantially, benefitting from Benchmark's leading market position, investment and knowledge transfer within the Group. In February 2023, we acquired the remaining 10.52% minority interest in Benchmark Genetics Iceland for a consideration of €9m. This acquisition is strategically important as Benchmark Genetics Iceland is core to the Company's ability to supply highly specialist, biosecure salmon eggs year-round to salmon producers in c.25 countries around the world. Benchmark Genetics Iceland represents 50% of the Group's salmon egg capacity.

Going concern

As at 30 September 2023 the Group had net assets of £282.6m (2022: £323.3m), including cash of £36.5m (2022: £36.4m) as set out in the Consolidated Balance Sheet on page 120. The Group made a loss for the year of £21.6m (2022: £30.5m). As at 30 September 2023 the Company had net assets of £363.2m (2022: £346.6), including cash of £0.3m (2022: £3.2m) as set out on the Company Balance Sheet on page 121. The Company made a loss for the year of £4.2m (2022: £16.5m).

As noted in the Strategic Report, the business has performed steadily during the year, showing resilience to some tough market conditions towards the end of the year. 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 reduction in short-term treatment capacity. Key downside sensitivities modelled in other areas included assumptions on slower commercialisation of SPR shrimp, slower salmon egg sales growth in Chile and removal of an additional financing opportunity within Genetics, along with sensitivities on sales growth in revenues and pressure on pricing 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, tight control over new hires, deferral of capital projects and temporary hold on R&D for non-imminent products.

The refinancing exercise which commenced in FY22 was completed at the start of FY23, so that adequate finance facilities are in place, and with financial instruments in place to fix interest rates and opportunities available to mitigate globally high inflation rates, the Group continues to show resilience against current global economic pressures. The Directors are therefore confident that even under all of the above sensitivity analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants. They 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.

Section 172 Companies Act 2006 Statement

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 interests of the Group's key stakeholders.

The Board made its key decisions in the 2023 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, sustainability and financial impacts. Projects considered by the Board during the year included the dual-listing of the Company's shares on Euronext Growth Oslo, consideration of the listing of the Company's shares on the Oslo Børs, capacity expansion projects, energy efficiency and energy transition 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 again this year, and the results were presented to and discussed with the Board. In FY23, the Employee Representative role worked with a network of Employee Champions and the structure was formatted to focus on feedback per region. Each region was then invited to a meeting to detail feedback and this was presented to the EMT. The Company has an Employee Representative who was invited to participate to all meetings of the Extended EMT and joined as they felt appropriate. They lead a group of employee champions who represent all employees in all countries. The employee champions 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 the Group Head of People and the Rewards Manager.
3	The need to foster the Company's business relationships with suppliers, customers and others;	See pages 38-39 for table See pages 23,25, 27 for case studies
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, money laundering and IT security, and encourages its employees to report any concerns confidentially using its whistleblowing channel. Employees also receive annual training on the Company rules and procedures for these matters. Regarding IT training, the Company has introduced a phishing prone campaign to ensure that employees are well-prepared and remain vigilant against phishing. 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 within the Supply Chain.
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.

Benchmark's engagement with our key stakeholders:

Stakeholder	Engagement	Key outcomes
Customers 	Who led the Group's engagement? - Board, CEO, business area heads. Why do we engage? - Our customers help us develop and refine our products. - Building trust-based long-term relationships enables us to deliver innovative high-quality products and services that help both Benchmark and our customers succeed. What were the key actions and topics? - Regular meetings and requests for feedback from key customers in each business area. - The Board receives regular updates from the CEO and the Executive Management Team. - The CEO met with customers in Chile, Norway, Iceland, Vietnam and Thailand to continue fostering customer relationships.	What were the key outcomes? - Deepening of our understanding of Benchmark's perception and position in key markets. - Continued refinement of our new Ectosan® Vet and CleanTreat® business model and strategy in co-operation with key customers, including development of streamlined integrated CleanTreat® infrastructure with MMC. - Continued innovation with customer needs in mind, including pre-launch of a new artemia tool which counts hatched artemia. - Within Health, we work closely with customers to better understand their use of our medicinal treatments, to focus our improved documentation to fit with their needs. - Within Genetics, we meticulously track the majority of our shipments, maintaining robust communication with our customers to enhance our products continually. - In response to valuable feedback from our Scottish customers, we've launched a GxE study in FY23, harvesting the first fish to thoroughly document performance in various environments. Additionally, we conducted the inaugural Complex Gill Disease trial in the UK, prompted by direct customer engagement.
Suppliers 	Who led the Group's engagement? - CEO, CFO, procurement directors and business area heads. Why do we engage? - 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. - We want to ensure that all of our suppliers adhere to ethical business standards and treat their workers and communities with respect and fairness. - 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. What were the key actions and topics? - Regular meetings with suppliers. - Improved compliance checks (including the launch of Supplier Code of Conduct) that enable us to ensure that we work with ethical suppliers. - Engagement with existing and potential new suppliers to explore ways to improve the sustainability of the Company's raw materials and packaging.	What were the key outcomes? - Through our engagement with our suppliers and development of the supplier code of conduct, we have more visibility and transparency within our supply chain. - Following communications with our suppliers and setting these expectations we have built stronger relationships and secured new relationships as a result of working closely with ethical standards. - Throughout FY23, we have seen a continual overall downward trend in freight costs on most transport lanes throughout our global supply chain for finished goods. - This has also allowed us to return our standard delivery lead times back to normal. In turn, it has allowed us to begin reviewing and reducing safety stocking levels at all affiliates. This downward trend has resulted in substantial reductions in actual costs for global intercompany freight compared to the previous year. - In terms of material supplies, we have observed higher prices for both marine and plant-based materials, attributed to reduced availability and yield. However, the recent trend indicates that prices for both types of materials prices are gradually decreasing. - The use of packaging materials such as metal cans and plastics have decreased, whereas paper and cardboard have increased.

Stakeholder	Engagement	Key outcomes
Employees 	Who led the Group's engagement? - CEO, Group Head of People, and business area heads. Why do we engage? - Our team members across the globe are crucial to Benchmark's success. - Our colleagues have brilliant ideas and we want to hear them. What were the key actions and topics? - Global employee engagement survey, Company and business area action plans. - Encourage attendance Group and business area level at: - Global Town Halls. - People Town Halls. - Health and well-being webinars. - The Board members and the Executive Management Team visited sites and offices and to meet employees. - One Benchmark – 'A Healthier You' global campaign of a 30 day activities challenge.	What were the key outcomes? - In our employee survey, the Company had an excellent participation rate of 92%, and with an overall engagement score of 85% the Company is very well positioned in the top quartile of companies globally for employee engagement. - 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. - The mental health and well-being webinars allow colleagues to review external provider materials and support in their roles. - The Executive Management Team has met this year in London, Dendermonde 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 Norway, Edinburgh, Thailand and Chile, to meet with teams within Genetics, Health and Advanced Nutrition.
Communities 	Who led the Group's engagement? - The Company's Sustainability Working Group which is overseen by the Board's Sustainability Committee. Why do we engage? - We want to contribute positively to the communities in which we operate. - We can learn from our diverse communities and play our part as a global and responsible business. What were the key actions and topics? - Charitable and volunteering activities around the world were undertaken within the Benchmark 4 Better programme. During the year the Company made donations and funded voluntary activities totalling approximately £50,000.	What were the key outcomes? - Through the B4B programme the Group donated to several charities. - The volunteering programme was relaunched globally and encouraged within teams to take part. - Scholarships provided to the Wat Than School, Thailand. - We held an 'Around the World' challenge which involved employees being motivated to walk, run, or cycle the circumference of the globe. Benchmark matched the total mileage as a charitable donation. - We continued supporting our established programmes supporting schools in our local communities in Thailand and 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. - 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 well-being for children.
Shareholders 	Who led the Group's engagement? - Chairman, CEO, CFO. Why do we engage? - Our shareholders are the owners of our business and we manage it on their behalf. - Our shareholders provide financial support and stewardship. What were the key actions and topics? - Annual General Meeting. - Regular investor calls and meetings with the CEO and CFO. - Engagement on sustainability and ESG topics through our Head of IR and Sustainability. - Webcast presentations with Q&A for institutional and retail shareholders. - Soliciting feedback through the Company's advisers.	What were the key outcomes? Feedback received from shareholders was incorporated in the Company's annual strategy development, and in the decision-making process regarding the listing strategy in London and Oslo.

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

Sustainability Strategy

Ivonne Cantu
Head of the Sustainability
Working Group

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

As a proactive industry leader, we acknowledge both the need to feed a growing global population and to preserve and protect the planet's resources. Bridging this gap is what motivates us and, driven by committed people with a desire to make a difference, our sustainability strategy is designed to align the aquaculture industry towards a more sustainable future.

Our sustainability strategy is set by the Board's Sustainability Committee and the Sustainability Working Group (SWG). Our strategy covers two key areas; bringing sustainable products and solutions to market and, as a responsible operator, taking action to minimise our impact on the environment and on the communities in which we are present. We aim to embed sustainability across our business and into our value chain - from our suppliers to our customers - and in that way, create a bigger positive impact in the industry.

We implement our strategy through a sustainability programme set annually by the Sustainability Working Group, which is reviewed by the Board's Sustainability Committee. The programme is aligned to our long term goals including our Net Zero Commitment, and is informed by the dialogue with our key stakeholders and sustainability experts. Specific areas within our programme are defined based on a materiality assessment presented on page 42.

Our network of environmental representatives at every site enables us to implement our programme across the Group, taking into consideration local priorities and circumstances. In this way we ensure that our effort results in a real positive impact in our local communities.

I am proud of the progress we have made which is recognised by external certification and rating agencies. In FY23 we achieved ISO 14001 certification for our facilities in Norway and Iceland, Global G.A.P. Chain of Custody Certification for Compound Feed and MSC certification for our GSL Artemia. Our MSCI ESG Rating improved to AA.

Green Bond Report

In FY23 we published our first Green Bond Allocation and Impact Report following the issuance of our first Green Bond in FY22 raising NOK 750 m. In the first 12 months since issuing the Green Bond we allocated the full proceeds to Green Projects including our genetics facility in Salten and development and infrastructure associated with our sea lice solution Ectosan® Vet and CleanTreat®. You can find the Green Bond Allocation and Impact Report on our website.

// At Benchmark, we believe that collaboration and coordinated action underpinned by transparent reporting are critical to achieve long term sustainability improvements. This philosophy drives our strategy and our actions as we strive to create a sustainable future.”

Ivonne Cantu

Provider of sustainable solutions

Genetics

Crucial starting point for resource efficiency, disease incidence and survivability

Advanced Nutrition

Early-stage nutrition promotes growth and health through all production stages

Advanced Nutrition

Addressing one of the biggest sustainability challenges in salmon production

Our technical services teams work with producers around the world to improve practices and protocols aligned to sustainable production

Responsible Operator

Environment

- Net Zero Commitment
- Improvement programmes for water, waste and effluents

People and Communities

- Well-being and development
- Supply chain code of conduct
- Benchmark for Better
- Fair and equitable compensation and benefits

Animal health and welfare

- Training and protocols
- Responsible antibiotic use
- Industry leadership

See page 15 for detail on our UNSDG's

Site level improvements

We have an Environmental Representative at each of our sites who champions local initiatives

With the aim of continually improving, our local teams review the environmental performance of their operations, share best practices and implement site level improvements - big and small. This year, projects included:

- Improvements to the CleanTreat® process have resulted in a reduction of emissions of 82%.
- At our Genetics site in Fellsmere the use of LED lights reduced energy consumption by 68% and enabled a four-fold increase in algae production. In addition the implementation of Variable Frequency Drives in pumps reduced energy use by 21%.
- In Thailand we encouraged the local community to collect waste for biofuel by exchanging waste for food products. In excess of two tonnes of waste was collected and sent to a Refuse Derived Fuel facility.
- In Belgium, our Dendermonde team participated in a reforestation project near our facilities.
- To encourage a reduction in single use materials from packed lunches, our team in Thailand were given lunchboxes manufactured from wheat straw.
- Data obtained from electric car chargers at the Genetics Salten site show that electric vehicles consumed 11.3 MWh of electricity saving 5tCO₂e over fossil-fuelled vehicles.

Materiality assessment

Materiality assessment - defining our focus areas

Every year we conduct a materiality assessment to identify and prioritise sustainability 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, in the course of our stakeholder engagement, we 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 shareholders and other stakeholders including customers, industry associations, and rating agencies.

We are active members of industry associations promoting sustainability 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 37-39.

We have 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.

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.

Our ESG Governance Framework

Environmental representatives

- Report on KPIs for each site
- Facilitate implementation of policies and programmes
- Provide feedback on ESG issues on the ground

Experts and expert groups

- Develop policies and programmes aligned to our ESG strategy

PLC Board and PLC Sustainability Committee

- Provides strategic guidance and oversight
- Ensures Board decisions incorporate ESG considerations

Sustainability Working Group

- Formed by representatives from all business areas and relevant functions
- Proposes and implements strategy

Our sustainability programme

Our pillars

Environment

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 management
- 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

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:

- Training
- Operate facilities that promote animal health and welfare
- Implement health plans that adhere to best standards
- Incorporate animal health and welfare considerations in product development

Goals

- 100% trained staff
- 100% compliance with health plans

Relevant SDGs

People and communities

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 code of conduct
- 'Benchmark for Better' community programmes
- Health and safety and wellbeing

Goals

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

Relevant SDGs

Environment

Highlights

- MSC certification granted for our artemia products harvested from the Great Salt Lakes
- 100% sustainable certified soy used in our feeds and breeding facilities
- We have identified and tested novel feed ingredients for inclusion in our feeds
- ISO 14001 certification obtained in our Norway and Iceland facilities
- The installation of solar panels in our Thailand facility was completed post-period end significantly contributing to our Net Zero targets
- Roll-out of supplier code of conduct completed

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 report on our progress through voluntary disclosures and in compliance with mandatory reporting requirements.

Task Force on Climate-Related Financial Disclosures (TCFD)

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 enable companies and investors to measure and assess the risks and opportunities associated with climate change in a transparent way and to promote effective risk management. We are not required nor intend to comply fully with TCFD; however, we have used that framework as guidance for our disclosures.

Pillar	Governance	Strategy	Risk Management	Metrics and Targets
Summary	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

Streamlined Energy and Carbon Reporting

We report in compliance with the Streamlined Energy and Carbon Reporting (SECR) framework. The reporting period is from 1 October 2022 to 30 September 2023. We report total Scope 1 and 2 emissions along with those Scope 3 emissions for which data is available. We report for all sites in the Benchmark Holdings Group. Our environmental footprint and SECR disclosures are managed through the governance framework below:

Governance

Governance Overview	Responsibility
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 PLC Board Sustainability Committee.	The Group HSE Manager is responsible for collating environmental data monthly. Data is collected from each site using a standard spreadsheet template and is centrally collated. Wherever possible, data is directly measured, with estimates made where a team is in shared premises and direct measurements are not available. These estimates represent less than 1% of our total emissions.

Board's oversight of climate-related risks and opportunities.

We have a well-established governance framework including a PLC Board Sustainability Committee, a Sustainability Working Group with representation from each business area, and an embedded team of environmental representatives at each of our locations. This framework enables the Group to consider climate issues through a Group-wide process to identify climate-related risks and opportunities, and metrics and targets as set out in this report. This governance framework has been effective in guiding our sustainability strategy, establishing priorities, directing resources, and promoting transparency.

Our PLC Board and the PLC Sustainability Committee oversee and take overall responsibility for risk management, including risks related to climate change, and for integrating these into the Group strategy. The committees provide approval and guidance on all ESG goals and targets across the business. The committee includes our CEO and executive board member Trond Williksen. The Board is updated regularly on the Sustainability working programme, ambitions and targets through verbal and written reports from both the Director of Investor Relations and the Group HSE Manager. The Board reviews the Company's climate-related risk assessment at least annually, including progress against our roadmap to Net Zero (Scope 1 and 2 Emissions) and associated actions.

Management's role in assessing and managing climate-related risks and opportunities.

Our governance structure runs from Board level across the entire organisation, as represented in the diagram on page 42. Our executive management team (EMT) includes leadership representatives from all business areas and key functions, and is responsible, for assessing the materiality of climate-related risks and opportunities and developing a strategy to manage these. This is incorporated in the Company's annual strategy review process overseen by the Board.

Our Group HSE manager is responsible for identifying, assessing, and reviewing climate-related risks and opportunities, alongside our site managers and environmental representatives through workshops and 1-1 discussions. The output from this process is reported to EMT and the SWG, and form our Climate Change risk assessment. The Group HSE Manager is responsible for developing the Group roadmap to achieve its Net Zero targets, monitoring progress, and communicating to the EMT and PLC Sustainability Committee through regular verbal and written reports.

New energy plant and equipment at Benchmark Genetics Norway in Lønningdal

Early in 2023, Benchmark Genetics Norway invested in new energy plant and equipment which doubled the number of heat exchangers and compressors and introduced frequency controls to optimise pump operation. In addition, the pipework and filters were upgraded to prevent leaks and reduce maintenance frequencies.

The new plant has increased water heating capacity by 50% significantly reducing the overall energy demand. The heat exchangers extract energy from used water enabling fresh water to be heated to within 1-2°C of the specified temperature, minimising additional heating requirements.

Increasing the number of compressors has reduced the demands on each unit and enhanced operational resilience against failure.

The project has, so far, contributed to an energy consumption reduction of an average of 35,000 kWh per month and has saved more than one tonne of greenhouse gas emissions this financial year.

Environment continued

Strategy: understanding the impacts of climate change and planning accordingly

In FY2022, for the first time, we conducted a top-level climate-related risk assessment and identified key material risk areas for disclosure. Throughout FY2023 we have evolved this work into a scenario-based assessment of the material risks and their financial impact.

The assessment has been incorporated in our annual strategy review and development. This in turn has led us to consider the adequacy of our business continuity and actions required to mitigate climate risks.

We consider the following timeframes when assessing climate-related risks and opportunities:

Short term	Present – 2030
Medium term	2030 – 2050
Long term	2050 – 2100

The selected timeframes are aligned with key global temperature increase landmarks and the scenarios applied to our disclosures.

Our analysis indicated that there are no significant individual risks expected to materialise in the short term. Over the medium and long-term timeframes, we have identified several potential risks and opportunities relating to the physical effects of climate change, and transitional risks relating to transition towards a low carbon economy including increasing regulation and energy supply.

Assessment of potentially material risks

Risk:			
Extreme weather		Risk: (physical, acute)	
Description	Impact(s)	Mitigation	Timeframe
Increase in frequency or severity of weather and extreme events including winter storms, coastal erosion, hurricanes and flooding; potential disruption to our operations.	Thailand: storm-related flooding. Iceland: asset damage from winter storms. Florida: asset damage from hurricanes.	Site level contingency plans to address disruptions due to extreme weather events; such as securing additional resources or transport alternatives. Maintenance and asset integrity programmes to ensure our buildings and equipment are robust. Additional weather defences including storm walls and draining channels for proactive protection of our facilities.	2030 – 2100
Potential financial impact	Explanation	Risk after mitigation	Current risk level
<£1,000,000	The potential costs relate to property repairs, weather defences and raw material/energy storage installations.	Risk mitigated. No further action expected within 0-5 years.	Expected to remain at current levels in the short term.

Risk:			
Freshwater availability		Risk: (physical, chronic)	
Description	Impact(s)	Mitigation	Timeframe
As air temperatures increase, water evaporation also increases, intensifying hydrological cycle variability and increasing risk to water supply and quality, which would impact our production capability.	Norway: seasonal freshwater availability from local groundwater source disrupted.	Group Water risk assessment using the WRI Aqueduct Tool, which identified no key operational sites are in water stressed areas. Maintenance and asset integrity programmes to ensure water supply infrastructure is robust.	2030 – 2050
Potential financial impact	Explanation	Risk after mitigation	Current risk level
£3,000,000	The cost relates to the construction of a dam on the local freshwater source (lake) and supporting infrastructure to deliver a consistent freshwater supply of improved quality.	Risk mitigated. No further action expected within 0-5 years.	Risk is not expected to materialise before implementation of mitigation.

Risk:**Great Salt Lake water levels and salinity****Risk:** (physical, chronic)

Description	Impact(s)	Mitigation	Timeframe
Current reduced water levels are thought to be predominantly due to a 70% rise in population (since 1982) and industrial and agriculture users together consuming >63% of water in the Great Salt Lake Basin. Potential contributions due to climate change must be acknowledged.	In a RCP4.5 scenario resilience of the Great Salt Lake to climate change reduces by 30% jeopardising reliable artemia supplies.	Working closely with the GSL Co-Operative group to monitor the situation, and support mitigation and novel research projects. The state of Utah has increased water quality and management regulations for communities and industry local to the GSL.	2050
Potential financial impact	Explanation	Risk after mitigation	Current risk level
Unknown	Unable to quantify due to timeframe of potential impacts and uncertainty of climate-related impacts.	Risk mitigated. No further action expected within 0-5 years.	Climate-related risk not expected to materialise until 2050.

Risk:**Fish feed availability****Risk:** (physical, chronic)

Description	Impact(s)	Mitigation	Timeframe
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 ₂ uptake and subsequent declining pH is projected to have an adverse impact on abundance of aquatic species.	Scarcity of marine ingredients would impact our existing feed regime in Genetics production facilities. Currently the only material impact to us relates to giant squid, which is a very small proportion of our ingredients.	Best practices for feeding, including use of auto feed instrumentation, to ensure a low feed conversion ratio and minimal wastage. Responsible sourcing of marine and non-marine (soy) feed ingredients through robust supply chain management. Working closely with our key stakeholders to identify viable alternatives for marine based feeds.	2050
Potential financial impact	Explanation	Risk after mitigation	Current risk level
Increased marine ingredient (feed) cost.	Unable to provide a cost estimate currently.	Risk mitigated. No further action expected within 0-5 years.	There are no expected short-term impacts to feed supply.

Risk:**Seawater temperature rise****Risk:** (physical, chronic)

Description	Impact	Mitigation	Timeframe
As global temperatures increase, our oceans warm and biological risks including increased disease, algae blooms, and lower oxygen concentration can be expected.	Risk to our sea farm customers intensifies, with potential detrimental effects to production including lower harvest weight and increased mortality. Some (smaller) customers may be unable to adapt their business models to the changes.	Working closely with customers to support and explore new opportunities, including shifting geographies and land-based production.	2050
Potential financial impact	Explanation	Risk after mitigation	Current risk level
Unknown	Unable to quantify due to timeframe of potential impacts.	Risk mitigated. No further action expected within 0-5 years.	There are no expected short-term impacts.

Environment continued

Assessment of potentially material risks continued

Risk:			
Transitional		Risk (new or increasing climate change regulation)	
Description	Impact(s)	Mitigation	Timeframe
Emerging or tighter restrictions to greenhouse gas emissions, pollution control and energy supply, at international, national, regional and local level, may present financial and operational risks. There may be reputational risk if we are not seen to be acting in a climate-compliant manner.	Increased regulation and/or taxation of carbon could risk our products and services becoming less competitive in the market, as higher operational costs materialise. Technological investment may be required to comply with new requirements. Geographical limitations may arise for our customers as new restrictions emerge. Mandated movement towards renewable energy sources may materialise, with interim financial implications to operational cost and/or the technological investment required to achieve.	ESG strategy aligned with achieving the UN SDGs, including monitoring and reporting of material impacts in line with regulatory and voluntary disclosures. A science-based target approach and group road map to Net Zero; a climate change risk assessment aligned with TCFD framework. Third party certifications including GlobalGap, and ISO management systems; to address and continually improve our environmental impact.	2030 – 2050
Potential financial impact	Explanation	Risk after mitigation	Current risk level
£20,000 – £320,000 (carbon credits).	Carbon tax considers RCP2.6 and RCP6.0; elimination of Scope 1&2 emissions (except gas), achieving our target GHG reduction of 42%. Investment into facility upgrade to increase energy efficiency and reduce our carbon footprint; and location-based renewable (solar) energy sources.	Risk mitigated. No further action expected within 0-5 years.	Low risk
£400,000 (emissions reduction projects).			
£500,000 (solar installations).			

Risk:			
Opportunity		Risk (increased demand for products and services)	
Description	Impact(s)	Opportunity response	Timeframe
Changing consumer preferences towards more environmentally friendly production practices and protein sources may affect the competitive environment. The physical effects of climate change may present increased or new risks to global food production.	Market opportunity, increased demand for our products and services as we help our customers grow sustainable businesses and respond to physical changes such as rising seawater temperatures and increased disease.	Strong commercial marketing campaigns for our products and services, and promotion of the benefits of blue food diets (affordable nutrition, sustainable production). Optimising CleanTreat® for efficiency and availability, to support healthy oceans and maximise financial gains.	2030 – 2050
Potential financial impact	Explanation	Risk after mitigation	Current risk level
Increased revenues, business growth.	Increased demand and sales of our products and services.	Risk mitigated. No further action expected within 0-5 years.	Opportunity

Climate strategy resilience

During 2023, we have analysed and evaluated the possible climate change impacts on our business under three high-level scenarios shown in the table below. We used the following models as guidance:

IEA Global Energy and Climate Model (GEC)

Representative Concentration Pathways (RCP) from the IPCC Assessment Report 5

Network for Greening the Finance System (NGFS)

Scenario	Alignment	Estimated temperature increase (year)	Description
Scenario 1 Low carbon	GEC Net Zero RCP2.6 NGFS Net Zero 2050	1.5°C (2030 – 2050)	Very low greenhouse gas concentration levels, through stringent climate policies and innovation, reaching Net Zero CO ₂ emissions around 2050
Scenario 2 Late action	GEC Announced pledges RCP4.5	2.1°C (2050 – 2100)	Intermediate scenario; CO ₂ emissions declining from 2045
Scenario 3 Continued reliance on fossil fuels	GEC Stated policies RCP6.0 NGFS NDCs	3°C (2100)	Limited intervention resulting in high likelihood of physical risks materialising

Based on our scenario-based assessment as set out in the table above, we believe our strategy and business model to be resilient to climate-related risks and have identified no material short-term risks.

Risk Management

Process for identifying and assessing climate-related risks

In 2022, for the first time we conducted a top-level, qualitative climate-related risk assessment and identified key material risk areas for disclosure. Our climate-related risks and opportunities were identified through a series of company-wide workshops. Stakeholders from across the business, including site managers and environmental representatives, came together to specifically to discuss climate change. The output was validated against published national risk assessments and in line with TCFD recommendations. Six climate-related risk and opportunity categories were identified, as well as current controls and potential mitigations; Physical: extreme weather, freshwater availability, Great Salt Lake, fish feed availability and seawater temperature; Transitional: emerging regulation, emission restrictions, energy source and availability and market competition.

Throughout 2023 we have developed this foundation further into a quantitative, scenario-based assessment of the material risks, relevant to specific operational geographies and stakeholders, and their estimated financial impact. The output of this can be seen in our Material Risks Assessment on pages 46-48. We first assessed each of our geographies under the six categories identified in 2022. Those which presented a potential material risk were assessed further against recognised climate change scenarios, under our three-scenario model described above and our three-timeframe model on page 46. The following data sources and climate predictions were used to assess and validate the risks:

- Data sources World Bank Climate Knowledge Portal
- NGFS (Network for Greening the Financial System)
- Climate Analytics
- Climate Action Tracker
- WRI Aqueduct
- WWF Water Risk Filter

We identified six climate-related risks and one climate-related opportunity relating to our direct operations and wider value chain including suppliers and customers. We have identified the specific vulnerable geographical regions for the risks where possible and included mitigation commentary. From this we determined the potential financial impact and validated the materiality of these risks and opportunities with our Executive Management Team (EMT) and Group Head of Finance.

The assessment has been incorporated into our annual strategy review and development. This in turn has led us to consider the adequacy of our business continuity and actions required to mitigate climate risks and will continue to do so as this work evolves.

Environment continued

Metrics and Targets

Metrics used to assess climate-related risks and opportunities.

Our key environmental impacts have been identified as: electricity consumption, gas consumption, vehicle travel, disposable water outputs, and potable water consumption. We have developed our environmental policy with a suite of targets and metrics to measure and improve our performance and reduce impact and risk. We continue to develop the metrics and targets as certification of management systems to ISO 14001 evolves across the business.

Target	Metric	GRI ref	UN SDG
Climate change			
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	
Energy			
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	
Water resources			
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	
Sustainable materials			
Increase % 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	

Target	Metric	GRI ref	UN SDG
Waste			
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 reused	Quantity of waste to landfill	306-2	
Company-operated vehicles			
All company operated vehicles to be zero emissions by 2035	Percentage of company vehicles that produce zero emissions		
Business travel			
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	
Biodiversity			
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	
Collect and use significant biodiversity information, to inform planning and operational activities	Nature of significant direct and indirect impacts on biodiversity	304-2-a	

Environment continued

Disclosure of Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions.

We continue to report on our energy consumption and carbon emissions. During 2023 the suite of metrics has been developed to provide more granularity and understanding of our impacts; we have extended the measurement of our Scope 3 emissions and plan to add further categories to our disclosures in future.

Scope 1 and 2 Emissions

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.

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

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

• Electricity-related emissions	International Energy Agency Emission Factors 2023
• Scope 1 and 3 emissions	UK Government GHG Conversion Factors 2023
• Scope 3 hotel emissions	Hotel footprint calculator (www.hotelfootprints.org)
• CleanTreat® emissions	Supplier specific data
• GWP 100 values	IPCC Fifth and Sixth Assessment Reports (AR5 and AR6)

Intensity measurement - We have chosen the metrics gross Scope 1 and 2 emissions in tonnes of CO₂e 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 FY23 revenue of £169.5m was used for intensity measurements.

	Emissions (tCO ₂ e)								
	FY23			FY22			FY21		
	UK	Global (ex UK)	total	UK	Global (ex UK)	total	UK	Global (ex UK)	total
Scope 1	2	2497	2499	3	2,598	2,601	4	2,424	2,428
Scope 2	6	4961	4967	8	4,611	4,619	6	4,213	4,219
Total Scope 1&2	8	7458	7466	11	7,209	7,220	10	6,637	6,647
Intensity ratio per £m revenue			43.78			45.47			52.84
									64.52
	Energy (MWh)								
	FY23			FY22			FY21		
	UK	Global (ex UK)	total	UK	Global (ex UK)	total	UK	Global (ex UK)	total
Total renewable electricity	3	23,239	23,242	15	26,638	26,653	0	20,882	20,882
Total non-renewable electricity	25	12,611	12,636	21	6,918	6,939	31	9,827	9,858
Total gas	12	5,787	5,799	12	6,385	6,397	20	5,650	5,670
Vehicle transport	4	2,487	2,491	4	2,370	2,374	24	2,433	2,457
Other fuels	0	487	487	0	589	589	0	560	560
Total energy consumption			44,655			42,952	75	39,352	39,427
Intensity ratio per £m revenue			263			281			313
									326

Greenhouse gas emissions for FY23 are 7466 tCO₂e an increase of 246 tCO₂e (3.4%) over FY22. Set against the context of business growth the intensity ratio of 43.78 tCO₂e/£m revenue is 3.7% lower than the previous financial year. The absolute increase in emissions is attributable to our Scope 2 emissions following growth in our Chile and Thailand sites as well as an increase in some the IEA's most recent emissions factors.

Relevant greenhouse gases

This year our emissions inventories have been extended to include the accounting of Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O) from the 2020 baseline. The accounting includes Scope 1 and 2 emissions and Scope 3 emissions relating to business travel only.

Greenhouse gas	Emissions (t)			
	FY23	FY22	FY21	FY20
Carbon Dioxide (CO ₂)	7388	7553	6339	6432
Methane (CH ₄)	0.56	0.50	0.45	0.44
Nitrous Oxide (N ₂ O)	0.19	0.17	0.15	0.14

Scope 3 emissions

Throughout the year we have continued to develop our Scope 3 Greenhouse Gas Emissions inventory by accounting for emissions in Category 3 (fuel and energy-related activities), Category 7 (employee commuting) and Category 9 (downstream transportation and distribution). 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 (upstream leased assets) and Category 13 (downstream leased assets) emissions as we do not lease any assets; Category 14 (franchises) as we do not have any franchises and Category 15 (investments) as it is applicable to financial institutions only.

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

Scope 3 emissions (tCO ₂ e)						
Emissions category	FY23	FY22	FY21	Methodology	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	845	822	705	Average data method using UK government conversion factors	Well-to-Tank (fuels), Transmission and distribution (electricity)	
4 Upstream transportation and distribution	6244	6486	1838	Supplier data	CleanTreat® emissions only	
5 Waste generated in operations	203	346	198	Average data method using UK government conversion factors		
6 Business travel	762	965	104	Distance based method using UK government conversion factors	Air and rail travel, taxi journeys and hotel stays	
7 Employee commuting	1075	12	12	Average data method using UK government conversion factors	Calculated from survey of 52% employees	
9 Downstream transportation and distribution	677	-	-	Distance based method using UK government conversion factors	Data from Advanced Nutrition intercompany freight only	
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	

Environment continued

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:

	Source				Renewable sources			
	nuclear	coal	oil	gas	biofuel	geothermal	hydro	wind/solar
% consumption FY22	1	5	20	12	7	44	10	1
% consumption FY23	1	4	21	13	8	42	10	1

During the year 61% of the electricity we consumed came from renewable sources. This slight decrease over the previous year is related to the growth of our facility in Chile where a high proportion of electricity is produced from fossil fuel sources.

A project to install solar panels at our production facility in Phichit, Thailand has been delayed following delays in the permitting process. Completion is scheduled for the end of November 2023 and once fully operational it is expected to provide 30% of their electricity requirements.

CleanTreat®

	CleanTreat®		
	FY23	FY22	FY21
Emissions (tCO ₂ e)	6244	6486	1838
Volume of water purified (m ³)	809,354	717,696	
Intensity ratio (kgCO ₂ e/m ³)	7.71	9.03	

Note: CleanTreat® operations began during May 2021

Water use

	Water use by source (m ³)			
	FY23	FY22	FY21	FY20
Mains water	78,004	85,656	67,378	66,834
Intensity ratio per £m revenue	460	560	539	633
Freshwater – surface	22,493,360	20,501,347	19,872,697	16,502,408
Intensity ratio per £m revenue	132,704	133,996	201,505	156,273
Freshwater – groundwater	20,629,445	20,218,183	21,500,034	23,928,522
Intensity ratio per £m revenue	121,708	132,121	171,863	226,596
Total freshwater	43,200,809	40,805,186	41,440,109	40,497,764
Intensity ratio per £m revenue	254,872	266,677	373,906	383,502
Seawater	52,018,259	52,526,103	63,165,056	47,358,665
Grey water	948	938	1465	2502

Freshwater inventory

Of the freshwater used 72.5% is taken from groundwater, 27% from surface sources and 0.5% from mains water. The majority of our freshwater use is in providing water for our tanks and ponds with 98% used for this purpose. The remaining 2% is used for our site facilities such as cleaning, welfare and steam with some also included in our products.

Freshwater use (m³)

	FY23	FY22
Steam production	21,097	23,596
Welfare (drinking, hygiene)	16,666	13,854
Product	8,315	8,546
Safety (sprinkler)	90	97
Cleaning	432,844	412,481
Tanks	42,721,480	21,346,638

Water stress

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, Turkey and Mexico are in areas assessed as 'Extremely High' whilst our sites in Brazil, Greece and United States (Fellsmere) are considered to be 'High'. In total these sites use a total of 3192 m³ of freshwater which is 0.01% of the total Group freshwater use.

The risk assessment has been further developed to include scenario assessments of future water stress. Using the worst case, a 2040 pessimistic (RCP8.5/SSP3) scenario, the assessment predicts an increasing risk in Mexico, Italy and Turkey whilst there will be an improvement in Brazil and Fellsmere. None of these sites are reliant on freshwater supply for their operations nor do they use water in quantities that will deplete local resources as detailed here:

freshwater consumption (m³)

Location	Site	Type	FY23	FY22
Italy	INVE Aquaculture Research Centre	seawater facility	860	3025
Belgium	INVE Technologies	commercial office	1296	1296
Türkiye	INVE Eurasia	commercial office	86	85
Mexico	INVE Aquaculture Mexico	commercial office	60	60
Brazil	INVE Do Brazil	commercial office	48	38
Greece	INVE Hellas	commercial office	29	33
United States	Benchmark Genetics USA	seawater facility	813	1369

Waste

We aim to divert as much waste from landfill as practicably 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.

Waste (tonnes)

	FY23	FY22	FY21	FY20
Recycle	141	131	169	107
Landfill	186	178	145	232
Energy from waste	711	684	747	421
Refuse Derived Fuel	31	30	-	-
Total	1069	1023	1061	760
% waste to landfill	17.4%	17.4%	13.7%	30.5%

In 2022 we began diverting some of the waste from our Thailand production facility away from landfill to a Refuse Derived Fuel facility. Whilst it can still be considered an energy from waste process we are disclosing this waste as a separate waste stream.

Environment

 continued

Travel

Modes of transportation

These emissions are related to the data currently collected for Scope 1, 2 and measured 3 emissions and include the related Well-To-Tank fuel emissions.

Mode	Emissions (tCO ₂ e)	
	FY23	FY22
Air	810	1364
Sea	6244	7087
Rail	2	1
Road	1125	1559

It is our policy to distribute our products by sea rather than air or road. Air transportation is only used to meet exceptionally urgent customer requirements. It accounts for 10% of our shipments and each shipment requires senior management approval.

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.

	Vehicle emissions (tCO ₂ e)			
	FY23	FY22	FY21	FY20
UK car fuel	10	11	6	17
Total Group vehicle emissions	1151	1007	988	893

Group vehicle-related emissions have increased as a consequence of business growth and a consequential increase in deliveries. The total has been partially offset by the introduction of additional electric and hybrid vehicles.

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 (£)					
	FY23	FY22	FY21	FY20	FY19	FY18
Total cost of environmental fines	0	0	0	0	0	0

Targets used to manage climate-related risks and opportunities and performance against targets

Our roadmap to Net Zero

Our drive to achieve Net Zero emissions is based on science-based targets of absolute contraction following the 1.5°C scenario, with our policies centred around the UNSDG's and the Paris Agreement. We adopt the following definition of Net Zero: '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.' Our Net Zero commitments are to 1) achieve Net Zero Scope 1 and Scope 2 emissions by 2030 and 2) Net Zero Scope 3 emissions by 2050.

Using a science-based target approach, our Net Zero target is to achieve an absolute reduction of our gross Scope 1 and 2 emissions by 42% from the FY20 baseline year to 2030. We will develop targets for Scope 3 once our inventory is fully established.

Decarbonisation strategy

Our strategy is to develop local decarbonisation plans for our top contributing sites in order to build a Group roadmap to Net Zero for Scope 1 and 2 emissions, in line with our target. As the Group's largest contributor, we have focused primarily on our site in Thailand identifying viable projects including the installation of solar panels. This work enabled us to produce our first roadmap to Net Zero Scope 1 and 2 emissions:

Environmental Management System certification

In FY23 our Benchmark Genetics sites in Norway and Iceland joined our production facility in Thailand in successfully completing certification to ISO 14001.

We now have our top three sites which contribute most to our environmental impacts, and employ over 50% of our people covered by this internationally recognised environmental management system standard increasing the robustness of our environmental system.

Additionally, our facility in Thailand achieved certification to ISO 22000:2018 Food Management System.

FY23 progress

We made good progress on a number of initiatives towards our Net Zero targets and we expect the impact to come through in FY24. Projects in the year included:

- Replacement of chillers in Thailand - Since completion in March 2023 there has been a 40% reduction in related energy consumption.
- Installation of solar panels in Thailand which became operational post period-end and supply 30% of the site's energy requirements.
- Installation of a new energy plant and equipment at Genetics facility in Lønningdal, Norway. The project has, so far, contributed to an energy consumption reduction of an average 35,000 kWh per month and has saved more than one tonne of greenhouse gas emissions.

We have a number of projects in the pipeline which will further contribute to our goals including:

- Installation of solar panels at our facility in Colombia with anticipated savings of 60 tCO₂e.
- Compressor and condenser replacement at our plant in Thailand with potential emissions reduction of 300 tCO₂e.
- Procurement of energy from renewable sources for night-time supply at our Thailand facility.
- We are also investigating the transfer from lpg to electricity for spray drier operation at our Thailand facility (planned for FY26).

Animal Health and Welfare

Highlights

- **100%** of relevant employees completed animal welfare training with 40 new training modules developed in the year across multiple languages.
- **100% compliance with** antibiotic promoting the reduction in antibiotic use at our facilities and amongst our customers.
- **0%** use of ablated female shrimp continued in our facilities.
- Participated in ASC's Technical Working Group, collaborating with scientific experts and other stakeholders in setting improvement frameworks for animal welfare standards in shrimp production.
- **Nine scientific papers** published in international peer-reviewed journals with seven submitted for peer review on aspects of fish and shrimp health, welfare, biosecurity and sustainability.

Benchmark is committed to managing our operations in a way that promotes animal health and welfare.

We have a dedicated Animal Welfare Committee which forms part of our Sustainability Working Group and has representatives from our three business areas: Genetics, Advanced Nutrition and Health. The Animal Welfare Committee identifies opportunities to enhance our animal welfare standards, leads our animal welfare training programme, develops Group positions on emerging issues and establishes collaborative relationships with research institutions, customers and other external stakeholders.

Our goal is to achieve optimal conditions for all animals under our care and promote the same standards in our supply chain.

Why it matters?

In addition to its intrinsic importance, animal health and welfare are critical drivers of productivity and sustainability. Healthier fish and shrimp lead to more efficient and sustainable aquaculture systems, enabling producers to meet consumer expectations, international trade standards and regulatory frameworks.

Areas of focus

To promote animal health and welfare, we focus on three key areas: training, operating protocols and health plans, including antibiotic use. In addition, we engage with industry players to promote animal health and welfare across the supply chain through collaborative research initiatives, training and technical support.

Training

We believe that good animal health and welfare outcomes depend on the dedicated commitment of skilled teams around the world. They handle fish and shrimp, observe and monitor welfare indicators and take action. Tailored training is critical. We aim to deliver annual training for all relevant employees including technical and practical elements tailored to each species and site. In FY23 we developed new in-house training materials creating permanent accessible resources for our teams.

- We delivered training to 100% of our people who handle fish and shrimp.
- We created a new animal welfare training platform with 40 new modules in multiple languages, significantly enhancing our training resources tailored to our operations.
- Beyond our own operations our technical services teams deliver training to our customers extending the reach of our ambition for improved animal welfare in the industry.
- We continued our role as approved training partner for UK retailer Tesco, contributing to raised awareness on animal health and welfare across the supply chain.

Health plans

- A well-developed aquaculture production health plan is crucial for maintaining the health and productivity of aquatic organisms, minimising the risk of disease outbreaks and helping to protect the surrounding aquatic ecosystem from potential contamination and disease spread. Our health plans, tailored to each of our facilities and species outline strategies and measures to maintain the health and welfare of fish and shrimp under our care. Our aim is to reflect the highest standards whilst meeting regulatory requirements.
- Our health plans include biosecurity measures, health monitoring and criteria for diagnosing disease, disease prevention strategies, consideration of environmental impacts, water quality management, quarantine procedures, nutrition and feeding practices, record keeping and emergency response amongst many others.
- A centralised fish health register enables us to track and monitor our performance against agreed KPI's.
- In alignment with our antibiotic policy, we promoted the reduction in antibiotic use in our operations and amongst our customers.

Operating protocols

We operate under a philosophy of continuous improvement identifying opportunities to improve our processes in ways that promote animal welfare. Our protocols are subject to local regulatory oversight including from the USDA APHIS Animal Welfare. In 2022 we conducted in-person workshops in our operations around the world, modified shrimp sampling protocols and are working on improving shrimp harvesting.

Industry impact and collaboration

Through global collaboration and research we aim to make improvements across the industry. In FY23 we continued our work with existing partners and established new collaborations to drive industry progress in animal welfare.

- We are working on two projects funded by Open Philanthropy, their aim is to support improvement in the lives of animals: 'Perceptions and attitudes towards fish vaccination in Thailand' and 'Stakeholder mapping: welfare hotspots and gap analyses in Thai and Vietnamese aquaculture'.
- We participated in the FAO Regional Aquatic Organism Health Strategy initiative and its Progressive Management Pathway for Aquaculture Biosecurity, influencing improvement in health and production in South-East Asia.
- We continued our work with leading retailer Tesco as a recognised global trainer in animal welfare working with producers and suppliers to achieve high animal welfare standards in order to supply aquatic products.

Industry leadership and collaboration

At Benchmark, we believe that collaboration and coordinated action are critical to innovation and sustainable improvement. We have a broad and deep network of industry participants, research institutions and entrepreneurs through which we gather ideas, identify challenges and promote our desire to collectively commit to continuous improvement in animal welfare. Our approach has led to an increasing adoption of a non-ablation practice in shrimp, improvements in husbandry and handling practices and ongoing development of a stunner for harvesting shrimp.

In recognition of Benchmark's expertise, in 2023 we were invited to participate in the Aquaculture Stewardship Council (ASC)'s Technical Working Group, collaborating with scientific experts and other stakeholders in setting improvement frameworks for animal welfare standards in shrimp production through the development of species-specific welfare indicators, allowing producers to evaluate the impact of their protocols and operations.

Our work with the ASC Technical Working Group further strengthens our ability to support our customers in the adoption of best practice standards and in addressing animal welfare challenges.

Prof. Andy Shinn

"Acknowledging the unique needs of shrimp, the Aquaculture Stewardship Council (ASC) has adjusted the health and welfare criteria proposed for the ASC Farm Standard to encompass shrimp-specific considerations. New indicators, the Shrimp Health and Welfare Draft Indicators (SHWDIs), have received recent approval from the Technical Advisory Group (TAG), signifying a notable achievement by the Technical Working Group. The proposal covers health and welfare monitoring, disease susceptibility, eyestalk ablation, handling, slaughter, and veterinary treatments, in addition to other topics.

Regularly assessing evolving welfare practices enables us to incorporate these into the codes of best practice both within the Company and in our daily dealings with clients."

People and Communities

Corina Holmes
Group Head of People

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

In FY23 we continued to evolve our people agenda, achieving significant milestones against a backdrop of substantial organisational change. We made strategic changes that brought our succession planning to life, with internal promotions demonstrating our commitment to growing talent internally. We aligned our Health organisation with our Salmon Genetics organisation to unite key skills and capabilities to ensure that we deliver seamless and exceptional customer service to the salmon industry.

Our reward agenda, the implementation of our global benefits review, underlines our commitment to improving our employee experience. Alongside this, we have developed a Job Architecture Framework to systematically structure how we measure, align and compensate all roles in our organisation to guarantee an equitable approach across our business, and this will ultimately underpin all critical people processes.

Meanwhile, we want to ensure that everyone who starts with Benchmark embarks on their new roles with the best possible foundation, and to this end, we developed and implemented a global approach to onboarding and orientation. Looking further to how we manage and support people, people management was a key focus as we concentrated on upskilling and developing leadership capabilities across the company.

We continue to champion wellbeing and engagement, with our people actively participating in a diverse calendar of global activities, helping us to unite our global communities. We are also pleased to have launched our Diversity, Inclusion and Belonging working group reinforcing our commitment to equality throughout Benchmark.

The output of this agenda and supporting activities was reflected in our excellent Employee engagement results leading to a reduction in employee turnover.

It has been yet another year of excellent progress, with all our people across the organisation actively and positively participating in our people programmes, activities and endeavours. The strength of our purpose-driven ‘One Benchmark’ culture, serves as the cornerstone for all our accomplishments.”

Corina Holmes

Employee turnover

The actions we have taken and the culture we are building have contributed to a reduction in employee turnover now standing at 12.81% (13.64% in FY22).

Gender Balance Table

	Female	Male	Total of Employees	Total % of segment occupied by Females	Total % of segment occupied by Males
Executive Directors	1	1	2	50%	50%
Executive Management Team	3	3	6	50%	50%
Senior Managers	20	45	65	31%	69%
Managers/Technical Experts	84	112	196	43%	57%
Employees	229	325	554	41%	59%
Grand Total	337	486	823	41%	59%

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 percent 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.
- 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. Following a slight increase in the accident rate we have throughout the year we have taken deep dives to understand accident root causes whilst also focusing on training, near-miss reporting and completing safety walks.

Health and Safety

	FY23	FY22	FY21	FY20	FY19	FY18
Fatalities	0	0	0	0	0	0
Recordable accident rate	1.14	0.91	1.28	0.97	1.16	2.57

People and Communities continued

Communication and engagement

We maintain a full and robust communication and engagement calendar comprised of numerous channels through which our people can actively participate and connect. As a global company spanning multiple time zones and languages, it is imperative that we guarantee that every individual within our organisation has the opportunity to engage. The availability of a wide array of options is particularly important for those who work on our farm sites or in our production facilities, where access to computers may be limited.

Using the power of our internal intranet @workplace, we unite our global communities, encouraging posting, whether business or personal achievements. It is also where we push out our campaigns and internal news and events.

All our communication channels and platforms offer individuals the opportunity to promptly seek and obtain feedback on enquiries related to topics that hold personal significance and relevance to their careers and working life. These platforms embody an ethos of openness and transparency, where we proactively listen to feedback, and provide all our people with a forum where they can have their say and know that action will be taken when and where necessary.

Employee engagement survey 'Have Your Say, We Are Listening'

In FY23 we again had excellent participation in our Employee Engagement Survey, receiving feedback from 93% of our people (up from 92% in FY22). We are proud that we achieved an outstanding engagement score of 85% placing us in the top quartile of employers again this year. The views and opinions of our people drive our action planning process which helps ensure that Benchmark continues to be a great place to work.

Notable results included:

88%

of our people confirmed that Benchmark's purpose made them feel good about the work they do (+3%)

84%

agree that their health and safety and well-being at work is supported (+3%)

Reward and recognition

In FY23, we introduced the One Benchmark Job Architecture Framework. This comprehensive system provides a clear, concise, and globally applicable framework for understanding each role within our organization, defining its attributes, and establishing its position relative to other roles based on its nature and level of contribution. The framework will serve as the foundation for critical people processes, including compensation management, career path identification and workforce management.

Diversity, Inclusion and Belonging

We established the Diversity, Inclusion and Belonging Working Group, to foster an inclusive and equitable workplace by promoting the understanding and appreciation of differences, creating dialogue and addressing barriers to diversity and implementing initiatives that enhance diversity, equity and inclusion across the entire organisation. Together we will create an action plan which is both informed by and led by our people across our business. This will enhance organisational performance, promote innovation, and create a more just and equitable society in line with our ESG Goals.

During the year we celebrated a number of important events including PRIDE, International Women's Day and, International Charity Day.

Our values

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

We continue to reinforce and embed our values into our culture, and our employee survey told us that Benchmark's commitment to sustainability is something that makes them proud to work here. We want to honour and celebrate our people who are effecting positive change, both within Benchmark and their broader communities, so as part of this journey we introduced our inaugural 'Living Our Values' Awards and Sustainability Awards. These awards recognised those who have gone above and beyond their day jobs in one way or another.

With peer-to-peer nominations, and an outstanding number of nominees, assessed by an independent committee that encompassed representatives from all our business areas, our outstanding winners were recognised as exemplars of "living our values".

Innovative

Passionate

Collaborative

Commercial

Learning and development

Benchmark is committed to providing a supportive and engaging learning and development environment for all employees. Investing in our employee's development, both benefits them personally and contributes to the commercial success of our organisation.

Employees are provided with regular performance feedback including opportunities for improvement and development. They are encouraged to take responsibility for their own learning and development by seeking out relevant opportunities and taking advantage of available resources. New resources include guides for career management, coaching and mentoring. We have also piloted an on-demand global digital learning platform for leadership, management, and professional development that we will launch in our next financial year. With a focus on developing our management capability further, we launched the People Management Framework, outlining key skills, capabilities, and actions that we expect from our managers and that underpin our approach to helping all our people succeed.

Benchmark continues to invest in training and development both internally, externally and through digital platforms. Encouraging all people to continually learn and grow.

Employee Wellbeing

One Benchmark A Healthier You – Our global well-being programme

Wellness at work covers many areas: social, physical, mental, intellectual and practical. The programme aims to address as many of these areas as possible to ensure our people are the best they can be. We partner with international ICAS Employee Health and well-being providers who delivered a series of webinars in English, Thai and Spanish for our people around the world, covering topics such as Financial Awareness, Work Life Integration and Healthy Movement. We do this under the banner of #onesmallchange, an approach that encourages people to make one small change to deliver long lasting benefits.

Our people's engagement in our campaigns and webinars continues to go from strength to strength. Alongside our webinars, we co-ordinate campaigns throughout the year to promote our global communities to come together as One Benchmark. Our annual Global Health, Safety and Wellbeing Day again had excellent engagement amongst all our people, in person and online. Participants came together to review, explore and refresh our commitment to health and safety. In June we launched our first Global Wellbeing week during which people were encouraged to make small changes, which can prove to have the biggest impact on their physical and mental wellbeing; our posts were viewed over 7000 times.

We are an active member of the Mental Health First Aid England Organisation, and we have 32 fully trained Benchmark Mental Health First Aiders who support our employees across all our countries.

Onboarding Project: Achieving Our Commitment to Nurturing Talent

Our onboarding project is a testament to our commitment to nurturing talent, collaboration and building a strong foundation for future growth by attracting and retaining the best talent in our industry and promoting our brand. We listened to our employees, based our approach on industry best practice and tailored it to cater to our diverse and globally located workforce.

Key Features

- A structured onboarding path that ensures new hires receive the support they need to succeed.
- A tailored experience that is based on each employee's role, responsibilities, and career goals.
- A buddy system that provides new hires with guidance and support.
- Ongoing support and resources to help new hires feel valued and empowered.

Since launching our onboarding process, we have closely monitored its impact. Early results show improved time-to-productivity for new hires, increased engagement, and a stronger sense of belonging. We are also seeing a decrease in turnover rates among new hires.

We are confident that our onboarding project is a valuable investment in our employees and our organisation. We are committed to continuously improving our approach to provide the best possible experience for our new hires and a positive and productive work environment for everyone.

Supporting People Towards the End of Their Careers

We also want to ensure that we support people towards the end of their careers. We believe that everyone has something to offer, regardless of their age or experience level. We also offer a variety of resources to help employees transition to retirement.

People and Communities continued

One Benchmark Job Architecture Framework

The People team, in collaboration with senior management teams across all locations and business areas, identified all existing distinctive groups of jobs with differentiated sets of knowledge and skills across the business, creating the BMK Job Family catalogue. They also designed a new set of organisational levels to describe the different strata of seniority and accountability across the business, called the BMK Job Levels. They devised their own job evaluation methodology to assess all their existing positions and mapped each employee to their relevant job family and job level.

The project has been communicated and discussed extensively across the organisation. Senior leadership and management teams learned about the framework and future applications through dedicated sessions and job evaluation training. Over 100 managers and senior managers attended the training sessions and actively collaborated in the development works.

Launched at the Global and People Town Halls, our people were invited to submit questions and comments that were addressed in dedicated sessions organised by the Employee Champion network.

In FY24, the Company will finalise the Job Architecture Framework by producing role profile catalogues per job family, detailing the purpose, main responsibilities, and expectations of each job. Employees will be given access to the resources to learn about their job families and job levels. The People team will also undertake the work to design their compensation structures and management policies to reflect the new company architecture and career progression.

We work on a centrally led but locally supported model which results in someone always being available for our people.

A foundation for all people management programmes

Benchmark for Better (B4B) Giving back to our communities

Our Benchmark for Better (B4B) initiative serves as an avenue to make a positive impact in the communities in which we operate. We do this by supporting projects and charitable organisations in the countries where we operate, and by giving every Benchmark employee the opportunity to dedicate two paid days to volunteer activities individually or with colleagues. We actively encourage participation in our B4B initiative through our B4B Committee, and various campaigns including International Volunteering Day campaign which encourages participation and the sharing of experiences.

B4B projects and donations

Benchmark's B4B Committee evaluates and develops proposals for B4B projects and donations. Following the B4B policy and guidelines developed by our Sustainability Committee. Our main focus is on establishing and developing long-term relationships with groups and organisations in our local communities, which we believe enables us to have a bigger impact over time. An example of this approach is our long-standing relationship with the Wang Moke Senior School, located near our Phichit facility in Thailand.

For the past 18 years we have supported this school in several ways based on a close dialogue with the school to establish the best way to make a real impact.

In 2023 our donation was channelled to essential activities including fire education training, the provision of 20 fire extinguishers, improvement of bathroom facilities, garbage segregation training, planting 100 trees to expand the school's green area as well as vegetables for use in children's meals. Other examples of our multi-year approach include our ongoing support for a local school in Colombia where we fund tutoring activities which help bridge the substantial education gap left by Covid-19, and a reforestation programme in Belgium led by our local team which also involves direct volunteering with broad participation.

We were pleased to fund several new projects in 2023. In Mexico we established a new relationship with a local rural school, donating funds to build a suitable shaded area to facilitate the children's involvement in recreational activities during the harsh summer months exacerbated by climate change. In the UK we funded Info Latinos, an organisation that promotes integration and equality by providing a support network and career advancement workshops for underserved immigrant communities.

Beyond our long-term projects, our people take immense pride in participating in various initiatives and campaigns organised throughout the year and putting forward proposals for one-off donations.

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 FY23, 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 FY23's Strategic Priorities, and the risk tables include a cross-reference to each individual risk's relevance to such Strategic Priorities.

1. Ectosan® Vet and CleanTreat®: Establish in Norway and grow globally;
2. Atlantic salmon – Preferred supplier in all key markets;
3. Maintain leadership in artemia – strengthen diets and health products;
4. Strengthen BMK future positioning; and
5. Continue to build One Benchmark – a great place to work.

➔ These are described in more detail on page 18-19

Strategic risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Competition and loss of competitive advantage	- Falling behind competitors with the development and commercialisation of new, innovative products. - Threat to market share and revenues.	- Innovative development focus and strong pipeline of products. - Intellectual Property ("IP") protection including patents. - Strong customer relationships with key account structure.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4
Reliance on continued success of existing products	- The Group is currently exposed to risk by limited diversity of revenue streams. - Risks associated with legal costs of protecting Group IP. - Group products require the holding of certain licences, accreditations or regulatory approvals that could be withdrawn. - Failure to gain additional claims on the labels for certain Group products which could result in reduced revenue from such products. - Failure to achieve the projected customers growth/uptake for newly launched products.	- Increasing number of products/ services from development pipeline is diversifying revenues. - Strong Group legal team with dedicated IP expertise. - Vigorous defence of own IP. - High levels of employee competency and stringent processes related to regulatory affairs. - Highly proficient and experienced commercial team equipped with extensive knowledge and with robust customer relationships.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4
Delivery of cross-Group synergies	- Risks associated with failure to fully realise operational synergies and cost benefits. - Lower profitability and cash generation, and slower returns than anticipated. - Risks on delivering the synergy within the timeline set.	- EMT continues tracking progress of the Group strategy on weekly basis. - Extended-EMT assists with planning and managing key projects.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5
New product and service commercialisation	- Risk that pipeline products may be delayed or fail technically before launch. - Risk inherent in timing and market penetration of new products and services.	- Close dialogue with regulators. - The innovation board (which includes the head of Group Innovation) monitors the R&D projects across the Group. - Experienced Group regulatory affairs team, commercial team and Marketing team. - Close dialogue with customers regarding their product and service satisfaction to enable efficient and appropriate reaction to their feedback and needs.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5

Operational risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Environmental risk and crisis management	- 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.	We have implemented standards and requirements which govern key risk management activities such as inspection, maintenance, testing, business continuity and crisis response.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5
Biological and climatic 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. - 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.	- The Group operates the highest levels of biosecurity. - The Group holds genetic stock at multiple sites; increasingly sources from its own land-based salmon breeding facilities. - The Group operates containment zones which mitigates the risk of border closures affecting its ability to import or export. - The Group has placed increased focus on insuring its biological stock. - The Group's product diversity across business areas offers some mitigation.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4
Volatility of end markets (salmon, sea bass and shrimp markets) and market and regulatory trends	- Market fluctuations in shrimp production volumes and pricing, often influenced by disease, drive customer and food services demand for shrimp. - Market and regulatory trends for tackling sea lice have an influence on customer demand for the Group's sea lice products.	- The geographic diversity of the business area's customer base offers some mitigation. - The Group's product diversity across business areas offers some mitigation.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5

Operational risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Threats to the supply chain	- Benchmark is reliant on a small number of key raw materials and manufacturers and suppliers for important products. - The Group has R&D and production sites which are important to its current revenues and future success and which are leased. - Commissioning of new facilities could be delayed leading to late product deliveries. - Benchmark relies on third parties for importation authorisations required in certain jurisdictions for certain products.	- Dual supplies of raw materials where possible. - Supplies secured with contractual arrangements, and import authorisations in the process of being applied for where deemed material for the Group. - Seek long-term tenure of sites.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4
Health and well-being of employees	- Poor health or well-being impacts employees' lives and reduces productivity. - Some aquaculture activities have inherent operational risks.	- Well-developed health and safety management regime in place across the Group. - Senior level commitment to ESG programme Group-wide.	Advanced Nutrition, Health and Genetics	1, 2, 5
Recruitment and retention of high-calibre people	To maintain market leadership it is essential that the Group has and keeps people with key skills.	- Centralised people team delivering people strategy. - Succession planning process. - Remuneration policy designed to encourage retention.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5
Loss of key IT system	- The Group IT systems facilitate daily work, collaboration and hold Group IP and trade secrets. - Multiple risks of systems failure or cyber attack. - Loss of access or key information would be disruptive to the Group.	- Internal experienced IT team. - Increasing integration of software platforms to improve security and reliability. - The Group increased the frequency of phishing simulation exercises to ensure staff awareness of cyber security.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5
Geopolitical risk	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 or terrorist attacks could adversely affect the Group.	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.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4
Application of appropriate standards of governance	- As an international business, the Group is required to comply with laws and regulations in several jurisdictions. - There is risk of non-compliance leading to potential fines, penalties, loss of revenues and damage to reputation.	- Experienced Group legal, finance, people, regulatory affairs, investor relations, health and safety and IT teams work closely with the business areas. - Training programme, whistleblowing policy, and informal routes by which concerns can be raised, are designed to identify and address potential non-compliance.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5

Financial and legal risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Maintain liquidity and manage leverage	- Failure to identify and maintain sufficient liquidity headroom. - Risk to funding of key growth strategies.	- Close control of cash flows with regular update of short- and long-term projections. - The refinanced facilities provide greater covenant flexibility and headroom. - Group Treasury Manager oversees cash flow management. - Group treasury policy introduced to support how the Group manages cash.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4
Growth in trading results in higher investment in working capital	- Top-line growth through new products and markets can drive changing patterns of working capital. - Growth in some markets presents increased risk of slow paying or bad debts.	- Business area management of pricing and credit terms. - Close monitoring of investment in working capital by the EMT and PLC Board. - Key performance indicators include working capital measures.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4
Currency exchange	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.	- The Group reduces its exposure to its principal foreign currency risks through the use of hedging instruments. - Group treasury policy explains how the Group should manage FX risk.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4
Criminal activity, fraud, bribery and compliance risk	- Some countries where the Group operates may be exposed to high levels of risk relating to criminal activity, fraud, bribery and corruption. - There are a number of regulatory requirements applicable to the Group and its listing on the London and Oslo Stock exchanges.	- 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. - The Group has introduced a code of conduct for its suppliers. - The CFO and Group Legal Counsel are involved in mitigating fraudulent activities in the Group. - The Group has access to competent and experienced external counsel. - Fraud response policy introduced.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5

Emerging risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Climate change	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.	- 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. - New ESG strategy approved and implemented by the Group. - Plan adopted for reduction in the Group's carbon emissions and progressing according to timetable set. - The Group is exploring alternatives solutions to decrease its reliance on raw materials that could be vulnerable to the impacts of climate changes.	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5
Environmental, Social and Governance responsibilities	Increasingly our stakeholders are requiring reassurance that we are overseeing and responding to ethical and environmental issues across the Group's business.	- Code of Conduct in place. - New ESG strategy approved and in place. - Plan adopted for reduction in the Group's carbon emissions. - Code of conduct and ABC policies in place. - Plan adopted for reduction in the Group's carbon emissions	Advanced Nutrition, Health and Genetics	4, 5

The Strategic Report was approved by the Board on 29 November 2023 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

Appointed
May 2018

Independent

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

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.

Other appointments

Peter is chairman of Oxford Quantum Circuits and a Health Sciences adviser at Oxford Science Enterprises and Gresham House. 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 and is Chair of the Crown Commercial Services, part of the Cabinet Office.

Trond Williksen Chief Executive Officer

Appointed
June 2020

Independent

No

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.

Other appointments

Trond is the chairman at Ivan Ulsund Rederi AS (including Trønderbas AS, Brusøykjær AS, Ivan Ulsund Eiendom AS), an ocean fisheries company and a board member to the ocean farming company Utror AS.

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 was 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.

Septima Maguire Chief Financial Officer

Appointed
December 2019

Independent

No

Skills and Experience

Septima has more than 25 years' experience working in international businesses globally. 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 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 is a Chartered Certified Accountant and also holds a Masters in European Union Law from the University of Leicester.

Other appointments

None.

Committee Membership

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

Susan Searle Senior Independent Director

Appointed
December 2013

Independent
Yes

Skills and Experience

Susan has over 35 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.

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

Non-executive director of Gooch & Housego PLC, QinetiQ Group plc, Bibby Line Group and chair of Greenback Recycling Technologies Ltd.

Yngve Myhre Non-Executive Director

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 section. 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 Aqua Site AS and is the non executive director of Nova Sea. He is also chairman of Broodstock Capital and Kime Akva. Yngve also acts as a strategic adviser to investors in the aquaculture sector.

Kristian Eikre Non-Executive Director

Appointed
March 2019

Independent
No - Shareholder representative

Skills and Experience

Kristian has 18 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 25.96% of the Company's issued share capital. Kristian acts as shareholder representative of FERD AS, a significant shareholder of the Company, and therefore the Board has concluded that he is not an independent director. 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, Aibel AS and BHG Group AB.

Other appointments

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

Board of Directors continued

Laura Lavers Non-Executive Director	Torgeir Svae Non-Executive Director	Marie Danielsson Non-Executive Director	Jennifer Haddouk Company Secretary and Group Legal Counsel
Appointed December 2022	Appointed April 2023	Appointed June 2023	Appointed May 2019
Independent No - Shareholder representative	Independent No - Shareholder representative	Independent Yes	Independent No
Skills and Experience Laura is a senior investment professional with two decades of finance industry experience, the majority spent investing worldwide in publicly listed equities with a fundamental, long term, approach. She was a senior investment analyst and partner at Thunderbird Partners, held a similar role prior to this at Ziff Brothers Investments, and has invested globally across a number of different sectors including the agricultural supply chain. She started her career working in the equities division of Merrill Lynch in London. Laura holds a first-class BA in Natural Sciences from the University of Cambridge. Laura is a consultant to a fund managed by JNE Partners LLP, which holds 22.74% of the Company's issued share capital. Given Laura's relationship with JNE Partners, a significant shareholder in the Company, the Board has concluded that she is not an independent director of the Company.	Skills and Experience Torgeir is an investment director at Kverva AS responsible for the seafood portfolio. Torgeir has more than 20 years of investment banking, asset management and management experience. His role acts as shareholder representative of Kverva, a significant shareholder of the Company holding 22.35% of the Company's issued share capital, and therefore the Board has concluded that he is not an independent director.	Skills and Experience Since 2015 Marie has been the CFO of BEWi ASA, a leading provider of packaging, component and insulation solutions, listed on the Oslo Stock Exchange. Prior to this, Marie worked for Haldex, a global supplier of brake components to commercial vehicles as Vice President Financial Control and Taxes, and as an auditor at KPMG. Marie holds a degree in M.Sc. Economics from Stockholm University, Sweden. Marie brings financial and industrial experience from international and public environments in complex and growing organisations.	Skills and Experience Jennifer is a French qualified solicitor with over 11 years' experience. Jennifer previously worked in French law firm SCP de Poulpique & 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 Laura is currently a board director of HelloSelf, an online platform connecting patients with clinical psychologists; she is also the CEO of Nicrone UK Limited, a large single family investment office and a director of Bay Laurel Limited.	Other appointments Torgeir is also a director of Østermoen Industrier AS, Østermoen Invest AS, Insula AS, Viden AS and chair of the board of Scale Aquaculture AS.	Other appointments Marie is also a director of BEWI Invest AS. Marie has no beneficial interest in the equity securities of Benchmark Holdings plc.	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.

Geir Olav Melingen Head of Salmon, Health & Genetics

Geir Olav joined Benchmark in January 2019 following his CEO role at Bergen Aquarium. Prior to this role Geir Olav has a broad experience within aquaculture, formerly the CEO of Fishguard and National Sales Director & Global KAM of MSD Animal Health.

Geir Olav is a qualified Fish Health Biologist and holds a doctorate in Scientific Fish Health from the University of Bergen. He lives in Bergen with his wife and three children, but spent most of his childhood in Austevoll, the largest fishing community in Norway where the passion to become a veterinarian took place. He is also a keen fisherman and enjoys running or walking whilst on travels.

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.

Ivonne Cantu Head of Investor Relations & 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. She is a non-executive director of Primary Health Properties plc and Creo Medical plc.

Ross Houston Director of Genetics & Innovation

Ross is the overall lead for R&D and Innovation activities of Benchmark and chairs the Benchmark Innovation Board, which fosters exploitation of synergies across the Genetics, Health, and Advanced Nutrition business units. He is also responsible for Benchmark's salmon and shrimp breeding programmes, as well as Genetics R&D, including applications of new technologies to enhance the Company's competitive position.

Ross is an internationally leading scientist in the field of aquaculture genetics and biotechnology and was personal chair of Aquaculture Genetics at University of Edinburgh until he joined Benchmark in 2022. He has authored or co-authored more than 110 scientific publications, with several of his discoveries applied in the aquaculture industry to improve animal health and performance.

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 74 and 76.

Chairman's Governance Statement

Peter George
Chairman

Year in review

Throughout the year, the Group has been focused on delivering its strategic priorities, and maintaining its high standards of corporate governance. FY23 saw the Group complete the refinancing of its revolving credit facility with a new facility of £20 million, and achieve its dual-listing on AIM and Euronext Growth Oslo. The Group also completed its acquisition of the remaining minority interest in Benchmark Genetics Iceland; a natural step in delivering shareholder value through full ownership of the success of our genetics business.

The Board has been kept well informed of management's plans, with a Board strategy day held in September to review strategy and consider the evolving environment and objectives of the Group.

Board changes and composition

Through the nomination committee, the Group focused on Board succession and composition to ensure the Board has the appropriate balance of skills, independence, experience and diversity.

The 2023 financial year saw the following changes to the Board:

- In December 2022, Laura Lavers was appointed Non-Executive Director, as a shareholder representative of JNE, who have an interest in Benchmark of 22.74%. Laura was appointed with two decades of senior investment experience and has brought valuable shareholder insight and perspective into Board discussions.
- In April 2023, Atle Eide stepped down as Non-Executive Director and Torgeir Svae was appointed as a Non-Executive Director. Torgeir has extensive industry experience and is responsible for the seafood portfolio at Kverva AS, who have an interest in Benchmark of 22.35%.
- In June 2023, Marie Danielsson was appointed as Non-Executive Director, with extensive financial and industry experience and is currently CFO of BEWi ASA, who are listed on the Oslo Stock Exchange.
- In September 2023 saw the retirement of long standing Non-Executive Director Kevin Quinn.

In December 2023, Susan Searle, the Company's most tenured Board member, will conclude her service on the Board. The Board wishes to express its heartfelt gratitude for her exceptional contributions and dedicated work over the past decade.

Board evaluation

The Board conducted an extensive internal individual Board evaluation which was followed by delivery of the results in September 2023. 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 and diversity as well as 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 89 of this report.

Culture, ESG and stakeholder engagement

The Board has been engaged in active discussions this year regarding the most appropriate corporate governance code for the Company to follow in light of its dual-listing and maturity stage and has taken the decision to move to complying with the Quoted Companies Alliance ("QCA") Code for the 2024 financial year and onwards. The QCA Code is widely recognised as being an appropriate corporate governance code for mid-sized quoted companies such as Benchmark, and will provide the Group with more flexibility than the UK Corporate Governance Code 2018, while continuing to encourage good governance, engagement, reporting and effective board processes. The Board remains committed to maintaining effective corporate governance and integrity, enabling us to deliver our strategy for the long-term benefit of all our stakeholders.

The evolution of the Group's culture continues to be of strategic importance, 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, we placed an emphasis on amplifying the positive feedback we received from the Employee Engagement survey. Our primary goal was to assess our strengths and identify areas where we could improve, and to help achieve this, we conducted a series of action planning workshops across all countries and business areas. Additionally, we sustained our commitment to global engagement campaigns, encouraging full participation from all. We revamped our approach to onboarding, proactively engaging with new employees prior to their start date, ensuring they feel fully integrated into Benchmark from the outset.



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

Peter George

During the year our Employee Representative was invited to attend to the extended Executive Management team meetings, to act as a voice from within the workforce and join at their discretion. There are a strong team of employee champions across the globe, and this year we improved the way they were able to represent their respective groups and made it easier for them to voice their opinions.

For additional information about these initiatives, please refer to page 106.

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 continued its ongoing commitments to the Environmental, Social and Governance ("ESG") strategy and a plan for the reduction of the Group's carbon emissions. Progress has also been made on the roll-out of the Group's supplier code of conduct with a view to ensuring that third parties we deal with live up to our values and standards and share in our duty to trade responsibly.

As a Board we focus on how we engage with our stakeholders and how we deliver a positive impact for them. Relationships with our stakeholders in the UK and internationally are vital to building a successful and sustainable business. 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 we extensively consulted with our shareholders regarding a potential delisting from AIM and uplisting to Oslo Børs, and as a result have decided to maintain a dual listing on Euronext Growth Oslo and on AIM for the foreseeable future. An uplisting to Oslo Børs will be reviewed as part of ongoing strategy to enhance Group positioning and share performance.

Looking forward

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

Peter George
29 November 2023

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 Stock Exchanges and Euronext Growth Oslo 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)

The Board delegates the execution of the Group's strategy and the day-to-day management of the business to the 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 Euronext Growth Oslo, and is subject to the AIM Rules and rules applicable to companies listed on Euronext Growth. The Board has voluntarily chosen to comply with the UK Corporate Governance Code 2018 (“the Code”) and has taken the decision to move to complying with the QCA Code from the 2024 financial year and onwards.

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 104 to 109.

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 this remains 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 2023, 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 pages 18 - 19 and for an outline of how the Board's activities in FY23 contributed to the Group's strategic priorities please see pages 84-85.

Culture

The Company's vision is to be the leading aquaculture biotechnology company and drive sustainability in aquaculture. In order to achieve this, we invest 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. The Board continues to engage closely with the 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 FY23, the Board monitored culture by:

- **Engaging with and listening to our people:** The Group conducted its annual employee engagement survey. The survey encourages 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 March 2023 and the key findings were presented to the Board in April 2023. Action plans have been prepared by the people team in collaboration with each business area to address the priority issues raised by this survey. In January 2023, the Board conducted a virtual site tour of the Thailand plant, dedicating time to gain deeper insights into the Thai's operations and acknowledge the accomplishments of the team since the previous visit. The Board, in alignment with the Company's strategic objectives, also paid a visit to the Bergen office in September 2023 and dedicated quality time to engage with employees, while also convening with the PLC Board and strategy day.
- **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. The Board also receives monthly reports on the implementation of the people strategic agenda.
- **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. Our policy is reinforced by mandatory annual training, which every employee is required to complete. This training ensures that they have a comprehensive understanding of their rights and the policy itself.

Compliance

A strong focus continues to be placed on educating and raising awareness among our employees about business ethics and compliance through methods such as training, workshops and policies accessible in local languages. While the Company communicates directly with all employees through town hall meetings, the Group has conducted a series of smaller group workshops to further develop awareness of the 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 there is a dedicated compliance email address for employees to raise concerns. In FY23, additional workshops were created to promote and provide training for employees on the policies and compliance necessary for their day-to-day responsibilities.

IT strategy and digital security

Throughout the year, the Board received updates on the IT strategy of the group and its implementation, with insights provided by the CFO and the senior IT Managers. This year, particular emphasis was placed on fortifying the Group's digital security measures. The Board made a commitment to invest in IT systems to bolster and enhance its cyber security defences, acknowledging the ever-evolving threats in this domain. Regular training and awareness initiatives regarding potential email, internet, and physical risks constitute essential components of Benchmark's IT security posture. Internal phishing campaigns were launched to simulate phishing attempts, enabling employees to recognise the characteristics of phishing emails and respond appropriately when confronted with a genuine phishing attempt.

Over the past six months, the Company has reduced its Phishing Prone percentage from 32.7% to 8.8%, which is now significantly lower than the industry average of 19.3%. In addition to ongoing real-time phishing campaigns, annual IT security awareness training is provided to all employees, educating them on both common and emerging threats to the security of our operations. This training also encompasses physical security measures for Benchmark premises.

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 nine 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, June and September 2023, the Board held physical meetings in the UK and Norway where the Directors and leadership teams were able to meet in person. For FY23 Board meetings and committee structure please refer the timeline on pages 84 and 85.

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Scheduled Meetings held during the year*	7**	3	4	1	3
Peter George	7/7 (C)	N/A	3/4	1/1(C)	N/A
Susan Searle	7/7	1/3	4/4 (C)	1/1	N/A
Yngve Myhre	7/7	3/3	N/A	N/A	N/A
Trond Williksen	7/7	N/A	N/A	N/A	3/3
Septima Maguire	7/7	N/A	N/A	N/A	N/A
Kristian Eikre	7/7	N/A	N/A	N/A	N/A
Laura Lavers (appointed as a member of the Board in December 2022)	6/6	N/A	N/A	N/A	N/A
Torgeir Svae (appointed as a member of the Board in April 2023)	4/4	N/A	N/A	N/A	N/A
Marie Danielsson (appointed as a member of the Board in June 2023)	3/3	(C)	N/A	N/A	N/A
Atle Eide (retired from the Board on 14 April 2023)	2/3	N/A	N/A	N/A	N/A
Kevin Quinn (retired from the Board on 28 September 2023)	4/7	3/3(C)	3/4	1/1	3/3(C)

(C) Chair of the Committee

* Additional Board meetings were held during the year.

** Inc. strategy day.

Key activities of the Board in FY23

What the Board and Committees achieved in FY23

The Board met throughout FY23 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, and consults from time-to-time with Norwegian counsel to ensure compliance with AIM and Euronext Growth Oslo best practices.

Board and Committee activity FY23 timeline

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

2022 Oct S R	Nov B R A	Dec B	2023 Jan	Feb R B A	Mar S
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Topic	Specific actions undertaken
Leadership and effectiveness	- Approved the appointment of Laura Lavers, Torgeir Svae and Marie Danielsson as members of the Board. - Approved the resignation of Atle Eide and Kevin Quinn as members of the Board. - Performed an internal evaluation of the Board and its Committees and agreed on the actions.
Legal, compliance and governance	- Approved the FY22 Annual Report and Accounts and interim results. - Approved the newly updated sanction policy. - Received regular legal, IP and compliance updates from the Group Legal Counsel and Company Secretary. - Continued to review the conflict of interest and other significant principal activities of the Directors of the Group, monitoring changes and developments.
Business development and strategy	- Received ongoing updates throughout the year from the CEO and business area heads on the implementation of the Group's strategy. - 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. - Received and approved the updated and improved Information Technology framework, which includes strengthened internal control measures and significant security enhancements. - Refinanced its USD15m RCF in the first quarter with a new GBP20m RCF with a maturity of June 2025. - Approved the listing of the Company on Euronext Growth Oslo in the first quarter of FY23. Followed by a shareholder consultation regarding the optimal structure and listing venue of the Company to support its growth, and decided to maintain a dual listing on Euronext Growth Oslo and on AIM for the foreseeable future. - Monitored the Group's sustainability targets and overall ESG strategy.

Apr B	May A	Jun B	Jul	Aug A	Sep S T B N R
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Topic	Specific actions undertaken
Employees	- Received and discussed the results of the employee survey. - Received an annual update from the Group Health and Safety Representative and discussed the continued improvements being made across the Group. - Received verbal updates from the Remuneration Committee Chair on the key areas discussed and actions agreed.
Communicating with shareholders/ other stakeholders	- Attended ad hoc meetings with top shareholders, particularly as part of a consultation process in relation to a potential listing in Oslo. - Monitored investor engagement and received reports following meetings with shareholders throughout the year. - Reviewed regular investor relations reports.
Monitoring business performance	- Approved the FY24 budget. - Received regular updates on the Group's financial performance and cash flow position. - Reviewed the capital expenditure pipeline for the next five years and tracked expenditure and progress with significant capital investments. - Received regular verbal updates from the Audit Committee Chair on key areas and actions discussed.
Overseeing culture	- CEO and CFO held monthly town halls with employees throughout the year. - Received reports from the Head of People on matters including the implementation of a culture change centred around the performance framework. - Reviewed results from the Employee Engagement survey.
Risk Management	- Received regular updates on health and safety. - Reviewed the Group's risk register which included an assessment of the Group's emerging and principal risks. - Received updates from the Senior IT managers on the Group's IT strategy and cyber security.

Division of responsibilities

Roles within the Board

Role	Name	Responsibilities
Chairman	Peter George	• Lead the effective operation and governance of the Board. • Set agendas which support efficient and balanced decision-making. • Ensure effective Board relationships and a culture that supports constructive discussion, challenge and debate. • Understand the views of key stakeholders and seek assurance that they have been considered. • Oversee the annual Board evaluation and identify any actions required. • Lead initiatives to assess the culture across the Group and ensures the Board sets the correct tone.
CEO	Trond Williksen	• Lead the development and delivery of strategy and budget, to enable the Group to meet the requirements of its shareholders. • Oversee operation of the day-to-day business of the Group. • Lead and oversee the executive management team of the Group. • Establish an environment which allows the recruitment, engagement, retention and development of the people needed to deliver the Group's strategy.
CFO	Septima Maguire	• Support the CEO in developing and implementing strategy. • Provide financial leadership to the Group and align the Group's business and financial strategy. • Responsible for financial planning and analysis, treasury and tax functions. • Responsible for presenting and reporting accurate and timely historical financial information. • Manage the capital structure of the Group. • Investor relation activities, including communications with investors, alongside the CEO.
Senior Independent Non-Executive Director	Susan Searle	• Provide a 'sounding board' for the Chairman in matters of governance or the performance of the Board. • 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. • To act as an intermediary for Non-Executive Directors when necessary and act as Chairman if the Chairman is conflicted.
Non-Executive Directors	Yngve Myhre Kristian Eikre Laura Lavers Torgeir Svae Marie Danielsson	• Provide constructive challenge to the executives, help to develop proposals on strategy and monitor its execution. • Ensure that no individual or group dominates the Board's decision making. • Promote the highest standards of integrity and corporate governance throughout the Company and particularly at Board level. • Review the integrity of financial reporting and that financial controls and systems of risk management are robust.
Group Legal Counsel & Company Secretary	Jennifer Haddouk	• Ensure compliance with Board procedures and support the Chairman. • Secretary to the Board and its Committees. • Ensure the Board has high quality information, adequate time and the appropriate resources. • Advise and keep the Board updated on corporate governance developments. • Consider Board effectiveness in conjunction with the Chairman. • Provide advice, services and support to all Directors as and when required.

Independence

Independence of the Board.

**Board composition
as at 30 September 2023**

**Board independence/roles
as at 30 September 2023**

**Board tenure
as at 30 September 2023**

Chairman	1	Independent Chairman	1	1-3 years	3
Non-Executive Directors	6	Independent Non-Executive Directors	3	3-6 years	5
Executive Directors	2	Non-Independent Non-Executive Directors	3	6-9 years	1
		Executive Directors	2		

The Board assessed the independence of each Non-Executive Director upon appointment and determined that they met the criteria for independence. However, exceptions were made for Kristian Eikre, who represents the Company's largest shareholder, FERD, on the Board; Torgeir Svae, who serves as a shareholder representative of Kverva AS, a significant shareholder of the Company; and Laura Lavers, who was appointed by JNE Partners, another significant shareholder of the Company. The Board reviews independence on an annual basis and has concluded that except for Kristian, Torgeir and Laura 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 74 to 76). 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 103.

Non-Executive Directors are appointed for a 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, Susan Searle, Kristian Eikre, Laura Lavers and Torgeir Svae are all 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 91.

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 updates 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 74 to 76:

Directors	Aquaculture	Biotechnology	Sustainability	Financial	Governance, Risk Management and Control	People	Strategy	International	Capital Markets
Peter George		✓	✓	✓	✓	✓	✓	✓	✓
Susan Searle		✓	✓	✓	✓	✓	✓	✓	✓
Yngve Myhre	✓			✓	✓	✓	✓	✓	✓
Kristian Eikre				✓	✓	✓	✓	✓	✓
Torgeir Svae	✓	✓		✓	✓	✓			✓
Laura Lavers				✓	✓				✓
Marie Danielsson				✓	✓			✓	✓
Trond Williksen	✓		✓	✓		✓	✓	✓	✓
Septima Maguire		✓		✓	✓		✓	✓	✓

Annual Board evaluation

The 2023 Board evaluation process was undertaken in three phases:

Phase 1	Phase 2	Phase 3
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. The themes covered by the internal evaluation included: • Board composition, diversity, skills and performance. • Financial reporting and controls. • Succession planning. • Board functioning and material. • Objectives, strategy and risk management. • Culture and people. • Director self-evaluation. • Role of the Committees. The questionnaire also included questions to be answered by the EMT, as the Board wanted to receive feedback on its performance from these stakeholders. Respondents completed the questionnaire confidentially and the results were collated and reported anonymously. A complementary questionnaire drafted by the Senior Independent Director covering the Chairman's performance was also issued.	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. 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 2023. The Chairman also provided individual feedback to each Director on their individual performance. 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.	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. In addition, each Board Committee reviewed and discussed the key findings of this review.

Findings

The conclusions of the 2023 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
Board composition and skills: The Board acknowledged a gap of knowledge in the shrimp industry, Asian and LATAM markets.	The Board agreed that in making future appointments it should consider the set of skills and experience relevant to the shrimp and Asian & 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.
Board composition and independence: The Board has recognised that the current composition of the Board departed from provision 11 of the Code. However, the Board firmly believes that the Board's composition continues to be suitable, considering the Company's size and its shareholding structure.	Based on this assessment, the Board decided to transition to the QCA Code for the 2024 financial year and beyond. While the Board remains committed to maintain high standards of corporate governance, this transition is anticipated to provide the Company and its Board greater flexibility in terms of Board composition and governance. This change will enable better alignment with the Company's strategic objectives, size and level of maturity.

Nomination Committee Report

Peter George
Chair of the Nomination Committee

Composition as at 30 September 2023

The members of the Nomination Committee are:

Member*	Number of meetings attended	Committee tenure
Peter George (Chair)	1/1	5 years
Susan Searle	1/1	9 years
Kevin Quinn (retired from the Nomination Committee on 28 September 2023)	1/1	5 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.

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 are available on the governance section of our website at www.benchmarkplc.com/investors/corporate-governance.

Activities during FY23:

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 Laura Lavers, Torgeir Svae and Marie Danielsson as a member of the Board; and
- Considered and recommended to the Board the re-election of all Directors at the 2023 Annual General Meeting.

The 2023 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

2023 has been a year in which there have been a significant number of career development moves utilising the Company's approach to talent health and succession planning. With the alignment of our Health and Genetics business areas into one organisation, we have seen a number of new leadership appointments, including members of the EMT. Consequently, the Nomination Committee chose to allow the new organisation and leadership appointments to stabilise and, therefore, postponed the formal review of talent and succession planning until early FY24. The talent health and the succession plan of the Executive Directors and Executive Management Team will be updated and presented to the Nomination Committee for their review and consideration in FY24 and this exercise will be 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 the Board evaluation process, gaps in knowledge were identified as priority areas for focus when recruiting Board members in the future.

In December 2023, Susan Searle's mandate will come to an end after 10 years (9 years plus an exceptional 1 year extension) and the Board would like to thank Susan as she has demonstrated exceptional performance over the past decade, playing a vital role in supporting the growth of the Company.

Achievements:

Reviewed the size, structure and composition of the Board

Board gender diversity as at 30 September 2023

	44%
	Females
	56%
	Males
Females	4
Males	5

Executive Management Team gender diversity as at 30 September 2023

	50%
	Females
	50%
	Males
Females	4
Males	4

The Company makes 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 to a wide pool of candidates for appointment as NEDs, whenever feasible;
- 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 2023, the percentage of female Directors on our Board stood at 44%, 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 FY24, 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

29 November 2023

Non-Executive Director tenure

The periods of service of our Non-Executive Directors are set out below as at 30 September 2023.

Name	Position	Date of appointment	Term
Peter George ¹	Chairman	8 May 2018	5 years, 4 months
Susan Searle	Senior Independent Director	18 December 2013	9 years, 9 months
Yngve Myhre	Non-Executive Director	6 November 2017	5 years, 10 months
Kristian Eikre	Non-Executive Director (not independent)	14 March 2019	4 years, 6 months
Laura Lavers	Non-Executive Director (not independent)	15 December 2022	10 months
Torgeir Svae	Non-Executive Director (not independent)	17 April 2023	5 months
Marie Danielsson	Non-Executive Director	30 June 2023	3 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

Marie Danielsson
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) resigned 28 September 2023	3/3	6 years
Marie Danielsson (Chair) appointed 28 September 2023*	0/0	2 days
Susan Searle	1/3	5 years
Yngve Myhre	3/3	2 years

* Marie Danielsson attended an audit committee meeting as a guest in August 2023 before her formal appointment to the Committee

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 Chair 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 and attendance at those meetings is shown in the table above.

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 2022/23, 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 a 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.

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. 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 of 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 FY23.

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.

Discontinued operations

Following the disposal of the group's tilapia business in September 2023, the Directors applied significant judgement to conclude that this business represented a major line of business and was therefore to be treated as a discontinued operation in line with IFRS 5 Non-current assets held for sale and discontinued operations. Had the Directors concluded that the tilapia business did not represent a major line of business, its results would have been aggregated into the continuing operations of the group. Regardless of the classification of the business as continuing or discontinued, the loss on sale of £3.8m would have been presented within exceptional items, excluded from adjusted EBITDA, as a non-recurring item whose significance is sufficient to warrant separate disclosure and identification. The group acquired the tilapia business in 2015 with expectations of significant growth based on strength of the group's knowhow. However, the tilapia market remains immature and due to the scale of continuing costs and the amount of continued investment that would be required in order for the business to reach its potential within the group, the directors took a strategic decision during the year to divest the business. Reflecting the significance of the tilapia business to the group's results and prospects, the directors consider the disposal to represent a substantial change in strategic focus consistent with the disposal of a major line of business. The Committee considered and agreed with this treatment.

Audit Committee Report continued

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 2023 and the audited results for the year to 30 September 2023 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 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.

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, environmental 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 pages 66-73.

Internal audit

During the year, the Committee made the decision to delay the recruitment of an internal audit function. In the meantime, additional internal assurance around risk has been sought by sample testing some of the controls and reconciliations in each business area identified during a quarterly 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, where the work is of such a nature that a detailed understanding of the business is beneficial or where work to be carried out is mandated to be performed by the external auditor;
- 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 2023 and information on the nature of the non-audit fees incurred is detailed in Note 6 accompanying the consolidated financial statements. During the year, fees for audit related services included £757,000 for audit services associated with the listing of the Green Bond and the potential uplisting of the Company on Oslo Børs. The Audit Committee was comfortable that this work did not impair the independence of KPMG as auditor.

During 2023, it was found that a KPMG member firm had provided preparation of local GAAP financial statement services over the period FY17 to FY23 to an entity that is and has been in scope for the group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. The work was undertaken after the group statutory audit opinion was signed by KPMG LLP for each of the impacted financial years and had no direct or indirect effect on Benchmark plc's consolidated financial statements.

It was concluded by KPMG that in their professional judgment, based on their assessment of the breach, their integrity and objectivity as auditor has not been compromised and that they believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair their integrity or objectivity for any of the impacted financial years. The audit committee concurred with this view.

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.

Remuneration Committee Report

For the year ended 30 September 2023

Susan Searle
Chair of the Remuneration Committee

Composition as at 30 September 2023

The members of the Remuneration Committee during the year were :

Member	Number of meetings attended	Committee tenure
Susan Searle (Chair)	4/4	9 years
Peter George	3/4	5 years
Kevin Quinn (retired from the Board on 28 September 2023)	3/4	6 years
Marie Danielsson (appointed on 28 September 2023)	0/0	2 days

Statement from Susan Searle, Chair of the Remuneration Committee

Our performance in 2023 and pay outcomes in FY2023

Three years ago, Benchmark embarked on a change and transformation programme, and I am pleased to report that the leadership team has delivered a third consecutive year of financial growth and strategic progress, transforming Benchmark into a strong, commercial organisation with leading market positions focused on delivering growth and shareholder value.

We made good progress across all three business areas. The team delivered growth in revenue and Adjusted EBITDA with challenging conditions in the global shrimp markets balanced by achieving record sales in our Genetics sales. We also saw continued revenue growth in our Health business. This demonstrates the strength of our business and the agility of our organisation to adapt – mitigating the impact of a soft market and taking advantage of commercial opportunities to further consolidate our leading market position.

It was also a year in which we demonstrated how our deep industry insight and innovation capability keeps us at the forefront of our markets. We invested in R&D, growing our core genetics capability to focus on reproductive technologies, and in Advanced Nutrition we partnered to use AI to revolutionise the counting of artemia, with a new technology tool, SnappArt.

We also maintained a third year of consistently high employee engagement through global, business area and people-focused townhalls, together with sustainability webinars and an innovation and science week. Through our People Agenda we delivered a variety of diversity, health and wellbeing campaigns for people to engage with, and I am pleased to report an outstanding Employee Engagement survey participation of 92% and another top quartile employee engagement score of 85%. The team also expanded its focus on the ESG agenda and further information on our ESG strategy can be found on page 40-65.

For the financial year 2023, the Group's overall financial performance and delivery against the strategic objectives set for annual bonus purposes was above target. In addition to, Adjusted EBITDA the Committee also set a cash flow target. The financial measures account for 70% of the total and the outturns for both were 105% and 110% respectively. In the light of very strong operational performance against stretching targets, the Remuneration Committee approved bonus payments of 79.3% of maximum for the Chief Executive Officer and 80.7% for the Chief Financial Officer. Further details are shown on page 99.

Despite the strong performance of the Executive Directors and their teams, the share price has remained flat over the year. At the same time, the Remuneration Committee believes that the Chief Executive Officer, the Chief Financial Officer and the executive leadership team have performed exceedingly well over the year and are an asset to shareholders and the Company. The Committee took the view that making share awards in 2023 was crucial both for aligning the interests of the leadership teams with those of the shareholders and to manage talent risk at senior levels. The window for making awards of performance shares in December 2022 was not available owing to the plans which have not been implemented to list on the Oslo Børs. The Remuneration Committee discussed with its largest shareholders the granting of special service-based share awards in lieu of the usual performance shares awards.

Ordinary shares in the form of nominal cost options were awarded under the Benchmark Holdings Company Share Option Scheme in April 2023. The vesting period is unusually a two-year period and starts from 19 December 2022, and the vesting of awards is subject only to continued service. Malus and clawback provisions apply in the case of share awards made to the Executive Directors and any vested shares will be subject to a further two-year holding period from date of vesting, amounting to a four-year period between the date of grant and the date when the Executive Directors can trade their shares. The value of the awards on grant amounted to 50% of salary for the Chief Executive Officer and 50% of salary for the Chief Financial Officer. The level of the awards was half of the usual performance shares awards to take into account the foreshortened vesting period and the increased certainty of vesting. The Committee's rationale for the vesting period of less than two years took into account the desire to retain the Executive Directors for the next two years to lead the transformation of the Group and the two-year holding period.

Looking forward to FY2024

The Remuneration Committee approved a budget of 6.5% for salary increases across the Group for 2024. The average individual increase for employees with effect from 1 January 2024 is just below 5%. Our approach to the annual salary review process takes into account the inflationary environment, cost of living, affordability and the cost of labour pressures facing all our people in the markets in which we operate.

The CEO has been awarded a salary increase of 2% which will increase his salary to £440,130 with effect from 1 January 2024. The CFO has been awarded an increase of 8% which will increase her salary to £300,000 with effect from 1 January 2024. Her potential and performance during the year, and since she joined Benchmark, left the Committee in no doubt that a market adjustment was needed to her salary.

During FY23, the Company successfully listed on Euronext Growth Oslo. We announced that the Company would potentially uplist onto the Oslo Børs but following extensive consultation with our largest shareholders, we are not proceeding at this time. Consequently we are reviewing our approach to long-term incentives to support Benchmark's strategy for growth. We expect to grant awards under new arrangements at the end of 2023 and shall consult on the proposals with our largest shareholders before we do so.

In FY23, the Remuneration Committee sought to abide by the UK Corporate Governance Code. Following the decision by the Board to comply instead with the QCA Code for the 2024 financial year and beyond, the Remuneration Committee will review and update our Directors' remuneration policy in accordance with the QCA Code. In reaching this decision, the Board took into account Benchmark's size as an AIM-listed company and international scope. The objective is still to maintain high standards of corporate governance.

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.

My term on Benchmark Holdings' Board and as Chair of the Remuneration Committee is coming to an end and I am very pleased with the progress we have made on our remuneration design and application during my tenure. I am confident that I leave the Committee in good order for my successor.

Susan Searle
Chair of the Remuneration Committee

29 November 2023

Remuneration Committee Report continued

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 (resigned on 28 September 2023)
- Peter George
- Marie Danielsson (appointed on 28 September 2023)

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 Chief Financial Officer. 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.

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.

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 Chairman's fee;
- 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 are available on the governance section of our website at 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 5% for our CEO and 6% for our CFO with effect from 1 January 2023;
- approved the award of ordinary shares to Executive Directors and senior management under the Group's Long-Term Incentive Plan. Over 59% 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.

Although there is no statutory obligation for Benchmark to report on the gender pay gap we have done so on a voluntary basis for 2023.

Voting history

The Directors' Remuneration Report for the year ended 30 September 2022 was subject to an advisory vote at the Annual General Meeting held on 16 February 2023. The Remuneration Committee for several years has chosen to give shareholders the opportunity to vote on the Report at the Annual General Meeting even though it is not a requirement. The Report was last year approved by 99.49%.

Single total figure of remuneration for the financial year ended 30 September 2023

The remuneration in respect of qualifying services of the Directors who served during the financial year ended 30 September 2023 is as set out below:

Executive Directors

Financial year 2023

	Salary (£) (a)	Bonus (£) (b)	Taxable benefits (£) (c)	Long-term incentive (£) (d)	Pension (£) (e)	Total fixed Remuneration (£) 2023	Total Variable Remuneration (£) 2023	Total Remuneration (£) 2023
Trond Williksen	440,056	342,180	1,901	210,429	42,638	484,595	552,609	1,037,204
Septima Maguire	273,812	224,005	1,454	134,142	26,703	301,969	358,147	660,116

- (a) The base salary reported above reflects the 2023 increase of 5% and 6% (subject to rounding) with effect from 1 January 2023. Trond Williksen's base salary amount includes holiday pay in accordance with Norwegian Holidays Act (Lov om ferie (ferieloven)). Approved base salary amount for Trond Williksen was £431,500 in FY2023.
- (b) Cash bonuses will be paid in January 2024 and are based on the salary at 30 September 2023.
- (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 2023 or 2022. On 19 April 2023, Trond Williksen was granted 568,727 share options which will vest on 19 December 2024 with an exercise price of 0.1p. These options do not have performance related conditions attached to them. The value on the date of grant was £210,429. Similarly, on 19 April 2023, Septima Maguire was granted 362,547 share options which will vest on 19 December 2024 with an exercise price of 0.1p. These options do not have performance related conditions attached to them. The value on the date of grant was £134,142.
- (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.

Financial year 2022

	Salary (£) (a)	Bonus (£) (b)	Taxable benefits (£) (c)	Long-term incentive (£) (d)	Pension (£) (e)	Total fixed Remuneration (£) 2022	Total Variable Remuneration (£) 2022	Total Remuneration (£) 2022
Trond Williksen	417,283	388,190	1,916	-	40,940	460,139	388,190	848,329
Septima Maguire	261,000	248,638	1,408	-	26,100	288,508	248,638	537,146

- (a) The base salary reported above reflects the 2022 increase of 1.55% (subject to rounding) with effect from 1 January 2022. Trond Williksen's base salary amount includes holiday pay in accordance with Norwegian Holidays Act (Lov om ferie (ferieloven)). Approved base salary amount for Trond Williksen was £410,000 in FY2022.
- (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.

Remuneration Committee Report continued

Annual Report on Remuneration continued The Chairman and the Non-Executive Directors

	Fees (£)		
	2023	2022 Restated	2021 Restated
Kristian Eikre	44,400*	42,000*	40,200*
Susan Searle	53,018*	53,018	51,014
Kevin Quinn	52,678*	53,018	51,014
Yngve Myhre	45,518*	45,518	45,389
Laura Lavers	37,500*	-	-
Torgeir Svae	20,000*	-	-
Peter George	121,380*	121,380	121,035
Marie Danielsson	12,333	-	-
Atle Eide	21,692**	36,974	0

* It was intended that the Chairman's fee and the base fee for the Non-Executive Directors would be increased by 5% (rounded up) with effect from 1 January 2023. However, the increases agreed for January 2023 in the case of the Chairman by the Remuneration Committee and in the case of the other Non-Executive Directors by the Chairman and the Executive Directors were not implemented in 2023 and the fees will be adjusted accordingly in FY24. Fees are not expected to be further increased in 2024. Other than the services fees noted in the above table, the Chairman and the other Non-Executive Directors received no other benefits.

** Prorated according to length of active service.

A Kristian Eikre, Laura Lavers and Torgeir Svae are shareholder representatives and are not paid by Benchmark. These amounts represent an apportionment of the remuneration from the respective shareholders they represent for the service provided to Benchmark.

Restated: the figures for 2022 and 2021 have been restated for Kristian Eikre, one of the shareholder representatives, to include an apportionment of the remuneration from the shareholder he represents for the service provided to Benchmark during those years.

Executive Directors' annual bonuses for the financial year ended 30 September 2023

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 and free cash flow (70% of bonus) and five strategic priorities (30% of bonus) based on the delivery of key projects and organisational change. Performance against both financial targets were ahead of target for Adjusted EBITDA and at the stretch level for free cash flow. Performance against strategic targets was over 80%. The combination resulted in bonus payments of 79.3% of maximum to the Chief Executive Officer and 80.7% 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 102, the Company contributes 10% of salary for each Executive Director.

Long-term incentive awards (LTIP)

In April 2023 ordinary share options were awarded to Septima Maguire and Trond Williksen in line with the Company's Remuneration Policy. These awards have exceptionally a two-

year vesting period (starting from 19 December 2022) with vesting subject to continued service. A holding period of two years applies from the date of vesting. Options were subject to no performance criteria.

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 2023 are set out on pages 74-76.

Statement of implementation of our remuneration policy in 2023/4

Executive Directors' salaries

The CEO and CFO have been awarded salary increases of 2% and 8% respectively, resulting in salaries of £440,130 and £300,000 with effect from 1 January 2024. The increase for the CFO reflects her potential, her performance during the year and since she joined Benchmark, and her value to Benchmark. Thus, the Committee applied a market adjustment to her salary which represents just 0.5 percentage points above the UK salary budget of 7.5% for FY2024 and 0.4 percentage points above the average increase. It is, however, not out of line with other market adjustments made across the business for other high performers.

	Salary (£) 2024	Salary (£) 2023	Increase in salary 2023 to 2024 (%)
Trond Williksen	440,130	431,500	2
Septima Maguire	300,000	277,750	8

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 2023

The Chairman's fee

The Chairman's fee was increased for 2023 from £121,380 to £127,500 per year and will not be reviewed for 2024.

The Non-Executive Directors' fees

In 2023, and as reported in the FY22 Directors Remuneration Report, the fees of the Non-Executive Directors were increased, resulting in a fee structure of £42,000 for those who do not serve on a committee, and £48,000 for those who are committee members. 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. There will be no change to the fees or allowances for 2024.

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 2023 are set out below:

	Share option scheme	Options held at 30 September 2022	Options exercised In year	Options forfeited In year	Options granted in year	At 30 September 2023	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
Septima Maguire	CSOP II	-	-	-	362,546	362,546	0.1p	19 April 2023	19 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
Trond Williksen	CSOP II	-	-	-	568,727	568,727	0.1p	19 April 2023	19 December 2024

Directors' interests in ordinary shares (unaudited)

At 30 September 2023, the interests of the Directors and their connected persons in ordinary shares was as follows:

	Interests in ordinary shares at 30 September 2023	% of Company's issued share capital at 30 September 2023	Interests in ordinary shares at 30 September 2022
Trond Williksen	270,000	0.04	270,000
Septima Maguire	342,028	0.05	342,028
Peter George	3,145,719	0.43	3,145,719
Yngve Myhre	1,326,401	0.18	1,126,401
Susan Searle	224,625	0.03	224,625
Laura Lavers	530,000	0.07	-
Kristian Eikre	-	-	-
Torgeir Svae	-	-	-
Marie Danielsson	-	-	-
Atle Eide	-	-	120,000
Kevin Quinn	-	-	85,929

Remuneration Committee Report continued

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.
 - c. Restricted shares are simple.
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.
 - c. Restricted Shares help to manage flight risk.
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. Budgets include an additional reserve to account for 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 approach to long-term share-based pay fosters a culture of cooperation and shared participation in the Group's achievements. In April 2023 the Company issued 4,368,781 share options to 73 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.

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, Susan Searle, Kristian Eikre, Laura Lavers and Torgeir Svae 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 16 February 2023, Peter George, Susan Searle, Kevin Quinn, Yngve Myhre, Kristian Eikre, Septima Maguire, Trond Williksen and Atle Eide were re-elected as Directors.

Either the Company or the Non-Executive Director may terminate the appointment on one month's notice (except Susan Searle, Yngve Myhre and Peter George on three months' 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 one month's notice (or three months' notice for Susan Searle, Yngve Myhre and Peter George), a Non-Executive Director is entitled to accrued but unpaid 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	5 years 6 months
Susan Searle	18 December 2013	9 years 11 months
Yngve Myhre	6 November 2017	6 years
Kristian Eikre	14 March 2019	4 years 8 months
Laura Lavers	15 December 2022	10 months
Torgeir Svae	17 April 2023	5 months
Marie Danielsson	30 June 2023	3 months

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 2023, the Company allocated 4,368,781 ordinary shares on 19 April 2023 (0.60% of issued share capital as at such date of grant) to employees including senior management and Executive Directors as mentioned on page 101. The total share dilution to the end of the financial year is 5.02% of issued share capital.

Susan Searle

Chair of the Remuneration Committee

29 November 2023

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 2023.

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 and Euronext Growth Oslo.

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](https://www.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. 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 August 2023 this year with the results reviewed in September 2023, further details of which can be found on page 88.

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 Company's remuneration policy departed from the requirements of Provision 36 of the Code. 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 for vested and unvested shares, 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 departed from the requirements of Provision 11 of the Code. Excluding the Chairman, there are two executive directors, three non-independent non-executive directors, and three independent non-executive directors. However, considering that the Company has three significant shareholders, each holding more than 20 percent of the issued share capital, the Board believes that the current composition aligns with the best interests of the Company and its shareholders as a whole.

Directors

The Directors who held office during FY23 were as follows:

- Trond Williksen
- Septima Maguire
- Peter George
- Kevin Quinn (resigned on 28 September 2023)
- Susan Searle
- Yngve Myhre
- Kristian Eikre
- Laura Lavers (since 15 December 2022)
- Atle Eide (until 17 April 2023)
- Torgeir Svae (since 17 April 2023)
- Marie Danielsson (since 30 June 2023)

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 2023, 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 8 February 2024, 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 28 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 29 November 2023 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	25.96%
JNE Partners LLP	22.74%
Kverva Finans AS	22.35%
Harwood Capital	3.95%

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 16 February 2023, shareholders authorised the Directors to allot relevant securities up to an aggregate nominal value of £492,796.76 representing approximately two thirds of the issued share capital, and £246,398.38 of this authority was reserved only for a fully pre-emptive rights issue, in accordance with investment Association guidance. The authorities which were granted expire at the conclusion of the next AGM.

The Board notes that Resolutions 15 (Disapplication of Pre-emption Rights - General) and 16 (Disapplication of Pre-emption Rights - Acquisitions and Specified Capital Investments) which were proposed to the 2023 AGM, which were special resolutions requiring a 75% majority, did not receive sufficient support to be passed.

These resolutions were in line with the updated Pre-Emption Group's Statement of Principles and the Board considers the flexibility afforded by these authorities to be in the best interests of the Company. In accordance with Provision 4 of the UK Corporate Governance Code, the Board consulted and continues to engage with the relevant shareholders to understand and discuss their concerns with respect to these resolutions.

At the forthcoming AGM similar authorities will be sought, although the disapplication of pre-emption rights will be sought in consideration of the feedback received from shareholders previously about disapplication of pre-emption rights.

Authority for the Company to purchase its own shares

At the Company's 2023 AGM, shareholders renewed the Company's authorities to make market purchases of up to 73,919,514 ordinary shares, representing approximately 10% of the Company's issued share capital as at 11 January 2023. These authorities were not used in the year. At the 2024 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 2023 financial year, the Board was able to travel to Norway to meet employees based on the office. 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 2023 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.
- Approving the refinancing of the company's RCF to allow the Group to focus on commercial execution of its growth strategy, while demonstrating its sustainability commitment.

Directors' Report continued

Stakeholder engagement continued

- Executing the Company's listing on Euronext Growth Oslo: a first step towards positioning the Company on the leading seafood and aquaculture listing venue globally.
- Implementing its plans 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 FY23, the Employee Representative continued to report to the 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. The Employee Representative's duties include:

- Gathering feedback from employees through various channels;
- Attending at their discretion Extended-EMT meetings and offering advice and opinions based on their knowledge of workforce opinions and concerns;
- Reporting to the Extended-EMT on key workstreams; and
- Cascading non-confidential messages.

Additionally, the Group has continued its series of Global and People town halls with the aim 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;
- 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 66-73 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 for the 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 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.

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 refinanced its NOK bond financing in the prior year with the unsecured green bond issue of NOK 750 million and the refinancing exercise was completed at the start of the current year with a new GBP20m RCF replacing the old USD15m RCF. The green bond has a three-year term maturing on 27 September 2025 and the RCF has a maturity in June 2025. Furthermore, our NOK 180m term loan, which was set to mature in October 2023 and our NOK 17.5m overdraft facility were combined and refinanced into one NOK179.5m facility with an extension to the term for a further 5 years, to no later than 15 January 2028. Following this refinancing exercise, 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 2023 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 2028 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.

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 reduction in short-term treatment capacity. Other key downside sensitivities modelled included assumptions on slower commercialisation of SPR shrimp, slower salmon egg sales growth in Chile and removal of an additional financing opportunity within Genetics, along with sensitivities on sales growth in revenues and pressure on pricing 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, tight control over new hires, 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 2028.

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 92-95.

Directors' Report continued

Annual General Meeting

The AGM will be held within six months of the close of the financial year. The upcoming meeting will be convened by the Board of Directors on Thursday 8 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 54% 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.	137-142
Important events	Particulars of important events affecting the Company and its subsidiaries.	2, 4-5, 16-17, 28-36
Post-balance sheets events	Description of post-balance sheet events	none
Future developments	Likely future developments in the business of the Company or its subsidiaries.	4-5, 16-19
R&D	Details of the R&D activities of the Company and its subsidiaries.	22-27
Risk management	Details of the risk management framework, activities in the year and principal risk and uncertainties.	66-73
Directors' remuneration and interests	Details of Director's remuneration, interests in shares of the Company, share options and pension arrangements.	96-103
Principal activities and business review	Business review, details of 2023 results, key performance indicators, outlook for future years.	2, 4-36
Financial risk management	Objectives and policies for management of financial risk.	92-95
Share capital	Details of the issued share capital and movements during the year.	179
Stakeholder engagement	Details on how the Company engaged with its stakeholders (including employees and shareholders).	37-39
Greenhouse gas emissions	Details on greenhouse gas emissions and environmental protection.	57
Statement on Corporate Governance	Details of the Corporate Governance Report, the Audit Committee Report, Nomination Committee Report and Director's Remuneration Report.	78-103

This report was approved by the Board on 29 November 2023 and signed on its behalf:

Jennifer Haddouk
Company Secretary

29 November 2023

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.

Statement from the Board of Directors

We hereby confirm that, to the best of our knowledge, the financial statements for the period from 1 October to 30 September 2023 have been prepared in accordance with applicable accounting standards and give a true and fair view of the Group and of the Group's assets, liabilities, financial position and overall results. We also confirm that the Directors' Report gives a true and fair view of the development and performance of the business and the position of the company and the Group, as well as a description of the principal risks and uncertainties facing the company and the Group.

This Statement was approved by the Board of directors and signed on its behalf by:

Trond Williksen
Chief Executive Officer

29 November 2023

Independent Auditor's Report

to the members 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 2023 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 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with 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.

As explained in note 1 to the group financial statements, the group, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, Benchmark Holdings Plc. has also applied International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

In our opinion the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU.

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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. 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 other entities of public interest.

During 2023, we identified that a KPMG member firm had provided preparation of local GAAP financial statement services over the period FY17 to FY23 to an entity that is and has been in scope for the group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. The work was undertaken after the group statutory audit opinion was signed by KPMG LLP for each of the impacted financial years and had no direct or indirect effect on Benchmark plc's consolidated financial statements.

In our professional judgment, we confirm that based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. The audit committee concurred with this view.

Overview

Materiality: group financial statements as a whole	£1,740,000 (2022: £1,534,000) 1% of Group revenue from continuing operations (2022: 1% of total Group revenue)
Coverage	92% of Group revenue from continuing operations (2022: 91% of total Group revenue)

Key audit matters

vs 2022

Recurring risks	Valuation of goodwill (Genetics and Nutrition)	◀▶
	Valuation of biological assets	◀▶
	Recoverability of Parent Company's investments in subsidiaries	◀▶

Independent Auditor's Report continued

to the member of Benchmark Holdings plc

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 and updated from 2022.

We continue to perform procedures over Going Concern, Impairment of Intangibles, impairment of investments and recoverability of intercompany receivables. However, following the refinancing of the borrowings and increased headroom in the forecasts during the year, we have not assessed going concern as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year. In addition, impairment of intangibles and certain Investments are no longer identified as key audit matters given an increase in the headroom this year. Recoverability of debt due from group entities is also no longer considered part of a key audit matter.

	The risk	Our response
Valuation of Goodwill (Genetics and Nutrition) Goodwill: £102,490,000 (2022: £114,724,000) <i>Refer to page 93 (Audit Committee Report, page 131 (Accounting policy) and page 160 (financial disclosures).</i>	Forecast based assessment: The estimated recoverable amount of goodwill is subjective due to the forecasting and discounting of cash flows which inherently contain an element of estimation uncertainty. Significant areas of judgement include sales growth rates and the discount rate applied to future cash flows. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of these 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 17) disclose the sensitivity estimated by the Group.	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. Our procedures included: • Data comparisons: We compared cash flows included in the Group's impairment model against the board approved budgets and forecast to confirm consistency of assumptions; • Methodology implementation: We tested the Group's impairment model to ensure it performs the intended calculation; • Benchmarking assumptions: We challenged group's assumptions by comparing them to externally derived data in relation to key inputs such as projected growth and discount rates; • Our valuation expertise: With the assistance of our own valuation specialists, we assessed the discount rate assumption by comparing it with our sector knowledge; • Sensitivity analysis: We performed analysis of changes in key assumptions, such as, reducing the forecast rate of revenue growth linked to the commercialisation of certain immature products/markets such as SPR shrimp, Chilean salmon egg sales (Genetics), and reducing the growth rate of the Nutrition business; • Historical comparison: 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; • Comparing valuations: We compared each CGU to price earnings ratio's of similar businesses to assess the recoverability of these cash generating units; and • Assessing transparency: 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.

	The risk	Our response
Valuation of biological assets Salmon broodstock: £33,411,000 (2022: £30,501,000) Refer to page 93 (Audit Committee Report), page 134 (accounting policy) and page 167 (financial disclosures).	Forecast based assessment: The Group holds significant biological assets, primarily at Benchmark Genetics Iceland and Benchmark Genetics Salten (Norway). 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. The effect of these matters is that as part of our risk assessment, we determined that fair value of the salmon broodstock within the 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 statement (note 21) disclose the sensitivity estimated by the group.	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. Our procedures included: • Data comparisons: We compared cash flows included in the Group's valuation model against the board approved budgets and forecast to confirm consistency of assumptions; • Methodology implementation: We tested the Group's valuation model to ensure it performs the intended calculation; • Benchmarking assumptions: 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; • Independent performance: 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; • Historical comparison: 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; and • Assessing transparency: We considered the adequacy of the Group's disclosures, including the sensitivity disclosures, in respect of the valuation of biological assets
Recoverability of Parent Company's Investment in subsidiaries Investment in Nutrition (Parent Company): £233,687,000 ((2022: 233,444,000) Refer to page 135 (accounting policy) and page 164 (financial disclosures).	Forecast-based assessment The carrying amount of the Parent Company's investment in the Nutrition subsidiary is significant and at risk of irrecoverability due to the inherent estimation uncertainty in the assumptions of future financial performance. As a result, the estimated recoverability of these balances is subjective. Significant areas of judgement include sales growth rates and the discount rate applied to future cash flows. The effect of the areas of estimation and judgement stated above is that, as part of our risk assessment, we determined that the recoverable amount of the cost of investment 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.	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. Our procedures included: • Comparing valuations: Comparing the carrying amount of the investment with the equity value of the relevant CGU calculated with reference to that CGU's value in use. • The value in use recoverable amount of the CGU has been tested as described within the Valuation of goodwill key audit matter on page 112. • Assessing transparency: We assessed whether the Group's disclosures about the sensitivity of the outcome of the recoverability assessment to changes in key assumptions reflects the risks inherent in the calculation.

Independent Auditor's Report continued

to the member of Benchmark Holdings plc

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 £1,740,000 (2022: £1,534,000), determined with reference to a benchmark of Group revenue from continuing operations of which it represents 1% (2022: 1% of total revenue). We consider revenue from continuing operations 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 £1,030,000 (2022: £900,000), which is the component materiality for the parent company determined by the group 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% (2022: 0.2%).

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% (2022: 75%) of materiality for the financial statements as a whole, which equates to £1,300,000 (2022: £1,150,000) for the Group and £772,500 (2022: £675,000) 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 £87,000 (2022: £76,000) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 61 (2022: 63) reporting components, we subjected 12 (2022: 12) to full scope audits for group purposes and 2 (2022: 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 (2022: 1) component to specified risk-focused audit procedures over purchases and 1 (2022: 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 8% (2022: 9%) of the total Group revenue, 11% (2022: 17%) of Group loss before tax and 6% (2022: 5%) of total Group assets is represented by 47 (2022: 49) of reporting components, none of which individually represented more than 3% (2022: 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
£169,476,000
(2022: Total Revenue
£158,277,000)

Group materiality
£1,740,000
(2022: £1,534,000)

£1,740,000 – Whole financial statements materiality (2022: £1,534,000)

£1,300,000 – Whole financial statements performance materiality (2022: £1,150,000)

£1,030,000 – Range of materiality at 14 (2022: 14) components (£210,000-£1,030,000) (2022: £200,000 to £900,000)

£87,000 – Misstatements reported to the audit committee (2022: £76,000)

Group revenue from continuing operations
(2022: total revenue)

Group loss before tax from continuing operations
(2022: total loss before tax)
(absolute)

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 £210,000 to £1,030,000 (2022: £200,000 to £900,000), having regard to the mix of size and risk profile of the Group across the components. The work on 12 of the 14 components (2022: 12 of 14 components) was performed by component auditors and the rest, including the audit of the parent Company was performed by the Group team.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

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.

The Group team visited 1 (2022: 0) component locations in Iceland to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and all others that were not physically visited. At these visits and meetings, 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.

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").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The uncertainty in the cash flows in relation to future sales.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the directors' sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively

Our procedures also included:

- Our sector experience: 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;
- Funding assessment: we obtained and inspected the financing agreements to ascertain the committed level of financing, its duration and related covenant requirements;
- Historical comparisons: we compared the prior periods' prospective financial information against prior and current period's actual results and compared the prior period's prospective financial information with the post-year end actual trading results to assess historical reliability of the forecasting;

- Sensitivity analysis: we performed analysis of changes in key assumptions, such as reducing the forecast rate of revenue growth linked to the commercialisation of certain immature products/markets such as SPR shrimp, Chilean salmon egg sales and delaying the roll out of the new operating platform for Ectosan Vet/CleanTreat by 12 months to understand the sensitivity of the cash flow forecasts in relation to available facility headroom; and
- Assessing transparency: 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.

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 transactions.
- Considering remuneration incentive schemes and performance targets for senior management.

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 risk to a material misstatement at the Group level.

Independent Auditor's Report continued

to the member of Benchmark Holdings plc

5. Fraud and breaches of laws and regulations – ability to detect continued

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, Biological assets, and of the Parent Company's investment in subsidiaries. Further detail on the procedures performed over these balances are set out in the key audit matters disclosed in section 2 of this report.

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 those revenue and cash journal entries posted to unexpected account combinations.
- 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 related to 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 risk 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 sections and territories. We identified the following areas as those most likely to have such an effect: health and safety, Data protection laws, 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 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 106) 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.

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 X, 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.

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 and the terms of our engagement by the company. 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 the further matters we are required to state to them in accordance with the terms agreed with the company, 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

29 November 2023

Consolidated Income Statement

for the year ended 30 September 2023

		2023	2022
	Notes	£000	Restated*
Revenue	4	169,476	157,707
Cost of sales		(82,726)	(73,777)
Gross profit		86,750	83,930
Research and development costs		(6,069)	(6,634)
Other operating costs		(45,157)	(44,095)
Share of (loss)/profit of equity-accounted investees, net of tax		(32)	(595)
Adjusted EBITDA²		35,492	32,606
Exceptional – restructuring/acquisition and disposal related items	10	(3,904)	16
EBITDA¹		31,588	32,622
Depreciation and impairment	12	(18,409)	(19,692)
Amortisation and impairment	12	(18,495)	(19,161)
Operating loss		(5,316)	(6,231)
Finance cost	9	(15,048)	(19,893)
Finance income	9	7,670	4,741
Loss before taxation		(12,694)	(21,383)
Tax on loss	11	(3,365)	(7,268)
Loss from continuing operations		(16,059)	(28,651)
Discontinued operations			
Loss from discontinued operations, net of tax	12	(5,505)	(1,800)
		(21,564)	(30,451)
Loss for the year attributable to:			
– Owners of the parent		(23,146)	(32,087)
– Non-controlling interest	30	1,582	1,636
		(21,564)	(30,451)
Earnings per share			
Basic loss per share (pence)	13	(3.16)	(4.60)
Diluted loss per share (pence)	13	(3.16)	(4.60)
Earnings per share – continuing operations			
Basic loss per share (pence)	13	(2.41)	(4.34)
Diluted loss per share (pence)	13	(2.41)	(4.34)
		£000	£000
Adjusted EBITDA from continuing operations		35,492	32,606
Adjusted EBITDA from discontinued operations		(1,254)	(1,425)
Total Adjusted EBITDA		34,238	31,181

1 EBITDA – earnings before interest, tax, depreciation, amortisation and impairment.

2 Adjusted EBITDA – EBITDA before exceptional and acquisition-related items.

* 2022 numbers have been restated to reflect certain operations of the Group that have been classified as discontinued operations during the year in line with IFRS 5 (see Note 12)

The accompanying notes form part of the financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2023

	2023	2022
	£000	£000
Loss for the year	(21,564)	(30,451)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(23,475)	47,606
Cash flow hedges – changes in fair value	(2,123)	2,627
Cash flow hedges – reclassified to profit or loss	2,623	2,546
Total comprehensive income for the period	(44,539)	22,328
Total comprehensive income for the period attributable to:		
– Owners of the parent	(45,404)	20,326
– Non-controlling interest	865	2,002
	(44,539)	22,328
Total comprehensive income for the period attributable to owners of the parent:		
– Continuing operations	(39,777)	21,509
– Discontinued operations*	(5,627)	(1,183)
	(45,404)	20,326

* Total comprehensive income for the period relating to discontinued operations for FY23 includes the loss of £5,505,000 (2022: £1,800,000) and foreign exchange loss of £122,000 (2022: gain of £617,000).

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet

as at 30 September 2023

	Notes	2023 £000	2022 £000
Assets			
Property, plant and equipment	14	73,411	81,900
Right-of-use assets	15	19,804	27,034
Intangible assets	16	206,077	245,264
Equity-accounted investees	18	3,558	3,113
Other investments		14	15
Biological and agricultural assets	21	18,406	20,878
Non-current assets		321,270	378,204
Inventories	20	25,269	29,813
Biological and agricultural assets	21	27,586	25,780
Trade and other receivables	22	59,795	56,377
Cash and cash equivalents	35	36,525	36,399
		149,175	148,369
Assets held for sale	23	850	-
Current assets		150,025	148,369
Total assets		471,295	526,573
Liabilities			
Trade and other payables	24	(47,329)	(44,324)
Loans and borrowings	25	(20,045)	(17,091)
Corporation tax liability		(6,422)	(10,211)
Provisions	26	(1,280)	(1,631)
Current liabilities		(75,076)	(73,257)
Loans and borrowings	25	(81,954)	(93,045)
Other payables	24	(6,842)	(8,996)
Deferred tax	27	(24,106)	(27,990)
Provisions	26	(700)	-
Non-current liabilities		(113,602)	(130,031)
Total liabilities		(188,678)	(203,288)
Net assets		282,617	323,285
Issued capital and reserves attributable to owners of the parent			
Share capital	28	739	704
Additional paid-in capital*	28	37,428	420,824
Capital redemption reserve	29	5	5
Retained earnings	29	183,489	(185,136)
Hedging reserve	29	(203)	(703)
Foreign exchange reserve	29	54,947	77,705
Equity attributable to owners of the parent		276,405	313,399
Non-controlling interest	30	6,212	9,886
Total equity and reserves		282,617	323,285

* See Note 28.

The financial statements on pages 118 to 187 were approved and authorised for issue by the Board of Directors on 29 November 2023 and were signed on its behalf by:

Septima Maguire
Chief Financial Officer


Septima Maguire (Jan 30, 2024 10:26 GMT)

Company number: 04115910 The accompanying notes form part of the financial statements.

Company Balance Sheet

as at 30 September 2023

	Notes	2023 £000	2022 £000
Assets			
Non-current assets			
Property, plant and equipment	14	39	50
Right-of-use assets	15	–	18
Intangible assets	16	22	25
Investments	19	281,938	251,368
Trade and other receivables	22	190,705	212,023
Total non-current assets		472,704	463,484
Current assets			
Trade and other receivables	22	1,432	2,220
Cash and cash equivalents	35	321	3,210
Total current assets		1,753	5,430
Total assets		476,293	468,914
Liabilities			
Current liabilities			
Trade and other payables	24	(41,301)	(48,832)
Loans and borrowings	25	(6,908)	(4,019)
Total current liabilities		(48,209)	(52,851)
Non-current liabilities			
Trade and other payables	24	(6,155)	(8,387)
Loans and borrowings	25	(56,862)	(61,054)
Total non-current liabilities		(63,017)	(69,441)
Total liabilities		(111,226)	(122,292)
Net assets		363,231	346,622
Issued capital and reserves attributable to owners of the parent			
Share capital	28	739	704
Additional paid-in capital*	28	37,428	420,824
Capital redemption reserve	29	5	5
Hedging Reserve	29	389	(176)
Retained earnings	29	324,670	(74,735)
Total equity and reserves		363,231	346,622

* See Note 28

Included in retained earnings is a loss for the year of £4,164,000 (2022: loss of £16,474,000).

The financial statements on pages 118 to 187 were approved and authorised for issue by the Board of Directors on 29 November 2023 and were signed on its behalf by:

Septima Maguire
Chief Financial Officer


Septima Maguire (Jan 30, 2024 10:26 GMT)

Company number: 04115910

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2023

	Share capital	Additional paid-in share capital*	Other reserves	Hedging reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
As at 1 October 2021	670	400,682	30,470	(5,876)	(154,231)	271,715	7,884	279,599
Comprehensive income for the year								
(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
Total comprehensive income for the year	-	-	47,240	5,173	(32,087)	20,326	2,002	22,328
Contributions by and distributions to owners								
Share issue	34	20,704	-	-	-	20,738	-	20,738
Share issue costs recognised through equity	-	(562)	-	-	-	(562)	-	(562)
Share-based payment	-	-	-	-	1,182	1,182	-	1,182
Total contributions by and distributions to owners	34	20,142	-	-	1,182	21,358	-	21,358
Changes in ownership								
Acquisition of NCI	-	-	-	-	-	-	-	-
Total changes in ownership interests	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	34	20,142	-	-	1,182	21,358	-	21,358
As at 30 September 2022	704	420,824	77,710	(703)	(185,136)	313,399	9,886	323,285
Comprehensive income for the year								
(Loss)/profit for the year	-	-	-	-	(23,146)	(23,146)	1,582	(21,564)
Other comprehensive (loss)/income	-	-	(22,758)	500	-	(22,258)	(717)	(22,975)
Total comprehensive income for the year	-	-	(22,758)	500	(23,146)	(45,404)	865	(44,539)
Contributions by and distributions to owners								
Share issue	35	12,985	-	-	-	13,020	-	13,020
Share issue costs recognised through equity	-	(2,146)	-	-	-	(2,146)	-	(2,146)
Cancellation of part of share premium account	-	(394,235)	-	-	394,235	-	-	-
Share-based payment	-	-	-	-	1,006	1,006	-	1,006
Total contributions by and distributions to owners	35	(383,396)	-	-	395,241	11,880	-	11,880
Changes in ownership								
Acquisition of NCI	-	-	-	-	(3,470)	(3,470)	(4,539)	(8,009)
Total changes in ownership interests	-	-	-	-	(3,470)	(3,470)	(4,539)	(8,009)
Total transactions with owners of the Company	35	(383,396)	-	-	391,771	8,410	(4,539)	3,871
As at 30 September 2023	739	37,428	54,952	(203)	183,489	276,405	6,212	282,617

* See Note 28

The accompanying notes form part of the financial statements.

Company Statement of Changes in Equity

for the year ended 30 September 2023

	Share capital	Additional paid-in share capital*	Capital redemption reserve	Hedging reserve	Retained earnings*	Total attributable to equity holders
	£000	£000	£000	£000	£000	£000
At 1 October 2021	670	400,682	5	(5,736)	(59,443)	336,178
Comprehensive income for the year						
Loss for the year	-	-	-	-	(16,474)	(16,474)
Other comprehensive income	-	-	-	5,560	-	5,560
Total comprehensive income for the year	-	-	-	5,560	(16,474)	(10,914)
Contributions by and distributions to owners						
Share-based payment	-	-	-	-	1,182	1,182
Share issue	34	20,704	-	-	-	20,738
Share issue costs recognised through equity	-	(562)	-	-	-	(562)
Total contributions by and distributions to owners	34	20,142	-	-	1,182	21,358
At 30 September 2022	704	420,824	5	(176)	(74,735)	346,622
Comprehensive income for the year						
Profit for the year	-	-	-	-	4,164	4,164
Other comprehensive income	-	-	-	565	-	565
Total comprehensive income for the year	-	-	-	565	4,164	4,729
Contributions by and distributions to owners						
Share issue	35	12,985	-	-	-	13,020
Share issue costs recognised through equity	-	(2,146)	-	-	-	(2,146)
Share-based payment	-	-	-	-	1,006	1,006
Cancellation of part of share premium account	-	(394,235)	-	-	394,235	-
Total contributions by and distributions to owners	35	(383,396)	-	-	395,241	11,880
At 30 September 2023	739	37,428	5	389	324,670	363,231

* See Note 28

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 September 2023

		2023	2022
	Notes	£000	£000
Cash flows from operating activities			
Loss for the year		(21,564)	(30,451)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	12	8,453	8,602
Depreciation and impairment of right-of-use assets	12	10,260	11,293
Other adjustments for non-cash items		-	(276)
Amortisation and impairment of intangible fixed assets	12	18,495	19,161
Profit on sale of property, plant and equipment		(121)	(43)
Loss on sale of discontinued operation		3,774	-
Finance income		(2,802)	(319)
Finance costs		10,535	18,437
Increase in fair value of contingent consideration receivable		-	(1,203)
Share of loss of equity-accounted investees, net of tax		32	595
Foreign exchange gains		(1,814)	(3,985)
Share-based payment expense	33	1,005	1,182
Tax expense	12	3,365	7,274
Increase in trade and other receivables		(6,570)	(8,511)
Decrease/(increase) in inventories		2,877	(5,406)
Increase in biological and agricultural assets		(1,659)	(6,099)
Increase in trade and other payables		3,909	6,948
Increase in provisions		386	1,058
		28,561	18,257
Income taxes paid		(8,556)	(7,447)
Net cash flows generated from operating activities		20,005	10,810
Investing activities			
Acquisition of subsidiaries		(48)	-
Purchase of investments in associates		(558)	(378)
Receipts from disposal of subsidiaries		1,250	1,544
Purchases of property, plant and equipment		(5,953)	(10,808)
Purchase of intangibles		(196)	(205)
Capitalised research and development costs		(632)	(1,708)
Proceeds from sale of fixed assets		227	220
Cash receipts from swap contracts		11	-
Interest received		627	119
Net cash flows used in investing activities		(5,272)	(11,216)
Financing activities			
Proceeds of share issues		13,020	20,737
Share-issue costs recognised through equity		(2,146)	(562)
Acquisition of minority interests in subsidiaries		(8,009)	-
Proceeds from bank or other borrowings		21,847	67,939
Repayment of bank or other borrowings		(18,470)	(74,874)
Interest and finance charges paid		(9,131)	(9,629)
Repayments of lease liabilities		(9,438)	(10,533)
Net cash used in financing activities		(12,327)	(6,922)
Net increase/(decrease) in cash and cash equivalents		2,406	(7,328)
Cash and cash equivalents at beginning of year		36,399	39,460
Effect of movements in exchange rate		(2,280)	4,267
Cash and cash equivalents at end of year	35	36,525	36,399

The accompanying notes form part of the financial statements.

Company Statement of Cash Flows

for the year ended 30 September 2023

		2023	2022
	Notes	£000	£000
Cash flows from operating activities			
Profit/(loss) for the year		4,164	(16,474)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	14	17	29
Depreciation of right-of-use assets	15	9	59
Amortisation of intangible fixed assets	16	3	3
Finance income		(11,636)	(4,130)
Finance expense		9,392	16,862
Foreign exchange gains		(7,962)	(365)
Share-based payment expense		437	463
Tax expense		-	2
Increase in trade and other receivables		(478)	(3,710)
Increase in trade and other payables		790	602
		(5,264)	(6,659)
Income taxes paid		-	(2)
Net cash flows from operating activities		(5,264)	(6,661)
Investing activities			
Loans to subsidiary undertakings		(5,992)	(12,859)
Receipts from disposal of subsidiaries		1,250	1,544
Purchases of property, plant and equipment		(6)	(20)
Interest received		157	206
Dividends received		-	3,924
Net cash used in investing activities		(4,591)	(7,205)
Financing activities			
Proceeds of share issue		13,020	20,737
Share issue costs recognised through equity		(2,146)	(562)
Proceeds from bank borrowings (net of borrowing fees)		6,661	67,939
Payment of lease liabilities		(10)	(48)
Repayment of bank borrowings		(4,000)	(73,235)
Interest paid		(6,327)	(6,956)
Net cash from financing activities		7,198	7,875
Net decrease in cash and cash equivalents		(2,657)	(5,991)
Cash and cash equivalents at beginning of period		3,210	9,003
Effect of movements in exchange rate		(232)	198
Cash and cash equivalents at end of period	35	321	3,210

The accompanying notes form part of the financial statements.

Notes Forming Part of the Financial Statements

for the year ended 30 September 2023

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 and listed on the Oslo 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 FY23 Financial Review and the Audit Committee Report.

These Group and parent company financial statements were prepared and approved by the Directors in accordance with (i) UK-adopted International Accounting Standards and (ii) IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applied in the European Union ("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 2023 the Group had net assets of £282.6m (2022: £323.3m), including cash of £36.5m (2022: £36.4m) as set out in the Consolidated Balance Sheet on page 120. The Group made a loss for the year of £21.6m (2022: £30.5m). As at 30 September 2023 the Company had net assets of £363.2m (2022: £346.6m), including cash of £0.3m (2022: £3.2m) as set out on the Company Balance Sheet on page 121. The Company made a profit for the year of £4.2m (2022: £16.5m).

As noted in the Strategic Report, the business has performed steadily during the year, showing resilience to some tough market conditions towards the end of the year. 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 reduction in short-term treatment capacity. Key downside sensitivities modelled in other areas included assumptions on slower commercialisation of SPR shrimp, slower salmon egg sales growth in Chile and removal of an additional financing opportunity within Genetics, along with sensitivities on sales growth in revenues and pressure on pricing 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, tight control over new hires, deferral of capital projects and temporary hold on R&D for non-imminent products.

The refinancing exercise which commenced in FY22 was completed at the start of FY23, so that adequate finance facilities are in place, and with financial instruments in place to fix interest rates and opportunities available to mitigate globally high inflation rates, the Group continues to show resilience against current global economic pressures. The Directors are therefore confident that even under all of the above sensitivity analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants. They 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 2023. 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 intragroup 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 profit for the year for the Company was £4,164,000 (2022: loss of £16,474,000).

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:

- 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
- Disclosure of Accounting policies: Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
- Amendments to IAS 12: International Tax Reform—Pillar Two Model Rules

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 2022 have been adopted without any significant impact on the amounts reported in these financial statements:

- 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

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:

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

1 Accounting policies continued

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 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.

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.

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.

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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

1 Accounting policies continued

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.

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)

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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

1 Accounting policies continued

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 taxation

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

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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

1 Accounting policies continued

IFRS 16: Leases continued

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 21.

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 21.

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.

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.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative consolidated income statement and the comparative consolidated statement of comprehensive income are represented as if the operation had been discontinued from the start of the comparative year.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

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).

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 21), 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 £44,024,000.

(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 17.

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.

Discontinued operations

Following the disposal of the group's tilapia business in September 2023, the Directors applied significant judgement to conclude that this business represented a major line of business and was therefore to be treated as a discontinued operation in line with IFRS 5 Non-current assets held for sale and discontinued operations (see Note 12). Had the Directors concluded that the tilapia business did not represent a major line of business, its results would have been aggregated into the continuing operations of the group. Regardless of the classification of the business as continuing or discontinued, the loss on sale of £3.8m would have been presented within exceptional items as a non-recurring item whose significance is sufficient to warrant separate disclosure and identification, excluded from adjusted EBITDA. The group acquired the tilapia business in 2015 with expectations of significant growth based on the strength of the group's genetic knowhow. However, the tilapia market remains immature and due to the scale of continuing costs and the amount of continued investment that would be required in order for the business to reach its potential within the group, the directors took a strategic decision during the year to divest the business. Reflecting the significance of the tilapia business to the group's results and prospects, the directors consider the disposal to represent a substantial change in strategic focus consistent with the disposal of a major line of business. The financial effect of the discontinued operation is set out in Note 12.

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.

The Group took out a NIBOR floating-to-fixed IRS in 2019 to fix a proportion of the interest payments on the 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 25.

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 25.

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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

3 Financial instruments – risk management continued

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 2023	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	5.98%	97	472	–	97	–
Interest rate risk - NOK	NOK 300,000	10.15%	420	389	–	459	145
Net investment hedging risk - NOK debt	NOK 300,000	–	(2,009)	–	–	(2,009)	(261)
Cross-currency risk	NOK 450,000	8.03%	(970)	–	(6,544)	(1,315)	2,293

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. The ineffectiveness testing for the cross-currency risk above is presented net of two synthetic cross-currency interest rate swaps. There was no ineffectiveness for the Net Investment Hedge in the prior year 2022. Further information is shown in Note 24.

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	NOK 450,000	8.03%	(1,504)	–	(8,211)	1,504	–

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 24.

Group

A summary of the financial instruments held by category is provided below:

Financial assets

	2023 £000	2022 £000
Financial assets measured at amortised cost		
Cash and cash equivalents (Note 35)	36,525	36,399
Trade and other receivables (Note 22)	24,848	28,470
	61,373	64,869
Financial assets at fair value through profit and loss		
Other receivables - contingent consideration	–	887
Total financial assets	61,373	65,756

Financial liabilities

	2023 £000	2022 £000
Financial liabilities measured at amortised cost		
Trade and other payables (Note 24)	48,084	44,711
Loans and borrowings (Note 25)	101,999	110,136
	150,083	154,847
Financial liabilities at fair value through profit and loss		
Financial contracts - hedging instrument (Note 24)	5,683	8,012
Total financial liabilities	155,766	162,859

Company**Financial assets**

	2023 £000	2022 £000
Financial assets measured at amortised cost		
Cash and cash equivalents (Note 35)	321	3,210
Trade and other receivables (Note 22)	190,959	212,230
	191,280	215,440
Financial assets at fair value through profit and loss		
Other receivables - contingent consideration	-	886
Total financial assets	191,280	216,326

Financial liabilities

	2023 £000	2022 £000
Financial liabilities at amortised cost		
Trade and other payables (Note 24)	41,301	48,832
Loans and borrowings (Note 25)	63,770	65,073
	105,071	113,905
Financial liabilities at fair value through profit and loss		
Finance contracts - hedging instrument (Note 24)	6,155	8,387
Total financial liabilities	111,226	122,292

There were no financial instruments classified as available for sale.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

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 2023 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.

The loss allowance provision as at 30 September 2023 and 30 September 2022 is determined as follows:

30 September 2023	Not due £000	Past due (up to one month) £000	Past due (one to three months) £000	Past due (three to 12 months) £000	Past due (over 12 months) £000	Total £000
Expected loss rate	0.41%	0.63%	2.78%	19.05%	100.00%	
Gross carrying amount - trade receivables	18,620	3,048	2,459	1,093	2,240	27,460
Loss allowance	(76)	(19)	(68)	(208)	(2,240)	(2,612)
Specific loss allowance	-	-	-	-	-	-
Total loss allowance	(37)	(18)	(68)	(249)	(2,240)	(2,612)

30 September 2022	Not due £000	Past due (up to one month) £000	Past due (one to three months) £000	Past due (three to 12 months) £000	Past due (over 12 months) £000	Total £000
Expected loss rate	0.99%	0.99%	3.86%	18.68%	100.00%	-
Gross carrying amount - trade receivables	22,603	3,754	2,021	530	2,310	31,218
Loss allowance	(224)	(37)	(78)	(99)	(2,346)	(2,748)
Specific loss allowance	-	-	-	-	-	-
Total loss allowance	(224)	(37)	(78)	(99)	(2,346)	(2,748)

The movement in Group provision for impairment of trade receivables is shown in Note 22.

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

The Group has borrowings that are impacted by the volatility in the interest rates Note 25. The Group manages its long-term borrowings policy centrally and operates monthly cash flow forecasting to manage its net debt position to ensure exposure to changes in interest rates are minimised where possible. The variable interest rate on green bond (NOK 750m) is hedged with fixed interest rate derivatives so excluded from the below sensitivities.

Interest rate sensitivity

The Directors consider that 100 basis points is the 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. The loss after tax for the year ended 30 September 2023 would change by +/- £0.3m. If the interest rates were to move by 100 basis points (2022: +/- £1.0m).

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
2023 10% increase in rate	(3,078)	(11,697)	(620)	(3,465)	5,218	(1,734)	-	(3,494)	95	(2,619)
2023 10% reduction in rate	3,762	14,296	758	4,235	(6,377)	2,120	-	4,270	(116)	3,201
2022 10% increase in rate	(1,310)	(14,886)	(344)	(2,952)	6,085	(1,614)	5	(3,781)	(520)	(2,277)
2022 10% reduction in rate	1,601	18,194	420	3,608	(7,438)	1,973	(6)	4,621	635	2,783

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 2023

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 2023	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	36,900	10,026	78	–	1,081
Financial contracts - hedging instruments	(167)	(516)	6,838	–	(472)
Loan notes and bank borrowings	10,087	6,933	66,689	16,264	1,784
Lease liabilities	3,050	9,260	4,769	3,218	1,311
Total	49,870	25,703	78,374	19,482	3,704

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
Trade and other payables	36,097	7,630	96	–	888
Financial contracts - hedging instruments	77	24	12	7,899	–
Loan notes and bank borrowings and other loans	2,005	5,962	21,086	69,455	1,420
Lease liabilities	3,071	10,374	10,861	2,091	–
Total	41,250	23,990	32,055	79,445	2,308

Company

As at September 2023	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	39,899	1,402	–	–	–
Financial contracts	(167)	(516)	6,838	–	–
Loan notes	1,613	4,803	63,950	–	–
Lease liabilities	–	–	–	–	–
Total	41,345	5,689	70,788	–	–

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
Trade and other payables	46,548	2,284	–	–	–
Financial contracts	77	24	12	8,274	–
Loan notes	1,613	4,786	6,416	68,319	–
Lease liabilities	9	10	–	–	–
Total	48,247	7,104	6,428	76,593	–

Capital management

The capital structure of the Group consists of debt, as analysed in Note 25, and equity attributable to the equity holders of the Parent Company, comprising share capital, additional paid-in capital, 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 2023	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000	Discontinued £000	Continuing £000
Sale of goods	61,372	78,449	17,707	-	-	157,528	268	157,260
Provision of services	4,409	-	7,807	-	-	12,216	-	12,216
Inter-segment sales	10	54	-	5,747	(5,811)	-	-	-
	65,791	78,503	25,514	5,747	(5,811)	169,744	268	169,476

Year ended 30 September 2022	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000	Discontinued £000	Continuing £000
Sale of goods	53,978	80,191	13,528	-	-	147,697	570	147,127
Provision of services	3,973	-	6,607	-	-	10,580	-	10,580
Inter-segment sales	57	95	-	5,120	(5,272)	-	-	-
	58,008	80,286	20,135	5,120	(5,272)	158,277	570	157,707

Primary geographical markets

Year ended 30 September 2023	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000	Discontinued £000	Continuing £000
Norway	39,008	899	19,596	-	-	59,503	-	59,503
Vietnam	-	11,087	-	-	-	11,087	-	11,087
India	-	9,743	-	-	-	9,743	-	9,743
Iceland	7,343	-	-	-	-	7,343	-	7,343
Ecuador	38	7,257	-	-	-	7,295	-	7,295
Canada	3,071	96	4,032	-	-	7,199	-	7,199
Turkey	93	7,009	-	-	-	7,102	-	7,102
Faroe Islands	6,160	-	718	-	-	6,878	-	6,878
Greece	-	6,759	-	-	-	6,759	-	6,759
China	327	4,502	-	-	-	4,829	-	4,829
UK	3,957	85	177	-	-	4,219	-	4,219
Chile	1,824	12	991	-	-	2,827	-	2,827
Rest of Europe	1,470	4,879	-	-	-	6,349	-	6,349
Rest of World	2,490	26,121	-	-	-	28,611	268	28,343
Inter-segment sales	10	54	-	5,747	(5,811)	-	-	-
	65,791	78,503	25,514	5,747	(5,811)	169,744	268	169,476

Notes Forming Part of the Financial Statements continued
for the year ended 30 September 2023

4 Revenue continued

Primary geographical markets continued

Year ended 30 September 2022	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000	Discontinued £000	Continuing £000
Norway	34,666	967	15,571	-	-	51,204	-	51,204
Vietnam	32	10,512	-	-	-	10,544	-	10,544
India	619	12,001	-	-	-	12,620	-	12,620
Iceland	6,215	-	-	-	-	6,215	-	6,215
Ecuador	18	6,472	-	-	-	6,490	-	6,490
Canada	1,348	65	2,907	-	-	4,320	-	4,320
Turkey	-	6,419	-	-	-	6,419	-	6,419
Faroe Islands	5,465	9	587	-	-	6,061	-	6,061
Greece	2	6,197	-	-	-	6,199	-	6,199
China	313	4,329	-	-	-	4,642	-	4,642
UK	4,318	93	199	-	-	4,610	54	4,556
Chile	1,006	15	871	-	-	1,892	-	1,892
Rest of Europe	895	4,056	-	-	-	4,951	-	4,951
Rest of World	3,054	29,056	-	-	-	32,110	516	31,594
Inter-segment sales	57	95	-	5,120	(5,272)	-	-	-
	58,008	80,286	20,135	5,120	(5,272)	158,277	570	157,707

In 2022 and 2023 no customer accounted for more than 10% of revenue.

5 Expenses by nature

Continuing operations	2023 £000	Restated 2022 £000
Changes in inventories of finished goods and work in progress	1,564	(3,955)
Fair value movement in biological assets	103	(1,595)
Other movements in biological assets	(1,810)	(4,532)
Write-down of inventory to net realisable value	326	(14)
Raw materials and consumables used	55,166	59,422
Transportation expenses	3,838	4,813
Staff costs (see Note 7)	43,437	44,222
Motor, travel and entertainment	2,830	2,369
Premises costs	7,832	6,803
Vessel costs	4,346	3,158
Advertising and marketing	1,075	1,340
Professional fees	6,352	6,776
(Gains)/losses on disposal of property, plant and equipment	(121)	(43)
Exceptional expenses (see Note 10)	3,904	(16)
Other research and development costs	6,403	2,683
Depreciation of PPE (including impairment)	8,150	8,398
Depreciation of right-of-use assets (including impairment)	10,260	11,293
Amortisation and impairment of intangible assets	18,495	19,161
Net impairment (reversed)/recognised on trade receivables	77	89
Other costs	3,284	4,306
	175,511	164,678
Other income	(751)	(1,335)
Total cost of sales, operating costs, depreciation, amortisation and impairment	174,760	163,343

Other income

	2023 £000	Restated 2022 £000
Research and development expenditure credit	298	199
Grant	36	114
Royalties and compensation	-	458
Other	417	564
	751	1,335

6 Auditors remuneration

	2023 £000	2022 £000
Audit of these financial statements	871	564
Additional charges relating to the audit of the FY22 financial statements	-	35
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	597	510
Audit related assurance services	761	5
All other services	-	6
	2,229	1,120

Fees for audit related services included £757,000 for audit services associated with the listing of the Green Bond and potential uplisting of the Company on Oslo Børs.

7 Staff costs**Continuing operations**

	2023 £000	2022 Restated £000
Staff costs (including Directors) comprise:		
Wages and salaries	35,725	36,851
Social security contributions and similar taxes	4,061	3,829
Defined contribution pension cost	2,646	2,360
Share-based payment expense (Note 33)	1,005	1,182
	43,437	44,222

During the year the Group received government grants totalling £nil (2022: £70,858) 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.

	2023 No.	2022 No.
The average monthly number of employees, including Directors, during the year was as follows:		
Production	658	656
Administration	125	101
Management	74	80
	857	837

This includes an average number of 7 (2022: 8) employees within discontinued operations.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

7 Staff costs continued

Directors' remuneration

Directors' emoluments and pension payments are detailed in the single total figure of remuneration for the financial year ended 30 September 2023 table on page 99 and the Directors' share options are detailed in the Directors' interests under the Company's employee share plans table on page 101 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 £288,000 (2022: £209,000). No options were exercised by the Directors during the current or prior year (2022: None). The cost of employer National Insurance contributions in relation to the Directors was £242,000 (2022: £216,000).

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 34.

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** – 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.

Year ended 30 September 2023	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000
Revenue	65,791	78,503	25,514	5,747	(5,811)	169,744
Cost of sales	(35,876)	(34,704)	(13,173)	–	54	(83,699)
Gross profit / (loss)	29,915	43,799	12,341	5,747	(5,757)	86,045
Research and development costs	(3,778)	(2,071)	(279)	–	–	(6,128)
Operating costs	(11,696)	(23,354)	(7,290)	(9,064)	5,757	(45,647)
Share of profit of equity-accounted investees, net of tax	(32)	–	–	–	–	(32)
Adjusted EBITDA	14,409	18,374	4,772	(3,317)	–	34,238
Exceptional (See notes 10 and 12)	(3,913)	(920)	(509)	(2,475)	–	(7,817)
EBITDA	10,496	17,454	4,263	(5,792)	–	26,421
Depreciation and impairment	(4,703)	(2,437)	(11,559)	(14)	–	(18,713)
Amortisation and impairment	(1,894)	(14,269)	(2,329)	(3)	–	(18,495)
Operating profit / (loss)	3,899	748	(9,625)	(5,809)	–	(10,787)
Finance cost						(15,082)
Finance income						7,670
Loss before tax						(18,199)

Measurement of operating segment profit or loss continued

Year ended 30 September 2022	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000
Revenue	58,008	80,286	20,135	5,120	(5,272)	158,277
Cost of sales	(25,971)	(37,733)	(11,544)	4	95	(75,149)
Gross profit / (loss)	32,037	42,553	8,591	5,124	(5,177)	83,128
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)
Adjusted EBITDA	15,980	19,017	108	(3,924)	-	31,181
Exceptional - restructuring, acquisition and disposal related items	-	(220)	18	218	-	16
EBITDA	15,980	18,797	126	(3,706)	-	31,197
Depreciation and impairment	(5,322)	(2,236)	(12,251)	(88)	-	(19,897)
Amortisation and impairment	(1,695)	(15,000)	(2,463)	(3)	-	(19,161)
Operating profit / (loss)	8,963	1,561	(14,588)	(3,797)	-	(7,861)
Finance cost						(20,057)
Finance income						4,741
Loss before tax						(23,177)

Reconciliation of segmental information to IFRS measures – Revenue and Loss before tax

Revenue

	2023 £000	Restated 2022 £000
Total revenue per segmental information	169,744	158,277
Less: revenue from discontinued operations	(268)	(570)
Consolidated revenue	169,476	157,707

Loss before tax

	2023 £000	Restated 2022 £000
Loss before tax per segmental information	(18,199)	(23,177)
Less: loss before tax from discontinued operations	5,505	1,794
Consolidated loss before tax	(12,694)	(21,383)

Non-current assets by location of assets

	2023 £000	2022 £000
Belgium	144,344	173,135
Norway	74,541	83,752
UK	29,690	42,373
Iceland	37,631	39,448
Rest of Europe	1,017	953
Rest of world	34,047	38,543
	321,270	378,204

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

9 Net finance costs

	2023 £000	2022 Restated £000
Continuing operations		
Interest received on bank deposits	627	319
Foreign exchange gains on financing activities	158	4,422
Foreign exchange gains on operating activities	4,709	-
Cash flow hedges - ineffective portion of changes in fair value	2,176	-
Finance income	7,670	4,741
Leases (interest portion)	(1,620)	(1,580)
Cash flow hedges - re-classified from OCI	-	(2,546)
Cash flow hedges - in-effective portion of changes in fair value	-	(4,475)
Foreign exchange losses on operating activities	(4,547)	(1,620)
Interest expense on financial liabilities measured at amortised cost	(8,881)	(9,672)
Finance costs	(15,048)	(19,893)
Net finance costs recognised in profit or loss	(7,378)	(15,152)

10 Exceptional items from continuing operations – restructuring, acquisition and disposal 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.

	2023 £000	2022 £000
Acquisition related items	652	-
Exceptional restructuring costs	3,470	1,229
Disposal related items	(218)	(1,245)
Total exceptional items	3,904	(16)

Acquisition related items comprise fees incurred in the year in connection with an aborted acquisition.

Exceptional costs include: £2,598,000 (2022: £843,000) of legal and professional costs in relation to preparing for listing the Group on the Oslo stock exchange, and £872,000 (2022: £276,000) relating to restructuring costs.

Disposal related items include a credit of £235,000 (2022: £1,203,000) 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 £17,000 relating to additional costs and disposals proceeds relating to disposals that occurred in 2020.

11 Taxation

Amounts recognised in profit or loss

	2023 £000	Restated 2022 £000
Analysis of charge in period		
Current tax:		
Current income tax expense on profits for the period	6,178	11,721
Adjustment in respect of prior periods	(880)	(39)
Total current tax charge	5,298	11,682
Deferred tax:		
Origination and reversal of temporary differences	(1,933)	(4,414)
Deferred tax movements in respect of prior periods	-	-
Total deferred tax credit (Note 27)	(1,933)	(4,414)
Total tax charge on continuing operations	3,365	7,268

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:

	2023 £000	Restated 2022 £000
Accounting loss before income tax	(12,694)	(21,383)
Expected tax credit based on the standard rate of UK corporation tax at the domestic rate of 22.01% (2022: 19.0%)	(2,794)	(4,063)
Income not taxable	(116)	(180)
Expenses not deductible for tax purposes	1,365	1,235
Deferred tax not recognised	6,567	8,952
Adjustment to tax charge in respect of prior periods	(880)	(39)
Effects of changes in tax rates	(12)	-
Different tax rates in overseas jurisdictions	(765)	1,364
Total tax charge on continuing operations	3,365	7,268

In the prior year the Group held a current provision within corporation tax of £1.0m in respect of uncertain tax positions, this has been released in the current year and has been reflected in the adjustment to tax charge in the prior period.

Deferred tax not recognised of £6,567,000 (2022: £8,952,000) 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. £544,000 (2022: £347,000) relates to current year tax losses on discontinued operations.

The above excludes a tax expense of £nil (2022: £6,000) from discontinued operations, this has been included in loss from discontinued operations, net of tax (Note 12).

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 2023 have been measured using these enacted tax rates and reflected in these financial statements accordingly.

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 (2022: £nil).

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

12 Discontinued operations

During the year, the group divested its Tilapia business for consideration of USD 1 in a management buy out. Consequently, these operations have been classified as discontinued in the current year with a corresponding restatement of the consolidated income statement and OCI for the year ended 30 September 2022 to reflect these changes.

Summary of restatement of FY22 results as reported in FY22 financial statements

	Continuing operations		Discontinued operations	
	Revenue £000	Adjusted EBITDA £000	Loss from continuing operations £000	Loss from discontinued operations £000
As stated in financial year 2022 financial statements	158,277	31,181	(30,451)	-
Reclassified in financial year 2023	(570)	1,425	1,800	(1,800)
As stated in financial year 2023 financial statements	157,707	32,606	(28,651)	(1,800)

	2023 £000	Restated 2022 £000
Revenue	268	570
Cost of sales	(973)	(1,372)
Gross profit	(705)	(802)
Research and development costs	(59)	(57)
Other operating costs	(490)	(566)
Adjusted EBITDA	(1,254)	(1,425)
Exceptional loss on disposal	(3,913)	-
EBITDA	(5,167)	(1,425)
Depreciation and impairment	(304)	(205)
Operating loss / Loss before taxation	(5,471)	(1,630)
Net finance costs	(34)	(164)
Loss before taxation	(5,505)	(1,794)
Tax on loss	-	(6)
Loss from discontinued operations	(5,505)	(1,800)

Exceptional items within discontinued operations

	2023 £000	2022 Restated £000
Loss on disposal of trade and assets	3,774	-
Other costs relating to disposals	139	-
Total exceptional loss on disposal	3,913	-

Cash flows from discontinued operations

	2023 £000	2022 £000
Net cash flow from operating activities	(1,609)	(1,312)
Net cash flow from investing activities	(27)	(341)
Net cash flow from financing activities	(106)	77
Net cash flow from discontinued operations	(1,742)	(1,576)

Results from discontinued operations by segment

The results from discontinued operations relate solely to the Genetics operating segment.

Impact on the Group Consolidated Income Statement for the year ended 30 September 2023

	2023 Continuing £000	2023 Discontinued £000	2023 Total £000
Revenue	169,476	268	169,744
Cost of sales	(82,726)	(973)	(83,699)
Gross profit	86,750	(705)	86,045
Research and development costs	(6,069)	(59)	(6,128)
Other operating costs	(45,157)	(490)	(45,647)
Share of profit of equity-accounted investees, net of tax	(32)	-	(32)
Adjusted EBITDA	35,492	(1,254)	34,238
Exceptional - restructuring, acquisition and disposal related items	(3,904)	(3,913)	(7,817)
EBITDA	31,588	(5,167)	26,421
Depreciation and impairment	(18,409)	(304)	(18,713)
Amortisation and impairment	(18,495)	-	(18,495)
Operating loss	(5,316)	(5,471)	(10,787)
Net finance costs	(7,378)	(34)	(7,412)
Loss before taxation	(12,694)	(5,505)	(18,199)
Tax on loss	(3,365)	-	(3,365)
Loss after tax for the financial period	(16,059)	(5,505)	(21,564)

Impact on the Group Consolidated Income Statement for the year ended 30 September 2022

	2022 Continuing Restated £000	2022 Discontinued Restated £000	2022 Total Restated £000
Revenue	157,707	570	158,277
Cost of sales	(73,777)	(1,372)	(75,149)
Gross profit	83,930	(802)	83,128
Research and development costs	(6,634)	(57)	(6,691)
Other operating costs	(44,095)	(566)	(44,661)
Share of profit of equity-accounted investees, net of tax	(595)	-	(595)
Adjusted EBITDA	32,606	(1,425)	31,181
Exceptional - restructuring, acquisition and disposal related items	16	-	16
EBITDA	32,622	(1,425)	31,197
Depreciation and impairment	(19,692)	(205)	(19,897)
Amortisation and impairment	(19,161)	-	(19,161)
Operating loss	(6,231)	(1,630)	(7,861)
Net finance costs	(15,152)	(164)	(15,316)
Loss before taxation	(21,383)	(1,794)	(23,177)
Tax on loss	(7,268)	(6)	(7,274)
Loss after tax for the financial period	(28,651)	(1,800)	(30,451)

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

12 Discontinued operations continued

Effects of business disposals on the financial position of the Group

On 30 September, the tilapia businesses of a Group's subsidiary was disposed of for consideration of USD 1. The assets sold are highlighted in the table below.

	Tilapia £000
Assets	
Property, plant and equipment (including Right of use assets)	738
Intangible assets	3,036
Net assets and liabilities	3,774
Total consideration	-
Consideration received in cash	-
Cash and cash equivalents disposed of	-
Net cash inflow/(outflow)	-

13 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.

	2023			2022		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Loss attributable to equity holders of the parent (£000)	(17,641)	(5,505)	(23,146)	(30,287)	(1,800)	(32,087)
Weighted average number of shares in issue (thousands)			731,935			698,233
Basic loss per share (pence)	(2.41)	(0.75)	(3.16)	(4.34)	(0.26)	(4.60)

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 8,948,132 (2022: 6,240,304) potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the year as they are anti-dilutive and reduce the loss per share. However, these potential ordinary shares could dilute earnings per share in the future. The diluted and basic loss per share are the same for both continuing and discontinued.

14 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
Cost						
Balance at 1 October 2021	63,027	1,807	6,421	32,893	2,751	106,899
Additions	4,025	1,616	283	4,546	338	10,808
Increase/(decrease) through transfers from assets in the course of construction	251	(1,275)	-	995	29	-
Exchange differences	1,924	116	432	2,377	146	4,995
Transfer to inventory	-	-	-	(1,514)	-	(1,514)
Disposals	(224)	-	-	(131)	(126)	(481)
Disposals through sale of subsidiary	-	-	-	-	-	-
Balance at 30 September 2022	69,003	2,264	7,136	39,166	3,138	120,707
Balance at 1 October 2022	69,003	2,264	7,136	39,166	3,138	120,707
Additions	2,164	560	28	2,662	539	5,953
On acquisition	-	-	-	315	-	315
Reclassification	56	(106)	-	50	-	-
Increase/(decrease) through transfers from assets in the course of construction	877	(1,556)	-	679	-	-
Exchange differences	(4,446)	(53)	(344)	(1,670)	(328)	(6,841)
Transfer to assets held for sale	(1,392)	-	-	-	-	(1,392)
Transfer from inventory	-	-	-	94	-	94
Disposals	(81)	-	(1,575)	(2,121)	(58)	(3,835)
Balance at 30 September 2023	66,181	1,109	5,245	39,175	3,291	115,001
Accumulated Depreciation						
Balance at 1 October 2022	7,829	-	4,723	14,806	761	28,119
Depreciation charge for the year	2,387	-	197	5,411	607	8,602
Exchange differences	792	-	256	1,200	141	2,389
Disposals	(84)	-	-	(102)	(117)	(303)
Balance at 30 September 2022	10,924	-	5,176	21,315	1,392	38,807
Balance at 1 October 2022	10,924	-	5,176	21,315	1,392	38,807
Depreciation charge for the year	2,266	-	79	5,513	595	8,453
Transfer to assets held for sale	(542)	-	-	-	-	(542)
Exchange differences	(908)	-	(189)	(810)	(214)	(2,121)
Disposals	(81)	-	(1,575)	(1,323)	(28)	(3,007)
Balance at 30 September 2023	11,659	-	3,491	24,695	1,745	41,590
Net book value						
At 30 September 2023	54,522	1,109	1,754	14,480	1,546	73,411
At 30 September 2022	58,079	2,264	1,960	17,851	1,746	81,900
At 1 October 2021	55,198	1,807	1,698	18,087	1,990	78,780

Notes Forming Part of the Financial Statements continued
for the year ended 30 September 2023

14 Property, plant and equipment continued
Company

	Office equipment and fixtures £000
Cost	
Balance at 1 October 2021	1,351
Additions	20
Balance at 1 October 2022	1,371
Additions	6
Balance at 30 September 2023	1,377
Accumulated Depreciation	
Balance at 1 October 2021	1,292
Depreciation charge for the year	29
Balance at 1 October 2022	1,321
Depreciation charge for the year	17
Balance at 30 September 2023	1,338
Net book value	
At 30 September 2023	39
At 30 September 2022	50
At 1 October 2021	59

15 Leases Group

	2023 £000	2022 £000
Right-of-use-assets		
Leasehold property	9,213	9,389
Plant and machinery	10,585	17,582
Office equipment and fixtures	6	63
	19,804	27,034

	2023 £000	2022 £000
Lease liabilities		
Current	11,567	11,522
Non-current	8,293	14,765
	19,860	26,287

Depreciation charge of right-of-use assets

	2023 £000	2022 £000
Leasehold property	1,210	1,383
Plant and machinery	9,038	9,176
Office equipment and fixtures	12	72
	10,260	10,631

Additional information

	2023 £000	2022 £000
Additions to right-of-use assets	2,120	497
Modifications to right-of-use assets	1,697	10,884
Impairment of leasehold property right-of-use asset	-	664
Interest expense	1,654	1,744
Expense relating to short-term leases	237	152
Expense relating to leases of low-value leases	20	151
Total cash outflow for leases	9,438	10,533

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 £8,405,000 of the net book value and £9,374,000 of the lease liability at the year end.

Notes Forming Part of the Financial Statements continued
for the year ended 30 September 2023

15 Leases continued
Company

Right-of-use-assets	2023 £000	2022 £000
Leasehold property	-	16
Office equipment and fixtures	-	2
	-	18

Lease liabilities	2023 £000	2022 £000
Current	-	19
Non-current	-	-
	-	19

Depreciation charge of right-of-use assets

	2023 £000	2022 £000
Leasehold property	8	58
Office equipment and fixtures	1	1
	9	59

Additional information

	2023 £000	2022 £000
Modifications to right-of-use assets	(8)	-
Interest expense	-	2
Expense relating to leases of low-value leases	-	1
Total cash outflow for leases	10	51

16 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
Cost or valuation										
Balance at 1 October 2021	319	140,055	338	133,201	5,271	6,602	34,479	22,636	27,579	370,480
Additions - externally acquired	94	-	111	-	-	-	-	-	-	205
Additions - internally developed	-	-	-	-	-	-	-	-	1,708	1,708
Exchange differences	34	24,619	3	27,206	1,107	(27)	5,841	599	1,935	61,317
Balance at 30 September 2022	447	164,674	452	160,407	6,378	6,575	40,320	23,235	31,222	433,710
Balance at 1 October 2022	447	164,674	452	160,407	6,378	6,575	40,320	23,235	31,222	433,710
Additions - on acquisition	-	-	-	-	-	-	-	-	-	-
Additions - externally acquired	80	1	115	-	-	-	-	-	-	196
Additions - internally developed	-	-	-	-	-	-	-	-	632	632
Disposals	-	(3,036)	(21)	-	-	-	(150)	-	-	(3,207)
Reclassification to assets held for resale	-	-	-	-	-	-	-	-	-	-
Exchange differences	(15)	(13,682)	(1)	(13,737)	(559)	(70)	(3,186)	(1,267)	(982)	(33,499)
Balance at 30 September 2023	512	147,957	545	146,670	5,819	6,505	36,984	21,968	30,872	397,832
Accumulated amortisation and impairment										
Balance at 1 October 2021	67	41,358	133	73,541	1,166	6,210	13,077	4,111	1,777	141,440
Amortisation charge for the period	67	-	70	13,574	215	102	2,027	636	2,165	18,856
Impairment	-	-	-	305	-	-	-	-	-	305
Exchange differences	9	8,592	3	16,966	275	(19)	1,839	139	41	27,845
Balance at 30 September 2022	143	49,950	206	104,386	1,656	6,293	16,943	4,886	3,983	188,446
Balance at 1 October 2022	143	49,950	206	104,386	1,656	6,293	16,943	4,886	3,983	188,446
Amortisation charge for the period	85	-	91	12,605	222	94	1,818	606	2,437	17,958
Impairment	-	1	-	61	-	-	476	-	-	538
Disposals	-	-	(21)	-	-	-	(150)	-	-	(171)
Exchange differences	(4)	(4,484)	(2)	(8,868)	(143)	(52)	(1,177)	(253)	(33)	(15,016)
Balance at 30 September 2023	224	45,467	274	108,184	1,735	6,335	17,910	5,239	6,387	191,755
Net book value										
At 30 September 2023	288	102,490	271	38,486	4,084	170	19,074	16,729	24,485	206,077
At 30 September 2022	304	114,724	246	56,021	4,722	282	23,377	18,349	27,239	245,264
At 1 October 2021	252	98,697	205	59,660	4,105	392	21,402	18,525	25,802	229,040

Notes Forming Part of the Financial Statements continued
for the year ended 30 September 2023

16 Intangible assets continued
Group

Description	Category	NBV 2023 £000	NBV 2022 £000	Remaining life 2023
Acquisition of INVE in 2015				
Goodwill	Goodwill	79,909	87,585	-
Harvesting rights	Licences	19,029	22,449	12
Product technology	Intellectual property	-	446	-
Product rights	Intellectual property	24,880	39,390	2
Brand names	Intellectual property	10,945	12,976	12
In-process R&D	Intellectual property	535	847	2
Customer relationships	Customer lists	4,085	4,723	18
Total relating to acquisition of INVE		139,383	168,416	-
Acquisition of Salmobreed AS (Now part of Benchmark Genetics Norway AS) in 2014				
Goodwill	Goodwill	6,063	6,523	-
Genetic material and breeding nuclei	Genetics	8,926	9,911	31
Total relating to acquisition of Salmobreed AS		14,989	16,434	-
Acquisition of Stofnfiskur (Now Benchmark Genetics Iceland) in 2014				
Goodwill	Goodwill	11,999	12,467	-
Genetic material and breeding nuclei	Genetics	7,598	8,147	31
Total relating to acquisition of Stofnfiskur		19,597	20,614	-
Acquisition of Akvaforsk Genetics Center AS (Now part of Benchmark Genetics Norway AS) in 2015				
Goodwill	Goodwill	4,520	7,348	-
Licences	Licences	-	292	-
Contracts	Contracts	170	282	2
Total relating to acquisition of Akvaforsk Genetics Center AS		4,690	7,922	-
Capitalised development costs				
Ectosan®Vet/CleanTreat®	Development costs	14,048	15,840	8
Live food alternative diets	Development costs	3,879	4,115	Not yet ready for use
SPR Shrimp	Development costs	5,453	6,686	
Total capitalised development costs		23,380	26,641	
Other purchased material intangible assets	Intellectual Property	1,408	1,497	16
Total relating to other purchased intangible assets		1,408	1,497	
Other individually immaterial goodwill and intangibles		2,630	3,740	
Total net book value at 30 September		206,077	245,264	

Company

	Patents and trademarks £000
Cost	
Balance at 1 October 2021	30
Balance at 1 October 2022	30
Balance at 30 September 2023	30
Accumulated amortisation	
Balance at 1 October 2021	2
Amortisation charge for the year	3
Balance at 1 October 2022	5
Amortisation charge for the year	3
Balance at 30 September 2023	8
Net book value	
At 30 September 2023	22
At 30 September 2022	25
At 1 October 2021	28

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

17 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. 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 2023 £000	Advanced Nutrition 2023 £000	Total 2023 £000
Benchmark Genetics AS	6,062	–	6,062
Benchmark Genetics Iceland HF (Previously Stofnfiskur HF)	11,999	–	11,999
Akvaforsk Genetic Center*	4,520	–	4,520
INVE Aquaculture Group	–	79,909	79,909
Goodwill	22,581	79,909	102,490
Development costs	–	3,879	3,879

* 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 2022 £000	Advanced Nutrition 2022 £000	Total 2022 £000
Benchmark Genetics AS	6,522	–	6,522
Benchmark Genetics Iceland HF (Previously Stofnfiskur HF)	12,467	–	12,467
Akvaforsk Genetic Center*	8,150	–	8,150
INVE Aquaculture Group	–	87,585	87,585
Goodwill	27,139	87,585	114,724
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).

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.

Genetics

The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 15.7% (2022: 14.7%). CAGR of revenue of 9% (2022: 15%) is implied by the five-year plan and a long-term growth rate of 2.5% (2022: 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 16.4% (2022: 15.6%). CAGR of revenue of 12% (2022: 10%) is implied by the five-year plan and a long-term growth rate of 3.5% (2022: 3.5%) has been used to extrapolate the terminal year cashflow into perpetuity. Market analysis reports predict long-term growth rates of c.5.0%, and the health benefits of shrimp are still very much in evidence. Management believes that a long-term growth rate of 3.5% represents both a prudent and consistent approach for the CGU.

Sensitivity analysis has been performed on the key assumptions. Reducing the forecast growth rates for less mature parts of the CGU within Health and Diets products did not result in elimination of headroom. However, the forecasts growth rates for the CGU include an assumption around the ongoing recovery in global shrimp markets, and if that recovery is slower than the forecasts anticipate, due to factors such as continued reduced end market demand for Shrimp, to the extent that the CAGR of revenue implied over the five-year plan falls to 9%, this would result in a potential impairment.

The sensitivity to movements in the terminal growth rate and discount rate were also assessed, and a reduction in terminal growth rate from 3.5% to 1.5%, or an increase in the discount rate from 16.4% to 18.4%, either of which are considered to be reasonably possible, would reduce the headroom on the Advanced Nutrition CGU of £31.6m to nil. Should the growth rate reduce or discount rate increase further than this, then an impairment would be likely.

Health

The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 17.4% (2022: 16.4%). An assumed CAGR of revenue of 23% (2022: 27%) 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% (2022: 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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

18 Equity-accounted investees

	2023 £000	2022 £000
Interest in joint venture	1,158	1,106
Interest in associates	2,400	2,007
	3,558	3,113

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.

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 had a 34% interest in an associate Baggfossen Mikrokraft AS ("BMAS"). BMAS is a power generation business and provides electricity to Benchmark Genetics Salten AS. In June, the Group acquired 66% of the remaining issued share capital of Baggfossen Mikrokraft AS to bring the total owned to 100%, when the company ceased to be an associate and became a subsidiary.

19 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
Genetics						
Benchmark Genetics Brasil Cultivo de Especies Aquaticas Ltda	Rua Dr Ribamar Lobo 451, Fortaleza, Ceara, Brazil, CEEP 60.192-230	Brazil	Indirect	ordinary	100%	
Akvaforsk Genetic Center Spring Mexico, SA de CV (dormant)	Caguama 3023, Loma Bonita, Zapopan, Jalisco CP 45086, Mexico	Mexico	Indirect	ordinary	100%	
Benchmark Genetics USA Inc	15369 County Road 512 Fellsmere, FL 32948, USA	USA	Indirect	ordinary	100%	
Benchmark Genetics Chile SpA	Santa Rosa 560 Oficina 25 B, Puerto Varas, Chile	Chile	Indirect	shares	100%	
Benchmark Genetics Limited	Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH	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	Norway	Indirect	ordinary	100%	
Iceland A Islandi EHF (dormant)	Bæjarhraun 14 - 220 Hafnarfjörður, Iceland	Iceland	Indirect	ordinary	99.32%	
Benchmark Genetics Salten AS	Sørfjordmoen, Kobbelv, 8264 Engan, Norway	Norway	Indirect	ordinary	75%	
Baggfossen Mikrokraft AS	Sørfjordmoen, Kobbelv, 8264 Engan, Norway	Norway	Indirect	ordinary	100%	
Stofnfiskur Chile Limitada (dormant)	(As Icecod address above)	Chile	Indirect	ordinary	100%	
Benchmark Genetics Iceland HF	(As Icecod address above)	Iceland	Indirect	ordinary	100%	
Stofngen EHF (dormant)	(As Icecod address above)	Iceland	Indirect	ordinary	100%	
Sudourlax EHF (dormant)	(As Icecod address above)	Iceland	Indirect	ordinary	100%	
Advanced Nutrition						
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.	Verlengde Poolseweg 16, 4818 CL Breda	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	Indirect	\$1 shares	100%	
Inve Aquaculture México, S.A. de C.V.	Carretera Internacional No. 3436 Local 2, Colonia El Venadillo Mazatlán Sinaloa C.P. 82129 MEXICO	Mexico	Direct	MXN \$1,000 shares	100%	

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

19 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
Advanced Nutrition continued						
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%	
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	Karacaoğlu Mahallesi 6170 Sokak No. 17/B İşıkkent/İzmir	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.	Avenida Las Americas 510, Sky Building Piso 11 oficina 1113, Guayaquil, Guayas	Ecuador	Indirect	\$1 shares	100%	
Inveservicios, S.A. de C.V.	Carretera Internacional No. 3436 Local 2, Colonia El Venadillo Mazatlán Sinaloa C.P. 82129 MEXICO	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 Panunggan 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%	
Salt Creek Holdings, Inc	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 84104	USA	Indirect	N/A	100%	

Company name	Registered address	Country of Incorporation	Direct/ indirect Group Interest	Share class	% of share capital/ voting rights held by Group companies	Note
Health						
Benchmark Animal Health Group Limited	Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH	United Kingdom	Direct	£1 ordinary	100%	
Benchmark Animal Health Limited	Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH	United Kingdom	Indirect	£1 ordinary	100%	
Benchmark Vaccines Limited	Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH	United Kingdom	Indirect	£1 ordinary	100%	
Benchmark R&D (Thailand) Limited	No. 57/1, Moo. 6, Samet Sub-district, Mueang Chonburi District, Chonburi Province, 20000, Thailand	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	Avenida Apoquindo 3721, piso 22, comuna de Las Condes, Santiago Chile	Chile	Indirect	\$1.20 ordinary	100%	
Benchmark Animal Health Norway AS	Bradbenken 1, 5003 Bergen	Norway	Indirect	NOK 100 ordinary	100%	
Knowledge Services						
FAI Aquaculture Limited	Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH	United Kingdom	Direct	£1 ordinary	100%	a

Notes

a 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 2023

19 Subsidiary undertakings continued

Company

	Investments in subsidiary companies £000
Cost or valuation	
Balance at 1 October 2021	255,285
Additions	720
Disposals	(2,427)
Balance at 1 October 2022	253,578
Additions	30,570
Balance at 30 September 2023	284,148
Provisions	
Balance at 1 October 2021	(4,637)
Disposals	2,427
Balance at 1 October 2022	(2,210)
Balance at 30 September 2023	(2,210)
Net book value	
At 30 September 2023	281,938
At 30 September 2022	251,368
At 1 October 2021	250,648

During 2023, £570,000 (2022: £720,000) 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. In addition, £30,000,000 of a loan balance due from Benchmark Genetics Limited, an existing subsidiary company, was converted into further shares in that company (2022: £nil).

In 2022 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.

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 17. The impairment testing is performed at a CGU level due to the companies these investments are held in being the head of these CGU's. The sensitivity testing conducted did not sufficiently reduce the NPV of the Health or Genetics CGUs to a level where they would not support the investments.

Advanced Nutrition 2023: 233,687,000 (2022: 233,444,000)

The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 16.4% (2022: 15.6%). CAGR of revenue of 12% (2022: 10%) is implied by the five-year plan and a long-term growth rate of 3.5% (2022: 3.5%) has been used to extrapolate the terminal year cashflow into perpetuity. Market analysis reports predict long-term growth rates of c.5.0%, and the health benefits of shrimp are still very much in evidence. Management believes that a long-term growth rate of 3.5% represents both a prudent and consistent approach for the CGU. Sensitivity analysis has been performed on the key assumptions. Reducing the forecast growth rates for less mature parts of the CGU within Health and Diets products did not result in elimination of headroom. However, the forecasts growth rates for the CGU include an assumption around the ongoing recovery in global shrimp markets, and if that recovery is slower than the forecasts anticipate, due to factors such as continued reduced end market demand for Shrimp, to the extent that the CAGR of revenue implied over the five-year plan falls to 9%, this would result in a potential impairment. The sensitivity to movements in the terminal growth rate and discount rate were also assessed, and a reduction in terminal growth rate from 3.5% to 1.7%, or an increase in the discount rate from 16.4% to 18.2%, either of which are considered to be reasonably possible, would reduce the headroom on the Advanced Nutrition CGU of £29.2m to nil. Should the growth rate reduce or discount rate increase further than this, then an impairment would be likely.

20 Inventories

Group	2023 £000	2022 £000
Raw materials	5,703	7,107
Work in progress	3,813	3,722
Finished goods and goods for resale	15,753	18,984
Total inventories at the lower of cost and net realisable value	25,269	29,813

During 2023, £56,263,000 (2022: £60,780,000) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales. For discontinued operations £972,000 was recognised as an expense (2022 restated: £1,372,000). The cost of inventories recognised as a debit includes £326,000 (2022 credit: £14,000) in respect of write-downs of inventory to net realisable value.

The Company did not have any inventories at the year end (2022: £nil).

21 Biological assets

Book value of biological assets recognised at fair value

Group	2023 £000	2022 £000
Salmon eggs	10,631	14,037
Salmon broodstock	33,411	30,501
Salmon milt	796	606
Lumpfish fingerlings	757	1,090
Shrimp	397	424
Total biological assets 30 September	45,992	46,658
Analysed as		
Current	27,586	25,780
Non-current	18,406	20,878
Total biological assets 30 September	45,992	46,658

Change in book value of biological assets

	2023 £000	2022 £000
Biological assets 1 October	46,658	38,365
Increase from production	42,393	48,067
Reduction due to sales	(40,583)	(43,535)
Other movements in biological assets (see Note 5)	1,810	4,532
Foreign exchange movement before fair value adjustment	(1,562)	1,704
Change in fair value through income statement (see Note 5)	(103)	1,595
Foreign exchange impact on fair value adjustment	(811)	462
Biological assets 30 September	45,992	46,658

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

21 Biological assets continued

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.

Change in book value of salmon broodstock

	2023 £000	2022 £000
Biological assets 1 October	30,501	26,700
Increase from production	25,494	28,720
Transfer to salmon eggs following harvesting	(22,677)	(26,509)
Foreign exchange movement before fair value adjustment	(1,199)	1,326
Change in fair value through income statement	1,853	(31)
Foreign exchange impact on fair value adjustment	(561)	295
Biological assets 30 September	33,411	30,501

Significant unobservable inputs used in the valuation of salmon broodstock

	2023	2022
Number of eggs valued in broodstock (m units)	250	222
Average selling price per egg (GBP)	0.131	0.135
Future costs per egg (GBP)	(0.016)	(0.021)

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 £2,038,000 of broodstock in Chile. As at 30 September the gross carrying amount was £5,074,000 (2022: £4,704,000) and the accumulated impairment losses were £3,036,000 (2022: £2,735,000).

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 the assumed selling price per egg would increase/decrease the fair value of salmon broodstock and eggs by £440,000. 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 £4,404,000.

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:

	2023	2022
Salmon eggs	334.7m units	291.1m units
Lumpfish fingerlings	1.5m units	2.0m units

Total quantities held at 30 September were:

	2023	2022
Salmon eggs	85.6m units	103.9m units
Salmon broodstock	1,517 tonnes	1,737 tonnes
Lumpfish fingerlings	0.4m units	0.7m units

The Company did not hold any biological assets during the year or the prior year.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

22 Trade and other receivables

Group	2023 £000	2022 £000
Trade receivables	27,460	31,218
Less: provision for impairment of trade receivables	(2,612)	(2,748)
Trade receivables – net	24,848	28,470
Total financial assets other than cash and cash equivalents measured at amortised cost	24,848	28,470
Other receivables - contingent consideration	-	887
Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss	-	887
Prepayments	18,081	14,989
Other receivables	16,866	12,031
Total trade and other receivables	59,795	56,377

Other receivables relate to the following items: VAT recoverable £4,353,000 (2022: £4,386,000), research and development expenditure tax credits and similar items £157,000 (2022: £154,000), the right to receive an agreed proportion of a key supplier's harvest* £10,173,000 (2022: £5,249,200), accrued income of £1,177,000 (2022: £1,377,000) and other amounts receivable of £1,006,000 (2022: £865,000).

*A financial liability of £10,173,000 (2022: £5,249,200) 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 £10,173,000 (2022: £5,249,200) 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 related to contingent consideration outstanding from the disposal of Improve International Limited in FY20. This related to deferred cash consideration dependent on the delivery of certain future revenues in the financial year ended 30 September 2022 and the fair value was derived from the likely receivable amount based on expectations of performance against the targets. The amount recovered in the financial year ended 30 September 2023 was not materially different to management's estimate.

The fair values of trade and other receivables measured at amortised cost are not materially different to their carrying values. As at 30 September 2023 trade receivables of £6,313,000 (2022: £5,943,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2023 £000	2022 £000
Up to 3 months overdue	5,480	5,761
3 to 6 months overdue	833	218
6 to 12 months overdue	-	(36)
	6,313	5,943

Movements on the Group provision for impairment of trade receivables are as follows;

	2023 £000	2022 £000
At 1 October	2,748	2,493
Provided during the year	696	281
Unused provisions reversed	(600)	(180)
Provisions used during the year	(32)	-
Foreign exchange movements	(200)	154
At 30 September	2,612	2,748

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	2023 £000	2022 £000
Loans and receivables due from subsidiary companies	190,959	212,230
Total financial assets other than cash and cash equivalents measured at amortised costs	190,959	212,230
Other receivables - contingent consideration	-	886
Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss	-	886
Prepayments	1,049	888
Other receivables	129	239
Total trade and other receivables	192,137	214,243
Less: non-current portion: loans provided to subsidiary companies	(190,705)	(212,023)
Current portion	1,432	2,220

The balance of loans provided to subsidiary companies include a provision for impairment of £11,489,000 (2022: £11,504,000). The balance has been specifically provided against as the relevant subsidiary companies no longer trade. During the year £15,000 of the provision was released following repayment of part of the loan due from FAI Aquaculture Limited (2022: £76,000). In 2022, a £1,909,000 of the provision was released as the loan due from 5M Enterprises Limited was waived.

For all the loans provided to subsidiary companies outstanding at 30 September 2023 no interest is payable. No interest was payable on loans provided to subsidiary companies outstanding at 30 September 2022.

Loans and receivables due from subsidiary companies of £190,705,000 (2022: £212,023,000) have been classified as non-current assets, even though these balances are repayable on demand, as at 30 September 2023 the Company did not expect to realise them in the next 12 months.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

23 Assets and liabilities held for sale

During the year, management committed to sell certain property, plant and equipment with a market value of £850,000 which is held within the Health business area. The property concerned is no longer required by the business, and so the decision was made to sell. It is anticipated that sale will take place within the next 12 months. The applicable criteria for inclusion as held for sale were met so the assets were transferred from Property, Plant and Equipment and have been presented as held for sale. This property was transferred from fixed assets at book value which is equal to the market value. There were no liabilities directly associated with the assets held for sale.

Assets held for sale	Transferred to held for sale £000	Fair Value Adjustment £000	Total assets transferred £000
Property, plant and equipment	850	-	850
Total Assets held for sale	850	-	850

Measurement of fair values

Fair value hierarchy – The fair value measurement for assets held for sale has been categorised as a Level 1 fair value based on market data used.

24 Trade and other payables

Group	2023 £000	2022 £000
Trade payables	26,657	22,149
Other payables	2,213	1,127
Accruals	16,257	17,636
Other payables - tax and social security payments	2,957	3,799
Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	48,084	44,711
Financial contracts - hedging instrument	5,683	8,012
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss	5,683	8,012
Deferred income	404	597
Total trade and other payables	54,171	53,320
Less: non-current portion of other payables	(6,842)	(8,996)
Current portion	47,329	44,324

Book values approximate to fair value at 30 September 2023 and 2022.

Of the financial contracts £6,155,000 (2022: £8,387,000) 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 unsecured 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.

Company	2023 £000	2022 £000
Trade payables	840	460
Loans received from subsidiary companies	36,070	44,447
Accruals	4,149	3,713
Other payables - tax and social security payments	242	212
Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	41,301	48,832
Financial contracts - hedging instrument	6,155	8,387
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss	6,155	8,387
Total trade and other payables	47,456	57,219
Less: non-current portion of other payables	(6,155)	(8,387)
Current portion	41,301	48,832

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.

Of the financial contracts £6,155,000 (2022: £8,387,000) relates to a NOKUSD CCS and NOK IRS, both of which are deemed to be effective hedges against the senior unsecured floating rate listed bond issue of NOK 750m.

Book values approximate to fair value at 30 September 2023 and 2022.

25 Loans and borrowings

Group

	2023 £000	2022 £000
Non-Current		
2025 750m NOK Loan notes	57,604	61,976
Bank borrowings	16,799	17,226
Unamortised debt issue costs	(742)	(922)
Lease liabilities (Note 15)	8,293	14,765
	81,954	93,045
Current		
Bank borrowings	9,320	5,569
Unamortised debt issue costs	(842)	-
Lease liabilities (Note 15)	11,567	11,522
	20,045	17,091
Total loans and borrowings	101,999	110,136

At 30 September 2023 the fair value of the unsecured floating rate listed green bond of NOK 750m was NOK 791m.

On 21 November 2022, the Group refinanced its 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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

25 Loans and borrowings 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 2023:

- Term loan with a balance of NOK 171.9m provided by Nordea Bank Norge Abp. The loan is a five-year term loan maturing no later than January 2028 at an interest rate of 2.5% above three-month NIBOR. This loan refinanced the previous term loan from the same bank when the outstanding balance of NOK 162 million was repaid in February 2023.
- NOK 20.0m 12-month working capital facility provided by Nordea Bank Norge Abp. This was undrawn at 30 September 2023 (2022: undrawn).
- Term loan with a balance of NOK 35.5m (2022: NOK 40.1m) 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 2023 was 7.45%. The interest rate on this loan is variable.
- A new term loan with a balance of NOK 10.0m provided by Innovasjon Norge. The loan is a 15-year term loan maturing in July 2038. The interest rate on this loan at 30 September 2023 was 7.45%. The interest rate on this loan is variable.
- NOK 21.75m loan provided by Salten Stamfisk AS (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.

The lease liabilities are secured on the assets to which they relate.

Group

The currency profile of the Group's loans and borrowings is as follows:

	2023 £000	2022 £000
Sterling	16,680	19,697
Norwegian Krone	76,730	81,634
Thai Baht	464	954
Euro	614	272
US Dollar	6,460	6,888
Iceland Krona	585	545
Other	466	146
	101,999	110,136

Company

The book value and fair value of loans and borrowings are as follows:

	2023 £000	2022 £000
Non-Current		
2025 750m NOK Loan notes	57,604	61,976
Unamortised debt issue costs	(742)	(922)
	56,862	61,054
Current		
RCF	7,750	4,000
Unamortised debt issue costs	(842)	-
Lease liabilities (Note 15)	-	19
	6,908	4,019
Total loans and borrowings	63,770	65,073

At 30 September 2023 the fair value of the unsecured floating rate listed green bond of NOK 750m was NOK 791m. At 30 September 2022 the fair value of the green bond was not materially different to the nominal value and was not separately disclosed.

The currency profile of the Company's loans and borrowings is as follows:

	2023 £000	2022 £000
Sterling	6,167	3,097
Norwegian Krone	57,603	61,976
	63,770	65,073

Reconciliation of movements of liabilities to cash flows arising from financing activities.

Group

Year ended 30 September 2023

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Retained earnings £000	Non-controlling Interest £000	Total £000
Balance at 1 October 2022	110,136	421,528	(185,136)	9,886	
Changes from financing cash flows					
Proceeds of share issues	-	10,874	-	-	10,874
Acquisition of NCI	-	-	(3,470)	(4,539)	(8,009)
Proceeds from bank or other borrowings	21,847	-	-	-	21,847
Repayment of bank or other borrowings	(18,470)	-	-	-	(18,470)
Interest and finance charges paid	(9,131)	-	-	-	(9,131)
Payments to finance lease creditors	(9,438)	-	-	-	(9,438)
Total changes from financing cash flows	(15,192)	10,874	(3,470)	(4,539)	(12,327)
The effect of changes in foreign exchange rates	(6,679)	-	-	-	
Other changes - liability-related					
Interest expense	9,209	-	-	-	
Loan acquired	241	-	-	-	
Capitalised borrowing fees	565	-	-	-	
New leases	3,101	-	-	-	
Leases modified	702	-	-	-	
Interest accrual movement	(84)	-	-	-	
Total liability-related other changes	13,734	-	-	-	
Total equity-related other changes	-	(394,235)	372,095	865	
Balance at 30 September 2023	101,999	38,167	183,489	6,212	

Notes Forming Part of the Financial Statements continued
for the year ended 30 September 2023

25 Loans and borrowings continued
Group continued
Year ended 30 September 2022

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Retained earnings £000	Non-controlling Interest £000	Total £000
Balance at 1 October 2021	120,391	401,352	(154,231)	7,884	
Changes from financing cash flows					
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)
Total changes from financing cash flows	(27,097)	20,175	-	-	(6,922)
The effect of changes in foreign exchange rates	(6,087)	-	-	-	
Other changes - liability-related					
Interest expense	9,488	-	-	-	
Capitalised borrowing fees	1,937	-	-	-	
New leases	11,380	-	-	-	
Interest accrual movement	124	-	-	-	
Total liability-related other changes	22,929	-	-	-	
Total equity-related other changes	-	1	(30,905)	2,002	
Balance at 30 September 2022	110,136	421,528	(185,136)	9,886	

Company
Year ended 30 September 2023

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Total £000
Balance at 1 October 2022	65,073	421,528	
Changes from financing cash flows			
Proceeds of share issues	-	10,874	10,874
Proceeds from bank or other borrowings	6,661	-	6,661
Repayment of bank borrowings	(4,000)	-	(4,000)
Interest and finance charges paid	(6,327)	-	(6,327)
Repayments of lease liabilities	(10)	-	(10)
Total changes from financing cash flows	(3,676)	10,874	7,198
The effect of changes in foreign exchange rates	(4,529)	-	
Other changes - liability-related			
Interest expense	6,411	-	
Capitalised borrowing fees	565	-	
Interest accrual movement	(82)	-	
Lease modified	8	-	
Total liability-related other changes	6,902	-	
Total equity-related other changes	-	(394,235)	
Balance at 30 September 2023	63,770	38,167	

Year ended 30 September 2022

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Total £000
Balance at 1 October 2021	75,545	401,352	
Changes from financing cash flows			
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)
Total changes from financing cash flows	(12,300)	20,175	7,875
The effect of changes in foreign exchange rates	(7,065)	-	
Other changes - liability-related			
Interest expense	6,832	-	
Capitalised borrowing fees	1,937	-	
Interest accrual movement	124	-	
Total liability-related other changes	8,893	-	
Total equity-related other changes	-	1	
Balance at 30 September 2022	65,073	421,528	

26 Provisions

	Total £000
At 1 October 2021	(563)
Provisions made during the year	(1,127)
Provisions used	69
Increase/decrease through net exchange differences	(10)
At 1 October 2022	(1,631)
Provisions made during the year	(457)
Provisions used	21
Unused provisions reversed	50
Increase/decrease through net exchange differences	37
At 30 September 2023	(1,980)
Current	(1,280)
Non-current	(700)
At 30 September 2023	(1,980)
Current	(1,631)
Non-current	-
At 30 September 2022	(1,631)

Other provisions

During the year, £400,000 (2022: £700,000) 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 £57,000 was made as part of the sale of the Tilapia business. In the prior year £427,000 was made for maintenance costs on a Tilapia production site which is surplus to requirements. The lease is due to complete in 2027.

During the year we have released £50,000 of dilapidation provisions no longer required.

No provisions were held by the Company at the year end (2022: £nil).

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

27 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	2023 £000	2022 £000
At 1 October	(27,990)	(28,224)
Recognised in income statement		
Tax credit on continuing activities (see Note 11)	1,933	4,414
Exchange differences	1,951	(4,180)
At 30 September	(24,106)	(27,990)

The Company did not have a deferred tax balance at the year end (2022: £nil).

There was no deferred tax recognised in other comprehensive income.

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 £52,764,000 (2022: £44,576,000) in respect of losses amounting to £179,577,000 (2022: £146,241,000) and temporary differences of £25,149,000 (2022: £28,145,000), where there was insufficient evidence that the amounts will be recovered. Of the unused tax losses on which no deferred tax is recognised, £144,115,000 have no expiry date and £35,463,000 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 £168,235,000. 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 2023 £000	Liability 2023 £000	Net 2023 £000	(Charged)/ credited to profit or loss 2023 £000	(Charged)/ credited to equity 2023 £000
Accelerated capital allowances	-	(1,273)	(1,273)	115	-
Short term timing difference	-	(18,404)	(18,404)	3,768	-
Biological assets	-	(4,797)	(4,797)	(688)	-
Other temporary and deductible differences	288	-	288	(1,272)	-
Available losses	-	-	-	-	-
Fair value of share options	80	-	80	10	-
Net tax assets / (liabilities)	368	(24,474)	(24,106)	1,933	-

Group	Asset 2022 £000	Liability 2022 £000	Net 2022 £000	(Charged)/ credited to profit or loss 2022 £000	(Charged)/ credited to equity 2022 £000
Accelerated capital allowances	-	(1,317)	(1,317)	100	-
Short term timing difference	-	(24,194)	(24,194)	3,976	-
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	-
Net tax assets / (liabilities)	1,630	(29,620)	(27,990)	4,414	-

The Company did not have any deferred tax in the profit or loss or balance sheet at the year end (2022: £nil). The Company has not recognised deferred tax assets of £17,957,000 (2022: £16,520,000) in respect of losses amounting to £48,506,000 (2022: £39,010,108) and temporary differences of £22,060,000 (2022: £25,827,000) for which there is insufficient evidence that taxable profits will be available in the near term against which they can be utilised.

28 Share capital and additional paid-in capital

Allotted, called up and fully paid	Number	Share Capital £000	Additional paid- in share capital £000
Ordinary shares of 0.1 penny each			
Balance at 30 September 2021	670,374,484	670	400,682
Exercise of share options	184,694	-	73
Shares issued through placing and open offer	33,401,620	34	20,069
Balance at 30 September 2022	703,960,798	704	420,824
Exercise of share options	202,242	-	-
Shares issued through placing and open offer	35,189,350	35	10,839
Cancellation of part of the share premium account	-	-	(394,235)
Balance at 30 September 2023	739,352,390	739	37,428

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 202,242 ordinary shares of 0.1p each to certain employees of the Group relating to share options, all of which were exercised at a price of 0.1pence.

On 15 December 2022, the Company issued 35,189,350 new ordinary shares of 0.1 pence each by way of a placing and subscriptions at an issue price of 37.0 pence per share. Gross proceeds of £13.0m were received for the placing and subscription shares. Non-recurring costs of £2.1m were in relation to the share issue and this has been charged to the share premium account (presented within additional paid-in share capital).

The share premium account is used to record the aggregate amount of value of the premiums paid when the Company's shares are issued/redeemed at a premium. On 20 March 2023, part of the Company's share premium account was cancelled following the confirmation of the capital reduction by the High Court of England and Wales on 14 March 2023 and the subsequent registration of the court order with the Registrar of Companies. The capital reduction created additional distributable reserves to the value of £394,235,072.

During the year ended 30 September 2022, the Group issued a total of 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, 172,185 were exercised at a price of 42.5 pence.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

29 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium reserve	Amount subscribed for share capital in excess of nominal value.
Merger reserve	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.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into Sterling.
Hedging reserve	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.
Retained earnings	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 33 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.

30 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 2023	Benchmark Genetics Iceland HF £000	Benchmark Genetics Saltan AS £000	Total £000
NCI percentage	0%*	25%	
Non-current assets	-	35,672	
Current assets	-	22,198	
Non-current liabilities	-	(17,057)	
Current liabilities	-	(15,992)	
Net assets	-	24,821	
Net assets attributable to NCI	-	6,212	6,212
Revenue	9,314	21,070	
Profit	821	5,978	
OCI	(3,570)	(1,373)	
Total comprehensive income	(2,749)	4,605	
Profit allocated to NCI	86	1,496	1,582
OCI allocated to NCI	(374)	(343)	(717)
Cash flows from operating activities	3,541	6,202	
Cash flows used in investment activities	(21)	(2,024)	
Cash flows (used in)/from financing activities (dividends to NCI: £nil)	(123)	(545)	
Net increase in cash and cash equivalents	3,397	3,633	

* NCI percentage holding has changed, see Note 38 business combinations and transactions in subsidiary companies for further detail

Year ended 30 September 2022	Benchmark Genetics Iceland HF £000	Benchmark Genetics Salten AS £000	Total £000
NCI percentage	10%	25%	
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)	
Net assets	46,098	20,216	
Net assets attributable to NCI	4,826	5,060	9,886
Revenue	26,103	15,676	
Profit	7,522	3,390	
OCI	3,517	(8)	
Total comprehensive income	11,039	3,382	
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)	
Net increase in cash and cash equivalents	2,950	1,481	

31 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 £2,623,000 (2022: £2,361,000). Contributions totalling £1,298,000 (2022: £1,126,000) were payable to the fund at the balance sheet date and are included in other payables.

32 Capital commitments

At 30 September 2023, the Group and Company had capital commitments as follows:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Contracted for but not provided within these financial statements	362	1,476	-	-

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

33 Share-based payment

Share options

The Group operates equity-settled and cash-settled share-option schemes for certain employees. If the options remain unexercised after a period of seven years from the vesting date 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 2023:

Year	Number of Options					Option Price*	Exercise Period
	As at 1 October 2022	Granted in 2023	Exercised in 2023	Forfeited in 2023	As at 30 September 2023		
2013	42,000	–	(42,000)	–	–	0.10p	August 2016 to July 2023
2015	93,197	–	(34,314)	–	58,883	0.10p	March 2018 to February 2025
2015	44,073	–	(9,879)	–	34,194	0.10p	July 2018 to June 2025
2016	360,582	–	(59,619)	(10,500)	290,463	0.10p	March 2019 to February 2026
2017	115,172	–	(32,790)	–	82,382	0.10p	March 2020 to February 2027
2018	4,801,111	–	–	(466,278)	4,334,833	69.5p	January 2021 to January 2028
2019	5,494,400	–	–	(552,600)	4,941,800	58.5p	January 2022 to January 2029
2020	8,908,797	–	–	(647,914)	8,260,883	42.5p	February 2023 to February 2030
2020	2,100,000	–	–	–	2,100,000	31.5p	June 2023 to June 2030
2021	3,370,258	–	–	(149,503)	3,220,755	0.10p	January 2024 to January 2031
2021	205,899	–	–	–	205,899	0.10p	May 2024 to May 2031
2022	4,267,914	–	–	(400,770)	3,867,144	0.10p	December 2024 to December 2031
2023	–	4,368,781	–	(433,783)	3,934,998	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.

Year ended 30 September 2022:

Year	No. of options					Option Price*	Exercise Period
	As at 30 September 2021	Granted in 2022	Exercised in 2022	Forfeited in 2022	As at 30 September 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	6,167,383	–	–	(672,983)	5,494,400	58.5p	January 2022 to January 2029
2020	10,175,359	–	(172,185)	(1,094,377)	8,908,797	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 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 2023, 20,709,870 (2022: 11,267,925) were exercisable. In addition to all of the outstanding share options from 2013 to 2020, the balance of options exercisable also included nil options (2022: 246,555) from 2020, 356,439 options (2022: 63,772) from 2021, 201,994 options (2022: 7,063) from 2022, and 47,999 options (2022: nil) from 2023 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 2023 resulted in 136,602 shares being issued at a weighted average price of 0.1p. The related weighted average share price at the time of exercise was 38.6p per share. 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.

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 37.1p (2022: 51.0p). Other inputs used in the fair value measurement include:

Inputs	2023	2022
Expected share price volatility	n/a	39.61%
Risk-free rate	n/a	0.39%
Expected dividend yield	n/a	0.00%

The expected price volatility is based on the historic volatility (based on the remaining life of the options).

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	2023 £000	2022 £000
August 2013	0.1p	Zero	-	-
March 2015 and July 2015	0.1p	One years	-	-
March 2016	0.1p	Two years	-	-
March 2017	0.1p	Three years	-	-
January 2018	69.5p	Four years	-	-
January 2019	58.5p	Five years	-	101
February 2020	42.5p	Six years	162	330
June 2020	31.5p	Six years	30	57
January 2021	0.1p	Seven years	295	293
May 2021	0.1p	Seven years	9	16
December 2021	0.1p	Eight years	143	385
April 2023	0.1p	Nine years	366	-
Equity-settled schemes			1,005	1,182
Total share based payment charge			1,005	1,182

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 reflected in the Company's income statement was £437,000 (2022: £463,000), all charged to operating costs in both years.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

34 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 19), which are related parties, amounted to £5,747,000 in the year (2022: £5,120,000). These transactions related to inter-company recharges. Balances with subsidiary undertakings are shown in Notes 22 and 24. 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.

During the year, Group entities entered into the following trading transactions with related parties during the year that are not members of the Group:

	Transaction values for the year ended 30 September		Balance outstanding as at 30 September	
	2023 £000	2022 £000	2023 £000	2022 £000
Sales of goods and services				
Salmar Genetics AS ¹	40	93	-	26
Benchmark Genetics (Thailand) Limited ²	48	23	88	60
Great Salt Lake Brine Shrimp Cooperative, Inc ²	758	473	78	142
Purchases				
Great Salt Lake Brine Shrimp Cooperative, Inc ²	19,208	24,583	10,350	5,961
Baggfossen Mikrokraft AS ³	12	21	-	-
Marco Polo Events Ltd ⁴	11	8	-	-

1 Joint venture.

2 Associate.

3 Baggfossen Mikrokraft AS was an associate until the remainder of the shares were purchased in June.

4 A director is a director of Marco Polo Events Ltd.

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 2023 and 2022 the key management personnel of the Group were considered to be the Board of Directors and the Executive Management Team.

	2023 £000	2022 £000
Salary	1,959	1,799
Bonus	1,194	1,422
Social security	633	459
Taxable benefits	23	24
Pension	134	124
Fees	294	307
Share-based payment	562	404
Total	4,799	4,539

Parent and ultimate controlling party

The Company is controlled by the shareholders. There is no single controlling party.

35 Notes supporting statement of cash flows

Cash and cash equivalents for the purposes of the statement of cash flows comprises:

Group	2023 £000	2022 £000
Cash at bank and in hand	36,525	36,399
Cash and cash equivalents	36,525	36,399
Company		
Cash at bank and in hand	321	3,210
Cash and cash equivalents	321	3,210

36 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 items 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 items 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

	2023 £000	2022 Restated £000
Revenue	169,476	157,707
Cost of sales	(82,726)	(73,777)
Gross profit	86,750	83,930
Research and development costs	(6,069)	(6,634)
Other operating costs	(45,157)	(44,095)
Depreciation and impairment	(18,409)	(19,692)
Amortisation of capitalised development costs	(2,437)	(2,165)
Share of profit of equity accounted investees net of tax	(32)	(595)
Adjusted Operating Profit	14,646	10,749
Exceptional restructuring, acquisition and disposal related items	(3,904)	16
Amortisation and impairment of intangible assets excluding development costs	(16,058)	(16,996)
Operating loss	(5,316)	(6,231)

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2023

36 Alternative profit measures and other metrics continued

Reconciliation of adjusted profit before tax to adjusted operating profit

	2023 £000	2022 Restated £000
Loss before taxation	(12,694)	(21,383)
Exceptional including restructuring, acquisition and disposal related items	3,904	(16)
Amortisation and impairment of intangible assets excluding development costs	16,058	16,996
Adjusted (Loss)/Profit Before Tax	7,268	(4,403)

Other metrics

	2023 £000	2022 Restated £000
Total R&D Investment		
Research and development costs		
- Continuing operations	6,069	6,634
- Discontinued operations	59	57
Internal capitalised development costs (Note 16)	632	1,708
Total R&D investment	6,760	8,399

	2023 £000	2022 Restated £000
Adjusted EBITDA excluding fair value movement in biological assets		
Adjusted EBITDA	35,492	32,606
Fair value movement in biological assets	103	(1,595)
Adjusted EBITDA excluding fair value movement in biological assets	35,595	31,011

Liquidity

Following the refinancing in September 2023 a key financial covenant is a minimum liquidity of £10m as cash plus undrawn facilities.

	2023 £000	2022 Restated £000
Cash and cash equivalents	36,525	36,399
Undrawn bank facility	12,250	9,398
Liquidity	48,775	45,797

The undrawn bank facility relates to the RCF (Note 25). At 30 September 2023, £7,750,000 (2022: £4,000,000) of the RCF was drawn, leaving £12,250,000 (2022: £9,398,000) undrawn.

37 Net debt

Net debt is cash and cash equivalents less loans and borrowings.

	2023 £000	2022 Restated £000
Cash and cash equivalents	36,525	36,399
Loans and borrowings (excluding lease liabilities) – current	(8,478)	(5,569)
Loans and borrowings (excluding lease liabilities) – non-current	(73,661)	(78,280)
Net debt excluding lease liabilities	(45,614)	(47,450)
Lease liabilities – current	(11,567)	(11,522)
Lease liabilities – non-current	(8,293)	(14,765)
Net debt	(65,474)	(73,737)

38 Business combinations and transactions in subsidiary companies

In June, the Group acquired 66% of the issued share capital of Baggfossen Mikrokraft AS to bring the total owned to 100% for consideration of £48,000. The goodwill has been impaired in the period. The following table shows the consideration paid and the fair value of the assets acquired.

Business combinations

	Total £000
Consideration	
Cost of investment	48
<i>Satisfied by:</i>	
Cash	48
Total consideration	48
Fair value of assets acquired	
Fixed assets	307
Accounts Receivable	(13)
Other receivables	1
Financial instrument - interest rate swap	10
Accounts payable	(1)
Other current liabilities - advance from customers	(3)
Bank loan	(235)
Advance from Salten Stamfisk	(10)
Advance from BG Salten	(12)
Total identifiable net assets	44
Goodwill	4

On 15 February 2023, the Group purchased the minority interest's shareholding of 14,981,272 shares in Benchmark Genetics Iceland HF for €9,000,000 (£8,009,000). Following this acquisition, Benchmark Genetics Limited, a subsidiary of Benchmark Holdings PLC, now owns 100% of the share capital of Benchmark Genetics Iceland HF.

On 6 February 2023, the Group exercised the put/call option in place to purchase the final 20% of Benchmark Genetics USA Inc for 1 NOK.

On 11 May 2023, the Group received £1,250,000 as the final part of the deferred consideration for Improve International Limited and its subsidiaries which was sold in June 2020.

Glossary

for the year ended 30 September 2023

Adjusted EBITDA	EBITDA before exceptional and acquisition costs (see income statement)
Adjusted Operating Profit	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)
AEBITDA	EBITDA before exceptional and acquisition-related items (see income statement)
AER	Actual exchange rate
AGM	Annual General Meeting
AIM	Alternative Investment Market
APHIS	Animal and Plant Health Inspection Service
ASC	Aquaculture Stewardship Council
Breeders	Broodstock shrimp
CAGR	Compound Annual Growth Rate - the average annual growth rate over a period assuming that growth is compounded
CCS	Cross-currency swap
CEO	Chief Executive Officer
CER	Constant exchange rate
CFO	Chief Financial Officer
CGU	Cash-Generating Unit
CleanTreat®	Benchmark's water purification system that removes medicines from treatment water
CO₂	Carbon Dioxide
Constant currency	2023 figures in GBP converted using average foreign exchange rates prevalent in 2022
EBITDA	Earnings before interest, tax, depreciation, and amortisation (see income statement)
Ectosan®Vet	Sea Lice veterinary medicinal treatment used together with CleanTreat®
ESG	Environmental, Social, Governance
FAO	Food and Agriculture Organisation
FAWC	Farm Animal Welfare Committee
FRN	Floating rate NOK Bond
GHG	Greenhouse Gas Emissions
GRI	Global Reporting Initiative. Organisation producing reporting standards.
GSI	Global Salmon Initiative
IAS	International Accounting Standards
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
Investing Activities	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
IP	Intellectual Property
IRS	Interest rate swap
ISO	International Organisation for Standardisation
LIBOR	London Interbank Offered Rate
Liquidity	Undrawn bank facilities plus cash and cash equivalents

Glossary continued

LTIP	Long-Term Incentive Plan
MWh	MegaWatt hours. Unit of measure for energy.
Net debt	Net debt is cash and cash equivalents less loans and borrowings
Net zero	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
NIBOR	Norwegian Interbank Offered Rate
R&D	Research & Development
Salmosan®Vet	Benchmark's sea lice bath treatment
SASB	Sustainability Accounting Standards Board
Sea lice	Parasite in salmon farming causing significant economic loss and welfare issues
SECR	Streamlined Energy of Carbon Reporting. The requirement to report carbon emissions annually
SONIA	Sterling Overnight Index Average Rate
SPR	Specific Pathogen Resistant
SSP	Sustainable Shrimp Partnership
tCO₂e	Tonnes of CO ₂ equivalent. Unit of measure for reporting all greenhouse gas emissions in a common way
TCFD	Task Force on Climate-Related Financial Disclosures, common global framework for companies to report how climate change will affect their business
Total Adjusted EBITDA	Adjusted EBITDA for continuing and discontinued operations (see income statement)
USDA	U.S. Department of Agriculture
WRI	World Resources Institute

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