

30 November 2022

Benchmark Holdings plc
(“Benchmark”, the “Company” or the “Group”)
Q4 Results
(3 months ended 30 September 2022)

Strong end to FY22 continuing track record of consistent delivery

In compliance with the terms of the Company’s unsecured green bond which requires it to publish quarterly financial information, Benchmark, the aquaculture biotechnology business, announces its unaudited results for the 3 months ended 30 September 2022 (the “period”). All Q4FY22 and Q4FY21 figures quoted in this announcement are based on unaudited accounts.

This morning the Company published its full year audited results for the 12 months ended 30 September 2022 which can be found on <https://www.benchmarkplc.com/investors>

Highlights – strong end to the year

- Revenues £42.8m, 15% ahead of the prior year (+6% CER) with growth across all business areas:
 - Genetics – revenues 15% above Q4 2021 (+11% CER) driven by higher sales of salmon eggs
 - Advanced Nutrition – revenues 10% above the prior year (-6% CER) driven by commercial focus and continued innovation
 - Health – revenues +31% above Q4 2021 (+31% CER) driven by increased sales of Ectosan® Vet and CleanTreat®
- Adjusted EBITDA of £8.8m, 23% ahead of last year driven by higher sales, operational efficiencies and continued financial discipline
- Adjusted EBITDA excluding fair value movements from biological assets 57% ahead
- Refinancing of NOK850m secured bond through the issue of a NOK750m unsecured green bond
- Post period end, refinancing of \$15m RCF with a £20m RCF expiring in June 2025
- Cash of £35.1m and Liquidity of c £51.1m (cash and available facility) as at 29th November 2022

£m	Q4 FY22	Q4 FY21	% AER	% CER**	FY22 (full year)	FY21
Revenue	42.8	37.3	15%	6%	158.3	125.1
Adjusted						
Adjusted EBITDA ¹	8.8	7.1	23%	15%	31.2	19.4
Adj. EBITDA excluding biological asset movements	9.6	6.1	57%	48%	29.6	16.1
Adjusted Operating Profit ²	3.5	3.5	0%	-9%	9.1	10.8
Statutory						
Operating (loss)/profit	(1.7)	0.5	-460%	-524%	(7.9)	(5.4)
Loss before tax	(6.8)	(3.2)	-109%	-127%	(23.2)	(9.2)
Loss for the Period	(8.9)	(5.7)	-56%	-58%	(30.5)	(11.6)
Basic loss per share (p)	(1.36)	(0.91)			(4.60)	(1.93)
Net debt ³	(73.7)	(80.9)			(73.7)	(80.9)

Net debt excluding lease liabilities	(47.5)	(56.9)			(47.5)	(56.9)
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** Constant exchange rate (CER) figures derived by retranslating current year figures using previous year's foreign exchange rates

(1) Adjusted EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure.

(2) Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs

(3) Net debt is cash and cash equivalents less loans and borrowings

Business Area Summary

£m	Q4 FY22	Q4 FY21	% AER	% CER**	FY22 (full year)	FY21
Revenue						
Advanced Nutrition	18.9	17.1	10%	-6%	80.3	70.5
Genetics	18.3	15.9	15%	11%	58.0	46.8
Health	5.6	4.3	31%	31%	20.1	7.8
Adjusted EBITDA¹						
Advanced Nutrition	4.7	3.6	29%	8%	19.0	13.8
Genetics	5.5	3.3	65%	72%	16.0	11.5
- Net of fair value movements in biological assets	6.3	2.3	173%	183%	14.4	8.2
Health	0.6	1.1	-43%	-45%	0.1	(2.7)

** Constant exchange rate (CER) figures derived by retranslating current year figures using previous year's foreign exchange rates

(1) Adjusted EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure.

Operational highlights

- Opening of new salmon egg incubation centre in Iceland
- Salmon egg capacity in Norway and Iceland sold out
- Progress in commercialisation of SPR shrimp – client wins in Indonesia and Vietnam
- Continued positive commercial momentum in Advanced Nutrition and focus on operational optimisation
- Increased customer use and adoption of Ectosan® Vet and CleanTreat®

Current trading and outlook – good momentum in line with our expectations

- Good start to the year and positive momentum in the business
- Diversified business and proactive commercial approach create resilience to ongoing macroeconomic pressures
- Recently announced change in tax regime for aquaculture producers in Norway expected to have a marginal direct effect
- Continue to progress towards a dual listing on Euronext Growth Oslo with intention to uplist to the Oslo Børs in H1 2023

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About Benchmark

Benchmark is a market leading aquaculture biotechnology company. Benchmark's mission is to drive sustainability in aquaculture by delivering products and solutions in genetics, advanced nutrition and health which improve yield, growth and animal health and welfare.

Through a global footprint in 26 countries and a broad portfolio of products and solutions, Benchmark addresses many of the major aquaculture species – salmon, shrimp, sea bass and sea bream, and tilapia, in all the major aquaculture regions around the world. Find out more at www.benchmarkplc.com

Management Report

The Group reported a strong Q4, continuing the good performance delivered throughout the year. Group revenues at £42.8m were 15% ahead of the prior year (+6% CER) reflecting good trading across all business areas despite the ongoing macroeconomic challenges and price pressure in some of our end markets. Our three business areas delivered revenue growth, with Advanced Nutrition growing by 10%, Genetics by 15% and Health by 31%. Advanced Nutrition continued to capitalise on its renewed commercial focus, Genetics benefitted from peak demand for its specialist salmon eggs and in Health our growth reflects the increased customer uptake of our sea lice solution Ectosan® Vet and CleanTreat®.

Operating costs in Q4 2022 were 30% higher at £13.3m (Q4 2021: £10.2m) driven by higher activity levels and a strong dollar in the quarter. The increase was 21% at constant exchange rates. R&D expenses were £2.0m, 10% up driven by small increases in Health and Genetics with R&D spend in Advanced Nutrition remaining flat against the prior year.

Adjusted EBITDA from continuing operations for the quarter was £8.8m, 23% ahead of the prior year (Q4FY21: £7.1m) reflecting increased sales, operational leverage and financial discipline. Excluding fair value movements from biological assets, Adjusted EBITDA was £9.6m, 57% ahead of the prior year.

As noted in our full year announcement released today, our net result was impacted by an increased depreciation charge associated with the leases on the vessels for our CleanTreat® operation, and higher finance costs due to a higher interest charge and costs associated with movements of hedging instruments as well as costs associated with the refinancing of our NOK bond.

Advanced Nutrition

Revenues from Advanced Nutrition were £18.9m, up 10% (-6% CER). By product area Artemia sales were up 5%, Diets up 20% and sales from Health products increased by 25% compared to the same period last year. The gross profit margin grew slightly from 60% to 61%.

Operating costs and R&D totalled £6.8m, up 10% compared to the prior year. Continued cost discipline and operational improvements resulted in an increase in Adjusted EBITDA of 29% (+8% CER) to £4.7m. As a result, the Adjusted EBITDA margin reached 25% (Q4FY21:21%).

Genetics

Genetics performed well in the period with revenues of £18.3m, 15% above the prior year (Q4 2021: £15.9m) driven by higher sales of salmon eggs resulting in all of our capacity in our Norway and Iceland facilities being sold out. Harvest revenues were also higher, and we benefitted from first commercial revenues of our SPR shrimp compared to last year. The gross profit margin was 55% (Q4FY21: 42%)

Adjusted EBITDA of £5.5m in the period was 65% higher than the prior year (Q4 2021: £3.3m) primarily from higher sales together with cost discipline resulting in operational leverage. Excluding the fair value movements from biological assets Adjusted EBITDA was £6.3m, 173% ahead of the prior year (Q4 FY21: £2.3m). As a result, the Adjusted EBITDA margin excluding biological asset movements was 35% (Q4 FY21: 15%).

By species, salmon delivered an excellent performance benefitting from peak demand for our biosecure, specialist eggs available year round and capacity and quality enhancements from our new incubation centre in Iceland. In shrimp, we continued to progress in our commercialisation of our recently launched SPR shrimps with client wins in Indonesia and Vietnam. We continue to work on developing our product range to the specific needs of the key shrimp markets.

Health

Health delivered a good performance in Q4, reflecting increased use and adoption of our sea lice solution Ectosan Vet and CleanTreat. Revenues in the quarter were £5.6m, up 30% reflecting progress in use and adoption of our solution. Adjusted EBITDA in the period was £0.6m (Q4FY21: £1.1m). This reflects the costs associated with having two CleanTreat® units in operation against one in the same period last year. Operating costs and R&D were £1.9m in the period (Q4 FY21: £1.5m). Costs associated with the leases of the vessels for the CleanTreat units amounted to £1.8m.

Finance costs, cashflow and net debt

During the quarter, the existing NOK 850m was refinanced through the issue of an unsecured NOK 750m green bond with a maturity date in September 2025 and is to be listed on the Oslo Stock Exchange. The company also extended and increased its RCF facility from \$15m to £20m with maturity in June 2025.

Net finance cost for the quarter of £5.1m was higher than the prior year (Q4 2021: £3.7m). Movements in the quarter in the fair value of our financial instruments taken out to hedge our external borrowings caused a charge of £5.3m, (Q4 2021: charge of £0.4m). Interest charges for the period of £5.3m (Q4 2021: £1.9m) included one-off early bond settlement fees of £1.6m and accelerated amortisation of previously deferred borrowing fees of £0.9m following the refinancing of the old bond. These charges were offset in the quarter by foreign exchange gains of £5.6m (Q4 2021: loss £1.2m) due to movements in exchange rates towards the end of the year.

Positive operating cashflows from strong trading in the quarter, together with repayment of some of the borrowings in the refinancing exercise, left net debt at the quarter end at £73.7m (30 June 2022: £89.1m; 30 Sept 2021: £80.9m). Net debt excluding lease liabilities was £47.5m (30 June 2022: £59.3m; 30 Sept 2021: £56.9m).

Outlook

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

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

Benchmark Holdings plc

Consolidated Income Statement for the period ended 30 September 2022

All figures in £000's	Notes	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Revenue	4	42,758	37,261	158,277	125,062
Cost of sales		(18,625)	(17,831)	(75,149)	(59,477)
Gross profit		24,133	19,430	83,128	65,585
Research and development costs		(2,028)	(1,838)	(6,691)	(7,010)
Other operating costs		(13,290)	(10,195)	(44,661)	(38,221)
Share of loss of equity-accounted investees, net of tax		(57)	(299)	(595)	(905)
Adjusted EBITDA²		8,758	7,098	31,181	19,449
Exceptional - restructuring, disposal and acquisition related items	5	(423)	871	16	(184)
EBITDA¹		8,335	7,969	31,197	19,265
Depreciation and impairment		(4,639)	(3,309)	(19,897)	(8,359)
Amortisation and impairment		(5,440)	(4,174)	(19,161)	(16,283)
Operating (loss)/profit		(1,744)	486	(7,861)	(5,377)
Finance cost		(11,547)	(3,771)	(20,057)	(7,987)
Finance income		6,496	40	4,741	4,185
Loss before taxation		(6,795)	(3,245)	(23,177)	(9,179)
Tax on loss	6	(2,074)	(2,455)	(7,274)	(2,397)
Loss for the period		(8,869)	(5,700)	(30,451)	(11,576)
Loss for the period attributable to:					
- Owners of the parent		(9,561)	(6,101)	(32,087)	(12,891)
- Non-controlling interest		692	401	1,636	1,315
		(8,869)	(5,700)	(30,451)	(11,576)
Earnings per share					
Basic loss per share (pence)	7	(1.36)	(0.91)	(4.60)	(1.93)
Diluted loss per share (pence)	7	(1.36)	(0.91)	(4.60)	(1.93)

1 EBITDA – Earnings before interest, tax, depreciation, amortisation, and impairment

2 Adjusted EBITDA – EBITDA before exceptional items including acquisition related items

Benchmark Holdings plc**Consolidated Statement of Comprehensive Income for the period ended 30 September 2022**

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Loss for the period	(8,869)	(5,700)	(30,451)	(11,576)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign exchange translation differences	23,225	4,113	47,606	(9,929)
Cash flow hedges - changes in fair value	2,047	760	2,627	3,054
Cash flow hedges - reclassified to profit or loss	2,387	164	2,546	709
Total comprehensive income for the period	18,790	(663)	22,328	(17,742)
Total comprehensive income for the period attributable to:				
- Owners of the parent	18,109	(1,026)	20,326	(19,329)
- Non-controlling interest	681	363	2,002	1,587
	18,790	(663)	22,328	(17,742)

The accompanying notes are an integral part of this consolidated financial information.

Benchmark Holdings plc

Consolidated Balance Sheet as at 30 September 2022

All figures in £000's	Notes	30 September 2022 (audited)	30 September 2021 (audited)
Assets			
Property, plant and equipment		81,900	78,780
Right-of-use assets		27,034	25,531
Intangible assets		245,264	229,040
Equity-accounted investees		3,113	3,354
Other investments		15	15
Biological and agricultural assets		20,878	21,244
Non-current assets		378,204	357,964
Inventories		29,813	20,947
Biological and agricultural assets		25,780	17,121
Trade and other receivables		56,377	46,498
Cash and cash equivalents		36,399	39,460
Current assets		148,369	124,026
Total assets		526,573	481,990
Liabilities			
Trade and other payables		(44,324)	(46,668)
Loans and borrowings	8	(17,091)	(10,654)
Corporation tax liability		(10,211)	(5,634)
Provisions		(1,631)	(563)
Current liabilities		(73,257)	(63,519)
Loans and borrowings	8	(93,045)	(109,737)
Other payables		(8,996)	(911)
Deferred tax		(27,990)	(28,224)
Non-current liabilities		(130,031)	(138,872)
Total liabilities		(203,288)	(202,391)
Net assets		323,285	279,599
Issued capital and reserves attributable to owners of the parent			
Share capital	9	704	670
Additional paid-in share capital	9	420,824	400,682
Capital redemption reserve		5	5
Retained earnings		(185,136)	(154,231)
Hedging reserve		(703)	(5,876)
Foreign exchange reserve		77,705	30,465
Equity attributable to owners of the parent		313,399	271,715
Non-controlling interest		9,886	7,884
Total equity and reserves		323,285	279,599

The accompanying notes are an integral part of this consolidated financial information.

Benchmark Holdings plc

Consolidated Statement of Changes in Equity for the period ended 30 September 2022

	Share capital £000	Additional paid-in share capital* £000	Other reserves £000	Hedging reserve £000	Retained earnings £000	Total attributable to equity holders of parent £000	Non-controlling interest £000	Total equity £000
As at 1 October 2021 (audited)	670	400,682	30,470	(5,876)	(154,231)	271,715	7,884	279,599
Comprehensive income for the period								
(Loss) for the period	-	-	-	-	(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 period	-	-	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								
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 (audited)	704	420,824	77,710	(703)	(185,136)	313,399	9,886	323,285
As at 1 October 2020 (audited)	668	399,601	40,683	(9,651)	(142,170)	289,131	6,309	295,440
Comprehensive income for the period								
(Loss) for the period	-	-	-	-	(12,891)	(12,891)	1,315	(11,576)
Other comprehensive income	-	-	(10,213)	3,775	-	(6,438)	272	(6,166)
Total comprehensive income for the period	-	-	(10,213)	3,775	(12,891)	(19,329)	1,587	(17,742)
Contributions by and distributions to owners								
Share issue	2	1,081	-	-	-	1,083	-	1,083
Share issue costs recognised through equity	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	830	830	-	830
Total contributions by and distributions to owners	2	1,081	-	-	830	1,913	-	1,913
Changes in ownership								
Acquisition of NCI	-	-	-	-	-	-	(12)	(12)
Total changes in ownership interests	-	-	-	-	-	-	(12)	(12)
Total transactions with owners of the Company	2	1,081	-	-	830	1,913	(12)	1,901
As at 30 September 2021 (audited)	670	400,682	30,470	(5,876)	(154,231)	271,715	7,884	279,599

*Other reserves in this statement is an aggregation of capital redemption reserve and foreign exchange reserve.

Benchmark Holdings plc

Consolidated Statement of Cash Flows for the period ended 30 September 2022

	FY 2022 (audited) £000	FY 2021 (audited) £000
Cash flows from operating activities		
Loss for the period	(30,451)	(11,576)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	8,602	5,017
Depreciation and impairment of right-of-use assets	11,295	3,342
Amortisation and impairment of intangible fixed assets	19,161	16,283
Loss on sale of property, plant and equipment	(43)	46
Finance income	(319)	(1,442)
Finance costs	18,437	7,987
Increase in fair value of contingent consideration receivable	(1,203)	-
Share of loss of equity-accounted investees, net of tax	595	905
Foreign exchange losses	(3,985)	(1,800)
Share-based payment expense	1,182	830
Other adjustments for non-cash items	(276)	-
Tax credit	7,274	2,397
Increase in trade and other receivables	(8,511)	(8,178)
Increase in inventories	(5,406)	(3,554)
Increase in biological and agricultural assets	(6,099)	(5,427)
Increase in trade and other payables	6,946	5,547
Increase in provisions	1,058	-
	18,257	10,377
Income taxes paid	(7,447)	(4,587)
Net cash flows generated from operating activities	10,810	5,790
Investing activities		
Purchase of investments	(378)	(578)
Receipts from disposal of investments	1,544	9
Purchases of property, plant and equipment	(10,808)	(17,683)
Purchase of intangibles	(205)	(5,038)
Capitalised research and development costs	(1,708)	-
Proceeds from sale of fixed assets	220	112
Interest received	119	88
Net cash flows used in investing activities	(11,216)	(23,090)
Financing activities		
Proceeds of share issues	20,737	750
Share-issue costs recognised through equity	(562)	-
Acquisition of NCI	-	(12)
Proceeds from bank or other borrowings	67,939	-
Repayment of bank or other borrowings	(74,874)	(3,106)
Interest and finance charges paid	(9,629)	(7,699)
Repayments of lease liabilities	(10,533)	(4,602)
Net cash outflow from financing activities	(6,922)	(14,669)
Net decrease in cash and cash equivalents	(7,328)	(31,969)
Cash and cash equivalents at beginning of period	39,460	71,605
Effect of movements in exchange rate	4,267	(176)
Cash and cash equivalents at end of period	36,399	39,460

1. Basis of preparation

Benchmark Holdings plc (the 'Company') is a company incorporated domiciled in the United Kingdom. These consolidated quarterly financial statements as at and for the three months and year ended 30 September 2022 represents that of the Company and its subsidiaries (together referred to as the 'Group').

These quarterly financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 30 September 2022. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. Statutory accounts for the year ended 30 September 2022 were approved by the Directors on 30 November 2022 and will be delivered to the Registrar of Companies after the AGM on 16 February 2023. The audit report received on those accounts was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Management Report.

As at 30 September 2022 the Group had net assets of £323.3m (30 September 2021: £279.6m), including cash of £36.4m (30 September 2021: £39.5m) as set out in the consolidated balance sheet. The Group made a loss for the year of £30.5m (year ended 30 September 2021: loss £11.6m).

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

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

The year ended with the successful refinancing of its NOK 850 million bond which was due to mature in June 2023 with the issue of a NOK 750 million unsecured green bond maturing in 2025. This was achieved against a backdrop of challenging macroeconomic and market conditions and places the Group in a much stronger position in light of the ongoing market environment. Additionally, following the year end, the USD15m RCF was refinanced with the agreement of a new GBP20m RCF on 21 November 2022 with a maturity of June 2025 maturity. Furthermore, our NOK 216m loan facility (which had NOK 165.6m outstanding at the year end) which was set to mature in October 2023 was combined with our NOK 17.5m overdraft facility into a new loan facility of NOK 179.5m on 1 November 2022, with a new maturity date in a further 5 years no later than 15 January 2028. Following all of these refinancing transactions, the Directors are satisfied there are sufficient facilities in place during the assessment period.

The global economic environment has recently experienced turbulence largely as a result of the conflict in Eastern Europe with supply issues in a number of industries impacted and inflation at high levels. Against this backdrop, the Group shows resilience against these pressures in its forecasts, with financial instruments in place to fix interest rates and with opportunities available to mitigate globally high inflation rates, such that even under all of the above scenario analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants.

The Directors therefore remain confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due within the period of 12 months from the date of approval of these financial statements. Based on their assessment, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

1. Basis of preparation (continued)

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

2. Accounting policies

The accounting policies adopted are consistent with those used in preparing the consolidated financial statements for the financial year ended 30 September 2022.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

Alternative performance measures ('APMs')

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These APMs may not be directly comparable with other companies' APMs, and the Directors do not intend these as a substitute for, or superior to, IFRS measures.

Directors have presented the performance measures Adjusted EBITDA, Adjusted Operating Profit, Adjusted Profit Before Tax and Adjusted EBITDA excluding fair value movement on biological assets because they monitor performance at a consolidated level using these and believe that these measures are relevant to an understanding of the Group's financial performance (see note 10). Furthermore, the Directors also refer to current period results using constant currency, which are derived by retranslating current period results using prior year's foreign exchange rates.

Use of estimates and judgements

The preparation of quarterly financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual amounts may differ from these estimates.

In preparing these quarterly financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 September 2022.

3. 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 provides health products and services to the global aquaculture market.

3. Segment information (continued)

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.

Reconciliations of segmental information to IFRS measures**Segmental Revenue**

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Genetics	18,314	15,932	58,008	46,797
Advanced Nutrition	18,872	17,093	80,286	70,530
Health	5,602	4,269	20,135	7,832
Corporate	902	1,209	5,120	4,820
Inter-segment sales	(932)	(1,242)	(5,272)	(4,917)
Total	42,758	37,261	158,277	125,062

Segmental Adjusted EBITDA

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Genetics	5,473	3,309	15,980	11,528
Advanced Nutrition	4,706	3,644	19,017	13,802
Health	625	1,104	108	(2,685)
Corporate	(2,046)	(959)	(3,924)	(3,196)
Total	8,758	7,098	31,181	19,449

Reconciliation of Reportable Segments Adjusted EBITDA to Loss before taxation

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Total reportable segment Adjusted EBITDA	10,804	8,057	35,105	22,645
Corporate Adjusted EBITDA	(2,046)	(959)	(3,924)	(3,196)
Adjusted EBITDA	8,758	7,098	31,181	19,449
Exceptional - restructuring, disposal and acquisition related items	(423)	871	16	(184)
Depreciation and impairment	(4,639)	(3,309)	(19,897)	(8,359)
Amortisation and impairment	(5,440)	(4,174)	(19,161)	(16,283)
Net finance costs	(5,051)	(3,731)	(15,316)	(3,802)
Loss before taxation	(6,795)	(3,245)	(23,177)	(9,179)

Unaudited notes to the quarterly financial statements for the period ended 30 September 2022

4. Revenue

The Group's operations and main revenue streams are those described in its financial statements to 30 September 2022. 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 3).

Sale of goods and provision of services

3 months ended 30 September 2022 (unaudited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Sale of goods	17,449	18,852	4,085	-	-	40,386
Provision of services	855	-	1,517	-	-	2,372
Inter-segment sales	10	20	-	902	(932)	-
	18,314	18,872	5,602	902	(932)	42,758

3 months ended 30 September 2021 (unaudited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Sale of goods	14,925	17,077	2,593	-	-	34,595
Provision of services	990	-	1,676	-	-	2,666
Inter-segment sales	17	16	-	1,209	(1,242)	-
	15,932	17,093	4,269	1,209	(1,242)	37,261

12 months ended 30 September 2022 (audited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Sale of goods	53,978	80,191	13,528	-	-	147,697
Provision of services	3,973	-	6,607	-	-	10,580
Inter-segment sales	57	95	-	5,120	(5,272)	-
	58,008	80,286	20,135	5,120	(5,272)	158,277

12 months ended 30 September 2021 (audited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Sale of goods	41,947	70,458	6,135	-	-	118,540
Provision of services	4,825	-	1,697	-	-	6,522
Inter-segment sales	25	72	-	4,820	(4,917)	-
	46,797	70,530	7,832	4,820	(4,917)	125,062

4. Revenue (continued)

Sale of goods and provision of services (continued)

Primary geographical markets

3 months ended 30 September 2022 (unaudited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Norway	11,151	314	4,204	-	-	15,669
India	38	1,074	-	-	-	1,112
Singapore	-	121	-	-	-	121
Turkey	-	1,314	-	-	-	1,314
Ecuador	-	2,606	-	-	-	2,606
Greece	-	931	-	-	-	931
Faroe Islands	1,539	2	209	-	-	1,750
UK	1,099	26	33	-	-	1,158
Chile	237	8	222	-	-	467
Rest of Europe	2,158	844	-	-	-	3,002
Rest of World	2,082	11,612	934	-	-	14,628
Inter-segment sales	10	20	-	902	(932)	-
	18,314	18,872	5,602	902	(932)	42,758

3 months ended 30 September 2021 (unaudited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Norway	10,526	135	2,898	-	-	13,559
India	-	3,029	-	-	-	3,029
Singapore	-	1,954	-	-	-	1,954
Greece	-	986	-	-	-	986
Faroe Islands	1,171	2	180	-	-	1,353
Turkey	-	1,109	-	-	-	1,109
UK	276	20	145	-	-	441
Ecuador	-	1,057	-	-	-	1,057
Chile	400	1	296	-	-	697
Rest of Europe	2,347	763	-	-	-	3,110
Rest of World	1,195	8,021	750	-	-	9,966
Inter-segment sales	17	16	-	1,209	(1,242)	-
	15,932	17,093	4,269	1,209	(1,242)	37,261

4. Revenue (continued)

Primary geographical markets (continued)

12 months ended 30 September 2022 (audited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Norway	34,666	965	15,571	-	-	51,202
India	619	12,001	-	-	-	12,620
Singapore	-	7,044	-	-	-	7,044
Turkey	-	6,419	-	-	-	6,419
Ecuador	18	6,472	-	-	-	6,490
Greece	2	6,197	-	-	-	6,199
Faroe Islands	5,465	9	587	-	-	6,061
UK	4,318	93	199	-	-	4,610
Chile	1,006	15	871	-	-	1,892
Rest of Europe	7,110	4,056	-	-	-	11,166
Rest of World	4,747	36,920	2,907	-	-	44,574
Inter-segment sales	57	95	-	5,120	(5,272)	-
	58,008	80,286	20,135	5,120	(5,272)	158,277

12 months ended 30 September 2021 (audited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Norway	27,129	570	3,689	-	-	31,388
India	-	12,166	3	-	-	12,169
Singapore	-	7,544	-	-	-	7,544
Greece	25	6,108	-	-	-	6,133
Faroe Islands	5,636	18	348	-	-	6,002
Turkey	-	5,977	-	-	-	5,977
UK	3,843	117	622	-	-	4,582
Ecuador	-	4,066	-	-	-	4,066
Chile	437	7	2,335	-	-	2,779
Rest of Europe	6,922	4,208	26	-	-	11,156
Rest of World	2,780	29,677	809	-	-	33,266
Inter-segment sales	25	72	-	4,820	(4,917)	-
	46,797	70,530	7,832	4,820	(4,917)	125,062

5. Exceptional – restructuring, disposal, and acquisition related items

Items that are material because of their size or nature, non-recurring and 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.

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Acquisition related items	-	(850)	-	(850)
Exceptional restructuring costs	1,668	110	1,229	480
Cost in relation to disposals	(1,245)	(131)	(1,245)	554
Total exceptional items	423	(871)	(16)	184

Acquisition-related items are costs incurred in investigating and acquiring new businesses. In 2021 contingent consideration of £850,000 was released in relation to the purchase of Benchmark Genetics (USA) Inc.

Exceptional costs include: £843,000 (2021: £nil) of legal and professional costs in relation to preparing for listing the Group on the Oslo stock exchange, and £276,000 (2021: £480,000) relating to restructuring costs.

Costs in relation to disposals includes a credit of £1,203,000 (2021: £nil) in relation to additional contingent consideration received and receivable from disposals in previous years (£294,000 relating to the disposal of Aquaculture UK on 7 February 2020, and £909,000 relating to the disposal of Improve International Limited and its subsidiaries on 23 June 2020) together with legal fees, lease costs and disposal items (net of proceeds received) totaling £42,000 relating to additional costs and disposals proceeds relating to disposals that occurred in 2020.

6. Taxation

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Analysis of charge in period				
Current tax:				
Current income tax expense on profits for the period	4,124	2,716	11,727	5,383
Adjustment in respect of prior periods	(39)	502	(39)	502
Total current tax charge	4,085	3,218	11,688	5,885
Deferred tax:				
Origination and reversal of temporary differences	(2,011)	(768)	(4,414)	(3,228)
Deferred tax movements in respect of prior periods	-	5	-	(260)
Total deferred tax credit	(2,011)	(763)	(4,414)	(3,488)
Total tax charge	2,074	2,455	7,274	2,397

7. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Loss attributable to equity holders of the parent (£000)	(9,561)	(6,101)	(32,087)	(12,891)
Weighted average number of shares in issue (thousands)	703,961	670,141	698,233	669,459
Basic loss per share (pence)	(1.36)	(0.91)	(4.60)	(1.93)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. This is done by calculating the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options and warrants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.

Therefore, the Company is required to adjust the earnings per share calculation in relation to the share options that are in issue under the Company's share-based incentive schemes, and outstanding warrants. However, as any potential ordinary shares would be anti-dilutive due to losses being made there is no difference between Basic loss per share and Diluted loss per share for any of the periods being reported.

A total of 6,240,304 potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the year (30 September 2021: 4,615,712). These potential ordinary shares could dilute earnings/loss per share in the future.

8. Loans and borrowings

All figures in £000's	FY 2022 (audited)	FY 2021 (audited)
Non-Current		
2025 750m NOK Loan notes	61,054	-
2023 850m NOK Loan notes	-	75,478
Bank borrowings	17,226	19,314
Lease liabilities	14,765	14,945
	93,045	109,737
Current		
Bank borrowings	5,569	1,612
Lease liabilities	11,522	9,042
	17,091	10,654
Total loans and borrowings	110,136	120,391

At 30 September 2022 the fair value of the unsecured floating rate listed green bond of NOK 750m was not materially different to the nominal value and has not been separately disclosed. At 30 September 2021 the fair value of 2023 850m NOK Loan notes was £73,981,000.

On 27 September 2022, the Group successfully issued a new unsecured floating rate listed green bond of NOK 750m. The bond which matures in September 2025, has a coupon of three-month NIBOR + 6.50% p.a. with quarterly interest payments, and is to be listed on the Oslo Stock Exchange. The proceeds were used to repay the NOK 850m floating rate listed bond, originally raised in June 2019.

A USD 15m Revolving Credit Facility ("RCF") has been provided by DNB Bank ASA (50%) and HSBC UK Bank PLC (50%). At 30 September 2022 £4,000,000 was drawn on this facility. The facility was undrawn at 30 September 2021.

8. Loans and borrowings (continued)

Benchmark Genetics Salten AS (formerly SalmoBreed Salten AS) had the following loans (which are ring-fenced debt without recourse to the remainder of the Group) at 30 September 2022:

- Term loan with a balance of NOK 165.6m (2021: NOK 180.0m) provided by Nordea Bank Norge Abp. The loan is a five-year term loan ending November 2023 at an interest rate of 2.5% above three-month NIBOR.
- NOK 20.0m 12-month working capital facility provided by Nordea Bank Norge Abp. This was undrawn at 30 September 2022 (2021: undrawn).
- An additional NOK 17.5m overdraft facility was provided by Nordea Bank Norge Abp during the year with maturity in December 2022. This facility was undrawn at 30 September 2022.
- Term loan with a balance of NOK 40.1m (2021: NOK 44.7m) provided by Innovasjon Norge. The loan is a 12-and-a-half-year term loan maturing in March 2031. The interest rate on this loan at 30 September 2022 was 4.95%. The interest rate on this loan is variable.
- NOK 21.75m loan provided by Salten Aqua ASA (the minority shareholder). The loan attracts interest at 2.5% above three-month NIBOR and is repayable on maturity of the Nordea term loan above.

Subsequent to the year end on 1 November 2022, the Nordea Bank term loan above was refinanced together with an existing undrawn overdraft facility into a new loan facility of NOK 179.5m with a new maturity date in a further five years no later than 15 January 2028. Other terms remain the same.

Furthermore on 21 November 2022, the Group refinanced the USD15m RCF with a secured GBP20m RCF provided by DNB Bank ASA, maturing on 27 June 2025. The margin on this facility is a minimum of 2.75% and a maximum of 3.25%, dependent upon the leverage of the Group above the relevant risk free reference or IBOR rates depending on which currency is drawn.

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

9. Share capital and additional paid-in share capital

Allotted, called up and fully paid	Number	Share Capital £000	Additional paid-in share capital £000
Ordinary shares of 0.1 pence each			
Balance at 30 September 2021	670,374,484	670	400,682
Shares issued through placing and open offer	33,401,620	34	20,069
Exercise of share options	184,694	-	73
Balance at 30 September 2022	703,960,798	704	420,824

During the year ended 30 September 2022, the Group issued a total 184,694 ordinary shares of 0.1p each to certain employees of the Group relating to share options of which 12,509 were exercised at a price of 0.1 pence, and 172,185 were exercised at a price of 42.5p.

On 29 November 2021, the Company issued 33,401,620 new ordinary shares of 0.1 pence each by way of a placing and subscriptions at an issue price of 62.0 pence per share. Gross proceeds of £20.7m were received for the placing and subscription shares. Non-recurring costs of £0.6m were in relation to the share issues and this has been charged to the share premium account (presented within Additional paid-in share capital).

During the year ended 30 September 2021, the Group issued a total of 2,152,600 ordinary shares of 0.1p each to certain employees of the Group relating to share options, of which 426,182 were exercised at a price of 0.1 pence, 1,626,436 were exercised at a price of 42.5 pence and 99,982 were exercised at a price of 58.5 pence.

During the prior year, contingent consideration totalling USD 450,000 (£333,000) became payable following the acquisition of aquaculture breeding programmes centred on shrimp from Centro de Investigación de la Acuicultura de Colombia Ceniagua on 11 August 2016. At the Group's discretion, the contingent consideration was paid in ordinary shares in the Group and the Group therefore issued 536,272 ordinary shares of 0.1p each on 13 January 2021 to settle this liability.

10. Alternative performance measures and other metrics

Management has presented the performance measures EBITDA, Adjusted EBITDA, Adjusted EBITDA before fair value movement in biological assets, Adjusted Operating Profit and Adjusted Profit Before Tax because it monitors performance at a consolidated level using these and believes that these measures are relevant to an understanding of the Group's financial performance.

Adjusted EBITDA which reflects underlying profitability, is earnings before interest, tax, depreciation, amortisation, impairment, and exceptional items including acquisition related items and is shown on the Income Statement.

Adjusted EBITDA before fair value movements in biological assets, which is Adjusted EBITDA before the non-cash fair value movements in biological assets arising from their revaluation in line with International Accounting Standards.

Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation and impairment of intangible assets excluding development costs as reconciled below.

Adjusted Profit Before Tax is earnings before tax, amortisation and impairment of intangibles assets excluding development costs, and exceptional items including 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

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Revenue	42,758	37,261	158,277	125,062
Cost of sales	(18,625)	(17,831)	(75,149)	(59,477)
Gross profit	24,133	19,430	83,128	65,585
Research and development costs	(2,028)	(1,838)	(6,691)	(7,010)
Other operating costs	(13,290)	(10,195)	(44,661)	(38,221)
Depreciation and impairment	(4,639)	(3,309)	(19,897)	(8,359)
Amortisation of capitalised development costs	(615)	(299)	(2,165)	(299)
Share of loss of equity accounted investees net of tax	(57)	(299)	(595)	(905)
Adjusted operating profit	3,504	3,490	9,119	10,791
Exceptional - restructuring, disposal and acquisition related items	(423)	871	16	(184)
Amortisation and impairment of intangible assets excluding development costs	(4,825)	(3,875)	(16,996)	(15,984)
Operating (loss)/profit	(1,744)	486	(7,861)	(5,377)

Reconciliation of Loss Before Taxation to Adjusted Profit Before Tax

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Loss before taxation	(6,795)	(3,245)	(23,177)	(9,179)
Exceptional - restructuring, disposal and acquisition related items	423	(871)	(16)	184
Amortisation and impairment of intangible assets excluding development costs	4,825	3,875	16,996	15,984
Adjusted (loss)/profit before tax	(1,547)	(241)	(6,197)	6,989

10. Alternative performance measures and other metrics (continued)

Other Metrics

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Total R&D Investment				
Research and development costs	2,028	1,838	6,691	7,010
Internal capitalised development costs	112	1,351	1,708	4,813
Total R&D investment	2,140	3,189	8,399	11,823

All figures in £000's	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (audited)	FY 2021 (audited)
Adjusted EBITDA excluding fair value movement in biological assets				
Adjusted EBITDA	8,758	7,098	31,181	19,449
Exclude fair value movement	848	(996)	(1,595)	(3,323)
Adjusted EBITDA excluding fair value movement in biological assets	9,606	6,102	29,586	16,126

Liquidity

A key financial covenant is a minimum liquidity of £10m, defined as cash plus undrawn facilities.

All figures in £000's	30 September 2022 (audited)
Cash and cash equivalents	36,399
Undrawn bank facility	9,398
	45,797

The undrawn bank facility relates to the RCF facility. At 30 September 2022, £4,000,000 (2021: £nil) of the RCF was drawn, leaving £9.4m undrawn (2021: £11.1m).

11. Net debt

Net debt is cash and cash equivalents less loans and borrowings.

All figures in £000's	30 September 2022 (audited)	30 September 2021 (audited)
Cash and cash equivalents	36,399	39,460
Loans and borrowings (excluding lease liabilities) – current	(5,569)	(1,612)
Loans and borrowings (excluding lease liabilities) – non-current	(78,280)	(94,792)
Net debt excluding lease liabilities	(47,450)	(56,944)
Lease liabilities – current	(11,522)	(9,042)
Lease liabilities – non-current	(14,765)	(14,945)
Net debt	(73,737)	(80,931)