



Benchmark<sup>®</sup>

# Driving Sustainability in Aquaculture

Q1 FY24 Presentation

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15 February 2024

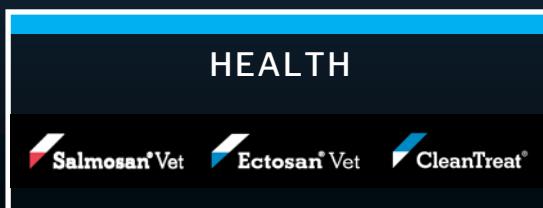
# Agenda

1. Highlights
2. Operational Update
3. Financial Update
4. Outlook
5. Q&A

# Q1 FY24

Decisive actions aligned to medium term goals, continuing journey to realise the potential from Benchmark's unique positioning

## Market leading positions



## Specialised – mission critical solutions



Farming efficiency



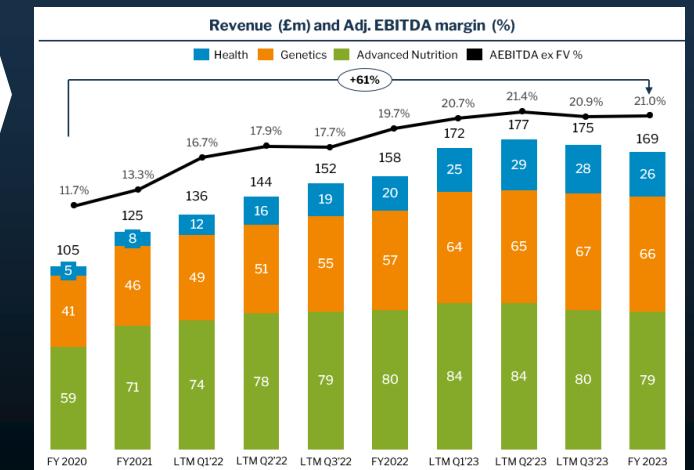
Animal growth



Animal health & welfare

## Track record

>16% CAGR Revenue  
Adj. EBITDA margin ex FV mov up 79%



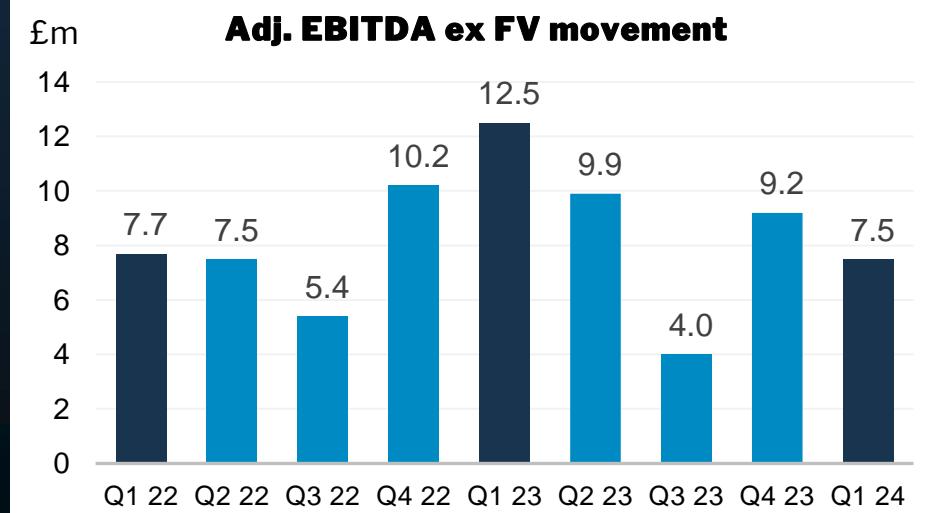
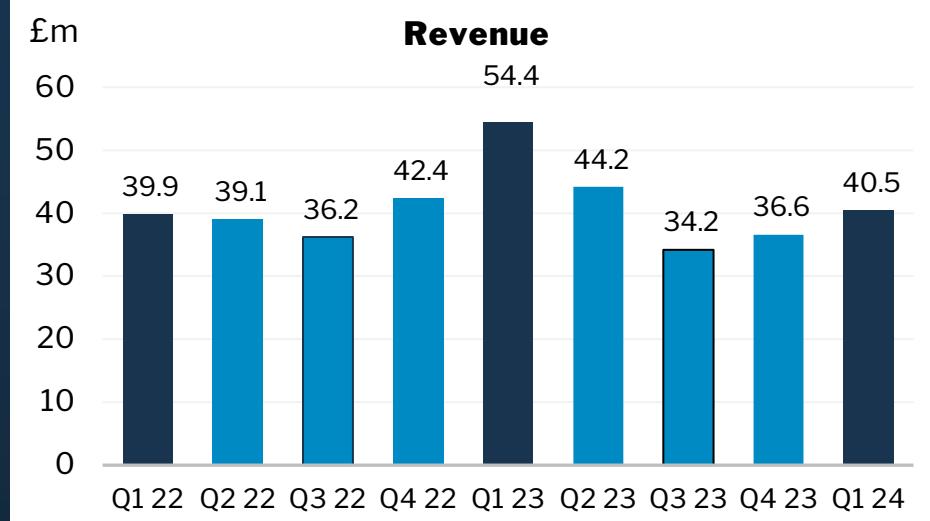
# Q1 Highlights

**Good performance in Genetics and Advanced Nutrition in line with management's expectations**

## Actions to transition to new business model in Health

- Group revenues 26% below a strong Q1 FY23 (-19% CER<sup>2</sup>) but 11% ahead of Q4 FY23 maintaining quarterly momentum
  - Solid performance in Genetics with revenues of £15.2m against a strong Q1 FY23
  - Strong performance in Advanced Nutrition in soft market conditions. Revenues 15% below Q1 FY23 at £19.3m but 13% ahead of Q4 FY23
  - Health revenues of £6.1m below previously anticipated due to biological challenges faced by certain customers in December
- Adj. EBITDA<sup>1</sup> excl. FV movements from biological assets was £7.5m (Q1 FY23: 12.5m) driven by lower revenues partially offset by lower operating costs
- Adj. EBITDA<sup>1</sup> margin excl. FV movements from biological assets of 18% (19% CER) (Q1 FY23: 23%)
  - Higher margins in Genetics and Advanced Nutrition against Q1 FY23
- Cash of £24.2m and liquidity of £36.4m
- Net debt excluding lease liabilities of £57.5m (30 September 2023: £45.6m)

(1) Adj. EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure ((2) Constant exchange rate (CER) figures derived by retranslating current year figures using previous year's foreign exchange rates





# Operational Update

# Genetics

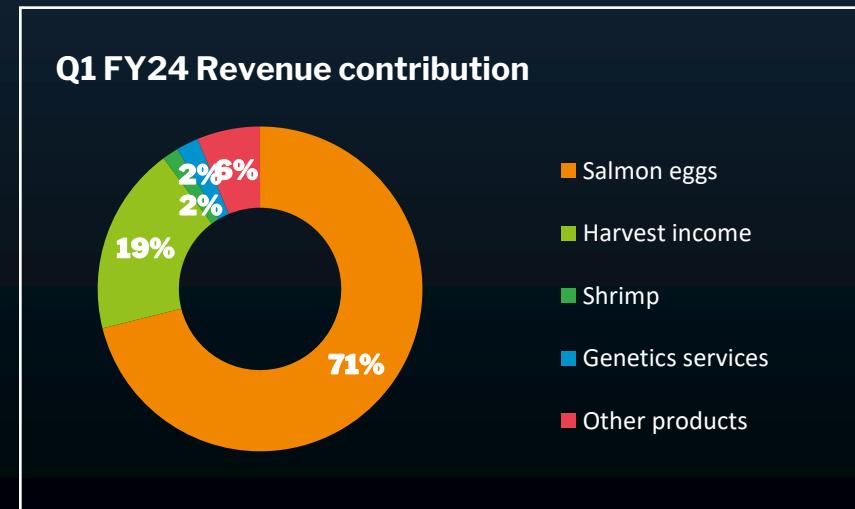


## Solid performance in the core salmon business and progress in growth vectors

- Revenues driven by normalised salmon egg volumes against Q1 FY23 which benefitted from supply constraints in the market
- Progress on innovation initiatives including sterility and gene editing projects
- Launch of new specialised premium salmon genetics products based on innovation of existing technologies to optimise genetics design
- Increased commercial traction in Chile with new customer wins and repeat orders resulting in higher revenues and progress towards profitability
- Shrimp activities successfully integrated across Genetics and Advanced Nutrition realising synergies and reducing costs
- Adj. EBITDA margin excl. FV movements increased to 22% (Q1 FY23: 19%)
  - Lower sales offset by improvement in growth vectors
- No impact on ability to meet demand for salmon eggs following isolated incident of ISA virus at Salten facility in January

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(£m)	Q1 24	Q1 23	AER%	CER <sup>2</sup> %	Q4 23
Revenue	15.2	21.4	-29%	-23%	16.9
Gross Margin ex FV mov	42%	37%			65%
Adj. EBITDA <sup>1</sup>	2.5	2.9	-15%	-5%	5.4
Adj. EBITDA <sup>1</sup> ex FV mov	3.3	4.1	-19%	-9%	7.2
Adj. EBITDA <sup>1</sup> ex FV margin	22%	19%			43%





## Progress in growth vectors towards profitability

(£m)	Core Salmon Including harvest income		Chile		Shrimp		Genetic Services		Total	
	Q1 24	Q1 23	Q1 24	Q1 23	Q1 24	Q1 23	Q1 24	Q1 23	Q1 24	Q1 23
<b>Revenue</b>	<b>13.7</b>	<b>20.8</b>	<b>0.9</b>	<b>0.0</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>15.2</b>	<b>21.4</b>
Gross profit	5.4	7.9	0.1	(0.1)	(0.3)	(0.6)	0.4	0.3	5.6	6.7
<b>Adj. EBITDA ex FV</b>	<b>3.9</b>	<b>5.8</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(0.5)</b>	<b>(0.9)</b>	<b>0.2</b>	<b>0.3</b>	<b>3.3</b>	<b>4.1</b>
<i>Adj. EBITDA ex FV %</i>	28%	28%	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	50%	100%	22%	19%
<b>Adj. EBITDA</b>	<b>3.1</b>	<b>4.6</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(0.5)</b>	<b>(0.9)</b>	<b>0.2</b>	<b>0.3</b>	<b>2.5</b>	<b>2.9</b>
<i>Adj. EBITDA %</i>	23%	23%	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	54%	92%	16%	14%
<b>Adj. Op. Profit ex FV</b>	<b>2.8</b>	<b>4.7</b>	<b>(0.4)</b>	<b>(1.4)</b>	<b>(0.6)</b>	<b>(1.0)</b>	<b>0.2</b>	<b>0.3</b>	<b>2.0</b>	<b>2.6</b>



# Advanced Nutrition

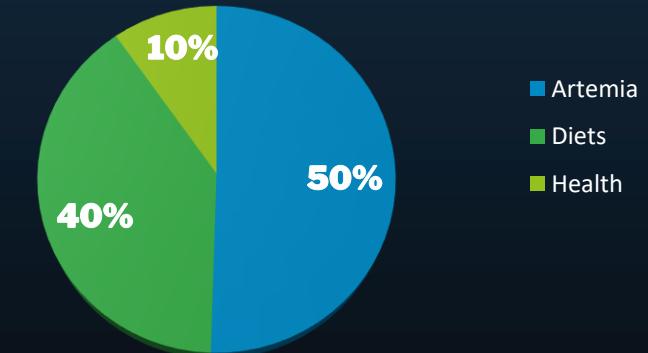
## Strong performance and well positioned for market recovery

- Good performance against continuing soft market conditions
  - Revenues 13% above Q4 FY23; 15% below Q1 FY23 (-7% CER)
- Strong performance in Europe from marine fish offset by soft shrimp markets particularly in Asia
- Successful commercialisation of SnappArt® post launch demonstrating the Company's successful innovation and commercial capability
  - Initial supply sold-out
- Strong focus on profitability
  - Adjusted EBITDA<sup>1</sup> margin of 24% (Q1 FY23: 23%)
  - Actions to improve operational efficiency, including equipment improvements
- Well positioned for market recovery through commercial focus and ongoing innovation

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(£m)	Q1 24	Q1 23	AER%	CER <sup>3</sup> %	Q4 23
Revenue	<b>19.3</b>	22.7	-15%	-7%	17.1
Gross Margin	<b>53%</b>	50%			59%
Adj. EBITDA <sup>1</sup>	<b>4.6</b>	5.3	-13%	-8%	3.5
Adj. EBITDA margin	<b>24%</b>	23%			20%
Adj. Operating Profit <sup>2</sup>	<b>4.0</b>	4.7	-17%	-11%	2.9

### Q1 FY24 Revenue contribution





# Health

## Ectosan® Vet and CleanTreat® impacted by biological challenges at certain customers

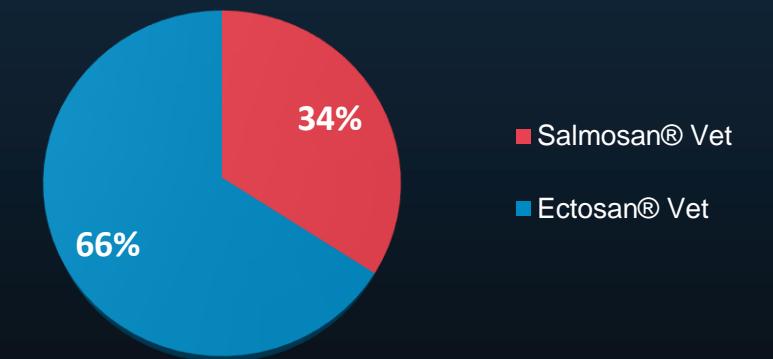
### Significant steps to transition to new business model

- Revenues 42% below the prior year (-39% CER) but ahead of Q4 FY23
  - Lower Ectosan® Vet and CleanTreat® sales than anticipated
  - Shift in Salmosan® Vet sales to countries with lower pricing in the period
- Adj. EBITDA<sup>1</sup> of £0.6m driven by low utilisation of the CleanTreat® vessels
- Significant actions to transition Ectosan® Vet and CleanTreat® to new, less capital intensive business model
  - Progress in development of medium term wellboat solution
  - Decision to demobilise one CleanTreat® vessel and streamline the organisation, prioritising cost and cash during the transition period
  - Exploring a barge configuration to offer customers continuity through a low-cost alternative until the wellboat solution is in place
- Sea lice remains the largest sustainability issue for the industry
  - Customer feedback confirms Ectosan® Vet and CleanTreat® value proposition underpinned by very high efficacy and fish welfare

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(£m)	Q1 24	Q1 23	AER%	CER <sup>3</sup> %	Q4 23
Revenue	<b>6.1</b>	10.4	-42%	-39%	2.6
Gross Margin	<b>42%</b>	61%			23%
Adj. EBITDA <sup>1</sup>	<b>0.6</b>	4.1	-86%	-84%	(0.9)
Adj. EBITDA margin	<b>9%</b>	39%			(32%)
Adj. Operating Profit <sup>2</sup> /(loss)	<b>(4.3)</b>	0.9	n.m.	n.m.	(4.3)

### Q1 FY24 Revenue contribution





# Financial Update

# Income statement highlights

£m	Q1 24	Q1 23	% AER	% CER <sup>3</sup>	Q4 23	FY23
Revenue	40.5	54.4	-26%	-19%	36.6	169.5
Gross profit	18.4	24.4	-25%	-20%	19.9	86.8
R&D	(1.5)	(1.6)	2%	-2%	(1.6)	(6.1)
Other operating costs	(10.5)	(11.6)	9%	6%	(10.9)	(45.2)
Adjusted EBITDA <sup>1</sup>	6.7	11.3	-41%	-35%	7.4	35.5
Adj. EBITDA ex FV movement	7.5	12.5	-40%	-34%	9.2	35.6
Adj. EBITDA margin ex FV mov.	18%	23%			25%	21%
Adjusted Operating Profit/(loss) <sup>2</sup>	(0.2)	6.2	-103%	-94%	2.1	14.6
Adj. Operating Profit <sup>2</sup> ex FV mov.	0.6	7.3	-92%	-83%	3.9	14.7
Exceptional costs	(0.5)	(1.0)	47%	36%	(0.7)	(3.9)
Net finance costs	(2.8)	0.2	n.m.		(5.0)	(7.4)
Profit/(loss) before tax	(7.2)	0.6	n.m.	n.m.	(7.3)	(12.7)
Loss for the period	(7.6)	(0.2)	n.m.	n.m.	(9.2)	(16.1)

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 (2) Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs  
 (3) Constant exchange rate (CER) figures derived by retranslating current year figures using previous year's foreign exchange rates

- Lower revenues against a strong Q1 FY23 comparative. Quarterly momentum maintained
  - Good performance in Genetics and Advanced Nutrition offset by Health
- Gross margin maintained at 45%
  - Margin improvement in Advanced Nutrition and Genetics
  - Excluding Health gross margin of 46%
- Continued discipline against an inflationary background translating into lower R&D and operating costs
- Strong focus on profitability
  - Adj. EBITDA margin improved in Genetics and Advanced Nutrition
  - Excluding Health, Group Adj. EBITDA margin ex FV movements increased to 20% (Q1 FY23: 19%)
- Adj. Operating profit excluding FV movements of £0.6m (Q1 FY23: £7.3m)
  - lower Group revenues and higher depreciation charge due to demobilisation of CleanTreat® vessel
- Normalised finance costs
  - Debt and lease interest: £2.4m
  - £0.4m forex losses
  - Increased charge from last year due to increased interest cost of £0.3m and a derivative fair value movement of £2.5m in Q1 23

# Cashflow, net debt and liquidity

£m	
<b>Net debt<sup>1</sup> at 30 September 2023</b>	<b>(65.5)</b>
Cash generated from operations	(4.4)
Capital expenditure	(1.1)
Foreign exchange on cash and debt	0.1
Interest and tax (inc. lease interest)	(3.2)
Lease additions and modifications	(0.3)
Other	(0.2)
<b>Net debt<sup>1</sup> at 31 December 2023</b>	<b>(74.6)</b>

- Net cash outflow from operating activities of £4.4m (Q1 FY23: 9.6m inflow) due to lower sales and higher working capital
- Increase in net working capital of £10.8m (Q1 FY23: £0.8m)
  - Benefits from supply issues led to higher reduction in receivables and biological assets in Q1 FY23 than in Q1 FY24
  - Larger reduction in payables in Q1 FY24 from:
    - higher contractual Artemia payments totalling \$12.4m (Q1 FY23: \$5.8m), higher harvest production costs accrued at September 2023, higher payables for Oslo listing at Q1 FY23
- Net cash used in investing activities £0.8m (Q1 FY23: £2.2m) of which capex was £1.0m (Q1 FY23: £1.9m)
- Interest and tax:
  - net cash interest cost of £2.0m
  - cash tax of £1.2m
- Cash of £24.2m and liquidity of £36.4m (cash and available facility) as at 31 December 2023
- Cash of £21.2m and liquidity of £33.4m (cash and available facility) as at 13 February 2024



# Outlook

# Outlook FY24

Trading in line with management expectations



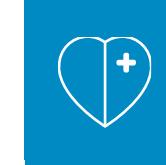
## Genetics

- Good visibility of revenues
- No impact on delivery capabilities from ISA incident



## Advanced Nutrition

- Continuing positive performance despite softness in the market
- Strongly positioned for market recovery



## Health

- Actions to manage costs and cash through transition to less capital intensive business model



# Thank you Q&A

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