



Benchmark Holdings plc

**Base Prospectus**

Manager:



West Sussex, 31 March 2023

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### Important information

The Base Prospectus is based on sources such as annual reports and publicly available information and forward-looking information based on current expectations, estimates and projections about global economic conditions, as well as the economic conditions of the regions and industries that are major markets for Benchmark Holdings plc's (the Company) lines of business.

A prospective investor should consider carefully the factors set forth in Chapter 1 Risk factors, and elsewhere in the Prospectus, and should consult his or her own expert advisers as to the suitability of an investment in the bonds.

**IMPORTANT – EEA AND UK RETAIL INVESTORS** - If the Final Terms in respect of any bonds includes a legend titled "Prohibition of Sales to EEA Retail Investors" and/or "Prohibition of Sales to UK Retail Investors", the bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ('EEA') and/or in the United Kingdom (the "UK"). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the PRIIPs Regulation) (and for UK, as it forms part of domestic law by virtue of the EUWA (the UK PRIIPs Regulation)) for offering or selling the bonds or otherwise making them available to retail investors in the EEA and/or the UK has been prepared and therefore offering or selling the bonds or otherwise making them available to any retail investor in the EEA and/or the UK may be unlawful under the PRIIPs Regulation and/ or the UK PRIIPS Regulation.

**MiFID II product governance and/or UK MiFIR product governance** – The Final Terms in respect of any bonds will include a legend titled "MiFID II product governance" and/or "UK MiFIR product governance" which will outline the target market assessment in respect of the bonds and which channels for distribution of the bonds are appropriate. Any person subsequently offering, selling or recommending the bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

This Base Prospectus is subject to the general business terms of the Manager, available at its website (<http://www.dnb.no>).

The Manager and/or any of its affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Base Prospectus and may perform or seek to perform financial advisory or banking services related to such instruments. The Manager's corporate finance department may act as manager or co-manager for this Company in private and/or public placement and/or resale not publicly available or commonly known.

Copies of this Base Prospectus are not being mailed or otherwise distributed or sent in or into or made available in the United States. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send such documents or any related documents in or into the United States.

Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.

The distribution of the Base Prospectus may be limited by law also in other jurisdictions, for example in non-EEA countries. Approval of the Base Prospectus by Finanstilsynet (the Norwegian FSA) implies that the Base Prospectus may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Base Prospectus in any jurisdiction where such action is required.

The Base Prospectus dated 31 March 2023 together with a Final Terms and any supplements to these documents constitute the Prospectus.

The content of this Base Prospectus does not constitute legal, financial or tax advice and potential investors should seek legal, financial and/or tax advice.

Unless otherwise stated, this Base Prospectus is subject to Norwegian law. In the event of any dispute regarding the Base Prospectus, Norwegian law will apply.

**TABLE OF CONTENTS:**

DESCRIPTION OF THE BASE PROSPECTUS.....	4
1 RISK FACTORS .....	5
2 DEFINITIONS .....	16
3 PERSONS RESPONSIBLE .....	18
4 STATUTORY AUDITORS .....	19
5 INFORMATION ABOUT THE ISSUER.....	20
6 BUSINESS OVERVIEW .....	22
7 ORGANIZATIONAL STRUCTURE .....	31
8 TREND INFORMATION .....	32
9 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES .....	33
10 MAJOR SHAREHOLDERS .....	38
11 FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES.....	39
12 DOCUMENTS AVAILABLE.....	44
13 FINANCIAL INSTRUMENTS THAT CAN BE ISSUED UNDER THE BASE PROSPECTUS .....	45
14 THIRD PARTY INFORMATION .....	54
STATEMENTS REGARDING REGULATION (EU) 2017/1129.....	55
CROSS REFERENCE LIST .....	56
MANAGER'S DISCLAIMER .....	57
ANNEX 1 ARTICLES OF ASSOCIATION FOR BENCHMARK HOLDINGS PLC.....	58
ANNEX 2 LEGAL STRUCTURE OF THE GROUP .....	59
ANNEX 3 TEMPLATE FOR FINAL TERMS FOR FIXED AND FLOATING RATE BONDS .....	60
ANNEX 4 SPECIAL PURPOSE FINANCIAL STATEMENTS AND INTERIM FINANCIAL STATEMENTS.....	61

## Description of the Base Prospectus

Under this Base Prospectus (as supplemented and amended from time to time), the Issuer may occasionally issue and list bonds ("Bonds") denominated in any currency agreed between the Issuer and the relevant dealer.

The Bonds will be issued on a senior basis as secured or unsecured, with fixed or floating interest rate. The Bonds may have put- and call options and they may be green or sustainability-linked.

The Bonds will be electronically registered in the Norwegian Central Securities Depository or any other CSD that allows for bonds issued in uncertificated and dematerialised book-entry form.

There is no limit with regard to the maximum aggregate nominal amount of all bonds from time to time outstanding under the prospectus. However, each issue of bonds will have either a given borrowing amount in the case where there is only one tranche, or a given borrowing limit in the case of more than one tranche.

The Bonds may be issued on a continuing basis to any dealer that the Issuer decides upon.

The Base Prospectus is valid within twelve months from the date of the Base Prospectus.

Information on website(s) mentioned in the Base Prospectus/the Final Terms does not form part of the Base Prospectus/the Final Terms unless that information is incorporated by reference into the Base Prospectus/the Final Terms.

# 1 Risk factors

Investing in bonds issued by Benchmark Holdings plc involves inherent risks.

The risks and uncertainties described in the Prospectus are risks of which the Company is aware and that the Company considers to be material to its business. If any of these risks were to occur, the Company's business, financial position, operating results or cash flows could be materially adversely affected, and the Company could be unable to pay interest, principal or other amounts on or in connection with the bonds. Prospective investors should note that the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for reasons which may not be considered significant by the Issuer based on the information currently available to them, or which they may not currently be able to anticipate.

Prospective investors should carefully consider, among other things, the detailed information set out elsewhere in this Base Prospectus and the Final Terms (including any information deemed to be incorporated by reference therein) and the risk factors set out in this Base Prospectus, before making an investment decision. The risk factors set out in the Base Prospectus cover the Company and the bonds issued by the Company.

An investment in the bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment. Prospective investors should also consult their own financial and legal advisers about risks associated with an investment in any bonds and the suitability of investing in such bonds in light of their particular circumstances.

The risk factors included in this Base Prospectus are organized in the following categories:

- 1.1 Risk factors relating to the Group's business
- 1.2 Risk factors related to the industry and market in which the Group operates
- 1.3 Risks relating to laws, regulations and compliance
- 1.4 Risks related to financial matters
- 1.5 Risk factors related to the bonds

## ***1.1 Risk factors relating to the Group's business***

### **1.1.1 The loss of any key customers could have a material adverse effect on the Group's business**

In the 12 months ended 30 September 2022, the top five customers by order value accounted for approximately 22 per cent of the Group's revenue. Any significant deterioration in the Group's relationships with its key customers, which include distributors, whether as a result of inability to agree terms on renewal of the relevant contract(s), a key customer ceasing to require a product, a change of management of a customer, gains made by the Group's competitors or otherwise, could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects.

In addition to the above, future mergers or consolidations among the Group's customers could reduce the number of existing customers and potential customers, which could adversely affect the Group's revenue even if these events do not reduce the activities of the consolidated entities. If the Group's customers merge with, or are acquired by, other entities that are not customers of the Group, or entities that use fewer products or services of the Group, such customers may discontinue or reduce their use of the Group's products and services which could have a material adverse impact on the Group's business, results of operations and financial position.

### **1.1.2 Threats to the supply chain could have a material adverse effect on the Group's business**

The Group is reliant on a small number of key raw materials for important products, including in relation to the active ingredients required for its recently launched sea lice treatment product Ectosan® Vet and CleanTreat®. In particular, the Group has key long-term contracts for the supply of artemia with the Great Salt Lake Brine Shrimp Cooperative Inc. (the "COOP"), certain of which are (i) due for renewal in 2027 for up to two additional terms until 2042, and (ii) are subject to certain limited performance criteria and termination rights, including in relation to breach by the Group of the agreements. If such limited circumstances occur and the COOP terminates some or all of its arrangements with the Group, or the Group ceases to be a member of the COOP, the Group's ability to source its annual artemia needs and retain its licenses to harvest artemia may be adversely affected.

The Group also sources artemia from other suppliers based on long standing relationships without term contracts. Moreover, there are risks of volatility in the supply of artemia related to climate and environmental factors as it is a naturally occurring product. Examples of other important third party reliances in the Group's supply chain include vessels to carry the CleanTreat® system, and manufacturers of the finished products for Ectosan® Vet and Salmosan® Vet. In addition, the Group has R&D and production sites which are important to its current revenues

## Base Prospectus

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and future success, and the Group is dependent on obtaining key raw materials and efficient utilisation of key facilities.

Accordingly, the Group's business could be adversely affected by non-deliveries within the Group's supply chain, or if raw materials, products or services are delivered with low quality or defects by suppliers. If such circumstances were to materialise, the Group could face risk of, inter alia, halt of operations, loss of revenue, customer claims and lawsuits, which in turn could have a material adverse impact on the Group's business, results of operations and financial position.

### 1.1.3 The Group is exposed to risks related to concentration of revenue streams

The Group is exposed to risks in relation to a concentration of revenue streams (at present, the Group generates the majority of its revenue contribution from the sale of live feed and diet products and salmon eggs) and in the event that any such revenue stream is adversely affected that could have a material adverse effect on the Group's results of operations and financial position. There are numerous factors that can affect the revenue streams of the Group's existing products, which include maintaining existing licenses, accreditations and regulatory approvals. Moreover, if the Group is not able to gain additional permitted uses as part of the marketing authorisation for pharmaceutical products on its existing labels for certain of the Group's health products, it could result in reduced potential revenue from such products.

### 1.1.4 The Group is exposed to risks related to new product development and commercialisation

The Group is exposed to risks in relation to development of new products, and pipeline products that may be delayed or fail technically before launch and commercialisation of such new products. Failure and/or delays to launch and/or commercialise new products could have a material adverse effect on the Group's ability to remain competitive, and on its business, results of operations, financial condition and/or prospects. In particular, the Ectosan® Vet and CleanTreat® sea lice solution is (i) in the early phases of commercialisation and building of a customer base and business model, and (ii) has not yet been approved for use in jurisdictions other than Norway and Faroe Islands, and there is a risk that regulatory approval may be limited, delayed or not granted.

### 1.1.5 The loss of a key IT system could have a material adverse effect on the Group's business

The Group's IT systems facilitate daily work, collaboration and hold Group IP and trade secrets and is subject to several risks in terms of systems failure or cyber-attacks. The Group is exposed to external threats associated with data security. There is a risk of virus attacks, attempts at hacking, social manipulation and phishing scams. Further, the Company electronically maintains sensitive data, including proprietary business information, critical intellectual property and that of its customers, and some personally identifiable information of customers and employees, on the Group's networks. Loss of access to the IT system, data leaks of critical intellectual property or key information within the IT system would be disruptive to the Group and could have a material adverse effect on the Group's business and results of operations.

### 1.1.6 Loss of key manufacturing facilities may materially impact the Group's operations, financial position and/or prospects

The Group's sales are dependent, inter alia, on its global production facilities and warehouses. The Group has manufacturing facilities around the world including in Thailand, Norway, Iceland and the U.S. The Group has an active insurance policy, covering property and business interruptions, and risks to property damage (including machinery breakdown) where considered appropriate. Based on the Company's assessment, such insurance coverage is adequate and consistent with that of other companies operating in the same industry and appropriate for the operations of the Group. The Group could incur losses that exceed the scope of the insurance coverage. There is also a risk that the insurance coverage available to the Group may be insufficient to cover some or all losses associated loss of income or other costs. As a result, the Group retains the risk of having to pay directly for any losses which may arise in excess of its insurance limits. Further, there can be no assurance that the Group will be able to maintain its insurance at reasonable costs or sufficient amounts in order to protect its business from every risk of disruption. Disruption in any of its facilities including as a result of fire, contamination, political events, or other natural disasters or operational disruptions could have a material adverse effect on the Group's sales, financial results and prospects.

### 1.1.7 The Group is exposed to risk relating to biosecurity and disease

Diseases, viruses, biological contamination, and regulators' or market fears about the same, may impact the performance of the Group. The Group itself, its suppliers and its customers are exposed to the impact of diseases, viruses and biological contamination, which may result in the destruction of stock, suspension of exports/imports, delays or decreases in sales, and increased costs associated with compliance, testing, compensation, remedial action or restocking. Where products are transferred cross-border, regulators may suspend exports/imports to control disease or as a precautionary measure.

Base Prospectus

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1.1.8 The Group's contracting structure with certain customers and suppliers could have a material adverse effect on the Group

The Group's contracts with certain key customers and suppliers are on an unwritten (not formalised) basis, and although in some instances these are long-term relationships, these customers and suppliers could seek to end their relationship with the Group or vary the terms of the relationship in a way that is disadvantageous to the Group at any time. Such a change could have a material adverse effect on the Group's business, results of operations and financial position.

Lack of formalised agreements entails a risk of uncertainty with respect to the agreed and applicable terms and conditions, lack of predictability regarding future revenue from customers, and visibility regarding future supplier capacity. Lack of formalized contractual obligations on customers and/or suppliers with respect to applicable legal and regulatory requirements can also lead to a higher compliance risk for the Group.

1.1.9 The Group is exposed to risk relating to product liability and warranty claims

In common with many companies in the pharmaceutical and biotechnology sector, the Group is exposed to the risk of product liability and warranty claims, should its or relevant third-party products not fulfil the terms of the contracts under which they are sold or otherwise cause loss or damage. For example, in relation to the Group's medicinal products, product and labelling evolves over time following routine analysis of the continually growing body of post-marketing safety data and regulatory authorities can change their requirements, increase or amend restrictions or even suspend or withdraw a product marketing authorization; following such an event, the Group could face a product liability claim. Although the Group seeks to limit its liability through contractual measures where it deems appropriate, claims for damage or loss by customers in respect of product liability may be upheld regardless of limitations on liability contained in contractual arrangements depending on the law applicable in the jurisdiction where the product is sold. Although the Group has obtained insurance coverage with respect to product liability, it is possible that such insurance may not adequately cover losses. A product liability claim or defective product could have significant consequences for the Group and have a material adverse impact on the Group's reputation, business, results of operations and financial position.

1.1.10 Failure to realise synergies in the Group could have a material adverse effect on the Group's financial performance

In light of the Group's growth through acquisition of its various divisions and product offerings, integration and realisation of cross-divisional synergies within the Group is important to the future growth of the business. Some of the Group's largest areas of opportunity, including shrimp genetics, rely on leveraging market presence, skills and expertise across its business areas such as its Genetics and Nutrition units. There can be no guarantee that any synergy benefits will be realised and there is a risk that the Group's business areas cannot be integrated sufficiently well to leverage their respective experience and skills across business areas realise their potential synergy benefits, which may have a material adverse effect on the Group's financial prospects.

1.1.11 Development of resistance to some animal health products

Some pharmaceutical products have a product life that can be affected by the early onset of resistance to the product in the target organism, and whilst a significant proportion of the Group's product portfolio and pipeline comprises vaccines and biocides to which resistance is not a significant factor in product life, this can be a problem in some ectoparasiticides which are also a part of the Group's portfolio. The development of resistance to parasiticides can be affected by the particular active chemical in the product and/or by the way it is used in treatments, either singly or in rotation with other treatments. Whilst the Group has an active programme of technical servicing in each of its markets to help its customers adopt treatment practices which reduce and manage the risk of resistance, and whilst the exact use of these products in the future and therefore the potential for early onset of resistance cannot be fully predicted, the Group's business, results of operations and financial position could be materially adversely affected by the onset of early resistance to some of its products or products in development at some point in the future.

1.1.12 Dependence of key personnel and risks relating to employment contracts with key employees

Attracting, training, retaining and motivating technical and managerial personnel, is an important component of the future success of the Group's business. The departure of any of the Group's executive officers or other key employees could have a negative impact on its operations. In the event that future departures of employees occur, the Group's ability to execute its business strategy successfully, or to continue to provide services to its customers and users or attract new customers and users, could be adversely affected.

Certain of the Group's employment agreements with key employees lack non-compete clauses, non-solicitation clauses and/or have insufficient intellectual property rights clauses. Should such a key employee leave the Group, there is a risk that the relevant employee may take employment with a competitor with knowledge from the Group and thereby strengthen the competitor's competitive position towards the Group, and there is also a risk that

disputes may arise with respect to usage and ownership of intellectual property rights, both of which can have a material adverse effect on the Company's financial position and operations.

## **1.2 Risk factors related to the industry and market in which the Group operates**

### **1.2.1 Competition could have a material adverse effect on the Group's operations**

The Group operates in a competitive market in which large well-established competitors and smaller unconsolidated competitors operate. Such large competitors have significant resources and capital which may be in excess of those of the Group, which may result in the Group falling behind competitors with the development and commercialisation of new, innovative products. Additionally, the Group's competitors may offer more competitive pricing. The sales tactics and activities of such competitors and their pricing policies or the successful introduction of new competing products or brands could cause a reduction in the Group's sales and margins, results of operations, financial condition and/or prospects.

The Group may also face competition from companies producing generic alternatives to the Group's products. Generic competitors can be more aggressive in terms of pricing. If customers increase their use of new or existing lower priced generic products, the Group's results of operations and financial position could be adversely affected.

### **1.2.2 The Group's operations may be restricted by applicable economic sanctions**

The Group's operations may be affected by applicable rules and regulations relating to economic sanctions in various countries, including, but not limited to, trade sanctions imposed by the U.S., the EU, the UK and Norway, prohibiting certain transactions, potentially including financial transactions and the transfer of products, to sanctioned governments, entities and persons. Specifically, the war in Ukraine and the resulting significant expansion in the sanctions imposed by, inter alia, the EU, the U.S., the UK and Norway against Russia and certain Russian entities and individuals, as well as Belarus, have had, and may continue to have, adverse impacts on the global economy, the global capital markets, international trade, supply chains, energy prices and supplies and the price and availability of raw materials, any of which could negatively impact the Group's operations in general, and specifically its ability to source CIS Artemia from certain suppliers. In July 2022 following a thorough review of potential applicable sanctions and available exemptions supported by external expert advice, the Group resumed its contract with a Russian supplier of CIS Artemia which had been suspended since February 2022 pending said review. The Group will continue to carry out thorough reviews ahead of any future orders being placed. Despite these assessments and steps, these activities could cause the Group reputational damage and have a material adverse effect on the Group's business, financial conditions, and future prospects. Further, with the Group's global operations, sanction restrictions could cause a shortage in raw materials, such as CIS Artemia, and the Group may have to find alternative sources of supply, which may not be available at all or on the same terms, and which may also be delayed because of sanctions assessments and investigation for alternative supply. The Group's international operating activities result in an increased risk that its operations are affected by further sanctions or new interpretations of existing sanctions, including changes or expansions to sanction regulations in the territories in which the Group or its business relations operate, and the unpredictable nature of geopolitical situations in several regions of the world including Russia and Ukraine means that such further sanctions, and further regulatory actions by sanctioned countries against the imposing countries, may be forthcoming.

### **1.2.3 The Group is exposed to risks relating to fluctuations in sea lice levels in salmon producing regions**

Sales of the Group's sea lice solutions and medicines, such as Salmosan® Vet and Ectosan® Vet and CleanTreat®, are affected by the level of sea lice challenge in salmon producing regions. Sea lice levels are influenced by sea temperature and other biological factors outside the Group's control. Reduced levels of sea lice could have a material adverse effect on the Group's income and financial results. Risks relating to volatility of end markets.

### **1.2.4 The Group is exposed to risks relating to volatility of end markets**

Demand for the Group's products is affected by conditions in aquaculture markets around the world. The aquaculture industry has historically faced periods of volatility as a result of disease, climate conditions and demand supply dynamics, which if repeated, can affect the Group's sales and margins, results, financial condition and prospects. For example, fluctuations in shrimp production volumes and pricing, which can be influenced by disease outbreaks, climatic conditions and supply dynamics, drive customer demand for the Company's advanced nutrition products. Fluctuations in demand may lead to lower revenues, low utilisation of employees, plant and equipment during periods of low production, increased working capital requirements and volatility in operating results.

### **1.2.5 The Group is exposed to risks relating to the supply of artemia, one of the Group's key products subject to volatility**



## Base Prospectus

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Artemia global supply is limited. Harvest success depends on a number of factors including climatological conditions. Therefore, the supply and/or quality of artemia available in any one year is subject to fluctuations and may be adversely impacted by environmental factors. Historically, the Great Salt Lakes which represent the main source for the Company, have experienced certain years of reduced artemia supply, caused by adverse weather conditions during the months prior to the harvest. Low artemia harvest volumes could adversely affect the Group's sales to existing customers, which may have a material adverse effect on the Group's business, results of operations and financial position.

### 1.2.6 The Group is exposed to risks related to operations including sales in multiple jurisdictions

The Group has large-scale production facilities in four countries and a network of research and development and commercial operations in an additional 20 countries. In addition, the Group provides products to customers in more than 70 jurisdictions. Operations in multiple jurisdictions are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such market, unexpected changes in regulatory requirements, including tax burden on the Group's customers, compliance with a variety of foreign laws and regulations and the general risk associated with non-compliance with appropriate standards of governance which in each case could lead to potential fines, penalties, loss of revenues and damage to reputation. The Group's operations includes sites in Brazil, Chile, China, Indonesia, Mexico, Thailand and Turkey and business relationships with entities or persons in countries subject to sanctions and/or with citizens or residents subject to sanctions, and is thus subject to risks associated with operations conducted in emerging markets and high-risk jurisdictions, including general compliance risk. Inadequate sanctions screenings, including in relation to due diligence, monitoring and internal controls, may lead to increased risk of violation. Political and diplomatic developments may cause uncertainties relating to unstable state administrations, e.g. as seen in the military coup in Thailand in 2014, which in turn could have a material adverse impact on the Group's business, results of operations and financial position.

The Group operates within Europe with the Management located in the United Kingdom, which currently faces political and economic uncertainty as a continuing result of, among other things, the United Kingdom's exit from the European Union ("**Brexit**"). The Group's Health business area supply chain where R&D and manufacturing operations are based in the United Kingdom and products are largely sold outside the United Kingdom, has been affected by Brexit. Because of Brexit, the Group may be subject to additional tariffs on UK cross-border supply of products and ongoing changes to the regulatory framework, and there is a requirement for manufacturing import authorities to be obtained for certain health products to be imported by the Group into the Group's target jurisdictions.

In the financial year ended 30 September 2022, approximately 32% of the Group's revenue derived from customers based in Norway. In September 2022, the Norwegian government proposed the implementation of a new, additional 40% resource rent tax on salmon aquaculture and trout farmers, to enter into force in January 2023. The suggested resource rent tax, if implemented, may reduce the profit and/or growth in production volumes of salmon and trout of the Group's customers in Norway in the short and/or medium to long term, which may in turn negatively affect the Group's sales volume and demand for the Group's products in Norway.

### 1.2.7 The Group is exposed to risk related to Covid-19

The Covid-19 pandemic has presented challenges to the Group's operations, including regional lockdowns, significant supply chain disruptions and increase in costs of logistics. For the Group, Advance Nutrition was the business area that was most impacted by the pandemic because of its exposure to the global shrimp markets (which was significantly affected by the pandemic due to its reliance on the hospitality sector). The pandemic also entailed a slower ramp up of the commercialisation of the Group's new sea lice treatment in the Health business area.

Although the Group has observed a recovery in the shrimp market and experienced better performance in the Advance Nutrition business during the last year, there are still significant uncertainties relating to the Covid-19 pandemic and whether new pandemic-related restrictions will be imposed in the markets and jurisdictions in which the Group operates. Any future epidemics or pandemics, and related restrictions, negative market impacts and consequences are outside the Group's control and there are no assurances that any such events will not seriously interrupt the Group's business, and, thus, adversely affect the financial condition and results, going forward.

## **1.3 Risks relating to laws, regulations and compliance**

### 1.3.1 Environmental, health and safety and chemical laws, regulations and standards

The Group is, and the Group will be, subject to a broad range of laws, regulations and standards, particularly as a result of its involvement in production environments in its Health, Advanced Nutrition and Genetics business areas, including those relating to medicinal products, pollution, health and safety of employees, protection of the public,

## Base Prospectus

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protection of the environment and the storage, handling and use of hazardous substances and chemicals and waste management. These regulations and standards, and their application and enforcement, are becoming increasingly stringent and complex. For example, the Group's product Ectosan® Vet contains active ingredients that is subject to disposal restrictions on the label of the medicine and the Group may, in its operations, cause spillages in breach of such laws. Violations of such laws, regulations and standards and/or related claims, could result in restrictions on the operations of the Group's sites, placing in the market of the Group's products and/or the level of product sales, as well as damages, fines or other sanctions and increased costs of compliance with potential reputational damage.

### 1.3.2 Regulations, political risks and market and/or regulatory trends in relation to the Group's business and new products

The Group operates in a highly regulated industry with respect to both its established and developing products and in particular with respect to its medicinal and animal health product offerings. For example, in relation to CleanTreat® and Ectosan® Vet in Norway, the import, sale and use of these products are subject to the following regulations and laws, amongst others: the Aquaculture Act, the Medicine Act, the Pollution Control Act, the Animal Welfare Act, the Animal Health Personnel Act and the Food Safety Act in Norway. The Group's business is subject to substantial regulation which may affect the Group's ability to derive long-term revenues from some of its products or products in development. The Group is not able to market, import, manufacture or offer certain new products until all the necessary regulatory approvals have been obtained in each jurisdiction where it is intending to market, import, manufacture or offer each relevant product. For example, the Group's products CleanTreat® and Ectosan® Vet are only authorised to be sold in Norway and the Faroe Islands, and any launch outside Norway or Faroe Islands is dependent on local regulatory approvals. Even after a product has reached market it can still be subject to various kinds of re-review and could lose its approval.

The multiple jurisdictions in which the Group operates in have differing political and regulatory risks relating to medicinal and animal health products. For instance, certain of the Group's medicinal products (including their active ingredients) are subject to a somewhat unpredictable regulatory situation, particularly in light of the recent years' increased focus on environmental aspects in the fish farming industry.

In addition, it is not always possible to predict the future changes to laws and regulations as they may relate to the Group's products and services and any changes could have a material effect on the Group's results of operations.

Moreover, market and regulatory developments and trends for animal welfare and tackling sea lice may significantly influence customer demand for the Group's sea lice related products.

### 1.3.3 The Group is reliant on permits to conduct certain parts of its business

For the Group to carry out its business as intended, it will – in addition to maintaining its existing regulatory permits – need to obtain new permits, depending on evolving regulatory requirements and the nature of its new product and service offerings. In addition, certain existing key permits are time-limited, and there is a risk that these may not be renewed upon their expiry. A failure to maintain existing permits or obtain new required permits could have an effect on the Group's ability to provide its existing and/or intended products and services.

### 1.3.4 The Group is dependent on successfully securing licensing arrangements in respect of certain pipeline products

The Group develops and/or plans to develop some of its pipeline products in collaboration with research institutes or other third parties in the relevant sector. Many of its products are (or are expected to be) developed under a collaboration agreement, the terms of which envisage the Group and the relevant research institute or other third parties agreeing licensing arrangements and ownership of intellectual property once a product achieves proof of concept or nears commercialisation. These collaboration agreements typically do not, at the outset, regulate the parties' economic rights resulting from the collaboration or include a license to commercialise the results. There can be no certainty that the Group will be able to secure a licensing arrangement in respect of its pipeline products with the relevant research institute or other third parties, nor that any such arrangement will be on terms which allow the Group successfully to commercialise the product and generate revenues and profits at the levels which are anticipated. In addition, the Group has not yet entered into collaboration agreements with certain of the research institutes or other third parties with which it conducts research and development.

### 1.3.5 The Group may not be successful in its growth strategy

The Group's growth strategy includes organic growth and development in existing and new areas and growth through complementary partnerships and add-on acquisitions. The focus and goal of the Group is to become the leading aquaculture biotechnology company driving sustainability and deliver any profitable growth for its shareholders. However, there are no assurances that the Group will be successful in executing its strategic plans, which depends on numerous factors, including, without limitation, market conditions within the business areas that

## Base Prospectus

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the Group operates, achieving cross Group synergies, successful introduction of new products and regulatory trends. If the Group fails to achieve targets and expectations stipulated by its growth strategy, or if implementation of the Group's growth strategy is delayed for any reason, it could lead to loss or reduction of anticipated future revenue streams and have an adverse effect on the Group's ability to secure future equity funding. The Group also face significant reputational risk if it does not deliver on communicated growth targets and expectations. Should any of these risks materialise, it could have a material adverse effect on the Group's business, results of operations and financial position.

### 1.3.6 The Group's revenues derive from products with varying levels of intellectual property protection

Although the Group considers its intellectual property portfolio and strategy to be robust and providing some competitive advantage, it does not provide the Group with market exclusivity. Benchmark's products are largely protected as trade secrets, with strong brands supported by a large and market-relevant trademark portfolio and certain key existing and emerging products and processes (including but not limited to Ectosan® Vet and land-based salmon egg production) protected through a strategic patent portfolio that aligns with the Group's commercial priorities, including 15 patent families and 56 pending and 130 granted patents worldwide. Although the Group intends to bring new patented products to market in the future, there can be no guarantee that patents will be granted. Even if patents are granted, they may face competition from generic products over time. Patents and other forms of product protection may not provide sufficient protection for the Group's products. The use of generic products and/or the breach by competitors of the Group's product protections may have a negative impact on the Group's revenues and profits, and legal redress for any breaches would likely be time and cost intensive with uncertain outcomes.

### 1.3.7 Infringement of intellectual property rights; limited ability to protect IP

Certain of the Group's products depend, and certain of its pipeline products will depend, on patents (whether owned by the Group or licensed from others), intellectual property in the form of knowledge or expertise, trademarks and other forms of protection. Protection for these products extend for varying periods of time in accordance with the filing or grant of, and the legal life of, patents in countries in which patents are granted. The protection afforded, which can vary from one country to another, is limited by the terms and the scope of the relevant patents or licensed in patent, trademark or licensed-in trademark and the availability of legal remedies in the relevant country. Investors cannot be assured that any efforts the Group makes to develop or protect its intellectual property rights will be successful. In addition, policing against unauthorised uses is difficult and the Group may not be able to identify all unauthorised uses, the Group may fail to take appropriate steps to enforce its proprietary rights, or it may find that such rights are unenforceable.

Please refer to risk factor 0 "1.1.12 Dependence of key personnel and risks relating to employment contracts with key employees" with respect to employment agreements and missing regulation of intellectual property rights.

### 1.3.8 Infringement of others' intellectual property rights

The Group's commercial success in part depends on avoiding infringement, misappropriation and other violations of the patents and other intellectual property rights of third parties. The Group's product and service offering exists in a dynamic field where third party competitors may obtain patents or have pending patent applications which may relate to aspects of the Group's actions. As the biotechnology industries expand and more patents are issued, the risk increases that our product and service offerings may give rise to claims of infringement of the intellectual property rights of others. Inadvertent actions may expose the Group to the risk of infringing third party intellectual property rights. Potential claims can be submitted many years after a product has been deployed. The Group is therefore exposed to the risk that it has been, or will in future be, subject to claims relating to infringement of third party intellectual property rights, notwithstanding the measures put in place to mitigate this exposure. In the absence of agreement, unforeseen royalty claims could have a material adverse effect on the Group's business, results of operations and financial position.

### 1.3.9 The Group is subject to risks from legal and arbitration proceedings

The Group is, and may in the future become, involved in disputes as well as legal and arbitration proceedings, with public authorities or private entities, which involve claims for damages or other sanctions, for instance arising out of commercial disagreements, contractual disputes, intellectual property enforcement or infringement, acquisitions or other material contracts entered into by it or any member of the Group. As the Group operates in several jurisdictions, at any given time, the Group could also get involved in litigation and other legal and regulatory proceedings, including with tax authorities, arising in the ordinary course of business or otherwise. Such proceedings may include claims related to labour, employment, securities, tax, health, safety, security, environmental and quality, or other matters and may result in significant damages and/or fines.

In the event of a negative outcome of any material proceedings, whether based on a judgment or a settlement agreement, the Group could also be forced to make substantial payments or accept other sanctions, which could adversely affect its business, reputation, prospects, results of operations and financial position. In addition, the costs related to litigation and arbitration proceedings may be significant.

Base Prospectus

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1.3.10 The Group's business is exposed to certain risks to the environment, which may adversely affect the Group's business activities and reputation

The nature of certain of the Group's operating activities exposes the Group to certain significant risks to the environment, such as incidents associated with releases of chemicals or hazardous substances when conducting operations, which could result in liability, fines, risk to the Group's 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.

The Group's business activities could be materially disrupted for a significant period of time if the Group is not able to respond, or is perceived not to respond, in an appropriate manner to any environmental incident or crisis. Any delay in restoring or replacing critical operational capacity following such incidents could have a material adverse effect on the Group's production capabilities and income streams. Moreover, any damage to the Group's reputation caused by environmental incidents could adversely affect the Group's sales to existing customers and ability to attract new customers, which may have a material adverse effect on the Group's business, results of operations and financial position.

1.3.11 Risks related to climate change and environmental, social and governance factors

Climate change and the evolving regulatory environment may expose the Group to regulatory breaches, significant disruption, reputational risk or a reduction in supply of biological raw materials and demand for products or services. The Company's stakeholders are increasingly requiring reassurance that the Group is overseeing and responding to ethical and environmental issues across the Group's business. If the Group suffer a downgrade of its environmental, social and governance ("ESG") ratings, some investors may decide to stop investing as a result of any ESG rating downgrade. If the Group fails to accurately interpret and apply new regulatory standards or fails to conduct its operations in accordance with its ESG-guidelines, it may have a material adverse effect on the Group's business, results of operations, financial position and/or prospects.

## **1.4 Risk factors related to financial matters**

1.4.1 Currency exchange rate risk

The Group as a whole is exposed to fluctuations in currency exchange rates. These impact sales volumes where products are priced by reference to U.S. Dollars but sold in local currencies. 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, U.S. Dollars and Danish Krone). Movements in foreign currency exchange rates impacts, inter alia, revenues and margins where products are priced and paid in local currencies and reported results when local results, assets and liabilities are converted to GBP for reporting purposes. There is a risk that currency fluctuations will have an adverse effect on the Group's business, results of operations and financial position.

1.4.2 The Company may amend or replace its current hedging arrangement

The Group has hedged its exposure to cross-currency fluctuations and interest rates in relation to the amount borrowed under its NOK floating rate bond issue 2022/2025 of NOK 750 million ("**Bond**") to offset its risk in relation to the amount borrowed pursuant to such borrowing, particularly with respect to NOK/USD and NOK/GBP fluctuations. The Company may seek to amend or replace its current hedging arrangements with new hedging arrangements, however, there can be no assurance that such amendment or replacement will take place on commercially reasonable terms. Failure to replace its hedging arrangements or inability to do so on commercially reasonable terms could materially adversely affect the Group's business, results of operations, value of assets, reserves, cash flows, financial condition, access to capital and/or prospects and could cause the Company to fail to meet its obligations under the Bond terms.

1.4.3 Risk relating to current geopolitical instability

The current geopolitical instability arising out of the situation with Russia and Ukraine could result in disruption that might affect the Group, including but not limited to inflation, higher interest rates, negative interest rates, declining access to credit, changes in government regulatory, fiscal or tax policies, including changes in applicable tax rates and the modification of existing or adoption of new tax legislation with or without retrospective effect, sanctions regimes, removal of subsidies, reduced public spending, unexpected alterations to policies designed to address climate change or credit crises affecting disposable incomes, increases in fuel prices, supply chain difficulties, weakness in energy markets or a loss of consumer confidence. Such effects can be expected to include a broad range of jurisdictions and markets which are not necessarily directly involved in the Ukraine conflict or associated sanctions. The Group has a contract with a Russian supplier of CIS Artemia and there is a risk that future sanctions issued by the UK, EU or the U.S. may lead to the termination of such contracts, which could adversely affect the Group's business and profitability. Further, as governments take steps to address inflationary pressures, there may

## Base Prospectus

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be significant changes in the availability of credit, interest rates, limitations on loans, restrictions on currency conversions and foreign investment. If prices for the Group's products and/or services rise at a rate that is insufficient to compensate for the rise in the costs of supplies, it may have an adverse effect on the Group's profitability.

### 1.4.4 Risk relating to maintaining liquidity and managing leverage

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments, and is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group has arrangements in place with key suppliers requiring minimum purchase orders and this can affect working capital availability to the Group.

Any top line growth through new products and markets can drive changing patterns of working capital for the Group. Growth in some markets may also entail increased risk of slow paying customers or bad debts. If the Group is not successful in timely identifying or managing increased working capital needs and other measures required by new payment patterns, this may have a material adverse impact on the Group's financial condition.

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 longer term cash flow forecasts. Failure to comply with covenants contained in debt facilities or arrangements could in some cases trigger a right to require repayment of some of the Group's debt, and may restrict the Group's ability to draw upon its facilities or access the capital markets. Additionally, financial markets can be subject to periods of volatility and shortages of liquidity. If the Group were unable to access the capital markets or other sources of finance for a prolonged period, the Group's cost of financing may increase and there is no guarantee that alternative financing would be achieved on satisfactory terms, which may have a material adverse effect on the Group's business, results of operations, financial position and/or prospects.

### 1.4.5 Restrictive covenants may lead to inability to finance operations, capital needs and to pursue business opportunities

The terms and financial covenants under the Group's financial arrangements, may restrict the Group's ability to distribute dividends, incur additional indebtedness and make certain disposals. The Group is also subject to certain specific covenant testing. Even though these restrictions are subject to certain carve-outs and limitations, some of the covenants could affect the Group's business and financial planning, or limit the Group's ability to finance future operations and capital needs. The Group's ability to pursue new activities in accordance with the Group's strategy or explore potential growth opportunities that otherwise may be in the Group's interest may also be subject to restrictions. Should the Group be prevented from making beneficial business decisions because of the terms of its financing agreements, this could have a material adverse effect on, inter alia, the Group's operational activities, its financial position and future operational and financial prospects and targets.

### 1.4.6 Change of control clauses in the Group's financing arrangements

The Bond and the RCF entered into by Benchmark Holdings plc on 23 September 2022 and 21 November 2022, respectively, include change of control clauses that will, inter alia, be triggered if Benchmark Holdings plc (or the parent if applicable) is delisted from AIM, Euronext Growth or another specified exchange or if a person gains a decisive influence (as such term as defined therein). The term loan facility entered into by Benchmark Genetics Salten AS ("**BGS**") includes a change of control clause which will be triggered if Benchmark Holdings plc ceases to own more than 50.1%, indirectly or directly, of the shares of BGS with corresponding voting rights. Benchmark Holdings plc currently indirectly owns 74.97% of the shares in BGS.

If a change of control event should occur under any of the said financing arrangements, the Group could be required to repay the relevant loan. No assurance can be made the Company will be able to make such payment or be able to refinance the debt in time, which could have a material adverse effect on the Company's financial position, and in worst case result in insolvency proceedings.

## **1.5 Risks related to the bonds**

### **1.5.1 Risks related to the underlying Issuer**

#### **1. Risks of being unable to repay the Bonds**

During the lifetime of the Bonds, the Company will be required to make payments on the Bonds. The Company's ability to generate cash flow from operation and to make scheduled payments on and to repay the Bonds, will depend on the future financial performance of the Company and the Group. In addition, the Company's ability to pay amounts due on the Bonds may depend on the financial performance of its subsidiaries and upon the level of distributions, interest payments and loan repayments, if any, received from its operating subsidiaries, any amounts received on disposals of assets and equity holdings and the level of cash balances. Certain of the Group's operating subsidiaries may be subject to restrictions on their ability to make distributions and loans including as a result of restrictive covenants in loan agreements, foreign exchange and other regulatory restrictions and agreements with other shareholders of such subsidiaries (if applicable) or associated undertakings.

If the Company is unable to generate sufficient cash flow from operations or through distributions from its subsidiaries in the future to service its debt, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing indebtedness or seeking equity capital. The Company cannot assure investors that any of these alternative strategies could be effected on satisfactory terms, if at all, or that they would yield sufficient funds to make required payments on or to repay the Bonds. Inability to effect such strategies may have a material adverse effect on the Company's business, results of operations, financial position and/or prospects.

2. **Company may have insufficient funds to make required redemptions or repurchases of Bonds**

The terms of the Bond Issue provide for certain redemption and repurchase mechanics in respect of the Bonds which entail redemption or repurchase with a premium, either voluntarily or mandatorily. The latter will be the case inter alia upon the occurrence of a change of control event (as described in the Term Sheet), whereby each individual Bondholder has a right to require that the Company purchases all or some of the Bonds at 101% of par value (plus accrued interest).

Further, the terms of the Bond Issue will provide that the Company (i) may redeem all or parts of the Bonds at various call prices during the lifetime of the Bonds and (ii) shall redeem all the Bonds upon certain conditions. This is likely to limit the market value of the Bonds. During any period when the Company may redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

There can be no assurance that the Company will have sufficient funds at the time of such event to make the required redemption and/or repurchase of the Bonds, should a mandatory redemption or repurchase occur.

3. **Value of collateral may be insufficient to cover outstanding Bonds**

Although the Bonds are secured obligations of the Company, there can be no assurance that the value of the assets securing the Bonds and the Company's other assets will be sufficient to cover all of the outstanding Bonds together with accrued interest and expenses together with the claims of the other secured creditors in the event of a default and/or if the Company becomes insolvent or goes into liquidation and/or with respect to the amount that could be received upon a sale of any assets subject to security.

## 1.5.2 Risks related to the nature of the Bonds

1. **Risks relating to super senior creditors**

Under the terms of the Bond Issue the Company is permitted to incur liabilities which may be significant, may not be limited in amount and that will rank senior in priority to the Bonds, including revolving credit facilities and certain derivative exposures. The intercreditor agreement will contain certain provisions regulating instruction rights over the security agent, including instructions as to enforcement. Upon certain conditions being met, such instruction right may be held entirely by a defined majority of such senior creditors (whose claims will rank senior to the Bonds with respect to enforcement proceeds). Such senior creditors may have conflicting interests with the bondholders in a default and enforcement scenario, including an incentive to take enforcement steps which may be detrimental to the value of the Bonds. In general and in these situations in particular, there can be no assurance that any enforcement proceeds will be sufficient to cover the prior ranking creditors or the claims under and in relation to the Bonds.

2. **The Bonds are structurally subordinated to liabilities of Company's subsidiaries**

The Bonds are subject to credit risk relating to the Group's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. Generally, creditors under indebtedness and trade creditors of the Company's subsidiaries will be entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Company, as a direct or indirect shareholder. Accordingly, in an enforcement scenario, creditors of the Company's subsidiaries will generally be entitled to payment in full from the sale

or other disposal of the assets of such subsidiaries before the Company, as a direct or indirect shareholder, will be entitled to receive any distributions.

### **1.5.3 Risk related to the market in general**

All investments in interest bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. There are five main risk factors that sum up the investors' total risk exposure when investing in interest bearing securities: liquidity risk, interest rate risk, settlement risk, credit risk and market risk (both in general and issuer specific).

**Liquidity risk** is the risk that a party interested in trading bonds cannot do it because nobody in the market wants to trade the bonds. . The Borrower has no control over the bond market and is subject to both external factors that may impact the willingness of market participants to trade and participants' view of the issuer and their resulting willingness to trade in the bonds. Missing demand for the bonds may result in a loss for the bondholder

**Interest rate risk** is the risk that results from the variability of the NIBOR interest rate or any other rate that may be agreed. The coupon payments, which depend on the applicable interest rate and the Margin, will vary in accordance with the variability of the applicable interest rate. The interest rate risk related to this bond issue will be limited, since the coupon rate will be adjusted quarterly according to the change in the applicable reference interest rate (NIBOR 3 months or such other rate as may be agreed) over the tenor. The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying. A possible increase in the credit spread trading level relative to the coupon defined credit margin may relate to general changes in the market conditions and/or Issuer specific circumstances such as a deterioration of the Borrower's real or perceived financial position. However, under normal market circumstances the anticipated tradable credit spread will fall as the duration of the bond issue becomes shorter. In general, the price of bonds will fall when the credit spread in the market increases, and conversely the bond price will increase when the market spread decreases.

**Settlement risk** is the risk that the settlement of bonds does not take place as agreed. The settlement risk consists of the failure to pay or the failure to deliver the bonds.

**Credit risk** is the risk that the Borrower fails to make the required payments under the Loan (either principal or interest). Such failure to pay could be due to a deterioration in the Borrower's financial position.

**Market risk** is the risk that the value of the bonds will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do however in general carry a lower price risk compared to bonds with a longer tenor and/or with a fixed coupon rate.

No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants view of the credit quality of the Issuer as well as established and available credit lines.

## 2 Definitions

AIM	Alternative Investment Market, a sub-market of the London Stock Exchange.
Articles of Association	The articles of association of the Company, as amended and currently in effect.
Base Prospectus	<p>This document dated 31 March 2023.</p> <p>The Base Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus.</p>
Board or Board of Directors	The board of directors of the Company.
Company/Issuer/Parent/ Benchmark Holdings	Benchmark Holdings plc, a company existing under the laws of England and Wales with registration number 04115910 and LEI code 2138001UQHM4VZGXUJ19.
Final Terms	<p>Document to be prepared for each new issue of bonds under the Prospectus. The template for Final Terms is included in the Base Prospectus as Annex 3.</p> <p>The template for Final Terms has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this template for Final Terms as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this template for Final Terms. Investors should make their own assessment as to the suitability of investing in the securities.</p>
Special Purpose Financial Statements	Audited special purpose consolidated financial statements for Benchmark Holdings plc for the financial year ended 30 September 2022 with comparable figures for 2021, prepared in accordance with EU IFRS.
Consolidated Financial Statements	Audited consolidated statutory financial statements as of and for the fiscal year ended 30 September 2020 with comparable figures for 2019, prepared in accordance with EU IFRS.
Group	The Company and its subsidiaries from time to time.
Group Company	Any person which is a member of the Group
IFRS	International Financial Reporting Standards
Interim financial statements	Unaudited (but reviewed) condensed consolidated interim financial statements for Benchmark Holdings plc for the three months ended 31 December 2022 with comparable figures for the same period in 2021, prepared in accordance with IAS 34 Interim Financial reporting as adopted by the EU.
LEI	Legal entity identifier
ISIN	International Securities Identification Number
NIBOR	Norwegian Interbank Offered Rate. NIBOR is a collective term for Norwegian money market rates at different maturities



Base Prospectus

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NFSA	The Financial Supervisory Authority of Norway
NOK	Norwegian kroner
Manager	DNB Bank ASA
VPS or VPS System	The Norwegian Central Securities Depository, Verdipapirsentralen ASA

## **3 Persons responsible**

### ***3.1 Persons responsible for the information***

Persons responsible for the information given in the Base Prospectus are as follows:

Benchmark Holdings plc, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom

### ***3.2 Declaration by persons responsible***

Benchmark Holdings plc declares that to the best of its knowledge, the information contained in the Base Prospectus is in accordance with the facts and that the Base Prospectus makes no omission likely to affect its import.

West Sussex, 31 March 2023

Benchmark Holdings plc

## **4 Statutory Auditors**

The statutory auditors for the Issuer for the period covered by the historical financial information has been KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA, United Kingdom, independent public accountants.

KPMG LLP is member of The Institute of Chartered Accountants in England and Wales.

KPMG LLP has audited the Special Purpose Financial Statements and the Consolidated Financial Statements, covering the financial years ended on 30 September 2022, 2021 and 2020. KPMG LLP has not audited, reviewed or produced any other report on any other information in this Base Prospectus, except for review of the interim financial statements for the three months ended 31 December 2022.

## **5 Information about the Issuer**

### ***5.1 History and development of the Company***

#### **5.1 Name and contact details**

The legal and commercial name of the Issuer is Benchmark Holdings plc.

The address, telephone number and website of the Issuer is as follow:

Benchmark Holdings plc, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom

The Company's telephone number is +44 (0)114 240 9939.

Website <https://www.benchmarkplc.com>

The information on the website mentioned above does not form part of the Base Prospectus unless that information is incorporated by reference into the Base Prospectus.

#### **5.2 Place of registration, registration number and LEI code**

The Company is registered with the Companies House, England and Wales, United Kingdom with registration number 04115910. The Company's LEI code is 2138001UQHM4VZGXUJ19.

#### **5.3 Incorporation, domicile and legal form**

Benchmark Holdings plc was incorporated on 28 November 2000.

The Company is a limited liability company incorporated in England and Wales and organized under the laws of England and Wales, including the Companies Act 1985 and the Companies Act 2006. See also section 7.1 Description of Group that Issuer is part of.

#### **5.4 Recent events**

The Company has recently completed:

- an issue of 35,189,350 shares at NOK 4.50 per share
- a refinancing of its previous USD 15 million revolving credit facility with its current GBP 20 million RCF on 21 November 2022
- a refinancing of Benchmark Genetics Salten's NOK 216 million term loan and NOK 17.5 million overdraft with a NOK 179.5 million term loan from Nordea in November 2022
- the purchase on 15 February 2023 of the minority interest's shareholding of 14,981,272 shares in Benchmark Genetics Iceland HF for EUR 9,000,000 (approximately GBP 7,987,077). Following this acquisition, Benchmark Genetics Limited, a subsidiary of the Company, now owns 100% of the share capital of Benchmark Genetics Iceland HF

Other than the above, there has been no significant recent event which would have a material impact on the Company's financial position. The Company's annual financial report for the most recent year ended 30 September 2022 was prepared on a going concern basis.

#### **5.5 Credit ratings**

There are no credit ratings assigned to the Issuer at the request or with the cooperation of the Issuer.

#### **5.6 Material changes**

On 21 November 2022, the Company (as borrower), DNB (UK) Limited (as lender) and DNB Bank ASA, London Branch (as agent) entered into an up to GBP 20,000,000 super senior revolving facility agreement (as amended and supplemented from time to time, the RCF). The RCF matures in June 2025. The interest rate on the RCF is between 2.5% and 3.25% above SONIA depending on leverage. 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 GBP 10.0 million. Available liquidity at 31 December 2022 was GBP 62.8 million

## **5.7 Expected financing**

Based on current business plans and projections, the Company expects to be able to finance its operations, and the payments required under the bonds from its existing cash resources, sales revenue, the RCF and potential equity fundraises if required.

## 6 Business overview

The Company is the holding company of an aquaculture biotechnology group delivering mission critical solutions to major farmed aquaculture species. Founded in 2000, the Group has been built through organic development and strategic acquisitions. Benchmark's mission is to drive sustainability in aquaculture by delivering products and solutions that improve yield, quality, and animal health and welfare for aquaculture producers. The Group delivers products and solutions in three main business areas: (i) Genetics, (ii) Advanced Nutrition and (iii) Health. The Group's main products include salmon eggs with specialist genetic traits, live feed (Artemia) and artemia technologies, early-stage specialist diets, probiotics and sea lice treatments. The Company was admitted to trading on AIM, London Stock Exchange's market for smaller and medium size growth companies, in 2013, and admitted to trading on Euronext Growth Oslo in December 2022.

The Group operates in 26 countries with a global distribution network serving major aquaculture producing markets for salmon, shrimp, Mediterranean sea bass and sea bream and tilapia. The Group has a customer base with more than 750 customers in over 70 countries, such as SalMar, VietUc and Acramar.

### 6.1 Principal activities

#### 6.1.1 Overview

Benchmark is a provider of products and solutions in aquaculture genetics, advanced nutrition and health. These three areas play a critical role in the aquaculture value chain and represent attractive growing markets.

The Genetics business area provides salmon eggs, shrimp breeders and tilapia breeders and fingerlings to its customers, as well as genetic improvement services for a broad range of aquatic species. Advanced Nutrition provides live feed (Artemia), Artemia technologies, specialist diets, probiotics and environmental water treatments for shrimp and marine fish. Benchmark's Health business area provides sea lice treatments for salmon farming.

The Group's three business areas provide a diversified and global revenue base.

#### 6.1.2 Genetics

Professional genetics provide a crucial starting point in aquaculture. Good genetics can have a material impact on efficiency, disease resistance and survivability across the whole production cycle. Benchmark is a provider of aquaculture genetics and genetics services with an offering across major farmed species such as salmon, shrimp and tilapia.

Benchmark is a market leading provider of salmon genetics.<sup>1</sup> Salmon eggs with specialist genetics is the core product constituting 66% of the Genetics business area revenue for LTM Q3 2022. The Group's offering within Salmon genetics includes SalmoProtect®, SalmoSelect®, SalmoTotal®, SalmoRAS® and SalmoRAS®4+, allowing salmon farmers to choose traits based on their specific needs, inter alia with regards to production system and location, water temperature, disease pressure, organic growth and efficiency.

The Group's other revenue sources within its Genetics business area include shrimp and tilapia genetics, harvest revenues from salmon farming licenses, lumpfish fingerlings and genetic services such as design, implementation and operation of selective breeding programmes for aquaculture species.

Through Benchmark's specialist genetics, Benchmark aims to help its customers produce fish and shrimp that grow faster and live healthier lives using less resources – thus improving sustainability across the value chain. Benchmark applies selective breeding and advanced genomic tools to deliver eggs and broodstock with genetic traits that drive growth, quality and disease resistance. The Group has a highly skilled team of geneticists with experience in more than 20 different species.

In 2022 Benchmark commercially launched its shrimp genetics products including specific pathogen resistant (“SPR”) shrimp breeders and PLs (“post-larvae”). Benchmark's product range includes BMKYield®, aimed at maximizing yield efficiency, BMKProtect®, for improved growth while maintaining resistance and overall robustness, and BMKLowSal® which offers optimised performance under low salinity conditions.

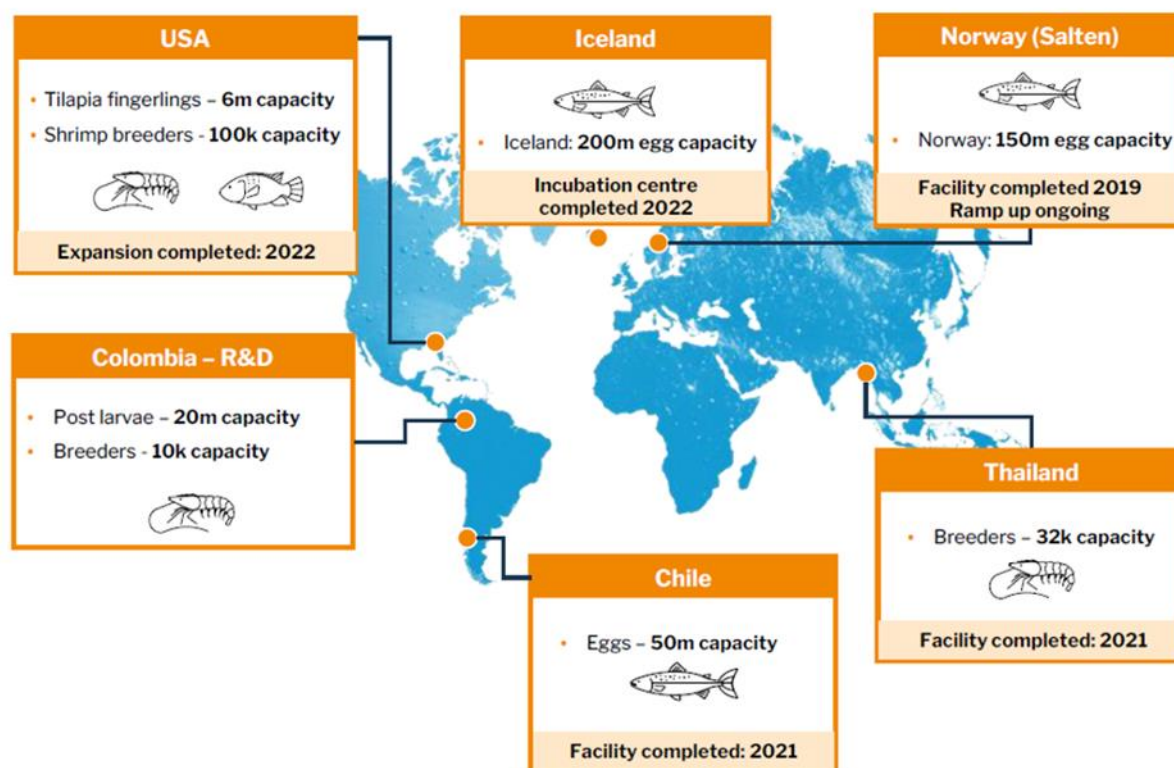
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<sup>1</sup> Source: Based on Company estimates of 2022 market shares for salmon eggs.

## Base Prospectus

The Group also produces and distributes genetically improved, high performing tilapia fingerlings and breeders and has implemented infrastructure for year-round delivery.

The Group has a well invested production footprint, located in key salmon farming regions with capacity for growth. The below figure sets out annual capacity in the Group's respective sites.



Benchmark serves close to 200 customers in about 40 different countries within the Genetics business area, holding a leading market position in salmon eggs<sup>2</sup>, and a developing position in shrimp and tilapia, having recently entered these sectors.

The Genetics business area's share of revenue for the year 2022 was approximately 37 per cent of the Group's total revenue.

The Company sells directly to end users which comprise aquaculture producers.

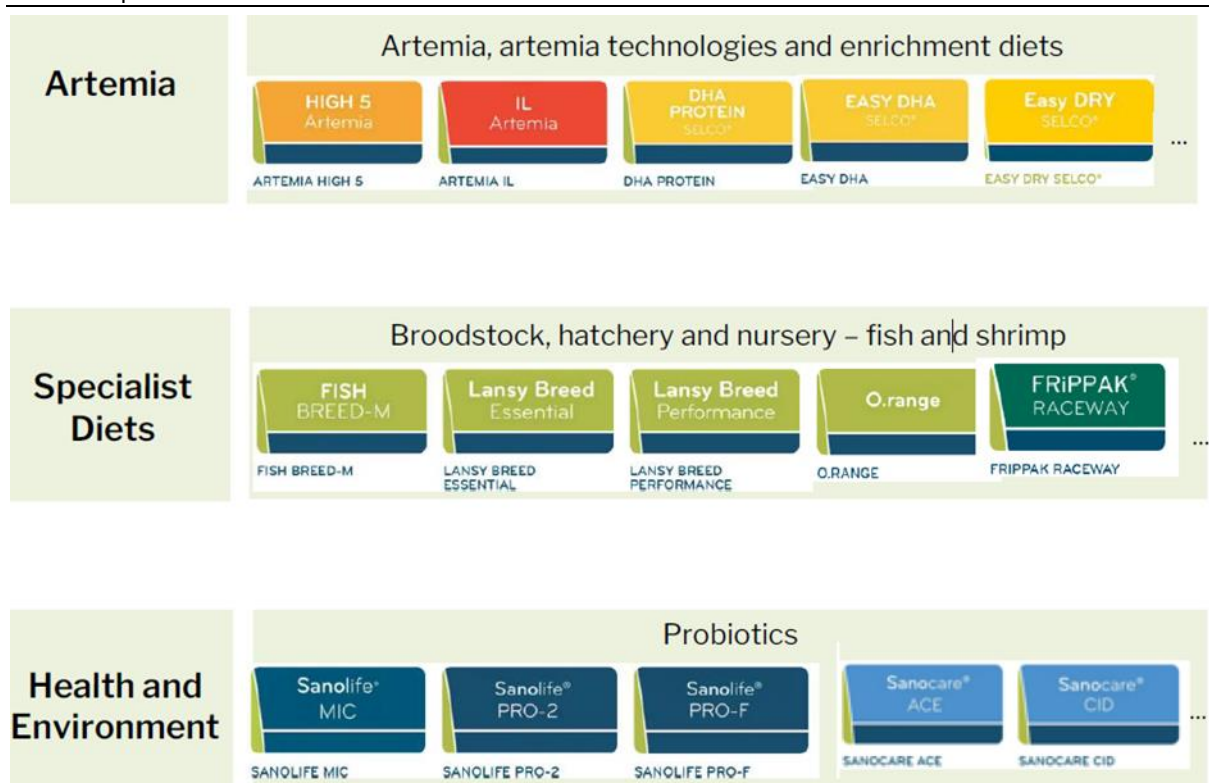
### 6.1.3 Advanced Nutrition

Benchmark holds the brand, "INVE", with global presence within the specialist nutrition niche for the early stages of shrimp and marine fish production. Early stage nutrition plays a critical role in the development of fish and shrimp up until the time of harvest. The Group's nutritional solutions contribute to more successful, consistent and sustainable production.

Benchmark serves approximately 550 customers in 60 countries in this business area. Benchmark's Advanced Nutrition products have been developed over 35 years by understanding biology and applying science to promote growth, normal development, robustness and survivability for shrimp and fish. The business area has three product areas: live feed (Artemia) and artemia technologies, specialist diets and health products including probiotics and environmental solutions for shrimp and Mediterranean sea bass/sea bream. Its products are primarily used for early stage production in hatcheries.

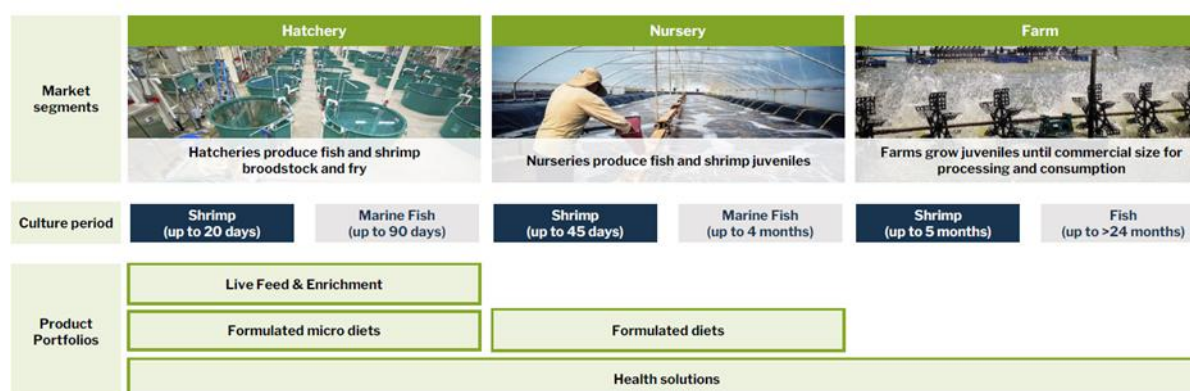
The figure below shows a selection of the Company's products in its three product areas.

<sup>2</sup> Source: Based on Company estimates of 2022 market shares for salmon eggs.



Live feed (Artemia) is naturally harvested from salt lakes in a number of territories around the world. Benchmark sources Artemia and then processes it with patented technology, enhancing nutritional and commercial quality. Benchmark has access to Artemia from the Great Salt Lakes in Utah, US through harvesting rights and agreements with the Great Salt Lakes Cooperative.

The specialist diets range of products offers stage-specific diets for shrimp and marine fish, primarily for the hatchery and nursery stages of production. Benchmark's Health product offering within its Advanced Nutrition business area includes preventive solutions such as probiotics, biocides, and water conditioners which help customers improve biosecurity and disease resistance, control pathogen bacteria and improve feed utilisation.



Benchmark's advanced nutrition products are manufactured in Thailand and the U.S. and sold both directly and through a network of distributors in shrimp producing markets in Asia and Latin America, and in the sea bass and sea bream markets in the Mediterranean.

## 6.1.4 Health

Benchmark's Health business area provides sea lice treatments for the salmon industry and has approximately 50 customers in 5 countries. Growth in aquaculture is curbed by biological challenges such as sea lice and other

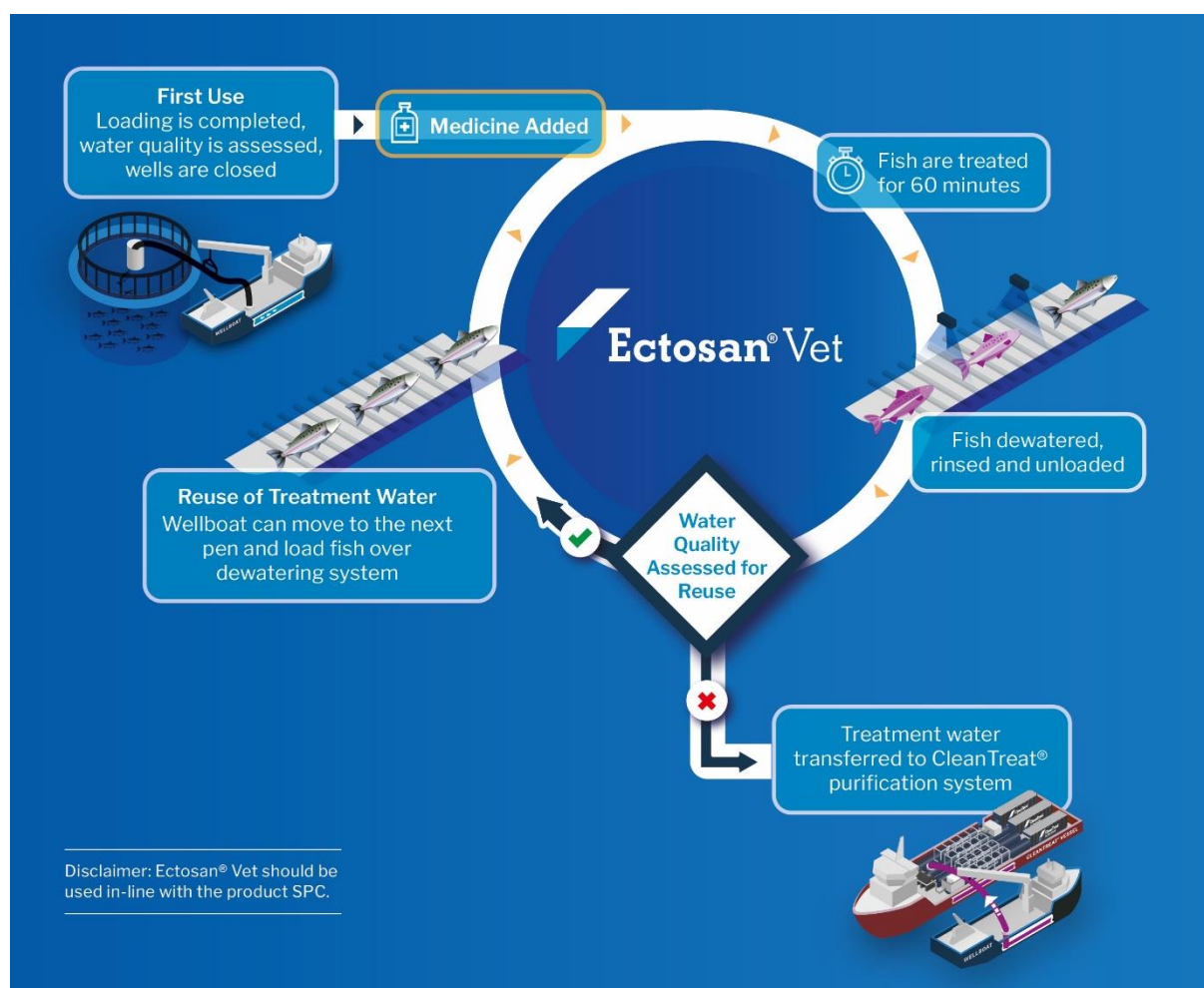


Base Prospectus

diseases. Sea lice is one of the largest sustainability challenges for salmon farmers today costing the industry an estimated USD 1.0 billion in direct costs.<sup>3</sup>

Benchmark has two medicinal sea lice treatments in the market: Salmosan® Vet and Ectosan® Vet which is used in combination with CleanTreat®. Salmosan® Vet has been used by salmon farmers since 2009 while Ectosan® Vet and CleanTreat® were introduced into the Norwegian market in 2021.

Ectosan® Vet and CleanTreat® use the first new active ingredient launched in Norway in more than a decade and represent an effective sea lice solution while protecting fish welfare and protecting the ocean from medicinal discharges. Ectosan® Vet and CleanTreat® build on the practice of using well boats for medicinal treatments, incorporating a purification platform that removes medicine from bath treatment water before returning it to the ocean. It has been developed to meet the highest standards of efficacy and fish welfare. Applied exclusively in wellboats, it ensures all treatment water is retained, allowing the medicine to then be removed by CleanTreat® – supporting the global aquaculture sector's drive to reduce environmental risk. The Company believes that Ectosan® Vet and CleanTreat® represent a breakthrough development for the aquaculture industry — providing an effective tool for use within integrated pest management strategy for sea lice; improving fish welfare, whilst protecting the environment.



<sup>3</sup> Source: The cost of lice, Iversen, Audun, Hermansen, Øystein, Nofima 2021, Company estimates.



The Health business area serves salmon producers across the main producing markets including Norway, Canada, Scotland and Chile.

## 6.2 Principal markets

Benchmark serves the growing aquaculture industry focusing on its main species which include salmon, shrimp, marine fish and tilapia. The aquaculture industry is large and growing, supported by global megatrends such as a growing population, increasing animal protein consumption, and awareness of health and sustainability benefits of seafood compared to other animal proteins. Within aquaculture, Benchmark focuses on niche, specialist sectors which are mission critical for aquaculture producers.

The Group delivers products and solutions in three main business areas: (i) Genetics, (ii) Advanced Nutrition and (iii) Health.

The Group has a global presence, with customers all over the world with a focus in Norway.

### Revenue split for the Group

Financial year	Norway	India	Singapore	Ecuador & Chile	Greece	Rest of Europe	Rest of World
2020	18.2%	5.4%	4.5%	9.2%	4.8%	29.7%	28.3%
2021	25.1%	9.7%	6.0%	5.5%	4.9%	17.4%	31.4%
2022	32.3%	8.0%	4.5%	5.3%	3.9%	13.8%	32.2%

### 6.2.1 Genetics

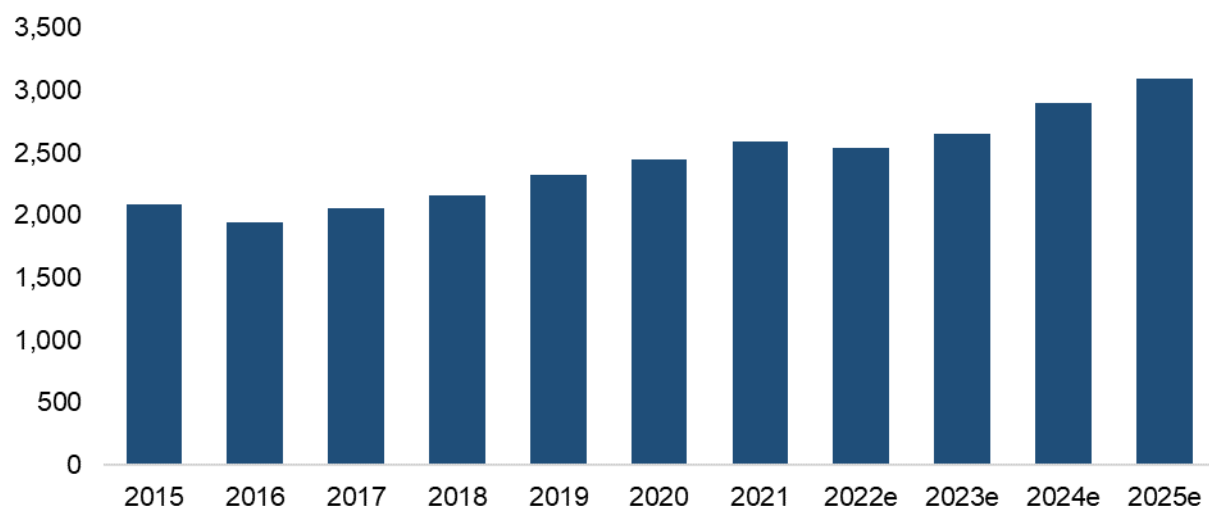
Benchmark Genetics is providing aquaculture genetics services with in-house breeding programmes focusing on three main species: salmon, shrimp and tilapia. Benchmark Genetics has approximately 200 customers in 40 countries. The Group produces specialist salmon eggs in Norway, Iceland and Chile, shrimp breeders in Colombia and the U.S. and tilapia breeders and fingerlings in the United States. Salmon eggs are currently the largest product within genetics. Products are primarily sold directly to aquaculture companies, and the genetics market is therefore dependent on the general market conditions and growth within each species. In addition, through its genetics consulting services, the Company can serve numerous aquaculture species.

## Base Prospectus

Among aquaculture species, salmon is the most mature with the highest level of industrialisation and use of professional genetics targeted at improving yield through better growth and disease resistance. According to the Company, the global market for salmon eggs is currently the largest market within genetics with an estimated size of approximately 1.1 billion eggs, equivalent to about GBP 130 million. As salmon eggs are mission critical in the production of farmed salmon, the demand of salmon eggs will be driven by production volumes and demand of farmed salmon. According to the Company, there has been an increase in egg prices that reflects the value of ongoing innovation and mission critical nature of such products to farmers. Mowi Industry Handbook estimates a growth in harvest volumes of Atlantic salmon from about 2.6 million tonnes (GWT) in 2021 to about 3.1 million tonnes (GWT) in 2025, equivalent to a 4% CAGR. See figure below for illustration of the global harvest volumes of Atlantic salmon.

**Global harvest volumes of Atlantic salmon<sup>4</sup>**

ktonnes(GWT)



As salmon farming is a regulated industry, growth in short- and medium-term is related to better operational efficiency and industrialisation. This favours a high demand for salmon eggs as better genetics related to growth and disease resistance is beneficial to salmon farmers. Volume growth related to land-based and offshore farming have not yet impacted the market to a large extent. However, in a long-term perspective, this may potentially lead to a significant increase in the production of farmed salmon and thereby further increase the demand of salmon eggs.

The shrimp sector, as mentioned above, has a broad range of players with a lower but growing penetration of professional genetics. According to the Company, the size of the professional global shrimp market for genetics is approximately 1.5 million breeders, equivalent to about GBP 100 million. Growth will depend on degree of consolidation and industrialization of the shrimp business.

Tilapia has a low level of industrialisation, and the use of professional genetics in the sector is low. According to the Company, the professional genetics global market size for Tilapia breeders and fingerlings is estimated at 8 million breeders, equivalent to GBP 50 million. Market growth will depend on degree of industrialisation and production volumes.

**Revenue split for the Genetics business area (customer location)**

Financial year	Norway	UK	Faroese	India	Chile	Rest of Europe	Rest of World	Inter-segment sales
2020	47.5%	15.4%	16.8%	0.0%	0.3%	13.2%	6.7%	0.1%
2021	58.0%	8.2%	12.0%	0.0%	0.9%	14.8%	5.9%	0.1%
2022	59.8%	7.4%	9.4%	1.1%	1.7%	12.3%	8.2%	0.1%

<sup>4</sup> Source: Mowi Salmon Industry Handbook 2022, <https://mowi.com/wp-content/uploads/2022/07/2022-Salmon-Industry-Handbook-1.pdf>.

## 6.2.2 Advanced Nutrition

Advanced Nutrition primarily serves the global shrimp and the Mediterranean sea bass and sea bream aquaculture markets. Within these markets, Benchmark's focus is in the hatchery and nursery segments which represent the first stages of the aquaculture production cycle. The market outlook for Advanced Nutrition will depend on the market outlook of the served species, including production volumes, degree of industrialisation and consolidation.

The shrimp aquaculture industry consists of a large and diverse range of players with different production systems and degrees of industrialisation from small family-owned farms, to large, integrated producers. Geographically, the sector's main producing regions are Asia and the Americas, with the main producing countries being China, Ecuador, India, Vietnam and Indonesia. The annual shrimp production is estimated to be approximately 5 million tonnes<sup>5</sup> and it is estimated to grow at a CAGR of more than 4% in the medium term according to the Company.<sup>6</sup> The shrimp market's degree of industrialisation and consolidation has increased over the recent years, and there is increasing awareness of sustainability among players and stakeholders. These factors, combined with global megatrends, will facilitate the market growth and thereby a higher demand of professional genetics and advanced nutrition in the shrimp industry.

The Mediterranean sea bass and sea bream aquaculture industry is semi-mature, relatively consolidated and partly integrated. Industry consolidation is expected to drive production efficiency, and the species are experiencing better performance in hatcheries related to improved feeding regimes and higher survival rates. The Company considers that demand in the sector will be driven by product innovation and marketing. According to the Food and Agriculture Organization of the United Nations ("FAO"), Turkey is currently accounting for more than 50% of all farmed sea bass in Europe with approximately 15,000 tonnes. Other producers of Mediterranean sea bass are Greece, Italy, Spain and Croatia. The market for sea bass and sea bream is characterized by a strong demand and it is expected that the market for sea bream will grow at a larger proportion than the sea bass.

### **Revenue split for the Advanced Nutrition business area (customer location)**

Financial year	Norway	Ecuador	India	Greece	Singapore	Turkey	Rest of Europe	Rest of World	Inter-segment sales
2020	1.1%	11.5%	10.9%	9.5%	9.0%	5.5%	7.9%	44.6%	0.1%
2021	0.8%	5.8%	17.2%	8.7%	10.7%	8.5%	6.2%	42.1%	0.1%
2022	1.2%	8.1%	14.9%	7.7%	8.8%	8.0%	5.2%	46.0%	0.1%

## 6.2.3 Health

The Health business area focuses on sea lice treatments and serves salmon producers across Norway, Canada, Scotland and Chile. The Group has a market leading position in Norway for medicinal sea lice treatments.<sup>7</sup> According to the Company, sea lice is the largest biological challenge for salmon farmers and has an estimated cost of USD 1.0 billion per year.<sup>8</sup> According to Nofima, the direct cost of sea lice is increasing and has been ranging from NOK 4 billion to NOK 5 billion over last five years.<sup>9</sup> Sea lice is also affecting the mortality rates in the sea which ranges from 15-16% of total harvest volumes per year<sup>10</sup>, and salmon farmers are therefore highly incentivized to invest in sea lice treatments. The landscape of different sea lice treatment methods is presented in the figure below.

<sup>5</sup> Source: Seafood Source (2022) "Global Shrimp production to surpass 5 million MT in 2022, CP Food's Robin McIntosh predicts", <https://www.seafoodsource.com/news/supply-trade/expert-predicts-global-shrimp-production-will-exceed-5-million-metric-tons-for-first-time-in-2022>.

<sup>6</sup> Source: Company estimates.


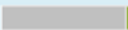
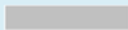
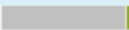







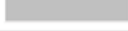




















<sup>7</sup> Based on Company estimates of 2022 market shares for medicinal sea lice treatments in Norway.

<sup>8</sup> Source: The cost of lice, Iversen, Audun, Hermansen, Øystein, Nofima 2021, Company estimates.

<sup>9</sup> Source: Direct sea lice costs per kilo of salmon produced in Norway (Nofima, 2021) multiplied with annual harvest volumes from Norwegian farmers (Kontali, 2021), <https://www.kontali.com/b/the-salmon-farming-industry-in-norway-2022-report> (pay-wall).

<sup>10</sup> Source: "Norwegian Fish Health Report 2021", Norwegian Veterinary Institute (2021), <https://www.vetinst.no/rapporter-og-publikasjoner/rapporter/2022/fish-health-report-2021>.

**Overview of different sea lice methods<sup>11</sup>**

Treatment method		Supplier	Fish welfare	Environment	Efficacy
Ectosan® Vet and CleanTreat®		 Benchmark*			
Non-medical	Fresh water treatment	Multiple suppliers			
	Mechanical removal	Multiple suppliers			
	Thermal treatment	Multiple suppliers			
Biological control	Cleaner fish	Multiple suppliers			
Medical/chemical	New chitin synthesis inhibitors*	Multiple suppliers			
	Hydrogen Peroxide (H2O2)	Multiple suppliers			
	Organophosphorous compounds	 Benchmark*			
	Pyrethroids	Multiple suppliers			
	Other substances	Multiple suppliers			

The overview provided by Benchmark is rating the treatment methods into three different colours whereof green is a high rating, orange is medium and red is low. The market for sea lice treatments in Norway has grown with a CAGR of 13% from 2017 to 2021.<sup>12</sup> Majority of growth is driven by non-medical treatments due to lack of effective medical treatments according to the Company.

**Revenue split for the Health business area (customer location)**

Financial year	Norway	UK	Faroes	Chile	Rest of Europe	Rest of World	Inter-segment sales
2020	14.9%	18.1%	1.1%	37.8%	14.5%	9.8%	3.9%
2021	47.1%	7.9%	4.4%	29.8%	0.3%	10.4%	0.0%
2022	77.3%	1.0%	2.9%	4.3%	0.0%	14.4%	0.0%

**6.3 Competitive situation**

The Company faces a different competitive environment in each of its three business areas.

**6.3.1 Genetics**

Within Genetics, Benchmark's business is primarily in salmon egg genetics which generated revenues of GBP 38.3 million in FY22, representing more than 66% of the GBP 58.0 million revenues in the Genetics business area in FY22. The Company has recently entered the shrimp genetics and tilapia genetics markets and is in the early stages of developing a position in those markets. The salmon genetics sector is well developed and highly concentrated with a small number of players. Benchmark aims to differentiate itself through the quality of its products and the genetic traits it offers as well as its customer service, biosecurity and year round supply of eggs. Benchmark's competitors in salmon genetics include Aquagen, Hendrix and Mowi. The Company estimates its market share in salmon genetics to be approximately 30%. Benchmark's competitors in shrimp include Hendrix, CP Foods and SIS.

**6.3.2 Advanced Nutrition**

In Advanced Nutrition, Benchmark primarily operates in the niche hatchery segment serving the shrimp and Mediterranean sea bass and bream aquaculture markets. Benchmark positions its products within the premium range aiming to differentiate itself from its competitors through the performance of its products and the technical services it offers its customers. Depending on the geography and product range, Benchmark's competitors may

<sup>11</sup> Source: Company assessment.

<sup>12</sup> Source: The cost of lice, Iversen, Audun, Hermansen, Øystein, Nofima 2021, Company estimates.

include large multinationals and small local players. These include, but are not limited to, the Great Salt Lake Cooperative, Arsal, I&V-BIO, Zeigler, BernAqua, BioMar and Skretting, amongst others.

### **6.3.3 Health**

In Health, Benchmark operates in the market for sea lice treatment and control, particularly in the medicinal treatment segment. Benchmark faces competition from other providers of medicinal treatments as well as providers of other sea lice control methods including mechanical treatments. Benchmark aims to differentiate itself from its competitors by delivering superior efficacy and animal welfare. Its main competitors include multiple providers of sea lice treatments including primarily mechanical treatments.

## **7 Organizational structure**

### ***7.1 Description of Issuer***

Benchmark Holdings plc is a public limited company, incorporated and domiciled in England and Wales.

Benchmark Holdings plc is the parent company in the Group.

The current legal structure of the Group is shown in Annex 2.

### ***7.2 Dependence upon other entities***

The Company receives contributions from its subsidiaries, as well as interest and instalments from intercompany loans drawn on a revolving credit facility. Therefore, the Company is dependent on the results of the operations of the Company's subsidiaries.

## **8 Trend information**

### ***8.1 Prospects and financial performance***

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

There has been no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the Base Prospectus.



## 9 Administrative, management and supervisory bodies

### 9.1 Information about persons

#### Board of Directors

The Company's Articles of Association provide that the Board shall consist of between 2 and 10 board members. The Board of Directors currently consists of 8 members including the chairperson of the Board. The names and positions in the Company of the Board Members as at the date of this Prospectus are set out in the table below.

Name	Position
<b>Peter George</b>	Non-Executive Chairperson
<b>Trond Williksen</b>	Chief Executive Officer
<b>Septima Maguire</b>	Chief Financial Officer
<b>Susan Searle</b>	Non-Executive Director
<b>Kevin Quinn</b>	Non-Executive Director
<b>Yngve Myhre</b>	Non-Executive Director
<b>Kristian Eikre</b>	Non-Executive Director
<b>Atle Eide</b>	Non-Executive Director
<b>Laura Lavers</b>	Non-Executive Director

The business address of all members of the Board of Directors is Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom.

**Peter George** has a strong track record in growing successful international life sciences businesses. He is most renowned for his achievements as chief executive officer 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 chairperson 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.

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

**Trond Williksen** 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 chief executive officer of SalMar ASA, the Norwegian fish farm company being one of the world's largest producers of farmed salmon. Prior to SalMar, he was chief executive officer 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 Seafood, Ocean Harvest and BioMarine companies as well as being the managing director of the Norwegian Fishfarmers Association.

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

He is a board member at SinkabergHansen AS, a leading Norwegian salmon farming company, and a board member of Williksen Export AS, a Norwegian salmon export company. Trond also owns an investment company, KRING AS. At the time of Trond's appointment, the Board reviewed Trond's other roles and were comfortable that these would still allow sufficient time to discharge his responsibilities effectively. The Board agreed that each role was not deemed to be significant and will continue to monitor such appointments going forward.

**Septima Maguire** joined Benchmark as Chief Financial Officer in November 2019 from Dechra Pharmaceuticals plc, the international provider of specialist veterinary pharmaceuticals and products, where she spent four years as group financial controller, acting group finance director and most recently corporate development director, overseeing all aspects of acquisition activities, strategic projects, business development and investment initiatives playing a significant role in supporting Dechra during a period of high growth. She has been Chief Financial Officer of the Group since 18 December 2019 but joined Benchmark in November 2019.

## Base Prospectus

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

**Susan Searle** has over 25 years' experience working in a variety of commercial, business development, manufacturing and operational roles including investing in growing technology businesses, acquisitions and the exploitation of new technologies. She co-founded Imperial Innovations plc, a leading technology investment business, and served as its chief executive officer from 2002 to 2013.

She was previously chairperson of Mercia Technologies PLC, a regional technology and biotech investor and holds a Master of Arts in Chemistry from Exeter College, Oxford. She was also non-executive and remuneration chairperson of Horizon Discovery plc, a gene-editing biotech company, prior to its sale to Perkin Elmer. Susan was formerly chairperson of Schroder 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, including in relation to financial risk management, having served on a variety of company boards and audit committees.

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

Kevin is also the chairperson of Marlowe Plc, a leading UK services business providing testing, inspection and maintenance of critical building systems.

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

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

**Kristian Eikre** has more than 15 years' experience as an investment professional with a particular focus on the aquaculture, pharmaceuticals, energy and renewables sectors. Kristian is currently an investment professional and co-head of Ferd Capital, a division of Ferd AS, a Norwegian investment company holding 26.33% of the Company's issued share capital. Prior to joining Ferd Capital, he was a partner at Herkules Capital AS, a leading private equity firm in Norway, which he joined after working as a research analyst at First Securities AS, an investment banking firm.

Kristian has held various board positions and is currently a board member of a number of companies including Fjord Line AS, a Scandinavian cruise and ferry operator, as well as a non-executive director of Seagust AS.

**Atle Eide** has extensive experience in the seafood industry including as chairperson of SalMar ASA and chief executive officer of Mowi ASA. He is currently chairperson of Scale Aquaculture Group AS, an innovation and technology company, amongst other appointments. In addition to his extensive involvement in the seafood and aquaculture sectors, Atle has substantial experience as an investor as non-executive chairperson, and later senior partner, at HitecVision AS, the leading Norwegian private equity company, for almost 20 years until 2020.

**Laura Levers** is a senior investment professional with two decades of experience, the majority spent investing globally in publicly listed equities with a fundamental, long term, approach. Laura was a partner at Thunderbird Partners LLP where she worked closely with CIO to manage the business, interacting with investors (primarily endowments) and providing internal leadership, particularly around culture, people management, diversity and hiring.

Laura is a non-executive director for Hello Self Limited, a leading UK online psychology services provider and a member of the investment committee of Angelicoussis Family Office, a multi-billion dollar family office investing globally across multiple asset classes, with a focus on direct public and private equity and alternatives.

## Management

The Management team is an informal working group consisting of the Company's Chief Executive Officer and Chief Financial Officer, the head of each business area, the Head of People, the head of investor relations and the Group Legal Counsel. The Management team is responsible for the management of the day-to-day operation of the business and, pursuant to delegations of authority provided by the Board of Directors to the Management, implementation of the Board of Directors' strategy and vision.

The names and positions of the members of the Management as of the date of this Prospectus are set out in the table below:

Name	Position
<b>Trond Williksen</b>	Chief Executive Officer
<b>Septima Maguire</b>	Chief Financial Officer
<b>John Marshall</b>	Head of Animal Health
<b>Jan-Emil Johannessen</b>	Head of Genetics
<b>Patrick Waty</b>	Head of Advanced Nutrition
<b>Ivonne Cantu</b>	Director of Investor Relations and Corporate Development
<b>Corina Holmes</b>	Group Head of People
<b>Ross Houston</b>	Director of R&D and Innovation
<b>Jennifer Haddouk</b>	Company Secretary & Group Legal Counsel

The business address of all members of the Management is Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom.

**Trond Williksen**, please see description under Board of Directors.

**Septima Maguire**, please see description under Board of Directors.

### **John Marshall**

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

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

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

### **Jan-Emil Johannessen**

is Head of Benchmark Genetics and joined SalmoBreed – today part of Benchmark Genetics - as chairperson of the board of directors in 2011 and managing director in 2013. Prior to this he was working for 10 years with the Norwegian branded food company Rieber (Toro) and for 15 years in the family-owned company Fossen AS (today Lerøy Fossen AS).

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

### **Patrick Waty**

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 Benchmark 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 6 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.

## Base Prospectus

Patrick is a member of the Management team and will play a key role in developing and growing the Group's Advanced Nutrition business as well as contributing strategically to the evolution of Benchmark over the coming years.

### Ivonne Cantu

Ivonne joined Benchmark in 2017 after 20 years as corporate finance advisor at Cenkos Securities and Merrill Lynch. Throughout her career Ivonne has advised UK and international companies across multiple 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.

Ms. Cantu is a Non-Executive Director of Creo Medical plc and Primary Health Properties plc. Ms. Cantu holds a Bachelor of Science in Engineering and a Master of Business Administration from the Wharton School of Business.

**Corina Holmes** is an experienced global HR leader with over 25 years' 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 programs, 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. Ms. Holmes joined Benchmark in January 2021 from Hyve Group plc where she was chief people officer.

### Ross Houston

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

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

**Jennifer Haddouk** is a French qualified Solicitor with over 10 years' experience and joined the Company in February 2018. 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 taking in her role as Company Secretary and Group Legal Counsel for the Group in May 2019, Jennifer has been advising and supporting Group companies to execute their strategies. Jennifer holds a Master of Arts in Law from the university of Nice and "Diplome de Notaire".

## Operations Board

The Operations Board is an informal working group consisting of the Executive Management Team together with the head of each central function. The Operations Board is 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.

Name	Position	Business address
<b>Trond Williksen</b>	Chief Executive Officer	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom
<b>Septima Maguire</b>	Chief Financial Officer	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom
<b>Jan-Emil Johannessen</b>	Head of Genetics	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom
<b>John Marshall</b>	Head of Health	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom
<b>Jennifer Haddouk</b>	Group Legal Counsel	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom
<b>Ivonne Cantu</b>	Investor Relations Director	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom

Base Prospectus

<b>Corina Holmes</b>	Head of People	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom
<b>Morten Rye</b>	Director of R&D and Innovation	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom
<b>Rachel Aninakwah</b>	Employee Representative	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN, United Kingdom

**Ivonne Cantu** 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 on a broad range of corporate finance transactions including IPO's, fundraisings and M&A as well as on investor communications, corporate governance and regulatory matters. Ivonne holds a BSc in Engineering and an MBA from the Wharton School of Business.

**Morten Rye** joined Benchmark in 2015 when Akvaforsk Genetics Center (AFGC) was acquired. He currently holds a dual role, as Director of Genetics in Benchmark Genetics, and newly appointed head of the cross-divisional Benchmark Innovation Board.

Morten earned his PhD in Animal Breeding at the Norwegian University of Life Sciences. Following a scientific career aquaculture genetics, he spent 15 years building AFGC into a major provider of genetic improvement services to aquaculture industries worldwide. He has authored or coauthored more than 60 scientific publications on quantitative genetics and selection applied to aquaculture species. After joining Benchmark he has been working with coordinating technical genetics services and R&D priorities across Benchmark Genetics.

**Rachel Aninakwah** joined Benchmark in 2011 and is Communications Manager for the group. She previously worked as a sustainability consultant to drive improvements across food supply chains. In March 2020, Rachel was appointed Employee Representative to strengthen the employee voice in the board room in line with the new Corporate Governance guidelines. Rachel holds a BA in Geography and Planning from Newcastle University.

Please see Benchmark Holdings plc above for a description of Trond Williksen, Septima Maguire and Jennifer Haddouk.

Please see Executive Management Team above for a description of John Marshall, Jan-Emil Johannessen and Corina Holmes.

## ***9.2 Administrative, management and supervisory bodies conflicts of interest***

Given Atle Eide's previous role as a director of Kverva AS, a significant shareholder in the Company, the Board has concluded that he is not an independent director of the Company. Kverva AS is the controlling shareholder of SalMar ASA, who is a customer of the Company. Kristian Eikre is not considered to be an independent board member due to his position as an investment professional and co-head of Ferd Capital, a division of Ferd AS, a Norwegian investment company holding 26.33% of the Company's issued share capital.

For disclosure purposes, Yngve Myhre is the chairperson of the board of directors of Nova Austral SA, a Chilean salmon farm business, which bought salmon eggs from Benchmark Genetics Chile in September 2021 and October 2022. Yngve was not involved in the negotiations of the agreement between the parties. The Company does not consider this to be a conflict of interest.

Also, Trond Williksen is a non-executive board member of SinkabergHansen AS, a customer of the Group. Trond is, however, excluded from participating in any board discussions at SinkabergHansen AS which relate to the Group and he has no involvement in the commercial relationship. The Company does not consider this to be a conflict of interest and is only disclosing this for transparency reasons.

Other than the above, there are no potential conflicts of interest between any duties carried out on behalf of the Issuer by the persons referred to in item 9.1 and their private interests and/or other duties.

## 10 Major shareholders

### 10.1 Ownership

As at 17 March 2023, the share capital of the Company is GBP 739,227.469 divided into 739,227,469 shares at a nominal value of GBP 0.001 each.

The Company has one class of ordinary shares which carries no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company. The shares are admitted to trading on AIM and Euronext Growth Oslo.

The table below shows the Company's 20 largest shareholders as recorded in the shareholders' register of the Company as of 17 March 2023:

#	Shareholder name	No. of Shares	% of total Shares
1	Ferd AS	191,923,746	25.97%
2	Kverva AS	158,144,853	21.39%
3	JNE Partners	168,101,261	22.74%
4	Harwood Capital	29,185,000	3.95%
5	DNB Asset Management	21,294,551	2.88%
6	Canaccord Genuity Wealth Management	20,704,522	2.80%
7	Odyssean Investment Trust	18,015,000	2.44%
8	Gresham House Asset Management	15,416,273	2.09%
9	Rabo Investments	11,986,578	1.62%
10	Janus Henderson Investors	10,467,961	1.42%
11	Wheatsheaf Investments	10,000,000	1.35%
12	Palmyra Investments	9,789,384	1.32%
13	Sole Active AS	8,734,748	1.18%
14	Baillie Gifford	8,457,319	1.14%
15	BMK Employees	5,702,978	0.77%
16	Directors	5,314,702	0.72%
17	Barclays Bank	3,938,300	0.53%
18	Ex-Employees	3,887,548	0.53%
19	Hargreaves Lansdown	3,770,955	0.51%
20	Redmayne Bentley	3,503,666	0.47%

### 10.2 Change of control of the company

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

# 11 Financial information concerning the Company's assets and liabilities, financial position and profits and losses

## 11.1 Historical Financial Information for the Company

The financial statements of Benchmark Holdings plc and the Group have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRS.

For 2022 and 2021, the accounting policies of the Company and the Group are shown in the Special Purpose Financial Statements, page 8-17, note 1. The Special Purpose Financial Statements is attached as Annex 4.

For 2020, the accounting policies of the Company and the Group are shown in the Consolidated Financial Statements, page 106-115, note 1. A separate income statement for the Company is not presented, in accordance with Section 408 of the Companies Act 2006. According to the Prospectus Regulation, information in a prospectus may be incorporated by reference. The Consolidated [Financial Statements](#) is incorporated by reference to this Base Prospectus and is available at the webpage of the Company (<https://www.benchmarkplc.com/investors/reports-presentations/>). Please see Cross Reference List below for complete references.

The Interim Financial Statement are attached as Annex 4.

	Interim Financial Statements (*)****)	Special Purpose Financial Statements		Consolidated Financial Statements
		2022**)	2021	2020***)
<b>Benchmark Holdings plc</b>	Page(s)	Page(s)	Page(s)	Page(s)
Company balance sheet	---	---	---	101
Company statement of cash flow	---	---	---	105
Notes	---	---	---	106-158
<b>Group</b>				
Consolidated income statement	7	9	9	98
Consolidated balance sheet	9	11	11	100
Consolidated statement of cash flow	11	13	13	104
Notes	12-22	14-57	14-57	106-158

\*) provides comparative figures for same period in 2022

\*\*) provides comparative figures for 2021

\*\*\*) provides comparative figures for 2019

\*\*\*\*) The Interim Financial Statements have been reviewed (but not audited)

### Background for the Special Purpose Financial Statements

On 31 January 2020, the United Kingdom (UK) ceased to be a member of the EU and entered the transition period (the "Transition period"). During the Transition period, the UK continued to be subject to the EU legislative framework. On 31 December 2020, the Transition Period ended and UK's domestic law became applicable. IFRS standards as adopted by the EU were incorporated into UK law with effect from that date by way of the International Accounting Standards ("IAS") and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 No 685 ("IAS EU Exit Regulation").

These standards form IFRS as adopted by the EU in conformity with the requirements of the UK Companies Act ("UK-IFRS") which replace EU-IFRS for UK companies. The IAS EU Exit Regulation gave power to the Secretary of State for Business, Energy and Industrial Strategy ("BEIS") to endorse new or amended standards, which form part of UK-IFRS, and to delegate this responsibility to an endorsement body. These functions were delegated to a newly formed independent UK endorsement body (the UK Endorsement Board). On the day the IFRS standards as



adopted by the EU were incorporated into UK law, UK-IFRS was identical to EU-IFRS, but there is the potential for divergence if different endorsement decisions are made.

UK-IFRS is not considered as equivalent to EU-IFRS adopted pursuant to Regulation (EC) No 1606/2002, cf. the Norwegian Securities Trading Regulation section 5-11. The Group has prepared the Special Purpose Financial Statements for the financial year 2022 with comparative figures for the financial year 2021 in accordance with EU-IFRS.

## **11.2 Auditing of historical annual financial information**

### **11.2.1 Statement of audited historical financial information**

The audit has been conducted in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

A statement of audited historical financial information is given in the Special Purpose Financial Statements, pages 3-8, available as Annex 4, and in the Consolidated Financial Statements, pages 92-97, available at the webpage of the Company (<https://www.benchmarkplc.com/investors/reports-presentations/>). Please see Cross Reference List for complete references.

The auditor's report to the consolidated financial statements for the year ended 30 September 2021 includes an emphasis of matter relating to going concern, in relation to the Group's and the Parent Company's dependency on the refinancing of existing debt facilities expiring in December 2022 (RCF of up to USD 15 million) and June 2023 (bond debt of NOK 850 million). It is noted that the auditor, KMPG, included the following provision titled "Material Uncertainty Related to Going Concern" in its auditor report for the audited Consolidated Financial Statements as of and for the year ended 30 September 2021:

*"We draw attention to Note 1 to the financial statements which indicates that the Group's and the Parent Company's ability to continue as a going concern is dependent on the refinancing of existing debt facilities expiring in December 2022 and June 2023. These events and conditions constitute a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."*

The uncertainty related to finance facilities that, at the time, had a short time left before they needed to be refinanced. The refinancing took place in September 2022 and November 2022 (as further detailed below). Hence the special purpose accounts do not repeat the emphasis of matter as the uncertainty was removed by the time they were prepared.

In September 2022, the Company successfully refinanced its bond debt of NOK 850 million through the issue of a new senior unsecured green bond issue of NOK 750 million which received a Medium Green rating by CICERO Shades of Green AS, the second party opinion provider, a subsidiary of the Centre for International Climate and Environmental Research ("CICERO"). Additionally, in November 2022 the Company refinanced its USD 15 million revolving credit facility with a new GBP 20 million revolving credit facility.

### **11.2.2 Other audited information**

No other information in this Base Prospectus has been audited.

## **11.3 Age of latest financial information**

### **11.3.1 Last year of audited financial information**

The last year of audited financial information is 2022.

## **11.4 Legal and arbitration proceedings**

From time to time, the Company and other companies in the Group are involved in litigation, disputes and other legal proceedings arising in the normal course of its business.

Neither the Company or any other company in the Group is, nor has been, during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, material adverse effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.



## 11.5 Significant change in the financial position of the Group

Since the publication of the annual financial report for the period ended 30 September 2022, the Company has completed:

- an issue of 35,189,350 shares at NOK 4.50 per share
- a refinancing of its previous USD 15 million revolving credit facility with its current GBP 20 million RCF on 21 November 2022
- a refinancing of Benchmark Genetics Salten's NOK 216 million term loan and NOK 17.5 million overdraft with a NOK 179.5 million term loan from Nordea in November 2022
- the purchase on 15 February 2023 of the minority interest's shareholding of 14,981,272 shares in Benchmark Genetics Iceland HF for EUR 9,000,000 (approximately GBP 7,987,077). Following this acquisition, Benchmark Genetics Limited, a subsidiary of the Company, now owns 100% of the share capital of Benchmark Genetics Iceland HF

Other than the above, there has been no significant change in the financial position of the Group which has occurred since the publication of the annual financial report for the period ended 30 September 2022.

## 11.6 Alternative performance measures

In this Base Prospectus, the Company presents certain non-IFRS financial measures and ratios.

In order to measure the Group's performance on a historic basis, the Company has primarily made use of the following measures: EBITDA, Adjusted EBITDA, Adjusted EBITDA before fair value movement in biological assets, Adjusted Operating Profit and Adjusted Profit Before Tax. These are Alternative Performance Measures ("APMs") that aim to provide a better understanding of the Group's underlying financial performance for the period.

The non-IFRS financial measures presented herein are not recognised measurements of financial performance under IFRS or other generally accepted accounting principles but are used by the Company to monitor and analyse the underlying performance of the Company's business and operations. Investors should not consider any such measures to be an alternative to profit and loss for the period, operating profit for the period or any other measures of performance under IFRS or other generally accepted accounting principles.

The Company believes that the non-IFRS measures presented herein are commonly used by investors in comparing performance between companies. Accordingly, the Company discloses the non-IFRS financial measures presented herein to permit a more complete and comprehensive analysis of the Group's operating performance relative to other companies across periods. Because companies calculate the non-IFRS financial measures presented herein differently, the non-IFRS financial measures presented herein may not be comparable to similarly defined terms or measures used by other companies.

The following APMs are used by the Group:

APM	Description	Reason to include
<b>EBITDA</b>	Defined as earnings before interest, tax, depreciation, amortisation and impairment.	Widely used measure which reflects underlying profitability.
<b>Adjusted EBITDA</b>	Defined as earnings before interest, tax, depreciation, amortisation, impairment, exceptional items and acquisition related items.	Reflects underlying profitability excluding exceptional and acquisition related items.
<b>Adjusted EBITDA before fair value movement in biological assets</b>	Defined as Adjusted EBITDA excluding the fair value movements in biological assets arising from their revaluation in line with IFRS.	As above but excluding fair value movements on biological assets.
<b>Adjusted Operating Profit</b>	Defined as operating loss before exceptional items, acquisition related items and amortisation and impairment of intangible assets excluding development costs.	Reflects underlying operating profit excluding exceptional items and amortisation and impairment of intangible assets excluding amortisation of development costs.
<b>Adjusted Profit Before Tax</b>	Defined as earnings before tax, amortisation and impairment of intangible assets excluding amortisation of development costs, exceptional items and acquisition related expenditure.	As above but for Profit before tax.

### Reconciliation of Adjusted Operating Profit to Operating Loss

## Base Prospectus

GBP '000	Three-month period ended 31 December		2022 (EU- IFRS)	Year ended 30 September		2020  EU-IFRS
	2022	2021		2021		
	(IAS 34)	(IAS 34)		EU-IFRS		
<b>Revenue</b>						
.....	54,495	40,014	158,277	125,062		105,565
Cost of sales						
.....	(30,268)	(20,515)	(75,149)	(59,477)		(50,603)
<b>Gross profit</b>						
.....	24,227	19,499	83,128	65,585		54,962
Research and development costs						
.....	(1,563)	(1,647)	(6,691)	(7,010)		(7,282)
Other operating costs						
.....	(11,753)	(9,923)	(44,661)	(38,221)		(33,337)
Depreciation and impairment						
.....	(4,615)	(4,495)	(19,897)	(8,359)		(6,640)
Amortisation of capitalised development costs						
.....	(617)	(448)	(2,165)	(299)		-
Share of loss of equity accounted investees net of tax						
.....	56	(504)	(595)	(905)		150
<b>Adjusted operating profit</b>						
.....	5,735	2,482	9,119	10,791		7,853
Exceptional - restructuring, disposal and acquisition related items						
.....	(972)	-	16	(184)		(2,114)
Amortisation and impairment of intangible assets excluding development costs						
.....	(4,885)	(3,940)	(16,996)	(15,984)		(16,613)
<b>Operating loss</b>						
.....	(122)	(1,458)	(7,861)	(5,377)		(10,874)

**Reconciliation of Profit Before Taxation to Adjusted Profit Before Tax**

GBP '000	Three-month period ended 31 December		2022 (EU- IFRS)	Year ended 30 September		2020  EU-IFRS
	2022	2021		2021		
	(IAS 34)	(IAS 34)		EU-IFRS		
<b>Profit/(loss) before taxation</b>						
.....	100	(3,682)	(23,177)	(9,179)		(22,571)
Exceptional - restructuring, disposal and acquisition related items						
.....	972	-	(16)	184		2,114
Amortisation and impairment of intangible assets excluding development costs						
.....	4,885	3,940	16,996	15,984		16,613
<b>Adjusted profit/(loss) before tax</b>						
.....	5,957	258	(6,197)	6,989		(3,844)

**Other Metrics**

GBP '000	Three-month period ended 31 December		2022 (EU- IFRS)	Year ended 30 September		2020  EU-IFRS
	2022	2021		2021		
	(IAS 34)	(IAS 34)		EU-IFRS		
<b>Total R&amp;D Investment</b>						
Research and development costs						
Continuing operations						
.....	1,563	1,647	6,691	7,010		7,282
Discontinued operations						
.....	-	-	-	-		2,725

Base Prospectus

GBP '000	Three-month period ended 31 December		Year ended 30 September		2020
	2022	2021	2022	2021	
	(IAS 34)	(IAS 34)	(EU-IFRS)	EU-IFRS	EU-IFRS
<b>Research and development costs</b>					
.....	<b>1,563</b>	<b>1,647</b>	<b>6,691</b>	<b>7,010</b>	<b>10,007</b>
Internal capitalised development costs					
.....	54	627	1,708	4,813	4,583
<b>Total R&amp;D investment</b>					
.....	<b>1,617</b>	<b>2,274</b>	<b>8,399</b>	<b>11,823</b>	<b>14,590</b>

GBP '000	Three-month period ended 31 December		Year ended 30 September		2020
	2022	2021	2022	2021	
	(IAS 34)	(IAS 34)	(EU-IFRS)	EU-IFRS	EU-IFRS
<b>Adjusted EBITDA excluding fair value movement in biological assets</b>					
Adjusted EBITDA					
.....	10,967	7,425	31,181	19,449	14,493
Exclude fair value movement					
.....	1,154	96	(1,595)	(3,323)	(3,253)
<b>Adjusted EBITDA excluding fair value movement in biological assets</b>					
.....	<b>12,121</b>	<b>7,521</b>	<b>29,586</b>	<b>16,126</b>	<b>11,240</b>

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.

## 12 Documents available

The following documents (or copies thereof) may be inspected for the life of the Base Prospectus at the headquarters of the Company, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom, or at <https://www.benchmarkplc.com>:

- (a) the up-to-date memorandum and articles of association of the Company;
- (b) all reports, letters, and other documents, valuations and statements prepared by any expert at the Company's request, any part of which is included or referred to in the Base Prospectus;

## 13 Financial instruments that can be issued under the Base Prospectus

The Base Prospectus, as approved in accordance with the EU Prospectus Regulation 2017/1129, allows for the issuance of Bonds.

This chapter describes the form, type, definitions, general terms and conditions, return and redemption mechanisms, rating and template for Final Terms associated with the Bonds.

Risk factors related to the Bonds are described in Chapter 1 Risk Factors.

### 13.1 Securities Form

A Bond is a financial instrument as defined in the Norwegian Securities Trading Act (Verdipapirhandelloven) § 2-2.

The Bonds are electronically registered in book-entry form with the Securities Depository.

### 13.2 Security Type

#### **Borrowing limit – tap issue**

The Loan may be either open or closed for increase of the Borrowing Amount during the tenor. A tap issue can take place until five banking days before the Maturity Date. If the issue is open, the First Tranche and Borrowing Limit will be specified in the Applicable Final Terms.

#### **Return**

##### *Fixed Rate (FIX)*

A Bond issue with a fixed Interest Rate will bear interest at a fixed rate as specified in the applicable Final Terms.

The Interest Rate will be payable annually or semi-annually on the Interest Payment Dates as specified in the applicable Final Terms.

##### *Floating Rate (FRN)*

A Bond issue with a floating Interest Rate will bear interest equal to a Reference Rate plus a fixed Margin for a specified period (3 or 6 months). Interest Rate or Reference Rate may be deemed to be zero. The period lengths are equal throughout the term of the Loan, but each Interest Payment Date is adjusted in accordance with the Business Day Convention. The Interest Rate for each forthcoming period is determined two Business Days prior to each Interest Payment Date based on the then current value of the Reference Rate plus the Margin.

The Interest Rate will be payable quarterly or semi-annually on the the Interest Payment Dates as specified in the applicable Final Terms.

The relevant Reference Rate, the Margin, the Interest Payment Dates and the then current Interest Rate will be specified in the applicable Final Terms.

#### **Redemption**

The Loan will mature in full at the Maturity Date at a price equal to 100 per cent. of the nominal amount.

The Issuer may have the option to prematurely redeem the Loan in full at terms specified in the applicable Final Terms.

The Bondholders may have the right to require that the Issuer purchases all or some of the Bonds held by that Bondholder at terms specified in the applicable Final terms.

#### **Security**

The Bonds may be either secured or unsecured. Details will be specified in the applicable Final Terms.

#### **Negative pledge**

The Bonds may have negative pledge clause. Details will be specified in the applicable Final Terms.

### 13.3 Definitions

This section includes a summary of the definitions set out in any Bond Terms as well as certain other definitions relevant for this Prospectus. If these definitions at any point in time no longer represents the correct understanding of the definitions set out in the Bond Terms, the Bond Terms shall prevail.

Additional Bonds:	Means Bonds issued under a Tap Issue, including any Temporary Bonds as defined in the Bond Terms.
Attachment:	Means any schedule, appendix or other attachment to the Bond Terms.
Base Prospectus:	This document. Describes the Issuer and predefined features of Bonds that can be listed under the Base prospectus, as specified in the Prospectus Regulation (EU) 2017/1129. Valid for 12 months after it has been published. In this period, a prospectus may be constituted by the Base Prospectus, any supplement(s) to the Base Prospectus and a Final Terms for each new issue.
Bond Issue/Bonds/Notes/the Loan:	The debt instruments issued by the Issuer on the Issue Date pursuant to the Bond Terms, including any Additional Bonds, and any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the regulations of the CSD from time to time.
Bond Terms:	The agreement including any attachments thereto, and any subsequent amendments and additions agreed between the parties thereto.
Bondholder:	A person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to the Bondholders' rights in the Bond Terms.
Bondholders' decisions:	<p>The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.</p> <p>At the Bondholders' meeting each Bondholder may cast one vote for each voting bond owned at close of business on the day prior to the date of the Bondholders' meeting in the records registered in the Securities Depository.</p> <p>In order to form a quorum, at least half (1/2) of the voting bonds must be represented at the Bondholders' meeting. See also the clause for repeated Bondholders' meeting in the Bond Terms.</p> <p>Resolutions shall be passed by simple majority of the votes at the Bondholders' Meeting, however, a majority of at least 2/3 of the voting bonds represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of the Bond Terms.</p> <p>(For more details, see also the clause for Bondholders' decisions in the Bond Terms)</p>
Bondholders rights:	<p>Bondholders' rights are specified in the Bond Terms.</p> <p>By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms.</p>
Bond Trustee:	<p>Nordic Trustee AS, Postboks 1470 Vika, 0116 Oslo, or its successor(s) Website: <a href="https://nordictrustee.com">https://nordictrustee.com</a></p> <p>The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of the Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.</p> <p>The Bond Trustee shall represent the Bondholders in accordance with the finance documents. The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any other obligor unless to the extent expressly set out in the Bond Terms, or to take any steps to ascertain whether any event of default has occurred. The Bond Trustee is entitled to take</p>

## Base Prospectus

	such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the finance documents.
Borrowing Limit – Tap Issue and Borrowing Amount/First Tranche	<p>Borrowing Limit is the maximum issue amount for an open Bond issue.</p> <p>Borrowing Amount/First Tranche is the borrowing amount for a closed Bond Issue, eventually the borrowing amount for the first tranche of an open Bond Issue.</p> <p>Borrowing Limit – Tap Issue and Borrowing Amount/First Tranche will be specified in the Final Terms.</p>
Business Day:	Means a day on which both the relevant CSD settlement system and the relevant currency of the Bonds settlement system is open.
Business Day Convention:	<p>If the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Payment Date will be as follow:</p> <p>If Fixed Rate, the Interest Payment Date shall be postponed to the next day which is a Business Day (Following Business Day convention).</p> <p>If FRN, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day (Modified Following Business Day convention).</p>
Calculation Agent:	The Bond Trustee, if not otherwise stated in the applicable Final Terms.
Call Option:	<p>The Final Terms may specify that the Issuer is entitled to redeem (all or some of) the Outstanding Bonds prior to the Maturity Date.</p> <p>In such case the Call Date(s), the Call Price(s) and the Call Notice Period will be specified in the Final Terms.</p>
Change of Control Event:	The Final Terms may specify that each Bondholder have the right to require that the Issuer purchases (all or some of) the Bonds held by that Bondholder if a Change of Control Event, as specified in the Final Terms, occurs.
Currency:	<p>The currency in which the bond issue is denominated.</p> <p>Currency will be specified in the Final Terms.</p>
Day Count Convention:	<p>The convention for calculation of payment of interest;</p> <p>a) If Fixed Rate, the interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis), unless:</p> <p>(i) the last day in the relevant Interest Period is the 31st calendar day but the first day of that Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be shortened to a 30-day month; or</p> <p>(ii) the last day of the relevant Interest Period is the last calendar day in February, in which case February shall not be lengthened to a 30-day month.</p> <p>(b) If FRN, the interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).</p>
Denomination – Each Bond:	<p>The nominal amount of each Bond.</p> <p>Denomination of each bond will be specified in the Final Terms.</p>
Disbursement Date / Issue Date	<p>Date of bond issue.</p> <p>On the Issue Date the bonds will be delivered to the Bondholder's VPS-account against payment or to the Bondholder's custodian bank if the Bondholder does not have his/her own VPS-account.</p> <p>The Issue Date will be specified in the Final Terms.</p>

## Base Prospectus

Exchange:	Oslo Børs or any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR).
Final Terms:	Document describing securities as specified in Prospectus Regulation (EU) 2017/1129, prepared as part of the Prospectus. Final Terms will be prepared for each new security as specified in Prospectus Regulation (EU) 2017/1129, issued by the Issuer.
Interest Determination Date(s):	In the case of NIBOR: Second Oslo business day prior to the start of each Interest Period.  Interest Determination Date(s) for other Reference Rates, see Final Terms.
Interest Payment Date(s):	The Interest Rate is paid in arrears on the last day of each Interest Period.  Any adjustment will be made according to the Business Day Convention.  The Interest Payment Date(s) will be specified in the Final Terms.
Interest Period:	The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.
Interest Rate:	Rate of interest applicable to the Bonds;  (i) If Fixed Rate, the Bonds shall bear interest at the percentage rate per annum (based on the Day Count Convention)  (ii) If FRN, the Bonds shall bear interest at a rate per annum equal to the Reference Rate plus a Margin (based on the Day Count Convention). Interest Rate or Reference Rate may be deemed to be zero.  The Interest Rate is specified in Final Terms.
Interest Rate Adjustment Date:	Date(s) for adjusting of the interest rate for bond issue with floating interest rate.  The Interest Rate Adjustment Date will coincide with the Interest Payment Date.
ISIN:	International Securities Identification Number for the Bond Issue. ISIN is specified in Final Terms.
Issuer:	Benchmark Holdings plc is the Issuer under the Base Prospectus.
Issuer's Bonds:	Means any Bonds which are owned by the Issuer or any affiliate of the Issuer.
Issue Price:	The price in percentage of the Denomination, to be paid by the Bondholders at the Issue Date.  Issue price will be specified in Final Terms.
LEI-code:	Legal Entity Identifier (LEI), is a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions.  LEI-code is specified in Final Terms.
Listing:	Listing of a bond issue on an Exchange is due to the Base Prospectus, any supplement(s) to the Base Prospectus and a Final Terms.  An application for listing will be sent after the Disbursement Date and as soon as possible after the Prospectus has been approved by the Norwegian FSA.  Bonds listed on an Exchange are freely negotiable. See also Market Making.
Market Making:	For Bonds listed on an Exchange, a market-maker agreement between the Issuer and a Joint Bookrunner may be entered into.  This will be specified in the Final Terms.



Base Prospectus

Margin:	The margin, specified in percentage points, to be added to the Reference rate.  Margin will be specified in the Final terms.
Maturity Date:	The date the bond issue is due for payment, if not already redeemed pursuant to Call Option, Put Option or Early redemption option due to a tax event. The Maturity Date coincides with the last Interest Payment Date and is adjusted in accordance with the Business Day Convention.  The Maturity Date is specified in the Final Terms.
Outstanding Bonds:	Means any Bonds not redeemed or otherwise discharged.  The Issuer will issue on the Issue date the first tranche of the bond issue as specified in Final Terms. During the term of the bond issue, new tranches may be issued up to the Borrowing Limit, as specified in Final Terms.
Paying Agent:	The entity designated by the Issuer to manage (maintain the Issuer Account for) the bond issue in the Securities Depository.  The Paying Agent is specified in the Final Terms.
Principal amount:	Outstanding amounts under the Loan from time to time.
Prospectus:	The Prospectus consists of the Base Prospectus, any supplement(s) to the Base Prospectus and the relevant Final Terms prepared in connection with application for listing on an Exchange.
Put Option:	The Final Terms may specify that upon the occurrence of a Put Option Event, each Bondholder will have the right to require that the Issuer purchases all or some of the Bonds held by that Bondholder.  In such case the exercise procedures, the repayment date and redemption price will be specified in the Final Terms.
Put Option Event:	Means a Change of Control Event or a Share De-Listing Event
Redemption:	The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount, if not already redeemed pursuant to Call Option, Put Option or Early redemption option due to a tax event.
Redemption Price:	The price determined as a percentage of the Denomination to which the bond issue is to be redeemed at the Maturity Date.  Redemption Price is 100 per cent of Denomination – Each Bond.
Reference Rate:	For FRN, the Reference Rate shall be NIBOR or any other rate as specified in the Final Terms, which appears on the Relevant Screen Page as at the specified time on the Interest Determination Date in question.  The Reference Rate, the Relevant Screen Page, the specified time, information about the past and future performance and volatility of the Reference Rate and any fallback provisions will be specified in Final Terms.
Relevant Screen Page:	For FRN, an internet address or an electronic information platform belonging to a renowned provider of Reference Rates.  The Relevant Screen Page will be specified in the Final Terms.
Securities Depository /CSD:	The securities depository in which the bonds are registered, in accordance with the Norwegian Act of 2019 no. 6 regarding Securities depository.  Unless otherwise specified in the Final Terms, the following Securities Depository will be used: Norwegian Central Securities Depository ("Verdipapirsentralen" or "VPS"), P.O. Box 4, 0051 Oslo.

Base Prospectus

Share De-Listing event:	<p>Means:</p> <p>(a) prior to the Initial Reorganisation, the shares of the Initial Issuer cease to be listed on an Exchange and are not subsequently re-listed on another Exchange within 3 months of such de-listing; and</p> <p>(b) with effect from and including the date falling 10 Business Days after the Initial Reorganisation, the shares of the Parent cease to be listed on an Exchange and are not subsequently re-listed on another Exchange within 3 months of such de-listing,</p> <p>and, for the avoidance of doubt, it is made clear that from and including the Initial Reorganisation the shares in the Initial Issuer shall not be required to be listed (or re-listed) on any Exchange.</p> <p>Initial Reorganisation is defined in the Bond Terms.</p>
Tap Issues:	<p>The Issuer may, provided that the conditions set out in the Bond Terms are met, at one or more occasions up until, but excluding, the Maturity Date or any earlier date when the Bonds have been redeemed in full, issue Additional Bonds until the aggregate nominal amount of the Bonds outstanding equals in aggregate the maximum issue amount (less the aggregate nominal amount of any previously redeemed Bonds)</p> <p>If N/A is specified in the Borrowing Limit in the Final Terms, the Issuer may not make Tap issues under the Bond Terms.</p>
Temporary Bonds:	<p>If the Bonds are listed on an Exchange and there is a requirement for a supplement to the Base Prospectus in order for the Additional Bonds to be listed together with the Bonds, the Additional Bonds may be issued under a separate ISIN which, upon the approval of the supplement, will be converted into the ISIN for the Bonds issued on the initial Issue Date. The Bond Terms governs such Temporary Bonds. The Issuer shall inform the Bond Trustee, the Exchange and the Paying Agent once such supplement is approved.</p>
Yield:	<p>Dependent on the Market Price for bond issue with floating rate. Yield for the first interest period can be determined when the interest is known, normally two Business Days before the Issue Date.</p> <p>For bond issue with fixed rate, yield is dependent on the market price and number of Interest Payment Date.</p> <p>The yield is calculated in accordance with «Anbefaling til Konvensjoner for det norske sertifikat- og obligasjonsmarkedet» prepared by Forening for finansfag in March 2022: <a href="https://finansfag.no/wp-content/uploads/2022/06/Rentekonvensjon_oppdatert2022.pdf">https://finansfag.no/wp-content/uploads/2022/06/Rentekonvensjon_oppdatert2022.pdf</a></p> <p>Yield is specified in Final Terms.</p>

## 13.4 General terms and conditions

These general terms and conditions summarize and describe the general terms and conditions set out in any Bond Terms. If these general terms and conditions at any point in time no longer represents the correct understanding of the general terms and conditions set out in the Bond Terms, the Bond Terms shall prevail.

### 13.4.1 Use of proceeds

Use of proceeds will be specified in the Final Terms.

### 13.4.2 Publication

The Base Prospectus, any supplement(s) to the Base Prospectus and the Final Terms will be published on Issuer's website <https://www.benchmarkplc.com>, or on the Issuer's visit address, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom, or their successor (s).

The Prospectus will be published by a stock exchange announcement.

### 13.4.3 Redemption

Matured interest and matured principal will be credited each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of 18 May 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.

### 13.4.4 Fees, Expenses and Tax legislation

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the securities.

The Issuer shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Issuer is responsible for withholding any withholding tax imposed by Norwegian law.

### 13.4.5 Security Depository and secondary trading

The Bonds are electronically registered in book-entry form with the Securities Depository, see also the definition of "Securities Depository". Securities Depository is specified in the Final Terms.

Secondary trading will be made over an Exchange for Bonds listed on a marketplace. See also definition of "Market Making".

Prospectus fee for the Base Prospectus including templates for Final Terms is NOK 108,000. In addition, there is a listing fee for listing of the Bonds in accordance with the current price list of the Exchange. The listing fees will be specified in the Final Terms.

### 13.4.6 Status of the Bonds and Security

The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank *pari passu* between themselves.

Further information about status of the bonds and security will be specified in the Final Terms.

### 13.4.7 Bond Terms

The Bond Terms has been entered into between the Issuer and the Bond Trustee. The Bond Terms regulates the Bondholders' rights and obligations in relations with the bond issue. The Bond Trustee enters into the Bond Terms on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms.

By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

The Bond Terms will be attached to the Final Terms for each Bond issue and is also available through the Joint Bookrunner(s), Issuer and the Bond Trustee.

### 13.4.8 Legislation

The Bond Terms is governed by and construed in accordance with Norwegian law. The Issuer is organized under the laws of England and Wales, including the Companies Act 1985 and the Companies Act 2006.

### 13.4.9 Approvals

The Bonds will be issued in accordance with the Issuer's Board of Directors approval.

The date of the Issuer's Board of Directors approval will be specified in the Final Terms

## Base Prospectus

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The Base Prospectus has been submitted to the Norwegian Financial Supervisory Authority (Finanstilsynet) before listing of the Bonds takes place.

Final Terms will be submitted to Finanstilsynet for information in connection with an application for listing of a Bond Issue.

The Base prospectus will not be the basis for offers for subscription in bonds that are not subject to a prospectus obligation.

### **13.4.10 Restrictions on the free transferability of the securities**

Any restrictions on the free transferability of the securities will be specified in the Final Terms.

## **13.5 Return and redemption**

Bonds may have return and redemption mechanisms as explained below. The relevant Final Terms refer to these mechanisms and provide relevant parameter values for the specific bond issue.

### **13.5.1 Bonds with floating rate**

#### *13.5.1.a Return (interest)*

The Interest Rate is specified in Interest Rate ii). Payment of the Interest Rate is calculated on basis of the Day Count Convention (b).

Interest Rate or Reference Rate may be deemed to be zero.

The period lengths are equal throughout the term of the Loan, but each Interest Payment Date is adjusted in accordance with the Business Day Convention. The Interest Rate for each forthcoming period are determined two Business Days prior to each Interest Payment Date based on the then current value of the Reference Rate plus the Margin.

The Interest Rate is paid in arrears on each Interest Payment Date. The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.

The relevant Reference Rate, the Margin, the Interest Payment Dates and the then current Interest Rate will be specified in the applicable Final Terms.

Interest calculation method for secondary trading is given by act/360, modified following.

#### *13.5.1.b Redemption*

Redemption is made in accordance with Redemption.

### **13.5.2 Bonds with fixed rate**

#### *13.5.2.a Return (interest)*

The interest rate is specified in Interest Rate (i). Payment of the the Interest Rate is calculated on basis of the Day Count Convention (a).

The Interest Rate is paid in arrears on each Interest Payment Date. The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.

The Interest Rate and the Interest Payment Dates will be specified in the applicable Final Terms.

Interest calculation method for secondary trading is given by act/365 for bond issue with fixed rate.

#### *13.5.2.b Redemption*

Redemption is made in accordance with Redemption.

### ***13.6 Rating***

There are no credit ratings assigned to the Issuer at the request or with the cooperation of the Issuer.

There are no credit ratings assigned to the securities at the request or with the cooperation of the Issuer.

### ***13.7 Final Terms***

Template for Final Terms for fixed and floating bond issue, see Appendix 3.

## 14 Third party information

### 14.1 Third party information

Part of the information given in this Base Prospectus has been sourced from a third party. It is hereby confirmed that the information has been accurately reproduced and that as far as Benchmark Holdings plc is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The following table lists such third parties:

Kind of information	Publicly available	Name of third party	Business address	Qualifications	Material interest in the Company
The cost of lice, Iversen, Audun, Hermansen, Øystein, Nofima 2021	No	Nofima	P.O. Box 6122, N-9291 Tromsø, Norway	Food research institute	None
<a href="#">Mowi Salmon Industry Handbook 2022</a>	Yes ( <a href="https://mowi.com/wp-content/uploads/2022/07/2022-Salmon-Industry-Handbook-1.pdf">https://mowi.com/wp-content/uploads/2022/07/2022-Salmon-Industry-Handbook-1.pdf</a> )	Mowi ASA	P.O. Box 4102 Sandviken, N-5835 Bergen, Norway	Seafood company	None
<a href="#">Seafood Source (2022) "Global Shrimp production to surpass 5 million MT in 2022, CP Food's Robin McIntosh predicts"</a>	Yes ( <a href="https://www.seafoodsource.com/news/supply-trade/expert-predicts-global-shrimp-production-will-exceed-5-million-metric-tons-for-first-time-in-2022">https://www.seafoodsource.com/news/supply-trade/expert-predicts-global-shrimp-production-will-exceed-5-million-metric-tons-for-first-time-in-2022</a> )	SeafoodSource	c/o Diversified Communications The Brinell Building, 30 Station Street Brighton, East Sussex United Kingdom BN1 4RB	Online business tool	None
Direct sea lice costs per kilo of salmon produced in Norway (Nofima, 2021) multiplied with annual harvest volumes from Norwegian farmers ( <a href="#">Kontali, 2021</a> )	Yes ( <a href="https://www.kontali.com/b/the-salmon-farming-industry-in-norway-2022-report">https://www.kontali.com/b/the-salmon-farming-industry-in-norway-2022-report</a> )	Kontali	Nordmørsveien 54, N-6517 Kristiansund, Norway	Independent provider of data and analyses for global aquaculture and fisheries	None
<a href="#">"Norwegian Fish Health Report 2021", Norwegian Veterinary Institute (2021)</a>	Yes ( <a href="https://www.vetinst.no/rapporter-og-publikasjoner/rapporter/2022/fish-health-report-2021">https://www.vetinst.no/rapporter-og-publikasjoner/rapporter/2022/fish-health-report-2021</a> )	Norwegian Veterinary Institute	P.O. Box 64, N-1431 Ås, Norway	National biomedical institute	None

If not otherwise indicated, Benchmark Holdings plc is the source of any other information in this Base Prospectus.

## **Statements regarding Regulation (EU) 2017/1129**

The Base Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus.

The template for Final Terms has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves the template for Final Terms as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of the template for Final Terms. Investors should make their own assessment as to the suitability of investing in the securities.

## Cross Reference List

Reference in Base Prospectus	Refers to	Details
11.1 Historical Financial Information	Consolidated Financial Statements, available at <a href="https://wp-benchmarkplc-2022.s3.eu-west-2.amazonaws.com/media/2021/09/Benchmark-AR2020_Final.pdf">https://wp-benchmarkplc-2022.s3.eu-west-2.amazonaws.com/media/2021/09/Benchmark-AR2020_Final.pdf</a>	Accounting policies for the Company and the Group, pages 106-115, note 1.
	Consolidated Financial Statements, available at <a href="https://wp-benchmarkplc-2022.s3.eu-west-2.amazonaws.com/media/2021/09/Benchmark-AR2020_Final.pdf">https://wp-benchmarkplc-2022.s3.eu-west-2.amazonaws.com/media/2021/09/Benchmark-AR2020_Final.pdf</a>	<p>Benchmark Holdings plc:  Company balance sheet, page 101  Company statement of cash flow, page 105  Notes, pages 106-158</p> <p>Group:  Consolidated income statement, page 98  Consolidated balance sheet, page 100  Consolidated statement of cash flow, page 104  Notes, pages 106-158</p>
11.2 Auditing of historical financial information	Consolidated Financial Statements, available at <a href="https://wp-benchmarkplc-2022.s3.eu-west-2.amazonaws.com/media/2021/09/Benchmark-AR2020_Final.pdf">https://wp-benchmarkplc-2022.s3.eu-west-2.amazonaws.com/media/2021/09/Benchmark-AR2020_Final.pdf</a>	Auditor's report, pages 92-97

References to the above mentioned documents are limited to information given in "Details", e.g. that the non-incorporated parts are either not relevant for the investor or covered elsewhere in the prospectus.



## **Manager's disclaimer**

DNB Bank ASA, the Manager, has assisted the Company in preparing the Base Prospectus. The Manager has not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Manager expressly disclaims any legal or financial liability as to the accuracy or completeness of the information contained in this Base Prospectus or any other information supplied in connection with the issuance or distribution of bonds by Benchmark Holdings plc.

This Base Prospectus is subject to the general business terms of the Manager, available at their respective websites. Confidentiality rules and internal rules restricting the exchange of information between different parts of the Manager may prevent employees of the Manager who are preparing this Base Prospectus from utilizing or being aware of information available to the Manager and/or any of their affiliated companies and which may be relevant to the recipient's decisions.

Each person receiving this Base Prospectus acknowledges that such person has not relied on the Manager, nor on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, 31 March 2023

DNB Bank ASA  
([www.dnb.no](http://www.dnb.no))

## **Annex 1 Articles of Association for Benchmark Holdings plc**

Company Number: 04115910

THE COMPANIES ACTS 1985 AND 1989

ARTICLES OF ASSOCIATION

- of -

BENCHMARK HOLDINGS PLC

(Adopted on 18 December 2013 by Special Resolution passed on 18 November 2013,  
amended on 5 March 2015 and 12 March 2020 by Special Resolution)

Travers Smith LLP  
10 Snow Hill London EC1A 2AL  
[www.traverssmith.com](http://www.traverssmith.com)

## CONTENTS

1.	EXCLUSION OF OTHER REGULATIONS .....	1
2.	DEFINITIONS AND INTERPRETATION .....	1
3.	REGISTERED OFFICE .....	4
4.	LIMITED LIABILITY .....	5
5.	CHANGE OF NAME .....	5
6.	SHARE CAPITAL .....	5
7.	VARIATION OF RIGHTS.....	6
8.	SHARES IN UNCERTIFICATED FORM .....	6
9.	SHARE CERTIFICATES.....	8
10.	LIEN .....	9
11.	CALLS ON SHARES.....	9
12.	FORFEITURE .....	11
13.	TRANSFER OF SHARES.....	12
14.	TRANSMISSION OF SHARES .....	13
15.	ALTERATION OF SHARE CAPITAL .....	14
16.	PURCHASE OF OWN SHARES.....	14
17.	GENERAL MEETINGS.....	14
18.	NOTICE OF GENERAL MEETINGS.....	15
19.	PROCEEDINGS AT GENERAL MEETINGS.....	15
20.	VOTES OF MEMBERS.....	18
21.	POWERS OF THE BOARD .....	25
22.	BORROWING POWERS.....	26
23.	NUMBER AND QUALIFICATION OF DIRECTORS .....	29
24.	ELECTION, APPOINTMENT AND RETIREMENT BY ROTATION.....	29
25.	RESIGNATION AND REMOVAL OF DIRECTORS.....	30
26.	VACATION OF OFFICE.....	31
27.	REMUNERATION OF DIRECTORS .....	31
28.	CHIEF EXECUTIVE, MANAGING AND EXECUTIVE DIRECTORS.....	31
29.	ASSOCIATE AND OTHER DIRECTORS .....	32
30.	DIRECTORS' GRATUITIES AND PENSIONS.....	33
31.	ALTERNATE DIRECTORS.....	33
32.	PROCEEDINGS OF THE BOARD .....	34
33.	DIRECTORS' INTERESTS.....	35
34.	SECRETARY .....	39
35.	MINUTES.....	39
36.	THE SEAL.....	40
37.	ACCOUNTING RECORDS, BOOKS AND REGISTERS .....	41
38.	AUDIT .....	41
39.	AUTHENTICATION OF DOCUMENTS .....	41
40.	RECORD DATES .....	42
41.	DIVIDENDS.....	42
42.	RESERVES .....	46
43.	CAPITALISATION OF PROFITS .....	46
44.	NOTICES.....	48
45.	UNTRACED MEMBERS.....	52
46.	DESTRUCTION OF DOCUMENTS.....	53
47.	WINDING-UP.....	54
48.	PROVISION FOR EMPLOYEES.....	54
49.	INDEMNITY .....	55
50.	INSURANCE.....	55

# THE COMPANIES ACTS 1985 AND 1989

## ARTICLES OF ASSOCIATION

- of -

### BENCHMARK HOLDINGS PLC

(Adopted on 18 December 2013 by Special Resolution passed on 18 November 2013, amended on 5 March 2015 and 12 March 2020 by Special Resolution)

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#### 1. EXCLUSION OF OTHER REGULATIONS

- 1.1 This document comprises the Articles of Association of the Company and no regulations set out in any statute or statutory instrument concerning companies shall apply as Articles of Association of the Company.

#### 2. DEFINITIONS AND INTERPRETATION

- 2.1 In these Articles the following expressions have the following meanings unless the context otherwise requires:

<b>Act</b>	the Companies Act 2006.
<b>address</b>	in relation to electronic communications, includes any number or address (including, in the case of any Uncertificated Proxy Instruction permitted in accordance with these Articles, an identification number of a participant in the relevant system concerned) used for the purposes of such communications.
<b>Articles</b>	these Articles of Association as altered from time to time.
<b>auditors</b>	the auditors for the time being of the Company.
<b>Board</b>	the board of directors of the Company or the Directors present at a duly convened meeting of the Directors at which a quorum is present.
<b>clear days</b>	in relation to the period of a notice, that period calculated in accordance with section 360 of the Act.
<b>communication</b>	has the same meaning as in section 15 of the Electronic Communications Act.

<b>Company</b>	Benchmark Holdings plc.
<b>Company's website</b>	the web sites, operated or controlled by the Company, which contain information about the Company in accordance with the Statutes.
<b>competent authority</b>	the designated competent authority for the purposes of Part VI of the FSMA.
<b>Directors</b>	the directors of the Company for the time being.
<b>elected</b>	elected or re-elected.
<b>electronic communication</b>	has the same meaning as in section 15 of the Electronic Communications Act.
<b>Electronic Communications Act</b>	the Electronic Communications Act 2000 (as amended from time to time).
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended from time to time).
<b>group</b>	the Company and its subsidiary undertakings for the time being.
<b>holder</b>	in relation to shares, the member whose name is entered in the register as the holder of the shares.
<b>in electronic form</b>	in a form specified by section 1168(3) of the Act and otherwise complying with the provisions of that section.
<b>London Stock Exchange</b>	London Stock Exchange plc.
<b>member</b>	a member of the Company.
<b>month</b>	calendar month.
<b>office</b>	the registered office for the time being of the Company.
<b>Operator</b>	a person approved under the Regulations as Operator of a relevant system.
<b>paid up</b>	paid up or credited as paid up.
<b>recognised person</b>	a recognised clearing house acting in relation to a recognised investment exchange, or a nominee of a

	recognised clearing house acting in that way, or a nominee of a recognised investment exchange.
<b>register</b>	the register of members of the Company and shall, so long as the Regulations so permit or require, include so far as relevant a related Operator register of members.
<b>Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time).
<b>secretary</b>	the secretary of the Company or any other person appointed to perform any of the duties of the secretary of the Company including a joint, temporary, assistant or deputy secretary.
<b>Shareholder Information</b>	notices, documents or information which the Company wishes or is required to communicate to shareholders including, without limitation, annual reports and accounts, interim financial statements, summary financial statements, notices of meetings and proxy forms.
<b>Statutes</b>	the Act and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning companies and affecting the Company (including, without limitation, the Electronic Communications Act).
<b>Uncertificated Proxy Instruction</b>	a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of the relevant system concerned and received by such participant in that system acting on behalf of the Company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant system concerned).
<b>United Kingdom</b>	Great Britain and Northern Ireland.
<b>website communication</b>	the publication of a notice or other Shareholder Information on the Company's website in accordance with Part 4 of Schedule 5 to the Act.

**year** calendar year.

- 2.2** References to "**writing**" include references to printing, typewriting, lithography, photography and any other mode or modes of presenting or reproducing words in a visible and non-transitory form.
- 2.3** Words importing one gender shall (where appropriate) include any other gender and words importing the singular shall (where appropriate) include the plural and vice versa.
- 2.4** Any words or expressions defined in the Act, the Electronic Communications Act or the Regulations shall, if not inconsistent with the subject or context and unless otherwise expressly defined in these Articles, bear the same meaning in these Articles save that the word "**company**" shall include any body corporate.

**2.5** References to:

- 2.5.1** "**mental disorder**" mean mental disorder as defined in section 1 of the Mental Health Act 1983 or the Mental Health (Scotland) Act 1984 (as the case may be);
- 2.5.2** any statute, regulation or any section or provision of any statute or regulation, if consistent with the subject or context, shall include any corresponding or substituted statute, regulation or section or provision of any amending, consolidating or replacement statute or regulation;
- 2.5.3** "**executed**" include any mode of execution;
- 2.5.4** an Article by number are to a particular Article of these Articles;
- 2.5.5** a "**meeting**" shall be taken as not requiring more than one person to be present if any quorum requirement can be satisfied by one person;
- 2.5.6** a "**person**" include references to a body corporate and to an unincorporated body of persons;
- 2.5.7** a share (or to a holding of shares) being in uncertificated form or in certificated form are references respectively to that share being an uncertificated unit of a security or a certificated unit of a security; and
- 2.5.8** a "**cash memorandum account**" are to an account so designated by the Operator of the relevant system concerned.

**3. REGISTERED OFFICE**

- 3.1** The Company's registered office is to be situated in England and Wales.



#### **4. LIMITED LIABILITY**

**4.1** The liability of the members is limited.

#### **5. CHANGE OF NAME**

**5.1** The Company may change its registered name in accordance with the Statutes.

#### **6. SHARE CAPITAL**

**6.1** Subject to the provisions of the Statutes and without prejudice to the rights attaching to any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights or such restrictions as the Company may from time to time by ordinary resolution determine or, if the Company has not so determined, as the Directors may determine.

**6.2** Subject to the provisions of these Articles and to the Statutes and without prejudice to the rights attaching to any existing shares or class of shares, the Board may offer, allot (with or without a right of renunciation), issue, grant options over or otherwise deal with or dispose of shares to such persons, at such time and for such consideration and upon such terms and conditions as the Board may determine.

**6.3** The Company may exercise the powers of paying commissions conferred by the Statutes. Subject to the provisions of the Statutes, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

**6.4** Subject to the provisions of the Statutes and to any rights conferred on the holders of any other shares, shares may be issued on terms that they are, at the option of the Company or a member, liable to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).

**6.5** Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and (except as otherwise provided by these Articles or by law) the Company shall not be bound by or compelled in any way to recognise any interest in any share, except an absolute right to the entirety thereof in the holder.

**6.6** The Company may give financial assistance for the acquisition of shares in the Company to the extent that it is not restricted by the Statutes.

## **7. VARIATION OF RIGHTS**

**7.1** Subject to the provisions of the Statutes, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of not less than three-quarters in nominal amount of the issued shares of the affected class, or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class (but not otherwise).

**7.2** All the provisions of these Articles relating to general meetings shall, *mutatis mutandis*, apply to every such separate general meeting, except that:

**7.2.1** the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question and at an adjourned meeting one person holding shares of the class in question or his proxy;

**7.2.2** any holder of shares of the class in question present in person or by proxy may demand a poll; and

**7.2.3** the holder of shares of the class in question shall, on a poll, have one vote in respect of every share of such class held by him.

**7.3** Subject to the terms on which any shares may be issued, the rights or privileges attached to any class of shares in the capital of the Company shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by any purchase by the Company of its own shares.

**7.4** The provisions of Articles 7.1 to 7.2 shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if such group of shares of the class differently treated formed a separate class.

## **8. SHARES IN UNCERTIFICATED FORM**

**8.1** The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be a participating security (subject always to the Regulations and the facilities and requirements of the relevant system concerned). Where they do so, Articles 8.2 and 8.3 shall come into effect immediately prior to the time at which the Operator of the relevant system concerned permits the class of shares concerned to be a participating security.

**8.2** In relation to any class of shares which is, for the time being, a participating security, and for so long as such class remains a participating security, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

**8.2.1** the holding of shares of that class in uncertificated form;

**8.2.2** the transfer of title to shares of that class by means of a relevant system; or

**8.2.3** the Regulations,

and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the Operator, so long as that is permitted or required by the Regulations, of an Operator register of securities in respect of shares of that class in uncertificated form.

**8.3** Without prejudice to the generality of Article 8.2 and notwithstanding anything contained in these Articles, where any class of shares is, for the time being, a participating security (such class being referred to in these Articles as the "**Relevant Class**"):

**8.3.1** the register relating to the Relevant Class shall be maintained at all times in the United Kingdom;

**8.3.2** shares of the Relevant Class may be issued in uncertificated form in accordance with and subject as provided in the Regulations;

**8.3.3** unless the Directors otherwise determine, shares of the Relevant Class held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings;

**8.3.4** shares of the Relevant Class may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the Regulations;

**8.3.5** title to shares of the Relevant Class which are recorded on the register as being held in uncertificated form may be transferred by means of the relevant system concerned and accordingly (and in particular) Articles 13.1 and 13.2 shall not apply in respect of such shares to the extent that those Articles require or contemplate the effecting of a transfer by an instrument in writing and the production of a certificate for the share to be transferred;

**8.3.6** the Company shall comply with the provisions of Regulations 25 and 26 in relation to the Relevant Class;

**8.3.7** the provisions of these Articles with respect to meetings of or including holders of the Relevant Class, including notices of such meetings, shall have effect subject to the provisions of Regulation 41; and

**8.3.8** Articles 9.1 to 9.4 shall not apply so as to require the Company to issue a certificate to any person holding shares of the Relevant Class in uncertificated form.

**8.4** The Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the Regulations and regularly reconciled with the relevant Operator register of securities are a complete and accurate reproduction of the particulars entered in the Operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance upon such assumption; in particular, any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

## **9. SHARE CERTIFICATES**

**9.1** Subject to these Articles and the provisions of the Regulations every person (except a person in respect of whom the Company is not by law required to complete and have ready for delivery a certificate) whose name is entered as a holder of any share in the register shall be entitled without payment to receive one certificate in respect of each class of shares held by him or, with the consent of the Board and upon payment of such reasonable out-of-pocket expenses for every certificate after the first as the Board shall determine, several certificates, each for one or more of his shares. Shares of different classes may not be included in the same certificate.

**9.2** Where a holder of any share (except a recognised person) has transferred a part of the shares comprised in his holding, he shall be entitled to a certificate for the balance without charge.

**9.3** Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

**9.4** The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to the joint holder who is named first in the register shall be a sufficient delivery to all of them.

**9.5** In the case of shares held jointly by several persons, any such request mentioned in Articles 9.1, 9.2 or 9.3 may only be made by the joint holder who is named first in the register.

**9.6** Every certificate shall be executed by the Company in such manner as the Board, having regard to the Statutes and the listing requirements of the competent authority, may authorise.

Every certificate shall specify the number, class and distinguishing number (if any) of the shares to which it relates and the nominal value of and the amount paid up on each share.

- 9.7** The Board may by resolution decide, either generally or in any particular case or cases, that any signatures on any certificates for shares or any other form of security at any time issued by the Company need not be autographic but may be applied to the certificates by some mechanical means or may be printed on them or that the certificates need not be signed by any person.
- 9.8** If a share certificate is worn out, defaced, lost or destroyed, it may be replaced without charge (other than exceptional out-of-pocket expenses) and otherwise on such terms (if any) as to evidence and/or indemnity (with or without security) as the Board may require. In the case where the certificate is worn out or defaced, it may be renewed only upon delivery of the certificate to the Company.

## **10. LIEN**

- 10.1** The Company shall have a first and paramount lien on every share (not being a fully paid share) for all money (whether presently due or not) payable in respect of that share. The Company's lien over a share extends to any dividend and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share. The Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.
- 10.2** The Company may sell, in such manner as the Board decides, any shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice in writing has been served on the holder of the shares in question or the person entitled to such shares by reason of death or bankruptcy of the holder or otherwise by operation of law, demanding payment of the sum presently payable and stating that if the notice is not complied with the shares may be sold.
- 10.3** To give effect to any such sale, the Board may authorise such person as it directs to execute any instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale, and he shall not be bound to see to the application of the purchase money.
- 10.4** The net proceeds of the sale, after payment of the costs of such sale, shall be applied in or towards satisfaction of the liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold (where applicable) and subject to a like lien for any monies not presently payable or any liability or engagement not likely to be presently fulfilled or discharged as existed upon the shares before the sale) be paid to the holder of (or person entitled by transmission to) the shares immediately before the sale.

## **11. CALLS ON SHARES**

- 11.1** Subject to the terms of allotment of any shares, the Board may send a notice and make calls upon the members in respect of any monies unpaid on their shares (whether in respect of the nominal value of the shares or by way of premium) provided that (subject as aforesaid) no call on any share shall be payable within one month from the date fixed for the payment of the last preceding call and that at least 14 clear days' notice from the date the notice is sent shall be given of every call specifying the time or times, place of payment and the amount called on the members' shares. A call may be revoked in whole or in part or the time fixed for its payment postponed in whole or in part by the Board at any time before receipt by the Company of the sum due thereunder.
- 11.2** A call may be made payable by instalments.
- 11.3** The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.
- 11.4** Each member shall pay to the Company, at the time and place of payment specified in the notice of the call, the amount called on his shares. A person on whom a call is made will remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.
- 11.5** If a sum called in respect of a share shall not be paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest on the sum from the day fixed for payment to the time of actual payment at such rate, not exceeding 5 per cent. above the base lending rate per annum most recently set by the Monetary Policy Committee of the Bank of England, as the Board may decide, together with all expenses that may have been incurred by the Company by reason of such non-payment, but the Board may waive payment of interest and such expenses wholly or in part. No dividend or other payment or distribution in respect of any such share shall be paid or distributed and no other rights which would otherwise normally be exercisable in accordance with these Articles may be exercised by a holder of any such share so long as any such sum or any interest or expenses payable in accordance with this Article in relation thereto remains due.
- 11.6** Any sum which becomes payable by the terms of allotment of a share, whether on allotment or on any other fixed date or as an instalment of a call and whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which, by the terms of allotment or in the notice of the call, it becomes payable. In the case of non-payment, all the provisions of these Articles relating to payment of interest and expenses, forfeiture and otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- 11.7** The Board may, if it thinks fit, receive from any member willing to advance it all or any part of the money (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon any shares held by him, and may pay upon all or any part of the money so advanced (until it would but for the advance become presently payable) interest at

such rate (if any) not exceeding 5 per cent. above the base lending rate per annum most recently set by the Monetary Policy Committee of the Bank of England, as the Board may decide. No sum paid in advance of calls shall entitle the holder of a share to any portion of a dividend or other payment or distribution subsequently declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

- 11.8** The Board may on the allotment of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

## **12. FORFEITURE**

- 12.1** If a member fails to pay the whole or any part of any call or instalment of a call on the day fixed for payment, the Board may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any accrued interest and any costs, charges and expenses incurred by the Company by reason of the non-payment.
- 12.2** The notice shall fix a further day (not being less than seven clear days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time and at the place specified, the shares on which the call was made will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it had been forfeited.
- 12.3** If the requirements of the notice are not complied with, any share in respect of which the notice has been given may, at any time before the payments required by the notice have been made, be forfeited by a resolution of the Board to that effect. Every forfeiture shall include all dividends and other payments or distributions declared in respect of the forfeited shares and not paid or distributed before forfeiture. Forfeiture shall be deemed to occur at the time of the passing of the said resolution of the Board.
- 12.4** Subject to the provisions of the Statutes, a forfeited share shall be deemed to be the property of the Company and may be sold, reallocated or otherwise disposed of upon such terms and in such manner as the Board decides, either to the person who was before the forfeiture the holder or to any other person, and at any time before sale, reallocation or other disposition the forfeiture may be cancelled on such terms as the Board decides. The Company shall not exercise any voting rights in respect of such a share. Where for the purposes of its disposal a forfeited share is to be transferred to any person, the Board may authorise a person to execute an instrument of transfer of the share.
- 12.5** When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder, or the person entitled to the share by transmission, and an entry of the forfeiture, with the date of the forfeiture, shall be entered in the register, but no forfeiture shall be invalidated by any failure to give such notice or make such entry.

- 12.6** A person, any of whose shares have been forfeited, shall cease to be a member in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all money which at the date of forfeiture was then payable by him to the Company in respect of the shares, with interest on such money at such rate not exceeding 5 per cent. above the base lending rate per annum most recently set by the Monetary Policy Committee of the Bank of England, as the Board may decide, from the date of forfeiture until payment. The Board may, if it thinks fit, waive the payment of all or part of such money and/or the interest payable thereon.
- 12.7** A statutory declaration by a Director or the secretary that a share has been duly forfeited or surrendered on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The statutory declaration shall (subject to the execution of an instrument of transfer, if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration (if any) nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, surrender, sale, allotment or disposal of the share.
- 12.8** If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which was, or would have become, payable and had not, when that share was forfeited, been paid by that person in respect of that share, but no interest is payable to such person in respect of such proceeds and the Company is not required to account for any money earned on them.

### **13. TRANSFER OF SHARES**

- 13.1** The instrument of transfer of a share may be in any usual form or in any other form which the Board may approve.
- 13.2** The instrument of transfer of a share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor shall be deemed to remain the holder until the name of the transferee is entered in the register.
- 13.3** The Board may refuse to register any transfer of shares, unless:
- 13.3.1** the instrument of transfer is lodged (duly stamped if the Statutes so require) at the office or at such other place as the Board may appoint, accompanied by the certificate for the shares to which it relates and such other evidence (if any) as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so) provided that, in the case of a transfer by a recognised person where a certificate has not been issued



in respect of the share, the lodgment of share certificates shall not be necessary;

**13.3.2** the instrument of transfer is in respect of only one class of share; and

**13.3.3** in the case of a transfer to joint holders, they do not exceed four in number.

**13.4** The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board refuses to register (except in the case of fraud) shall be returned to the person lodging it when notice of the refusal is given.

**13.5** If the Board refuses to register a transfer, it shall within two months after the date on which the instrument of transfer was lodged with the Company (or in the case of uncertificated shares the date on which the Operator-instruction was received) send to the transferee notice of, together with the reasons for, the refusal.

**13.6** No fee shall be payable to the Company for the registration of any transfer or any other document relating to or affecting the title to any share or for making any entry in the register affecting the title to any share.

**13.7** Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

#### **14. TRANSMISSION OF SHARES**

**14.1** If a member dies, the survivor or survivors where he was a joint holder and his personal representatives where he was a sole holder or the only survivor of joint holders shall be the only person(s) recognised by the Company as having any title to his shares, but nothing contained in these Articles shall release the estate of a deceased member from any liability in respect of any share held by him solely or jointly with other persons.

**14.2** Any person becoming entitled to a share in consequence of the death or bankruptcy of a member or by operation of law may, upon such evidence as to his title being produced as may be reasonably required by the Board and subject to these Articles, elect either to be registered as the holder of the share or to have a person nominated by him registered as the holder. If the person elects to become the holder, he shall give notice in writing to that effect. If the person elects to have another person registered, he shall execute an instrument of transfer of the share to that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if the death or bankruptcy of the member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer were an instrument of transfer executed by the member.

**14.3** Any person becoming entitled to a share in consequence of the death or bankruptcy of a member or by operation of law shall, subject to the requirements of these Articles and to the

provisions of this Article, be entitled to receive, and may give a good discharge for, all dividends and other money payable in respect of the share, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company or at any separate meetings of the holders of any class of shares or to any of the rights or privileges of a member until he shall have become a holder in respect of the share in question. The Board may at any time give notice requiring any such person to elect either to be registered or to transfer the share, and if the notice is not complied with within 60 days, the Board may withhold payment of all dividends and other distributions and payments declared in respect of the share until the requirements of the notice have been complied with.

## **15. ALTERATION OF SHARE CAPITAL**

**15.1** The Company may by ordinary resolution alter its share capital in accordance with the Act.

**15.2** A resolution to sub-divide shares may determine that, as between the holders of such shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

**15.3** Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the Board may deal with the fractions as it thinks fit and in particular, but without limitation, may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Statutes, the Company) and distribute the net proceeds of sale (subject to retention by the Company of amounts not exceeding £3, the cost of distribution of which would be disproportionate to the amounts involved) in due proportion among those members, and the Board may authorise a person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale.

## **16. PURCHASE OF OWN SHARES**

**16.1** On any purchase by the Company of its own shares, neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

## **17. GENERAL MEETINGS**

**17.1** The Company shall hold an annual general meeting which shall be convened by the Board in accordance with the Statutes.

**17.2** The Board may call a general meeting whenever it thinks fit and, on the requisition of members in accordance with the Act, it shall proceed to convene a general meeting for a date not more than 28 days after the date of the notice convening the meeting. If there are

not within the United Kingdom sufficient Directors to call a general meeting, any Director or, if there is no Director within the United Kingdom, any member of the Company may call a general meeting.

## **18. NOTICE OF GENERAL MEETINGS**

**18.1** An annual general meeting shall be called by at least 21 clear days' notice in writing. All other general meetings shall be called by at least 14 clear days' notice in writing. The notice shall specify:

**18.1.1** if the meeting is an annual general meeting, that the meeting is an annual general meeting;

**18.1.2** the day, time and place of the meeting;

**18.1.3** the general nature of the business to be transacted;

**18.1.4** if the meeting is convened to consider a special resolution, the intention to propose the resolution as such; and

**18.1.5** with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member.

**18.2** Subject to the provisions of these Articles, to the rights attaching to any class of shares and to any restriction imposed on any holder, notice of any general meeting shall be given to all members, the Directors and (in the case of an annual general meeting) the auditors.

**18.3** The accidental omission to send a notice of any meeting, or notice of a resolution to be moved at a meeting or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to any person entitled to receive the same, or the non-receipt of a notice of any meeting or a form of proxy by such a person, shall not invalidate the proceedings at the meeting.

**18.4** The Board may postpone a general meeting if they deem it necessary to do so. Notice of such postponement shall be given in accordance with these Articles.

## **19. PROCEEDINGS AT GENERAL MEETINGS**

**19.1** No business shall be transacted at any general meeting unless a quorum is present but the absence of a quorum shall not preclude the choice or appointment of a chairman in accordance with these Articles (which shall not be treated as part of the business of the meeting). Subject to Article 19.2, two members present in person being either members or representatives (in the case of a corporate member) or proxies appointed by members in relation to the meeting and entitled to vote shall be a quorum for all purposes.

- 19.2** If within 15 minutes from the time fixed for a meeting a quorum is not present or if during a meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case it shall stand adjourned to such day and to such time and place (being not less than 14 nor more than 28 days thereafter) as may be fixed by the chairman of the meeting. At such adjourned meeting a quorum shall be two persons present in person being either members or representatives (in the case of a corporate member) or proxies appointed by members in relation to the meeting and entitled to vote. If within 15 minutes from the time fixed for holding an adjourned meeting a quorum is not present or if during an adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least 10 clear days' notice (in any manner in which notice of a meeting may lawfully be given from time to time) of any meeting adjourned through lack of a quorum and such notice shall state the quorum requirement.
- 19.3** The chairman of the Board or in his absence the deputy chairman shall preside as chairman at every general meeting of the Company. If there is no such chairman or deputy chairman or if at any meeting neither the chairman nor the deputy chairman is present within 15 minutes from the time fixed for holding the meeting or if neither is willing to act as chairman of the meeting, the Directors present shall choose one of their number, or if no Director is present or if all the Directors present decline to take the chair, the members present in person or by proxy or by corporate representative and entitled to vote shall choose one of their number to be chairman of the meeting.
- 19.4** The Board may implement at general meetings of the Company, such security arrangements as it shall think appropriate to which members, representatives (in the case of corporate members) and their proxies shall be subject. The Board shall be entitled to refuse entry to the meeting to any such member, representative or proxy who fails to comply with such security arrangements.
- 19.5** The chairman of each general meeting of the Company may take such action as he considers appropriate to permit the orderly conduct of the business of the meeting as set out in the notice of the meeting.
- 19.6** The chairman of a meeting at which a quorum is present may, without prejudice to any other power of adjournment which he may have under these Articles or at common law, with the consent of the meeting (and shall if so directed by the meeting), adjourn the meeting from time to time (or indefinitely) and from place to place. No business shall be transacted at any adjourned meeting except business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for an indefinite period, the time and place for the adjourned meeting shall be fixed by the Board. Whenever a meeting is adjourned for 14 days or more or for an indefinite period, at least seven clear days' notice, specifying the place, the day and the time of the adjourned meeting and the general nature of the business to be transacted, shall be given (in any manner in which notice of a meeting may lawfully be given from time to time). Save as provided in these Articles, it shall not

otherwise be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

- 19.7** If it appears to the chairman that the meeting place specified in the notice convening the meeting is inadequate to accommodate all members entitled and wishing to attend, the meeting shall nevertheless be duly constituted and its proceedings valid provided that the chairman is satisfied that adequate facilities are available to ensure that any member who is unable to be accommodated is nonetheless able to participate in the business for which the meeting has been convened and to hear and see all persons present who speak (whether by the use of microphones, loudspeakers, audiovisual communication equipment or otherwise), whether in the meeting place or elsewhere, and to be heard and seen by all other persons so present in the same manner.
- 19.8** At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands or on the withdrawal of any other due demand for a poll, a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded:
- 19.8.1** by the chairman of the meeting; or
  - 19.8.2** by at least five members present all of whom are either members or proxies or representatives (in the case of a corporate member) and entitled to vote on the resolution; or
  - 19.8.3** by any member or members present in person or by proxy or by representative (in the case of a corporate member) and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting (excluding any voting rights attached to any shares in the Company held as treasury shares); or
  - 19.8.4** by a member or members present in person or by proxy or by representative (in the case of a corporate member) holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right (excluding shares in the Company conferring a right to vote on the resolution which are held as treasury shares).
- 19.9** Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 19.10** If a poll is duly demanded, it shall be taken in such manner as the chairman of the meeting may direct. The chairman may appoint scrutineers (who need not be members) and fix a

time and place for declaring the result of the poll. The result of a poll shall be the decision of the meeting in respect of which it was demanded.

- 19.11** A poll demanded on the election of the chairman of a meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman of the meeting directs, but in any case not more than 28 days after the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with pending the completion of the poll. The demand for a poll may be withdrawn at any time before the poll is taken. If a poll is demanded before the declaration of the result of a show of hands and the demand is subsequently duly withdrawn, the meeting shall continue as if the demand had not been made. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven clear days' notice shall be given (in any manner in which notice of a meeting may lawfully be given from time to time) specifying the time and place at which the poll is to be taken.
- 19.12** A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

## **20. VOTES OF MEMBERS**

- 20.1** Subject to any terms as to voting upon which any shares may be issued or may for the time being be held the total number of votes a member present in person or (being a corporation) who is present by a duly authorised representative or a proxy for a member has on a show of hands shall be determined in accordance with the Act. On a poll every member present in person or by proxy or by representative (in the case of a corporate member) shall have one vote for each share of which he is the holder, proxy or representative. On a poll, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes in the same way.
- 20.2** In the case of joint holders of a share the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- 20.3** A member in respect of whom an order has been made by any court or official having jurisdiction (whether in the United Kingdom or elsewhere) that he is or may be suffering from mental disorder or is otherwise incapable of running his affairs may vote by his guardian, receiver, curator bonis or other person authorised for that purpose and appointed by the court (and that person may vote by proxy) provided that evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than 48 hours before the time

appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised, and in default the right to vote shall not be exercisable.

**20.4** No member shall, unless the Board otherwise determines, be entitled to vote at any general meeting or at any separate general meeting of the holders of any class of shares in the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

**20.5** Where, in respect of any shares of the Company, any holder or any other person appearing to be interested in such shares held by a member has been issued with a notice pursuant to section 793 of the Act (a "**statutory notice**") and has failed in relation to any shares (the "**default shares**") to comply with the statutory notice and to give the Company the information required by such notice within the prescribed period as defined in Article 20.10.4 from the date of the statutory notice, then the Board may serve on the holder of such default shares a notice (a "**disenfranchisement notice**") whereupon the following sanctions shall apply:

**20.5.1** such holder shall not with effect from the service of the disenfranchisement notice be entitled in respect of the default shares to be present or to vote (either in person or by representative or by proxy) either at any general meeting or at any separate general meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

**20.5.2** where such shares represent not less than 0.25 per cent. in nominal value of the issued shares of their class:

(a) any dividend or other monies payable in respect of the default shares shall be withheld by the Company which shall not be under any obligation to pay interest on it and the holder shall not be entitled under Article 41.16 to elect to receive shares instead of that dividend; and

(b) no transfer, other than an excepted transfer (as defined in Article 20.10.5), of any shares in certificated form held by the holder shall be registered unless:

(i) the holder is not himself in default as regards supplying the information required; and

(ii) the holder proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer

(and, for the purpose of ensuring this Article 20.5.2(b) can apply to all shares held by the holder, the Company may, in accordance with the Regulations, issue a written notification to the Operator requiring the conversion into certificated form of any shares held by the holder in uncertificated form).

- 20.6** Any new shares in the Company issued in right of default shares shall be subject to the same sanctions as apply to the default shares provided that any sanctions applying to, or to a right to, new shares by virtue of this Article shall cease to have effect when the sanctions applying to the related default shares cease to have effect (and shall be suspended or cancelled if and to the extent that the sanctions applying to the related default shares are suspended or cancelled) and provided further that Article 20.5 shall apply to the exclusion of this Article if the Company gives a separate notice under section 793 of the Act in relation to the new shares.
- 20.7** The Company may at any time withdraw a disenfranchisement notice by serving on the holder of the default shares a notice in writing to that effect (a **"withdrawal notice"**), and a disenfranchisement notice shall be deemed to have been withdrawn at the end of the period of seven days (or such shorter period as the Directors may determine) following receipt by the Company of the information required by the statutory notice in respect of all the shares to which the disenfranchisement notice related.
- 20.8** Unless and until a withdrawal notice is duly served in relation thereto or a disenfranchisement notice in relation thereto is deemed to have been withdrawn or the shares to which a disenfranchisement notice relates are transferred by means of an excepted transfer, the sanctions referred to in Articles 20.5 and 20.6 shall continue to apply.
- 20.9** Where, on the basis of information obtained from a holder in respect of any share held by him, the Company issues a notice pursuant to section 793 of the Act to any other person and such person fails to give the Company the information thereby required within the prescribed period and the Board serves a disenfranchisement notice upon such person, it shall at the same time send a copy of the disenfranchisement notice to the holder of such share, but the accidental omission to do so, or the non-receipt by the holder of the copy, shall not invalidate or otherwise affect the application of Articles 20.5 and 20.6.
- 20.10** For the purposes of these Articles:
- 20.10.1** a person other than the holder of a share shall be treated as appearing to be interested in that share if the holder has informed the Company that the person is or may be so interested or if (after taking into account the said notification and any other relevant notification pursuant to section 793 of the Act) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the share;
- 20.10.2** **"interested"** shall be construed as it is for the purpose of section 793 of the Act;



**20.10.3** reference to a person having failed to give the Company the information required by a notice, or being in default as regards supplying such information, includes:

- (a) reference to his having failed or refused to give all or any part of it; and
- (b) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular;

**20.10.4** the "**prescribed period**" means:

- (a) in a case where the default shares represent at least 0.25 per cent. of their class, 14 days; and
- (b) in any other case, 28 days; and

**20.10.5** an "**excepted transfer**" means, in relation to any share held by a holder:

- (a) a transfer pursuant to acceptance of an offer made to all the holders (or all the holders other than the person making the offer and his nominees) of the shares in the Company to acquire those shares or a specified proportion of them, or to all the holders (or all the holders other than the person making the offer and his nominees) of a particular class of those shares to acquire the shares of that class or a specified proportion of them;
- (b) a transfer in consequence of a sale made through a recognised investment exchange (as defined in the FSMA) or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded; or
- (c) a transfer which is shown to the satisfaction of the Board to be made in consequence of a bona fide sale of the whole of the beneficial interest in the share to a person who is unconnected with the holder and with any other person appearing to be interested in the share.

**20.11** Nothing contained in these Articles shall prejudice or affect the right of the Company to apply to the court for an order under section 794 of the Act and in connection with such an application or intended application or otherwise to require information on shorter notice than the prescribed period.

**20.12** No objections may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and

every vote not disallowed at the meeting is valid. Any such objection must be referred to the Chairman of the meeting whose decision is final.

- 20.13** If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution proposed as a special resolution, no amendment to it (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
- 20.14** Invitations to appoint a proxy (whether made by instrument in writing, in electronic form or by website communication) shall be in any usual form or in such other form as the Board may approve. Invitations to appoint a proxy shall be sent or made available by the Company to all persons entitled to notice of and to attend and vote at any meeting, and shall provide for voting both for and against all resolutions to be proposed at that meeting other than resolutions relating to the procedure of the meeting. The accidental omission to send or make available an invitation to appoint a proxy or the non-receipt thereof by any member entitled to attend and vote at a meeting shall not invalidate the proceedings at that meeting. The appointment of a proxy shall be deemed to confer authority to demand, or concur in demanding, a poll and to vote on any amendment of a resolution put to the meeting for which it is given or any procedural resolution, as the proxy thinks fit. A proxy need not be a member of the Company.
- 20.15** The appointment of a proxy shall, if made by instrument in writing, be signed in the case of an individual, by the appointer or his attorney who is authorised in writing to do so. In the case of a body corporate, the proxy appointment must be executed under seal or otherwise executed by it in accordance with the Act or signed on its behalf by an officer, attorney or duly authorised signatory.
- 20.16** If the Directors from time to time so permit, a proxy may be appointed by electronic communication to such address as may be notified by or on behalf of the Company for that purpose, or by any other lawful means from time to time authorised by the Directors. Any means of appointing a proxy which is authorised by or under this Article shall be subject to any terms, limitations, conditions or restrictions that the Directors may from time to time prescribe. Without limiting the foregoing, in relation to any shares which are held in uncertificated form, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic communication in the form of an Uncertificated Proxy Instruction, and received by such participant in the relevant system concerned acting on behalf of the Company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant system concerned), and may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instruction to be made by like means. The Directors may in addition prescribe the method of determining the time at which any such properly authenticated dematerialised instruction (and/or other instruction or notification) is to be treated as received by the Company or such participant. The Directors may treat any such

Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

- 20.17** Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and (except as otherwise provided in these Articles) the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company. A certified copy of such a resolution shall be delivered at the meeting to the chairman of the meeting or secretary or any person appointed by the Company to receive such authorisation, and unless such certified copy of such resolution is so delivered the authority granted by such resolution shall not be treated as valid. Where certified copies of two or more valid but differing resolutions authorising any person or persons to act as the representative of any corporation pursuant to this Article at the same meeting in respect of the same share are delivered, the resolution, a certified copy of which is delivered to the Company (in accordance with the provisions of this Article) last in time (regardless of the date of such certified copy or of the date upon which the resolution set out therein was passed), shall be treated as revoking and replacing all other such authorities as regards that share, but if the Company is unable to determine which of any such two or more valid but differing resolutions was so deposited last in time, none of them shall be treated as valid in respect of that share. The authority granted by any such resolution shall, unless the contrary is stated in the certified copy thereof delivered to the Company pursuant to this Article, be treated as valid for any adjournment of any meeting at which such authority may be used as well as at such meeting.
- 20.18** A corporation which is a member of the Company may authorise more than one person to act as its representative pursuant to this Article in respect of any meeting or meetings, and such a member who holds different classes of shares may so authorise one or more different persons for each class of shares held.
- 20.19** The appointment of proxy and the power of attorney or other written authority (if any) under which it is signed, or a copy of any such power or written authority certified notarially or in any other manner approved by the Directors, shall:
- 20.19.1** in the case of an appointment otherwise than by electronic communication, be deposited at the office (or at such other place as shall be specified in the notice of meeting or in any instrument of proxy or other document accompanying the same); and
  - 20.19.2** in the case of an appointment by electronic communication where an address has been specified for the purpose of receiving appointments by electronic communication (i) in the notice convening the meeting, (ii) in any instrument of proxy sent out by the Company in relation to the meeting or (iii) in any invitation contained in an electronic

communication to appoint a proxy issued by the Company in relation to the meeting, be received at such address,

not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote or in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for taking the poll, and (save as otherwise provided in this Article) unless so deposited or received the appointment of proxy shall not be treated as valid. Where a poll is not taken forthwith but is taken less than 48 hours after it was demanded, the appointment of proxy together with any other documents required to be deposited or received pursuant to this Article 20.19 shall nevertheless be deemed to have been duly deposited if:

**20.19.3** in the case of an appointment otherwise than by electronic communication, they are delivered at the meeting at which the poll was demanded to the chairman or the secretary or to any Director; or

**20.19.4** in the case of an appointment by electronic communication, they are received at the address notified by the Company for such purposes,

in each case, at any time prior to the commencement of such meeting and, if so delivered or received, the instrument of proxy shall be treated as valid. In calculating the periods mentioned in this Article no account shall be taken of any part of a day that is not a working day.

**20.20** The deposit, delivery or receipt of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjourned meeting. When two or more valid but differing appointments of proxy are deposited, delivered or received in respect of the same share for use at the same meeting, the one which is deposited with, delivered to or received by the Company (in accordance with the provisions of this Article) last in time (regardless of the date of its making or transmission) shall be treated as revoking and replacing any others as regards that share, but if the Company is unable to determine which of any such two or more valid but differing instruments of proxy was so deposited, delivered or received last in time, none of them shall be treated as valid in respect of that share.

**20.21** No appointment of proxy shall be valid after the expiration of 12 months from the date stated in it as the date of its making or transmission. The appointment of proxy shall, unless the contrary is stated, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

**20.22** Any vote cast by a proxy who does not vote in accordance with any instructions given by the member by whom he is appointed shall be treated as being valid and the Company shall not be bound to enquire whether a proxy has complied with the instructions he has been given.

**20.23** A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid, notwithstanding the previous determination of the authority of the

person voting or demanding a poll, unless notice of the determination shall have been received by the Company at the office (or other place at which the appointment of proxy was duly deposited, delivered or received in accordance with Article 20.18) before the commencement of the meeting or adjourned meeting at which the appointment of proxy is used, or, in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting, at the time appointed for taking the poll.

## **21. POWERS OF THE BOARD**

- 21.1** Subject to the provisions of the Statutes, these Articles and any directions given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. No alteration of these Articles and no directions given by special resolution shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.
- 21.2** The Board may from time to time make such arrangements as it thinks fit for the management and transaction of the Company's affairs in the United Kingdom or elsewhere and may for that purpose appoint local boards, managers, inspectors and agents and delegate to them any of the powers, authorities and discretions vested in the Board (other than the power to borrow and make calls) with power to sub-delegate and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding such vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board thinks fit. The Board may at any time remove any person so appointed and may vary or annul such delegation, but no person dealing in good faith and without notice of such removal, variation or annulment shall be affected by it.
- 21.3** The Board may from time to time by power of attorney appoint any company, firm or person, or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. The Board may revoke or vary any such appointment, but no person dealing in good faith and without notice of such revocation or variation shall be affected by it.
- 21.4** The Board may delegate any of its powers to any committee consisting of one or more Directors. It may also delegate to any Director holding any executive office or any other Director such of its powers as it considers desirable to be exercised by him. Any such delegation may be made subject to any conditions the Board may impose and either

collaterally with or to the exclusion of its own powers and may be revoked or altered, but no person dealing in good faith and without notice of such revocation or variation shall be affected by it. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by these Articles regulating the proceedings of the Board so far as they are capable of applying. If any such committee determines to co-opt persons other than Directors onto such committee, the number of such co-opted persons shall be less than one-half of the total number of members of the committee and no resolution of the committee shall be effective unless a majority of the members of the committee present at the meeting concerned are Directors.

## **22. BORROWING POWERS**

**22.1** Subject as provided in these Articles, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

**22.2** The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards subsidiary undertakings so far as by such exercise the Board can secure) that the aggregate amount for the time being outstanding of all borrowings by the group (excluding money owed by any member of the group to any other member of the group) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 3.5 times the adjusted capital and reserves. For the purpose of the above restriction, the **"adjusted capital and reserves"** means the aggregate from time to time of:

**22.2.1** the amount paid up on the issued share capital of the Company; and

**22.2.2** the amount standing to the credit of the capital and revenue reserves of the Company (or, if the Company has subsidiary undertakings, the consolidated capital and revenue reserves of the group) including any share premium account, capital redemption reserve, revaluation reserve, merger reserve and credit balance on profit and loss account,

**22.2.3** all as shown in the latest audited balance sheet of the Company or (as the case may be) the latest audited consolidated balance sheet of the group:

**22.2.4** after making appropriate adjustment for any variation in the amount paid up or credited as paid up on the issued share capital of the Company and in the share premium account, capital redemption reserve, revaluation reserve or merger reserve since the date of such balance sheet and so that, for the purpose of making such adjustments, if any issue or proposed issue of shares by the Company for cash has

been underwritten, then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription monies payable in respect thereof (not being monies payable later than six months after the date of allotment) shall, to the extent so underwritten, be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional);

- 22.2.5 after making appropriate adjustment for any distribution from such reserves (otherwise than to the Company or to a subsidiary undertaking) not provided for therein;
- 22.2.6 after excluding any sums set aside for future taxation (including deferred tax);
- 22.2.7 after deducting any debit balance on profit and loss account as shown in such balance sheet;
- 22.2.8 after making appropriate adjustment for any company which has become or ceased to be a subsidiary undertaking since the date of such balance sheet and any variation in the interests of the Company in its subsidiary undertakings since the date of such balance sheet;
- 22.2.9 after making appropriate adjustment for any sums attributable to outside interests in any subsidiary undertaking; and
- 22.2.10 where the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a subsidiary undertaking, after making such adjustments as would be appropriate if such transaction had been carried into effect.

**22.3** For the purpose of Article 22.2 "**borrowings**" shall be deemed to include not only borrowings but also the following except insofar as otherwise taken into account:

- 22.3.1 the nominal amount of any issued share capital and the principal amount of any debentures or borrowed money (together with any fixed or minimum premium payable on redemption or repayment) of any body, whether corporate or unincorporate, the redemption or repayment of which is the subject of a guarantee or indemnity by a member of the group but excluding any shares or indebtedness the beneficial interest in which is for the time being owned by a member of the group;
- 22.3.2 the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the group;

- 22.3.3** the principal amount of any debenture (whether secured or unsecured) of a member of the group owned otherwise than by a member of the group;
- 22.3.4** the principal amount of any preference share capital of any subsidiary undertaking owned otherwise than by a member of the group;
- 22.3.5** any fixed or minimum premium payable on final redemption or repayment of any borrowing or deemed borrowing; and
- 22.3.6** the amounts which would be shown as outstanding in respect of any hire purchase commitments or finance lease obligations in an audited consolidated balance sheet for the group, if such a balance sheet had been prepared, in accordance with generally accepted accounting principles,

but shall be deemed not to include:

- 22.3.7** borrowings incurred by any member of the group for the purpose of repaying the whole or any part of any borrowings by a member of the group for the time being outstanding within six months of being so borrowed, pending their application for that purpose within that period.

- 22.4** When the aggregate amount of borrowings required to be taken into account for the purposes of these Articles on any particular day is being ascertained, any money denominated or repayable (or repayable at the option of any person other than any member of the group) in a currency other than sterling shall, if not subject to a contract or arrangement determining the rate of exchange, be converted for the purpose of calculating the sterling equivalent at the rate of exchange prevailing in London at the close of business on the last business day before that day or, if it would result in a lower sterling equivalent, at the rate of exchange prevailing in London six months before such day (and for this purpose the rate of exchange shall be taken as the middle market rate as at the close of business on the day in question or, if that is not a business day, on the last business day before the day in question).
- 22.5** Subject to the provisions of the Statutes, the Board may from time to time change the accounting conventions on which the audited balance sheet or audited consolidated balance sheet is prepared.
- 22.6** A certificate or report by the auditors as to the amount of the adjusted capital and reserves or the amount of any borrowings or to the effect that the limit imposed by these Articles has not been or will not be exceeded at any particular time or times shall be conclusive evidence of the amount or of that fact. For the purposes of their computation, the auditors may at their discretion make such further or other adjustments (if any) as they think fit. Nevertheless, for the purposes of these Articles the Board may act in reliance on a bona fide estimate of the amount of the adjusted capital and reserves at any time, and, if in



consequence such limit is inadvertently exceeded, an amount of monies borrowed equal to the excess may be disregarded until the expiry of 60 days after the day on which (by reason of a determination of the auditors or otherwise) the Board becomes aware that such a situation has or may have arisen.

- 22.7** Notwithstanding the foregoing, no lender or other person dealing with the Company shall be concerned to see or inquire whether the limit imposed by Articles 22.1 to 22.5 is observed and no borrowing incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the borrowing was incurred or security given that the limit had been or was thereby exceeded.

## **23. NUMBER AND QUALIFICATION OF DIRECTORS**

- 23.1** Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall be not less than 2 nor more than 10 in number.

- 23.2** A Director shall not be required to hold any shares of the Company by way of qualification.

- 23.3** If the number of Directors is reduced below the minimum number fixed in accordance with these Articles, the Directors for the time being may act for the purpose of filling up vacancies in their number or of calling a general meeting of the Company, but not for any other purpose. If there are no Directors able or willing to act, then any two members may summon a general meeting for the purpose of appointing Directors.

- 23.4** No person other than a Director retiring (or, if appointed by the Board, vacating office) at the meeting shall, unless recommended by the Board, be eligible for election to the office of a Director at any general meeting, unless not less than seven nor more than 42 days before the day fixed for the meeting there shall have been left at the office addressed to the secretary notice in writing by a member entitled to be present and vote at the meeting for which such notice is given of his intention to propose such person for election, and also notice in writing signed by the person to be proposed of his willingness to be elected. The notice from the member shall give the particulars in respect of that person which would (if he were elected) be required to be included in the Company's register of Directors.

## **24. ELECTION, APPOINTMENT AND RETIREMENT BY ROTATION**

- 24.1** Subject to the provisions of Articles 23.1 to 23.4 and without prejudice to the power of the Board under Article 23.3, the Company may by ordinary resolution elect a person who is willing to act to be a Director either to fill a vacancy or as an additional Director; but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles.

- 24.2** A resolution for the election of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution

moved in contravention of this provision shall be void. For the purposes of this Article, a motion for approving a person's appointment or for nominating him for appointment shall be treated as a motion for his appointment.

**24.3** The Board shall have power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for election, and unless so elected shall vacate office at the conclusion of such meeting.

**24.4** At every annual general meeting all the Directors shall retire from office.

**24.5** A retiring Director shall be eligible for re-election. If he is not re-elected or deemed to be re-elected, he shall hold office until the meeting elects someone in his place or, if it does not do so, until the end of the meeting.

**24.6** If the Company at the meeting at which a Director retires by rotation does not fill the vacancy, the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost.

## **25. RESIGNATION AND REMOVAL OF DIRECTORS**

**25.1** A Director may resign his office either by notice in writing submitted to the Board or, if he shall in writing offer to resign, if the other Directors resolve to accept such offer.

**25.2** The Company may, by ordinary resolution at a meeting of which special notice has been given, in accordance with section 312 of the Act, remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company.

**25.3** A Director may be removed from office if he:

**25.3.1** receives written notice signed by not less than three-quarters of the other Directors removing him from office without prejudice to any claim which such Director may have for damages for breach of any contract of service or letter of appointment between him and the Company; or

**25.3.2** in the case of a Director who holds any executive office, ceases to hold such office (whether because his appointment is terminated or expires) and the majority of the other Directors resolve that his office be vacated.

## **26. VACATION OF OFFICE**

**26.1** Without prejudice to the other provisions of these Articles, the office of a Director shall be vacated if the Director:

**26.1.1** becomes bankrupt or the subject of an interim receiving order or makes any arrangement or composition with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 (as amended) in connection with a voluntary arrangement under that Act; or

**26.1.2** a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or

**26.1.3** is absent from meetings of the Board for six consecutive months without permission of the Board and the Board resolves that his office be vacated; or

**26.1.4** ceases to be a Director by virtue of any provision of the Statutes or becomes prohibited by law from being a Director.

**26.2** A resolution of the Board declaring a Director to have vacated or have been removed from office under the terms of Articles 25.3 to 26.1 shall be conclusive as to the fact and grounds of vacation or removal stated in the resolution.

## **27. REMUNERATION OF DIRECTORS**

**27.1** The Directors (other than alternate Directors) shall be paid such remuneration (by way of fee) for their services as may be determined by the Board save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate of the remuneration (by way of fee) of all the Directors shall not exceed £400,000 per annum. Such remuneration shall be deemed to accrue from day to day, shall be divided between the Directors as they shall agree or, failing agreement, equally and shall be distinct from and additional to any remuneration or other benefits which may be paid or provided to any Director pursuant to any other provision of these Articles. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses of attending Board meetings, committee meetings, general meetings, or otherwise incurred while engaged on the business of the Company.

**27.2** Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may decide.

## **28. CHIEF EXECUTIVE, MANAGING AND EXECUTIVE DIRECTORS**

- 28.1** The Board may from time to time:
- 28.1.1** appoint one or more of its body to the office of chief executive, joint chief executive, managing Director or joint managing Director, or to any other office (except that of auditor) or employment in the Company, for such period (subject to the Statutes and these Articles) and on such terms as it thinks fit, and may revoke such appointment (but so that such revocation shall be without prejudice to any rights or claims which the person whose appointment is revoked may have against the Company by reason of such revocation); and
  - 28.1.2** permit any person elected or appointed to be a Director to continue in any other office or employment held by that person before he was so elected or appointed.
- 28.2** A Director holding any such office or employment with a member of the group is referred to in these Articles as an **"executive Director"**.
- 28.3** An executive Director shall (subject to the provisions of any contract between him and the Company) be subject to the same provisions as to resignation and removal as the other Directors, and if he ceases from any cause to be a Director he shall cease to hold any office or employment with a member of the group (but without prejudice to any rights or claims which he may have against the Company by reason of such cessation).
- 28.4** An executive Director shall not be exempt from retirement by rotation, and shall cease to be a Director if he ceases for any reason to hold the office or employment by virtue of which he is termed an executive Director.
- 28.5** The remuneration of any executive Director (whether by way of salary, commission, participation in profits or otherwise) shall be decided by the Board and may be either in addition to or in lieu of any remuneration as a Director.
- 28.6** The Board may entrust to and confer upon any executive Director any of the powers, authorities and discretions vested in or exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, either collaterally with or to the exclusion of its own powers, authorities and discretions and may from time to time revoke or vary all or any of them, but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.
- 29. ASSOCIATE AND OTHER DIRECTORS**
- 29.1** The Directors may from time to time, and at any time, pursuant to this Article appoint any other persons to any post with such descriptive title including that of Director (whether as associate, executive, group, divisional, departmental, deputy, assistant, local or advisory director or otherwise) as the Directors may determine and may define, limit, vary and restrict the powers, authorities and discretions of persons so appointed and may fix and

determine their remuneration and duties and, subject to any contract between him and the Company, may remove from such post any person so appointed. A person so appointed shall not be a Director for any of the purposes of these Articles or of the Statutes, and accordingly shall not be a member of the Board or (subject to Article 21.3) of any committee hereof, nor shall he be entitled to be present at any meeting of the Board or of any such committee except at the request of the Board or of such committee, and if present at such request he shall not be entitled to vote thereat.

### **30. DIRECTORS' GRATUITIES AND PENSIONS**

- 30.1** The Board may exercise all the powers of the Company to provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking of the Company or a predecessor in business of the Company or of any such subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

### **31. ALTERNATE DIRECTORS**

- 31.1** Any Director (other than an alternate Director) may appoint another Director, or any other person approved by the Board, to be an alternate Director and may at any time terminate that appointment.
- 31.2** An alternate Director shall (subject to his giving to the Company a postal address within the United Kingdom and, if applicable, an address in relation to which electronic communications may be received by him) be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence, but it shall not be necessary to give notice of such a meeting to an alternate Director who is absent from the United Kingdom.
- 31.3** An alternate Director shall automatically cease to be an alternate Director if his appointor ceases to be a Director or dies; but, if a Director retires by rotation or otherwise vacates office and is elected or deemed to have been elected at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his election. The appointment of an alternate Director shall also automatically cease on the happening of any event which, if he were a Director, would cause him to vacate office.
- 31.4** Any appointment or removal of an alternate Director shall be by notice in writing to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board. A notice of appointment must contain a statement signed by

the proposed alternate that he is willing to act as the alternate of the Director giving the notice.

**31.5** Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him. An alternate Director may be repaid by the Company such expenses as might properly have been repaid to him if he had been a Director but shall not (unless the Company by ordinary resolution otherwise determines), in respect of his office of alternate Director, be entitled to receive any remuneration or fee from the Company. An alternate Director shall be entitled to be indemnified by the Company to the same extent as if he were a Director.

**31.6** An alternate Director shall not be required to hold any shares in the Company and shall not be counted in determining any maximum number of Directors permitted by these Articles.

## **32. PROCEEDINGS OF THE BOARD**

**32.1** The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any such meetings shall be determined by a majority of votes. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote. A Director who is also an alternate Director shall be entitled, in the absence of his appointor, to a separate vote on behalf of his appointor in addition to his own vote and an alternate Director who is appointed by two or more Directors shall be entitled to a separate vote on behalf of each of his appointors in the appointor's absence. A Director may, and the secretary on the requisition of a Director shall, call a meeting of the Board and notice of such meeting shall be deemed to be duly given to each Director if it is given to him personally or by word of mouth or sent in writing to him at his last-known address or any other address given by him to the Company for this purpose or sent by way of electronic communication to an address for the time being notified by him to the Company for this purpose. It shall not be necessary to give notice of a meeting of the Board to any Director absent from the United Kingdom.

**32.2** The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number shall be two. A Director or other person who is present at a meeting of the Board in more than one capacity (that is to say, as both Director and an alternate Director or as an alternate for more than one Director) shall not be counted as two or more for quorum purposes unless at least one other Director or alternate Director is also present.

**32.3** Any Director or alternate Director may validly participate in a meeting of the Board or a committee of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Statutes, all business transacted in such a manner by

the Board or a committee of the Board shall, for the purposes of these Articles, be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board, notwithstanding that fewer than two Directors or alternate Directors are physically present at the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

- 32.4** The Board may appoint from its number, and remove, a chairman and, if it thinks fit, a deputy chairman of its meetings and determine the period for which they are respectively to hold office. If no such chairman or deputy chairman is appointed, or neither is present within five minutes after the time fixed for holding any meeting, or neither of them is willing to act as chairman, the Directors present may choose one of their number to act as chairman of such meeting.
- 32.5** A resolution in writing signed by all the Directors for the time being entitled to vote on the resolution at a meeting of the Board (not being less than the number of Directors required to form a quorum of the Board at such meeting) or by all the members of a committee of the Board for the time being shall be as valid and effective as a resolution passed at a meeting of the Board or committee duly convened and held. A resolution signed by an alternate Director need not be signed by his appointor and, if it is executed by a Director who has appointed an alternate Director, it need not also be executed by the alternate Director in that capacity. The resolution may consist of one document or several documents in like form each signed by one or more Directors or alternate Directors and such documents may be exact copies of the signed resolution.
- 32.6** All acts done by any meeting of the Board, or of a committee of the Board, or by any person acting as a Director or by an alternate Director, shall as regards all persons dealing in good faith with the Company, notwithstanding it be afterwards discovered that there was some defect in the appointment or continuance in office of any Director, alternate Director or person so acting, or that they or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified and had continued to be a Director or an alternate Director and had been entitled to vote.

### **33. DIRECTORS' INTERESTS**

#### **Declarations of interest relating to transactions or arrangements**

- 33.1** Subject to the provisions of the Statutes, and provided that he has made the disclosures required by this Article, a Director notwithstanding his office may be a party to or otherwise directly or indirectly interested in:
- 33.1.1** any transaction or arrangement with the Company or in which the Company is otherwise interested; or
  - 33.1.2** a proposed transaction or arrangement with the Company.

**33.2** A Director shall, subject to sub-section 177(6) of the Act, be required to disclose all interests whether or not material in any transaction or arrangement referred to in Article 33.1 and the declaration of interest must (in the case of a transaction or arrangement referred to in Article 33.1.1) and may (in the case of a transaction or arrangement referred to in Article 33.1.2), but need not, be made:

**33.2.1** at a meeting of the Directors; or

**33.2.2** by notice to the Directors in accordance with:

(a) Section 184 of the Act (notice in writing); or

(b) Section 185 of the Act (general notice).

**33.3** The Directors may resolve that any situation referred to in Article 33.1 and disclosed to them thereunder shall also be subject to such terms as they may determine including, without limitation, the terms referred to in paragraphs (a) to (d) of Article 33.7.

**Directors' interests other than in relation to transactions or arrangements with the Company**

**33.4** For the purposes of Section 175 of the Act, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under that Section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. For these purposes references to a conflict of interest includes a conflict of interest and duty and a conflict of duties. This Article does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company which are governed by Articles 33.1 to 33.3 inclusive.

**33.5** Authorisation of a matter under this Article shall be effective only if:

**33.5.1** the matter in question shall have been proposed in writing (giving full particulars of the relevant situation) for consideration at a meeting of the Directors, in accordance with the Board's normal procedures or in such other manner as the Directors may approve;

**33.5.2** any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested Director (together the "**Interested Directors**"); and

**33.5.3** the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.



**33.6** Any authorisation of a matter pursuant to this Article shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.

**33.7** Any authorisation of a matter under this Article shall be subject to such terms as the Directors may determine, whether at the time such authorisation is given or subsequently, and may be terminated by the Directors at any time. Such terms may include, without limitation, terms that the relevant Directors:

**33.7.1** will not be obliged to disclose to the Company or use for the benefit of the Company any confidential information received by him otherwise than by virtue of his position as a Director, if to do so would breach any duty of confidentiality to a third party;

**33.7.2** may be required by the Company to maintain in the strictest confidence any confidential information relating to the Company which also relates to the situation as a result of which the conflict arises (the "**conflict situation**");

**33.7.3** may be required by the Company not to attend any part of a meeting of the Directors at which any matter which may be relevant to the conflict situation is to be discussed, and not to view any board papers relating to such matters; and

**33.7.4** shall not be obliged to account to the Company for any remuneration or other benefits received by him in consequence of the conflict situation.

A Director shall comply with any obligation imposed on him by the Directors pursuant to any such authorisation.

**33.8** A Director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the Directors under this Article and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

**33.9** Save as otherwise provided by these Articles, a Director shall not vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest (other than by virtue of his interest in shares, debentures or other securities of or in or otherwise through the Company) which is material, or a duty which conflicts or may conflict with the interests of the Company, unless his interest or duty arises only because one of the following Articles applies (in which case he may vote and be counted in the quorum):

**33.9.1** the resolution relates to the giving to him or any other person of a guarantee, security or indemnity in respect of money lent to, or an

obligation incurred by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;

**33.9.2** the resolution relates to the giving to a third party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

**33.9.3** his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares, debentures or other securities by the Company or any of its subsidiary undertakings for subscription, purchase or exchange;

**33.9.4** the resolution relates to any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever provided that he does not hold an interest in shares (as that term is used in Part 22 of the Act) representing 1 per cent. or more of either any class of the equity share capital of such company or of the voting rights available to members of such company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);

**33.9.5** the resolution relates to any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

**33.9.6** the resolution relates to any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any of the Directors or for persons who include Directors provided that, for the purposes of this Article, "**insurance**" means only insurance against liability incurred by a Director in respect of any act or omission by him as is referred to in Article 50.1 or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including Directors.

**33.10** For the purposes of Articles 33.1 to 33.9 inclusive:

**33.10.1** an interest of a person who is, for any purpose of the Act (excluding any such modification thereof not in force when these Articles became binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate

Director without prejudice to any interest which the alternate Director otherwise has; and

**33.10.2** an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

**33.11** The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as it thinks fit (including the exercise thereof in favour of any resolution appointing the Directors or any of them directors of such company, or voting or providing for the payment of remuneration to the directors of such company).

**33.12** A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

**33.13** Where proposals are under consideration concerning the appointment (including the fixing or varying of terms of appointment) of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each Director separately and (provided he is not caught by the proviso to Article 33.9.6 or for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

**33.14** If a question arises at a meeting of the Board or of a committee of the Board as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting (or if the Director concerned is the chairman, to the other Directors at the meeting) and his ruling in relation to any Director (or, as the case may be, the ruling of the majority of the other Directors in relation to the chairman) shall be final and conclusive.

## **34. SECRETARY**

**34.1** Subject to the Statutes, the secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any secretary appointed by the Board may at any time be removed by it.

**34.2** Any provision of the Statutes or these Articles requiring or authorising a thing to be done by or to a Director and the secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the secretary.

## **35. MINUTES**

**35.1** The Board shall cause minutes to be kept:

**35.1.1** of all appointments of officers made by the Board;

**35.1.2** of proceedings at meetings of the Board and of any committee of the Board and the names of the Directors present at each such meeting; and

**35.1.3** of all resolutions of the Company, proceedings at meetings of the Company or the holders of any class of shares in the Company.

**35.2** Any such minutes, if purporting to be signed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts therein stated.

**35.3** Any such minutes must be kept for the period specified by the Act.

## **36. THE SEAL**

**36.1** In addition to its powers under section 44 of the Act, the Company may have a seal and the Board shall provide for the safe custody of such seal. The seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board. The Board shall determine who may sign any instrument to which the seal is affixed and, unless otherwise so determined, it shall also be signed by at least one authorised person in the presence of a witness who attests the signature. For the purpose of this article an authorised person is any director of the Company, company secretary or any person authorised by the Directors for the purpose of signing documents to which the common seal is applied.

**36.2** All forms of certificates for shares or debentures or representing any other form of security (other than letters of allotment or scrip certificates) shall be issued executed by the Company but the Board may by resolution determine, either generally or in any particular case, that any signatures may be affixed to such certificates by some mechanical or other means or may be printed on them or that such certificates need not bear any signature.

**36.3** If the Company has:

**36.3.1** an official seal for use abroad, it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, had been authorised by a decision of the Directors; and

**36.3.2** a security seal, it may only be affixed to securities by the Company Secretary or a person authorised to apply it to securities by the Company Secretary.

## **37. ACCOUNTING RECORDS, BOOKS AND REGISTERS**

- 37.1** The Directors shall cause accounting records to be kept and such other books and registers as are necessary to comply with the provisions of the Statutes and, subject to the provisions of the Statutes, the Directors may cause the Company to keep an overseas or local or other register in any place, and the Directors may make and vary such directions as they may think fit respecting the keeping of the registers.
- 37.2** The accounting records shall be kept at the office or (subject to the provisions of the Statutes) at such other place in Great Britain as the Board thinks fit, and shall always be open to inspection by the Directors. No member of the Company (other than a Director) shall have any right of inspecting any accounting record or book or document except as conferred by law or authorised by the Board or by the Company in general meeting.
- 37.3** The Board shall, in accordance with the Statutes, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Statutes. The Board shall in its report state the amount which it recommends to be paid by way of dividend.
- 37.4** A printed copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting and of the Directors' and auditors' reports shall, at least 21 clear days before the meeting, be delivered or sent by post to every member and to every debenture holder of the Company of whose address the Company is aware or, in the case of joint holders of any share or debenture, to the joint holder who is named first in the register and to the auditors provided that, if and to the extent that the Statutes so permit and without prejudice to Article 38.2, the Company need not send copies of the documents referred to above to members but may send such members summary financial statements or other documents authorised by the Statutes.

## **38. AUDIT**

- 38.1** Auditors of the Company shall be appointed and their duties regulated in accordance with the Statutes.
- 38.2** The auditors' report to the members made pursuant to the statutory provisions as to audit shall be laid before the Company in general meeting and shall be open to inspection by any member; and in accordance with the Statutes every member shall be entitled to be furnished with a copy of the balance sheet (including every document required by law to be annexed thereto) and auditors' report.

## **39. AUTHENTICATION OF DOCUMENTS**

- 39.1** Any Director or the secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts

therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the office, the officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board, as aforesaid.

- 39.2** A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting of the Company or of the Board or of any committee of the Board which is certified as such in accordance with Article 39.1 shall be conclusive evidence in favour of all persons dealing with the Company on the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of proceedings at a duly constituted meeting.

#### **40. RECORD DATES**

- 40.1** Notwithstanding any other provision of these Articles but without prejudice to the rights attached to any shares, the Board may fix a date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time within six months before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

#### **41. DIVIDENDS**

- 41.1** Subject to the Statutes, the Company may by ordinary resolution declare that out of profits available for distribution there be paid dividends to members in accordance with their respective rights and priorities but no dividend shall exceed the amount recommended by the Board.
- 41.2** Except as otherwise provided by these Articles or the rights attached to any shares, all dividends shall be declared and paid according to the amounts paid on the shares in respect of which the dividend is paid; but no amount paid on a share in advance of the date upon which a call is payable shall be treated for the purposes of this Article or Article 41.5 as paid on the share.
- 41.3** All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date, such share shall rank for or be entitled to dividends accordingly.
- 41.4** Any general meeting declaring a dividend may, upon the recommendation of the Board, by ordinary resolution direct that it shall be paid or satisfied wholly or partly by the distribution of assets, and in particular by paid-up shares or debentures of any other company, and the Board shall give effect to such direction. If the shares in respect of which such a non-cash distribution is paid are uncertificated, any shares in the Company which are issued as a non-cash distribution in respect of them must be uncertificated. Where any difficulty arises in regard to such distribution, the Board may settle it as it thinks expedient, and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or

may ignore fractions altogether, and may fix the value for distribution purposes of such assets (or any part thereof) and may determine that cash shall be paid to any members upon the footing of the value so fixed in order to secure equality of distribution, and may vest any such assets in trustees, upon trust for the members entitled to the dividend, as may seem expedient to the Board.

- 41.5** Subject to the Statutes, the Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company available for distribution and the position of the Company, and the Board may also pay the fixed dividend payable on any shares of the Company with preferential rights half-yearly or otherwise on fixed dates whenever such profits, in the opinion of the Board, justify that course. In particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay interim dividends on shares in the capital of the Company which confer deferred or non-preferential rights as well as in respect of shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferential rights if, at the time of payment, any preferential dividend is in arrear. Provided the Board acts in good faith, the Board shall not incur any liability to the holders of shares conferring any preferential rights for any loss that they may suffer by reason of the lawful payment of an interim dividend on any shares having deferred or non-preferential rights.
- 41.6** The Board may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares in the Company.
- 41.7** All dividends and interest shall belong and be paid (subject to any lien of the Company) to those members whose names shall be on the register at the date at which such dividend shall be declared or at the date at which such interest shall be payable respectively, or at such other date as the Company by ordinary resolution or the Board may determine, notwithstanding any subsequent transfer or transmission of shares.
- 41.8** The Board may pay the dividends or interest payable on shares in respect of which any person is by transmission entitled to be registered as holder to such person upon production of such certificate and evidence as would be required if such person desired to be registered as a member in respect of such shares.
- 41.9** No dividend or other monies payable in respect of a share shall bear interest against the Company unless otherwise expressly provided by the rights attached to the share. All dividends, interest and other sums payable which are unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until such time as they are claimed. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee of the same. All dividends unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.

- 41.10** The Company may pay any dividend, interest or other monies payable in cash in respect of shares by direct debit, bank transfer, cheque, dividend warrant or money order. In respect of shares in uncertificated form, where the Company is authorised to do so by or on behalf of the holder or joint holders in such manner as the Company shall from time to time consider sufficient, the Company may also pay any such dividend, interest or other monies by means of the relevant system concerned (subject always to the facilities and requirements of that relevant system). Without prejudice to the generality of the foregoing, in respect of shares in uncertificated form, such payment may include the sending by the Company or by any person on its behalf of an instruction to the Operator of the relevant system to credit the cash memorandum account of the holder or joint holders or, if permitted by the Company, of such person as the holder or joint holders may in writing direct.
- 41.11** Every such cheque, warrant or order may be remitted by post directed to the registered postal address of the holder or, in the case of joint holders, to the registered postal address of the joint holder whose name stands first in the register, or to such person and to such postal address as the holder or joint holders may in writing direct. Every such cheque, warrant or order shall be made payable to or to the order of the person to whom it is sent, or to such other person as the holder or joint holders may in writing direct.
- 41.12** Every such payment made by direct debit or bank transfer shall be made to the holder or joint holders or to or through such other person as the holder or joint holders may in writing direct.
- 41.13** The Company shall not be responsible for any loss of any such cheque, warrant or order and any payment made by direct debit, bank transfer, by means of a relevant system or such other method shall be at the sole risk of the holder or joint holders. Without prejudice to the generality of the foregoing, if any such cheque, warrant or order has or shall be alleged to have been lost, stolen or destroyed, the Directors may, on request of the person entitled thereto, issue a replacement cheque, warrant or order subject to compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
- 41.14** Payment of such cheque, warrant or order, the collection of funds from or transfer of funds by a bank in accordance with such direct debit or bank transfer or, in respect of shares in uncertificated form, the making of payment in accordance with the facilities and requirements of the relevant system concerned shall in each case be a good discharge to the Company.
- 41.15** Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable in respect of the share held by him as joint holder.
- 41.16** The Board may, if authorised by an ordinary resolution of the Company, offer the holders of ordinary shares the right to elect to receive additional ordinary shares, credited as fully paid, instead of cash in respect of any dividend or any part (to be determined by the Board) of any dividend specified by the ordinary resolution. The following provisions shall apply:



- 41.16.1** an ordinary resolution may specify a particular dividend or dividends, or may specify all or any dividends declared within a specified period, but such period may not end later than the conclusion of the fifth annual general meeting following the date of the meeting at which the ordinary resolution is passed;
- 41.16.2** the entitlement of each holder of ordinary shares to new ordinary shares shall be such that the relevant value of such new ordinary shares shall in aggregate be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) that such holder would have received by way of dividend. For this purpose "**relevant value**" shall be calculated by reference to the average of the middle market quotations for the Company's ordinary shares on the London Stock Exchange as derived from the Daily Official List on the day on which the ordinary shares are first quoted "**ex**" the relevant dividend and the four subsequent dealing days, or in such other manner as may be determined by or in accordance with the ordinary resolution, but shall never be less than the par value of the new ordinary share. A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount;
- 41.16.3** the Board may, after determining the basis of allotment, notify the holders of ordinary shares in writing of the right of election offered to them, and specify the procedure to be followed and place at which, and the latest time by which, elections must be lodged in order to be effective. The basis of allotment shall be such that no shareholder may receive a fraction of a share;
- 41.16.4** the Board may exclude from any offer any holders of ordinary shares where the Board believes that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them;
- 41.16.5** the dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on ordinary shares in respect of which an election has been made (the "**elected ordinary shares**") and instead additional ordinary shares shall be allotted to the holders of the elected ordinary shares on the basis of allotment calculated as stated. For such purpose the Board shall capitalise, out of any amount for the time being standing to the credit of any reserve or fund (including any share premium account, any capital reserve and the profit and loss account) or otherwise available for distribution as the Board may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued ordinary shares

for allotment and distribution to the holders of the elected ordinary shares on that basis;

**41.16.6** the additional ordinary shares when allotted shall rank *pari passu* in all respects with fully paid ordinary shares then in issue except that they will not be entitled to participate in the relevant dividend (including the share election in lieu of such dividend); and

**41.16.7** the Board may do such acts and things which it considers necessary or expedient to give effect to any such capitalisation and may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for such capitalisation, and any incidental matters and any agreement so made shall be binding on all concerned.

## **42. RESERVES**

**42.1** The Board may, before recommending any dividend (whether preferential or otherwise), set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may think fit, and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also, without placing the same to reserve, carry forward any profits which it may think prudent not to distribute.

## **43. CAPITALISATION OF PROFITS**

**43.1** The Company may, upon the recommendation of the Board, resolve by ordinary resolution that it be desirable to capitalise all or any part of the profits of the Company specified in Article 43.5 and accordingly that the Board be authorised and directed to appropriate the profits so resolved to be capitalised to the members as at the date specified in the relevant resolution or determined as therein provided who would have been entitled thereto if distributed by way of dividend and in the same proportions.

**43.2** Subject to any direction given by the Company, the Board shall appropriate the profits resolved to be capitalised by any such resolution, and apply such profits on behalf of the members entitled thereto either:

**43.2.1** in or towards paying up the amounts, if any, for the time being unpaid on any shares held by such members respectively; or

**43.2.2** in paying up in full unissued shares, debentures or obligations of the Company, of a nominal amount equal to such profits, for allotment and

distribution, credited as fully paid, to and amongst such members in the proportions referred to above or as they may direct,

or partly in one way and partly in the other provided that no unrealised profit shall be applied in paying up amounts unpaid on any issued shares and the only purpose to which sums standing to capital redemption reserve or share premium account shall be applied pursuant to this Article shall be the payment up in full of unissued shares to be allotted and distributed to members credited as fully paid.

**43.3** The Board shall have power after the passing of any such resolution:

**43.3.1** to make such provision (by the issue of fractional certificates or by payment in cash or otherwise) as it thinks fit for the case of shares, debentures or obligations becoming distributable in fractions, such power to include the right for the Company to retain small amounts the cost of distribution of which would be disproportionate to the amounts involved;

**43.3.2** to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing (as the case may require) either:

- (a) for the payment up by the Company on behalf of such members (by the application thereto of their respective proportions of the profits resolved to be capitalised) of the amounts, or any part of the amounts, remaining unpaid on their existing shares; or
- (b) for the allotment to such members respectively, credited as fully paid, of any further shares, debentures or obligations to which they may be entitled upon such capitalisation,

and any agreement made under such authority shall be effective and binding on all such members.

**43.4** The Company in general meeting may resolve that any shares allotted pursuant to Articles 43.1 to 43.3 (inclusive) to holders of any partly paid ordinary shares shall, so long as such ordinary shares remain partly paid, rank for dividends only to the extent that such partly paid ordinary shares rank for dividends.

**43.5** The profits of the Company to which Articles 43.1 to 43.3 (inclusive) apply shall be any undivided profits of the Company not required for paying the fixed dividends on any preference shares or other shares issued on special conditions and shall also be deemed to include:

**43.5.1** any profits arising from appreciation in capital assets (whether realised by sale or ascertained by valuation); and

- 43.5.2** any amounts for the time being standing to any reserve or reserves or to the capital redemption reserve or to the share premium or other special account.

## **44. NOTICES**

- 44.1** Subject to the specific terms of any Article, any notice to be given to or by any person pursuant to these Articles shall be in writing (which, for the avoidance of doubt, shall be deemed to include a notice given in electronic form or by website communication), save that a notice convening a meeting of the Board or of a committee of the Board need not be in writing.
- 44.2** Save as provided in Articles 44.5 to 44.12, any notice or other Shareholder Information may be served by the Company on, or supplied by the Company to, any person by hand or by sending it by first-class post in a prepaid envelope addressed to such person at his postal address as appearing in the register or by sending or supplying it in electronic form or by website communication in accordance with Article 44.5. In the case of joint holders of a share all notices or other Shareholder Information shall be given or supplied to the joint holder who is named first in the register, and notice so given or other Shareholder Information so supplied shall be sufficient notice or supply to all the joint holders. Any notice to be given to a person may be given by reference to the register as it stands at any time within the period of 15 days before the notice is given and no change in the register after that time shall invalidate the giving of the notice.
- 44.3** In the case of notices or other Shareholder Information sent by post, proof that an envelope containing the communication was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given or other Shareholder Information sent. If the communication is made by post, it shall be deemed to be given or received at the expiration of 48 hours after the envelope containing it was posted. In calculating the period of hours for the purposes of this Article no account shall be taken of Sundays or Bank Holidays.
- 44.4** Any member or person nominated to receive Shareholder Information whose address in the register is not within the United Kingdom and who gives to the Company a postal address within the United Kingdom at which notices may be served upon him shall be entitled to have notices served upon him at such postal address, but otherwise no such person, other than a person whose address in the register is within the United Kingdom, shall be entitled to receive any notice from the Company. Any member or person nominated by a member to receive Shareholder Information whose address in the register is not within the United Kingdom and who gives to the Company an address for the purposes of receipt of communications in electronic form may, at the absolute discretion of the Board, have notices served upon him at such address.
- 44.5** Subject to the provisions of the Statutes, any notice or other Shareholder Information (excluding a share certificate) will be validly sent or supplied if sent or supplied by the Company to any member or person nominated by a member to receive Shareholder

Information in electronic form if that person has agreed (generally or specifically) (or, if the member is a company and it is deemed by the Statutes to have agreed) that the communication may be sent or supplied in that form and:

**44.5.1** the notice or other Shareholder Information is sent using electronic means (as that term is used in section 1168 of the Act) to such address (or to one of such addresses if more than one) as may for the time being be notified by the member to the Company (generally or specifically) for that purpose or, if the intended recipient is a company, to such address as may be deemed by a provision of the Statutes to have been so specified;

**44.5.2** the notice or other Shareholder Information is sent or supplied in electronic form by hand, handed to the recipient or sent or supplied to an address to which it could validly be sent if it were in hard copy form; and

**44.5.3** in each case that person has not revoked the agreement.

**44.6** Subject to the provisions of the Statutes any notice or other Shareholder Information (excluding a share certificate) will be validly sent or supplied by the Company if it is made available by means of a website communication where that person has agreed, or is deemed by the Statutes to have agreed (generally or specifically) that the communication may be sent or supplied to him in that manner and:

**44.6.1** that person has not revoked the agreement;

**44.6.2** that person is notified in a manner for the time being agreed for the purpose between that person and the Company of:

- (a) the publication of the notice or other Shareholder Information on a website;
- (b) the address of that website; and
- (c) the place on that website where the notice or other Shareholder Information may be accessed and how it may be accessed;

**44.6.3** the notice or other Shareholder Information continues to be published on the website throughout the period specified in the Act; and

**44.6.4** the notice or other Shareholder Information is published on the website throughout the period referred to in Article 44.6.3 provided that if the notice or other Shareholder Information is published on that website for a part but not all of such period, the notice or other Shareholder Information will be treated as published throughout that period if the

failure to publish the notice or other Shareholder Information throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

- 44.7** When any notice or other Shareholder Information is given or sent by the Company by electronic means (as that term is used in section 1168 of the Act), it shall be deemed to have been given on the same day as it was sent to an address supplied by the member or person nominated by the member to receive Shareholder Information, and in the case of the publication of a notice or other Shareholder Information by website communication, it shall be deemed to have been received by the intended recipient when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website pursuant to Article 44.6.2. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given.
- 44.8** Any provision of this Article 44 which refers to anything agreed, notified or specified by a member shall be deemed to have been validly agreed, notified or specified, notwithstanding any provisions of the Statutes, if agreed, notified or specified by only one and not all of the joint holders of any shares held in joint names.
- 44.9** Where in accordance with these Articles a member is entitled or required to give or send to the Company a notice in writing, the Company may, if it in its absolute discretion so decides, (and shall, if it is registered to do so or is deemed to have so agreed by any provision of the Statutes) permit such notices (or specified classes thereof) to be sent to the Company by such means of electronic communication as may from time to time be specified (or be deemed by the Statutes to be agreed) by the Company, so as to be received at such address as may for the time being be specified (or deemed by the Statutes to be specified) by the Company (generally or specifically) for the purpose. Any means of so giving or sending such notices by electronic communication shall be subject to any terms, limitations, conditions or restrictions that the Directors may from time to time prescribe.
- 44.10** A member or person nominated by the member to receive Shareholder Information who (having no registered address within the United Kingdom) has not supplied to the Company either a postal address within the United Kingdom for the service of notices or an address for the service of notices in electronic form, subject always to the terms of Article 44.6 shall not be entitled to receive notices from the Company. If, on three consecutive occasions, a notice to a member or person nominated by the member to receive Shareholder Information has been returned undelivered or the Company receives notice that it is undelivered, such member shall not thereafter be entitled to receive notices from the Company until he shall have communicated with the Company and supplied in writing to the office a new postal address within the United Kingdom for the service of notices or shall have informed the Company, in such manner as may be specified by the Company, of an address for the service of notices in electronic form, subject always to the terms of Article 44.6. For these

purposes, a notice sent by post shall be treated as returned undelivered if the notice is sent back to the Company (or its agents) and a notice sent by electronic communication shall be treated as returned undelivered if the Company (or its agents) receive(s) notification that the notice was not delivered to the address to which it was sent.

**44.11** Every person who becomes entitled to a share:

**44.11.1** except as mentioned in Article 44.11.2, shall be bound by any notice in respect of that share which, before his name is entered in the register, has been duly given to a person from whom he derives his title; but

**44.11.2** shall not be bound by any such notice given by the Company under section 793 of the Act or under Article 20.5.

**44.12** If the postal service in the United Kingdom or some part of the United Kingdom is suspended or restricted, the directors only need to give notice of a meeting to shareholders with whom the company can communicate by electronic means and who have provided the company with an address for this purpose. The company must also publish the notice in at least one United Kingdom national newspaper and make it available on its website from the date of such publication until the conclusion of the meeting or any adjournment of the meeting. If it becomes generally possible to send or supply notices by post in hard copy form at least six clear days before the meeting, the directors will send or supply a copy of the notice by post to those who would otherwise receive it in hard copy form by way of confirmation.

**44.13** A person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member on supply to the Company of such evidence as the Board may reasonably require to show his title to that share, and upon supplying also a postal address within the United Kingdom for the service of notices and documents and, if he wishes, an address for the service and delivery of electronic communications, shall be entitled (subject always to the terms of Article 44) to have served on or delivered to him at such address any notice or document to which the member but for his death, mental disorder or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Until such address or addresses have been so supplied, any notice or other Shareholder Information may be sent or supplied in any manner in which it might have been sent or supplied if the death, mental disorder or bankruptcy had not occurred and if so sent or supplied shall be deemed to have been duly sent or supplied in respect of any share registered in the name of such member as sole or first-named joint holder.

**44.14** Any member present, either personally or by proxy or (in the case of a corporate member) by representative, at any general meeting of the Company or of the holders of any class of shares in the Company shall for all purposes be deemed to have received due notice of such meeting and, where required, of the purposes for which such meeting was called.

**45. UNTRACED MEMBERS**

**45.1** The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy if and provided that:

**45.1.1** during the period of 12 years prior to the date of the publication of the advertisements referred to in Article 45.1.2 (or, if published on different dates, the earlier or earliest thereof), at least three dividends in respect of the shares have become payable and no dividend has been claimed during that period in respect of such shares;

**45.1.2** the Company shall, on or after the expiry of the said 12 years, have inserted advertisements, both in a national newspaper and in a newspaper circulating in the area of the last-known postal address of such member or other person (or the postal address at which service of notices may be effected in accordance with these Articles), giving notice of its intention to sell the said shares;

**45.1.3** the said advertisements, if not published on the same day, shall be published within 30 days of each other; and

**45.1.4** during the said period of 12 years and the period of three months following the date of publication of the said advertisements (or, if published on different dates, the later or latest thereof) and prior to the exercise of the power of sale, the Company shall not have received an indication either of the whereabouts or of the existence of such member or person.

**45.2** If, during the period referred to in Article 45.1.1, any additional shares have been issued by way of rights in respect of shares held at the commencement of such period or in respect of shares so issued previously during such period, the Company may, if the requirement of Articles 45.1.1 to 45.1.4 have been satisfied, also sell such additional shares.

**45.3** To give effect to any such sale the Company may:

**45.3.1** if the shares concerned are in uncertificated form, in accordance with the Regulations, issue a written notification to the Operator requiring the conversion of the shares into certificated form; and

**45.3.2** appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, such shares.



**45.4** The title of the transferee shall not be affected by any irregularity in or invalidity of the proceedings relating thereto.

**45.5** The net proceeds of sale shall belong to the Company which shall:

**45.5.1** be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds; and

**45.5.2** (until the Company has so accounted) enter the name of such former member or other person in the books of the Company as a creditor for such amount.

**45.6** No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company (if any)) as the Board may think fit.

#### **46. DESTRUCTION OF DOCUMENTS**

**46.1** The Company shall be entitled to destroy:

**46.1.1** at any time after the expiration of six years from the date of registration thereof or on which an entry in respect thereof shall have been made (as the case may be), all instruments of transfer of shares of the Company which shall have been registered and all letters of request, renounced allotment letters, renounceable share certificates, forms of acceptance and transfers and applications for allotment in respect of which an entry in the register shall have been made;

**46.1.2** at any time after the expiration of one year from the date of cancellation thereof, all registered certificates for shares of the Company (being certificates for shares in the name of a transferor and in respect whereof the Company has registered a transfer) and all mandates and other written directions as to the payment of dividends (being mandates or directions which have been cancelled); and

**46.1.3** at any time after the expiration of one year from the date of the recording thereof, all notifications of change of name or address (including addresses for the purpose of receipt of communications in electronic form).

**46.2** It shall conclusively be presumed in favour of the Company that every entry in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made, and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered, and every share certificate so

destroyed was a valid and effective certificate duly and properly cancelled, and every other document hereinbefore mentioned was in accordance with the recorded particulars thereof in the books or records of the Company provided always that:

- 46.2.1** the foregoing provisions shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- 46.2.2** nothing contained in this Article or Article 46.1 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article or Article 46.1;
- 46.2.3** references herein to the destruction of any document include references to its disposal in any manner; and
- 46.2.4** any document referred to in Articles 46.1.1, 46.1.2 and 46.1.3 may be destroyed at a date earlier than that authorised by Article 46.1 provided that a permanent copy of such document shall have been made which shall not be destroyed before the expiration of the period applicable to the destruction of the original of such document and in respect of which the Board shall take adequate precautions for guarding against falsification and shall provide adequate means for its reproduction.

#### **47. WINDING-UP**

- 47.1** The power of sale of a liquidator shall include a power to sell wholly or partially shares or debentures, or other obligations of another company, either then already constituted, or about to be constituted, for the purpose of carrying out the sale.
- 47.2** On any voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act or the Insolvency Act 1986 (as amended), divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division shall be in accordance with the existing rights of the members. The liquidator may, with the like sanction, vest the whole or any part of the assets of the Company in trustees on such trusts for the benefit of the members as he, with the like sanction, shall determine, but no member shall be compelled to accept any assets on which there is a liability.

#### **48. PROVISION FOR EMPLOYEES**

- 48.1** The Company may, pursuant to a resolution of the Board and in accordance with the Act, make provision for the benefit of persons employed or formerly employed by the Company

or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

## **49. INDEMNITY**

**49.1** Subject to the Act the Company may indemnify, out of the assets of the Company, any director of the Company or of any associated company against all losses and liabilities which he may sustain or incur in the execution of the duties of his office or otherwise in relation thereto, provided that this Article 49.1 shall only have effect insofar as its provisions are not void under sections 232 or 234 of the Act.

**49.2** The Company may also indemnify, out of the assets of the Company, any director of either the Company or any associated company where the Company or such associated company acts as trustee of a pension scheme, against liability incurred by him in connection with the relevant company's activities as trustee of such scheme, provided that this Article 49.2 shall only have effect in so far as its provisions are not void under sections 232 or 235 of the Act.

**49.3** Subject to sections 205(2) to (4) of the Act, the Company may provide a Director with funds to meet expenditure incurred or to be incurred by him in defending (or seeking relief in respect of) any civil or criminal proceedings brought or threatened against him in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an associated company, and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under sections 197 to 203 of the Act to enable a director to avoid incurring such expenditure.

**49.4** Subject to section 206 of the Act, the Company may also provide a Director with funds to meet expenditure incurred or to be incurred by him in defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under section 197 of the Act to enable a director to avoid incurring such expenditure.

**49.5** For the purpose of Articles 49.1, 49.2 and 49.4 the expression "**associated company**" shall mean a company which is either a subsidiary or a holding company of the Company or a subsidiary of such holding company as such terms are defined in the Act.

## **50. INSURANCE**

**50.1** Subject to the provisions of the Act, the Board shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, or of any company or body which is its holding company or in which the Company or such holding company has an interest whether direct or indirect or which is in any way allied to or associated with the Company or who were at any time trustees of any pension fund in which any employees of the Company

or of any other such company or body are interested including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company and/or any such other company, body or pension fund.

## Annex 2 Legal structure of the Group

Company name	Country of incorporation	Direct / indirect Group interest	% of share capital/voting rights held by Group companies
<b>Genetics</b>			
Benchmark Genetics Brasil Cultivo de Especies Aquaticas Ltda	Brazil	Indirect	80%
Akvaforsk Genetic Center Spring Mexico, SA de CV (dormant)	Mexico	Indirect	80%
Benchmark Genetics USA Inc.	USA	Indirect	80%
Benchmark Genetics Chile SpA	Chile	Indirect	100%
Benchmark Genetics Limited	United Kingdom	Indirect	100%
Benchmark Genetics Colombia SAS	Colombia	Indirect	100%
Benchmark Genetics Norway AS	Norway	Indirect	100%
Icecod A Islandi EHF (dormant)	Iceland	Indirect	99.32%
Benchmark Genetics Salten AS	Norway	Indirect	75%
Spring Genetics SRL	Costa Rica	Indirect	100%
Stofnfiskur Chile Limitada (dormant)	Chile	Indirect	100%
Benchmark Genetics Iceland HF	Iceland	Indirect	100%
Stofngen EHF (dormant)	Iceland	Indirect	100%
Sudourlax EHF (dormant)	Iceland	Indirect	100%
<b>Advanced Nutrition</b>			
Fortune Ocean Americas, LLC	USA	Indirect	100%
Fortune Ocean Technologies Ltd (dormant)	Hong Kong	Indirect	100%
Golden West Artemia	USA	Indirect	100%
Inland Sea Incorporated	USA	Indirect	100%
INVE (Thailand) Ltd.	Thailand	Indirect	100%
Inve Animal Health, S.A.	Spain	Indirect	100%
Inve Aquaculture Europe Holding B.V.	Netherlands	Indirect	100%
Benchmark Holding Europe B.V.	Netherlands	Indirect	100%
Inve Aquaculture México, S.A. de C.V.	Mexico	Indirect	100%
Inve Aquaculture NV	Belgium	Indirect	100%
Inve Aquaculture Temp Holding B.V.	Netherlands	Indirect	100%
INVE Aquaculture, Inc.	USA	Indirect	100%
Inve Asia Ltd	Hong Kong	Indirect	100%
INVE Asia Services Ltd.	Thailand	Indirect	100%
Inve do Brasil Ltda.	Brazil	Indirect	100%
Inve Eurasia SA	Turkey	Indirect	100%
Inve Hellas S.A.	Greece	Indirect	100%
Inve Latin America B.V.	Netherlands	Indirect	100%
Inve Technologies NV	Belgium	Indirect	100%
INVE USA Holdings, Inc.	USA	Indirect	100%
Inve Vietnam Company Ltd	Vietnam	Indirect	100%
Invecuador S.A.	Ecuador	Indirect	100%
Inveservicios, S.A. de C.V.	Mexico	Indirect	100%
Maricoltura di Rosignano Solvay S.r.l.	Italy	Indirect	100%
PT. Inve Indonesia	Indonesia	Indirect	100%
Salt Creek Holdings, Inc.	USA	Indirect	100%
Salt Creek, Inc.	USA	Indirect	100%
Sanders Brine Shrimp Company, L.C.	USA	Indirect	100%
Tianjin INVE Aquaculture Co., Ltd	China	Indirect	100%
United Aquaculture Technologies, LLC	USA	Indirect	100%
<b>Health</b>			
Benchmark Animal Health Group Limited	United Kingdom	Indirect	100%
Benchmark Animal Health Limited	United Kingdom	Indirect	100%
Benchmark Vaccines Limited	United Kingdom	Indirect	100%
Benchmark Animal Health Inc.	Canada	Indirect	100%
Benchmark Animal Health US, Inc.	USA	Indirect	100%
Benchmark Animal Health Chile SpA	Chile	Indirect	100%
Benchmark Animal Health Norway AS	Norway	Indirect	100%
<b>Knowledge Services<sup>1</sup></b>			
FAI Aquaculture Limited <sup>2</sup>	United Kingdom	Indirect	100%

- 1) All operations in the Knowledge Services business area were discontinued in 2019 and 2020 and either disposed or ceased during 2020.
- 2) FAI Aquaculture Limited (company number 04450207) and 5M Enterprises Limited (company number 03332321) are exempt from the requirements of the UK Companies Act under S479A-479C relating to the audit of individual accounts.

## **Annex 3 Template for Final Terms for fixed and floating rate Bonds**

***[Annex 3]***



## **Final Terms**

**for**

[Title of the bond issue]

West Sussex, [Date]

*Terms used herein shall be deemed to be defined as such for the purpose of the conditions set forth in the Base Prospectus clauses 2 Definitions and 13.3 Definitions, these Final Terms and the attached Bond Terms.*

*[In case MiFID II identified target market are professional investors and eligible counterparties, insert the following:]*

**[MIFID II product governance / Professional investors and eligible counterparties (ECPs) only target market]** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and eligible counterparties only (ECPs) target market]** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS]** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS]** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

*[In case MiFID II identified target market are retail investors, professional investors and eligible counterparties, insert the following:]*

**[MIFID II product governance / Retail investors, professional investors and eligible counterparties (ECPs) target market]** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); **EITHER** [and (ii) all channels for distribution of the Bonds are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/and] [non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness



obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

**[UK MiFIR product governance / Retail investors, professional investors and eligible counterparties target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is retail clients, as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**); EITHER [and (ii) all channels for distribution of the Bonds are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services]], subject to the distributor's (as defined below) suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable].]

This document constitutes the Final Terms of the Bonds described herein pursuant to the Regulation (EU) 2017/1129 and must be read in conjunction with the Base Prospectus dated 31 March 2023 and [the supplement[s] to the Base Prospectus dated [date]].

The Base Prospectus dated 31 March 2023 [and the supplement[s] to the Base Prospectus dated [date]] [together] constitute[s] a base prospectus for the purposes of the Regulation (EU) 2017/1129 ([together,] the "Base Prospectus").

Final Terms include a summary of each Bond Issue.

These Final Terms and the Base Prospectus [and the supplement[s] to the Base Prospectus] are available on the Issuer's website <https://www.benchmarkplc.com>, or on the Issuer's visit address, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom, or their successor (s).

# 1 Summary

The below summary has been prepared in accordance with the disclosure requirements in Article 7 in the Regulation (EU) 2017/1129 as of 14 June 2017.

## Introduction and warning

<i>Disclosure requirement</i>	<i>Disclosure</i>
Warning	This summary should be read as introduction to the Base Prospectus. Any decision to invest in the securities should be based on consideration of the Base Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Base Prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
Name and international securities identification number ('ISIN') of the securities.	[•]
Identity and contact details of the issuer, including its legal entity identifier ('LEI').	Benchmark Holdings plc Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom  Telephone: +44 (0)114 240 9939  Registration number 04115910 i with the Companies House, England and Wales, United Kingdom. LEI-code ((legal entity identifier): 2138001UQHM4VZGXUJ19.
Identity and contact details of the offeror or of the person asking for admission to trading on a regulated market.	There is no offeror, the Base Prospectus has been produced in connection with listing of the securities on an Exchange. The Issuer is going to ask for admission to trading on a regulated market.
Identity and contact details of the competent authority that approved the prospectus	Financial Supervisory Authority of Norway (Finanstilsynet), Revierstredet 3, 0151 Oslo. Telephone number is +47 22 93 98 00. E-mail: <a href="mailto:prospekter@finansstilsynet.no">prospekter@finansstilsynet.no</a> .
Date of approval of the prospectus.	The Base Prospectus was approved on 31 March 2023.

## Key information on the Issuer

Key information on the issuer

Disclosure requirements	Disclosure
Who is the issuer of the securities	Benchmark Holdings plc
Domicile and legal form	The Company is a public limited company, incorporated and domiciled in England and Wales
Principal activities	Benchmark is an aquaculture biotechnology company providing products and solutions in genetics, health and specialist nutrition to aquaculture producers.
Major shareholders	

An overview of the Company's 20 largest shareholders as recorded in the shareholders' register of the Company as of 17 March 2023 is set out in the table below:

#	Shareholder name	No. of Shares	% of total Shares
1	Ferd AS	191,923,746	25.97%
2	Kverva AS	158,144,853	21.39%

3	JNE Partners	168,101,261	22.74%
4	Harwood Capital	29,185,000	3.95%
5	DNB Asset Management	21,294,551	2.88%
6	Canaccord Genuity Wealth Management	20,704,522	2.80%
7	Odyssean Investment Trust	18,015,000	2.44%
8	Gresham House Asset Management	15,416,273	2.09%
9	Rabo Investments	11,986,578	1.62%
10	Janus Henderson Investors	10,467,961	1.42%
11	Wheatsheaf Investments	10,000,000	1.35%
12	Palmyra Investments	9,789,384	1.32%
13	Sole Active AS	8,734,748	1.18%
14	Baillie Gifford	8,457,319	1.14%
15	BMK Employees	5,702,978	0.77%
16	Directors	5,314,702	0.72%
17	Barclays Bank	3,938,300	0.53%
18	Ex-Employees	3,887,548	0.53%
19	Hargreaves Lansdown	3,770,955	0.51%
20	Redmayne Bentley	3,503,666	0.47%

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

#### Management

Name	Position
<b>Trond Williksen</b>	Chief Executive Officer
<b>Septima Maguire</b>	Chief Financial Officer
<b>John Marshall</b>	Head of Animal Health
<b>Jan-Emil Johannessen</b>	Head of Genetics
<b>Patrick Waty</b>	Head of Advanced Nutrition
<b>Ivonne Cantu</b>	Director of Investor Relations and Corporate Development
<b>Corina Holmes</b>	Group Head of People
<b>Ross Houston</b>	Director of R&D and Innovation
<b>Jennifer Haddouk</b>	Company Secretary & Group Legal Counsel

#### Statutory auditors

KPMG LLP

*What is the key financial information regarding the issuer*

#### Key financial information

Benchmark Holdings plc financial statements:

Amounts in GBP thousands	Interim Financial Statements	Special Purpose Financial Statements		Consolidated Financial Statements
		2022	2021	2020
Operating profit	-122	-7,861	-5,377	-10,874
Net financial debt (long term debt plus short term debt minus cash)	[•]	[•]	[•]	[•]
Net Cash flows from operating activities	8,068	10,810	5,790	-4,056
Net Cash flows from financing activities	2,226	-6,922	-14,669	30,133
Net Cash flow from investing activities	-2,156	-11,216	-23,090	30,376

There is no description of any qualifications in the audit report for the Special Purpose Financial Statements 2022.	
<i>What are the key risk factors that are specific to the issuer</i>	<ul style="list-style-type: none"> <li>• The loss of any key customers could have a material adverse effect on the Group's business</li> <li>• The Group's business could be adversely affected by non-deliveries within the Group's supply chain, or if raw materials, products or services are delivered with low quality or defects by suppliers</li> <li>• The Group is exposed to risks in relation to a concentration of revenue streams and in the event that any such revenue stream is adversely affected that could have a material adverse effect on the Group's results of operations and financial position.</li> <li>• The Group is exposed to risk relating to biosecurity and disease.</li> <li>• The Group operates in a competitive market in which large well-established competitors and smaller unconsolidated competitors operate and there is a risk that a successful introduction of new competing products or brands could cause a reduction in the Group's sales and margins, results of operations, financial condition and/or prospects.</li> <li>• The Group's operations may be affected by applicable rules and regulations relating to economic sanctions in various countries, prohibiting certain transactions, potentially including financial transactions and the transfer of products, to sanctioned governments, entities and persons.</li> <li>• The Group is exposed to risks relating to volatility of end markets and Fluctuations in demand may lead to lower revenues, low utilisation of employees, plant and equipment during periods of low production, increased working capital requirements and volatility in operating results.</li> <li>• The Group is exposed to risks relating to the supply of artemia, one of the Group's key products subject to volatility.</li> </ul>

**Key information on the securities**

Disclosure requirements	Disclosure
<i>What are the main features of the securities</i>	
Description of the securities, including ISIN code.	[●]
Currency for the bond issue	[●]
Borrowing Limit and Borrowing Amount [● tranche]	[●]
Denomination – Each Bond	[●]
Any restrictions on the free transferability of the securities.	[●]
Description of the rights attached to the securities, limitations to those rights and ranking of the securities.	[●]
Information about Issue and Maturity Date, interest rate, instalment and representative of the bondholders	[●]
Status of the bonds and security	[●]
<i>Where will the securities be traded</i>	

Indication as to whether the securities offered are or will be the object of an application for admission to trading.	[•]
<i>What are the key risks that are specific to the securities</i>	
Most material key risks	<ul style="list-style-type: none"> <li> <b>Risks of being unable to repay the Bonds:</b> During the lifetime of the Bonds, the Company will be required to make payments on the Bonds. The Company's ability to generate cash flow from operation and to make scheduled payments on and to repay the Bonds, will depend on the future financial performance of the Company and the Group. In addition, the Company's ability to pay amounts due on the Bonds may depend on the financial performance of its subsidiaries and upon the level of distributions, interest payments and loan repayments, if any, received from its operating subsidiaries (which may be subject to restrictions). If the Company is unable to generate sufficient cash flow from operations or through distributions from its subsidiaries in the future to service its debt, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing indebtedness or seeking equity capital. The Company cannot assure investors that any of these alternative strategies could be effected on satisfactory terms, if at all, or that they would yield sufficient funds to make required payments on or to repay the Bonds. Inability to effect such strategies may have a material adverse effect on the Company's business, results of operations, financial position and/or prospects. </li> <li> <b>Company may have insufficient funds to make required redemptions or repurchases of Bonds:</b> The terms of the Bond Issue provide for certain redemption and repurchase mechanics in respect of the Bonds which entail redemption or repurchase with a premium, either voluntarily or mandatorily. The latter will be the case inter alia upon the occurrence of a change of control event (as described in the Term Sheet), whereby each individual Bondholder has a right to require that the Company purchases all or some of the Bonds at 101% of par value (plus accrued interest). <p>Further, the terms of the Bond Issue will provide that the Company (i) may redeem all or parts of the Bonds at various call prices during the lifetime of the Bonds and (ii) shall redeem all the Bonds upon certain conditions. This is likely to limit the market value of the Bonds. During any period when the Company may redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.</p> <p>There can be no assurance that the Company will have sufficient funds at the time of such event to make the required redemption and/or repurchase of the Bonds, should a mandatory redemption or repurchase occur.</p> </li> <li> <b>Value of collateral may be insufficient to cover outstanding Bonds:</b> Although the Bonds are secured obligations of the Company, there can be no assurance that the value of the assets securing the Bonds and the Company's other assets will be sufficient to cover all of the outstanding Bonds together with accrued interest and expenses together with the claims of the other secured </li> </ul>

	<p>creditors in the event of a default and/or if the Company becomes insolvent or goes into liquidation and/or with respect to the amount that could be received upon a sale of any assets subject to security.</p> <ul style="list-style-type: none"> <li>• <b>Liquidity risk</b> is the risk that a party interested in trading bonds cannot do it because nobody in the market wants to trade the bonds. The Borrower has no control over the bond market and is subject to both external factors that may impact the willingness of market participants to trade and participants' view of the issuer and their resulting willingness to trade in the bonds. Missing demand for the bonds may result in a loss for the bondholder.</li> <li>• <b>Interest rate risk</b> is the risk that results from the variability of the NIBOR interest rate or any other rate that may be agreed. The coupon payments, which depend on the applicable interest rate and the Margin, will vary in accordance with the variability of the applicable interest rate. The interest rate risk related to this bond issue will be limited, since the coupon rate will be adjusted quarterly according to the change in the applicable reference interest rate (NIBOR 3 months or such other rate as may be agreed) over the tenor. The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying. A possible increase in the credit spread trading level relative to the coupon defined credit margin may relate to general changes in the market conditions and/or Issuer specific circumstances such as a deterioration of the Borrower's real or perceived financial position. However, under normal market circumstances the anticipated tradable credit spread will fall as the duration of the bond issue becomes shorter. In general, the price of bonds will fall when the credit spread in the market increases, and conversely the bond price will increase when the market spread decreases.</li> <li>• <b>Credit risk</b> is the risk that the Borrower fails to make the required payments under the Loan (either principal or interest). Such failure to pay could be due to a deterioration in the Borrower's financial position.</li> <li>• <b>Market risk</b> is the risk that the value of the bonds will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do however in general carry a lower price risk compared to bonds with a longer tenor and/or with a fixed coupon rate.</li> </ul> <p>No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants view of the credit quality of the Issuer as well as established and available credit lines.</p>
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**Key information on the admission to trading on a regulated market**

Disclosure requirements	Disclosure
Under which conditions and timetable can I invest in this security?	<p>[•]</p> <p>The estimate of total expenses related to the admission to trading is as follow: [•].</p> <p>[/ Other: (specify)]</p> <p>Listing fee Oslo Børs [•] Registration fee Oslo Børs [•]</p>
<i>Why is the prospectus being produced</i>	In connection with listing of the securities on the Oslo Børs.
Reasons for the admission to trading on a regulated market and use of.	<p>Use of proceeds [•]</p> <p>Estimated net amount of the proceeds [•]</p>
Description of material conflicts of interest to the issue including conflicting interests.	[•]

## 2 Detailed information about the security

### Generally:

ISIN code:	[ISIN]
The Loan/The Bonds:	[Title of the bond issue]
Borrower/Issuer:	Benchmark Holdings plc is registered with the Companies House, England and Wales, United Kingdom with registration number 04115910. The Company's LEI code is 2138001UQHM4VZGXUJ19.
Group:	Means the Issuer and its subsidiaries from time to time.
Security Type:	[U]nsecured [open] bond issue with [fixed/floating] rate
Borrowing Limit – Tap Issue:	[Currency] [Amount borrowing limit]
Borrowing Amount [●] tranche:	[Currency] [Amount [●] tranche]
Denomination – Each bond:	[Currency] [Amount denomination] - each and ranking pari passu among themselves
Securities Form:	As set out in the Base Prospectus clause 13.1.
Publication:	As specified in the Base Prospectus section 13.4.2.
Issue Price:	[As defined in the Base Prospectus section 13.3] [Issue price] %
Disbursement Date/Issue Date:	[As defined in the Base Prospectus section 13.3] [Issue date]
Maturity Date:	[As defined in the Base Prospectus section 13.3] [Maturity Date]
<b>Interest Rate:</b>	
Interest Bearing from and Including:	[Issue date] / Other: (specify)]
Interest Bearing To:	[As defined in the Base Prospectus section 13.3] [Maturity Date] / Other: (specify)]
Reference Rate:	[As defined in the Base Prospectus section 13.3] Floating rate: [NIBOR / Other: (specify)] [3 / 6 / 12] months [description of Reference Rate] Relevant Screen Page: [Relevant Screen Page] Specified time: [specified time] Information about the past and future performance and volatility of the Reference Rate is available at [Relevant Screen Page / other: (specify)] Fallback provisions: [Provisions] / Other: (specify)]



	/ <i>Fixed Rate</i> : N/A]
Margin:	<p>[As defined in the Base Prospectus section 13.3</p> <p><i>Floating Rate</i>: [Margin] % p.a.</p> <p>/ <i>Fixed Interest</i>: N/A</p> <p>/ <i>Other</i>: (specify)]</p>
Interest Rate:	<p>[Bond issue with floating rate (as defined in the Base Prospectus section 13.3): [Reference Rate + Margin]</p> <p>Current Interest Rate: [current interest rate] % p.a.</p> <p>/ <i>Bond Issue with fixed rate</i> (as defined in the Base Prospectus section 13.3): [Interest rate] % p.a.</p>
Day Count Convention:	<p>[<i>Floating Rate</i>: As defined in the Base Prospectus section 13.3</p> <p>/ <i>Fixed Rate</i>: As defined in the Base Prospectus section 13.3</p>
Day Count Fraction – Secondary Market:	<p>[<i>Floating Rate</i>: As specified in the Base Prospectus section 13.5.1.a</p> <p>/ <i>Fixed Rate</i>: As specified in the Base Prospectus section 13.5.2.a</p>
Interest Determination Date:	<p>[<i>Floating Rate</i>: As defined in the Base Prospectus section 13.3.</p> <p>Interest Rate Determination Date: [Interest Rate Determination Date(s)] each year.</p> <p>/ <i>Fixed rate</i>: N/A</p> <p>/ <i>Other</i>: (specify)]</p>
Interest Rate Adjustment Date:	<p>[<i>Floating Rate</i>: As defined in the Base Prospectus section 13.3.</p> <p>/ <i>Fixed rate</i>: N/A]</p>
Interest Payment Date:	<p>As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.5.1 (FRN) / section 13.5.2 (fixed rate)</p> <p>Interest Payment Date: [Date(s)] each year.</p> <p>The first Interest Payment Date is [Date].</p>
#Days first term:	[Number of interest days] days
Yield:	<p>As defined in the Base Prospectus section 13.3.</p> <p>The Yield is [yield]</p>
Business Day:	<p>As defined in the Base Prospectus section 13.3.</p> <p>/ <i>Other</i>: (specify)]</p>
<b>Amortisation and Redemption:</b>	
Redemption:	<p>As defined in the Base Prospectus section 13.3 and as specified in the Base Prospectus section 13.4.3, 13.5.1.b and 13.5.2.b.</p> <p>The Maturity Date is [maturity date]</p> <p>Redemption Price is [redemption price] %</p>
Call Option:	As defined in the Base Prospectus section 13.3.

	<i>[terms of the call option]</i>										
	Call Date(s): <i>[call date(s)]</i>										
	Call Price(s): <i>[call price(s)]</i>										
	Call Notice Period: <i>[call notice period]</i>										
Put Option:	As defined in the Base Prospectus section 13.3. <i>[terms of the put option]</i>										
Early redemption option due to a tax event:	As defined in the Base Prospectus section 13.3. <i>[terms of the early redemption option]</i>										
<b>Obligations:</b>											
Issuer's special obligations during the term of the Bond Issue:	As specified in the Base Prospectus section 13.4.7. <i>/ Other: (specify)</i>										
<b>Listing:</b>											
Listing of the Bond Issue/Marketplace:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5.  Exchange for listing of the Bonds: <i>[Exchange]</i>  <i>/ The Bonds will not be applied for listing on any Exchange.</i>  <i>/ Other: (specify)</i>										
Any restrictions on the free transferability of the securities:	As specified in the Base prospectus section 13.4.10.  Restrictions on the free transferability of the securities: <i>[specify]</i>										
Purpose/Use of proceeds:	As specified in the Base Prospectus section 13.4.1.  Estimated total expenses related to the offer: <i>[specify]</i>  Estimated net amount of the proceeds: <i>[specify]</i>  Use of proceeds: <i>[specify]</i>										
	<table> <tr> <th>External party</th><th>Cost</th></tr> <tr> <td>The Norwegian FSA</td><td>NOK [•]</td></tr> <tr> <td>The stock exchange</td><td>NOK [•]</td></tr> <tr> <td>The Bond Trustee</td><td>NOK [•] (annual fee)</td></tr> <tr> <td>The Manager</td><td>NOK [•]</td></tr> </table>	External party	Cost	The Norwegian FSA	NOK [•]	The stock exchange	NOK [•]	The Bond Trustee	NOK [•] (annual fee)	The Manager	NOK [•]
External party	Cost										
The Norwegian FSA	NOK [•]										
The stock exchange	NOK [•]										
The Bond Trustee	NOK [•] (annual fee)										
The Manager	NOK [•]										
	<i>[Other: (specify)]</i>										
Prospectus and Listing fees:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5.  Listing fees: <i>[specify]</i>  <i>/ Other: (specify)</i>										
Market-making:	As defined in the Base Prospectus section 13.3.  [A market-making agreement has been entered into between the Issuer and <i>[name of market maker]</i> ]  <i>/ Other: (specify)</i>										

Approvals:	As specified in the Base Prospectus section 13.4.9.  Date of the Board of Directors' approval: <i>[date]</i>  <i>/ Other: (specify)</i>
Bond Terms:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.7.  By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.  <i>/ Other: (specify)</i>
Status and security:	As specified in the Base Prospectus section 13.4.6.  Status and security of the securities: <i>[specify]</i>
Bondholders' meeting/ Voting rights:	As defined in the Base Prospectus section 13.3.  <i>/ Other: (specify)</i>
Availability of the Documentation:	<a href="https://www.benchmarkplc.com">https://www.benchmarkplc.com</a>
Manager:	<i>[name of manager]</i> as <i>[type of manager]</i>
Bond Trustee:	As defined in the Base prospectus section 13.3.
Paying Agent:	As defined in the Base prospectus section 13.3.  The Paying Agent is <i>[name and address of the Paying Agent]</i>
Securities Depository / CSD:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5  <i>/ Other: (specify)</i>
Calculation Agent:	<i>[As defined in the Base Prospectus section 13.3]</i>  <i>/ Other: (specify)</i>
Listing fees:	Prospectus fee for the Base Prospectus including template for Final Terms is NOK 108,000.  <i>[Listing and other fees at the Exchange: (specify)]</i>  <i>/ No listing: N/A]</i>

### 3 Additional information

**Advisor**

The Issuer has mandated [*name of manager and co-managers*] as [*type of manager*] for the issuance of the Loan. The [*type of manager*] [has/have] acted as advisor[s] to the Issuer in relation to the pricing of the Loan.

The [*type of manager*] will be able to hold position in the Loan.

/ Other: (*specify*)

**Interests and conflicts of interest**

[The involved persons in the Issuer or offer of the Bonds have no interest, nor conflicting interests that are material to the Bond Issue.

/ Other: (*specify*)

**Rating**

[There is no official rating of the Loan.

The Issuer is rated as follows:

Standard & Poor's: [•]

Moody's: [•]

/ Other: (*specify*)

**Listing of the Loan:**

[As defined in the Base Prospectus section 13.3]

The Prospectus will be published in [*country*]. An application for listing at [*Exchange*] will be sent as soon as possible after the Issue Date. Each bond is negotiable.

**Statement from the [*type of manager*]:**

[*name of manager and co-managers*] have assisted the Issuer in preparing the prospectus. The [*type of manager*] have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made, and the [*type of managers*] expressly disclaim[s] any legal or financial liability as to the accuracy or completeness of the information contained in this prospectus or any other information supplied in connection with bonds issued by the Issuer or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer. Each person receiving this prospectus acknowledges that such person has not relied on the [*type of manager*] nor on any person affiliated with them in connection with its investigation of the accuracy of such information or its investment decision.

[*place*], [*date*]

[*name of manager and co-managers*]  
[*web address of manager and co-managers*]

## **Annex 4 Special Purpose Financial Statements and Interim Financial Statements**

# **Benchmark Holdings PLC special purpose consolidated accounts**

**Year ended 30 September 2022**

## Contents

Independent auditor's report.....	3
Consolidated Income Statement .....	9
Consolidated Statement of Comprehensive Income .....	10
Consolidated Balance Sheet .....	11
Consolidated Statement of Changes in Equity .....	12
Consolidated Statement of Cash Flows .....	13
Notes Forming Part of the Financial Statements.....	14



To the Board of Directors of Benchmark Holdings plc

## Independent auditor's report

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Benchmark Holdings plc (the Group), which comprise the consolidated balance sheet as at 30 September 2022 and 30 September 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2022 and 30 September 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by EU.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

#### 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 consolidated 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:



	The risk	Our response
<b>Recoverability of Group goodwill and intangibles</b> Goodwill: £114,724,000 (2021: £98,697,000) Intangibles: £130,844,000 (2021: £130,343,000)	<b>Forecast based assessment:</b> The carrying value of goodwill and intangibles, depend on assumptions of future financial performance which inherently contain an element of estimation uncertainty. In addition, certain cash generating units of the Group, containing these goodwill and intangible assets balances, are at risk of impairment as they contain immature products or markets. 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 the CGUs, have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The consolidated financial statements (note 14) 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: — <b>Data comparisons:</b> We compared the Group's impairment model against the board approved budgets and forecast to confirm consistency of assumptions; — <b>Methodology implementation:</b> We tested the Group's impairment model to ensure it performs the intended calculation; — <b>Benchmarking assumptions:</b> We challenged Group's assumptions by comparing them to externally derived data in relation to key inputs such as projected growth and discount rates; — <b>Our valuation expertise:</b> With the assistance of our own valuation specialists, we assessed the discount rate assumption by comparing it with our sector knowledge; — <b>Sensitivity analysis:</b> We performed analysis of changes in key assumptions, such as, reducing forecast revenue from the Group's sea lice treatment, reducing forecast revenue from SPR shrimp, slower salmon egg sales growth along with sensitivities on sales price increases and potential supply constraints to understand the sensitivity of the value in use calculation to changes in these key assumptions; — <b>Historical comparison:</b> We compared the prior periods' prospective financial information against the prior period's actual results and compared the current period's prospective financial information with the post-year end actual results to assess historical reliability of the forecasting; — <b>Comparing valuations:</b> We compared the sum of the discounted cash flows for each CGU to the carrying value of its assets, to assess the reasonableness of these cashflows and their ability to support the carrying value of those assets; and — <b>Assessing transparency:</b> We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation of goodwill and intangibles.

	The risk	Our response
<b>Valuation of biological assets</b> Salmon broodstock: £30,498,000 (2021: £26,700,000)	<b>Forecast based assessment:</b> 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 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 consolidated 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: — <b>Data comparisons:</b> We compared the Group's valuation model against the board approved budgets and forecast to confirm consistency of assumptions; — <b>Methodology implementation:</b> We tested the Group's valuation model to ensure it performs the intended calculation; — <b>Benchmarking assumptions:</b> We compared the Group's assumptions to externally derived data in relation to key inputs such as selling price of eggs and historical sales volumes; — <b>Assessing transparency:</b> We considered the adequacy of the Group's disclosures, including the sensitivity disclosures, in respect of the valuation of biological assets; — <b>Independent reperformance:</b> We considered an alternative valuation model. We compared the output of the model with the Group's valuation to assess whether it would yield a materially different valuation.

	The risk	Our response
<b>Going Concern</b>	<p><b>Accounting basis:</b> The consolidated financial statements explain how the Directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group.</p> <p>That judgement is based on an evaluation of the inherent risks to the Group's business model and how those risks might affect the Group financial resources or ability to continue operations over a period of at least a year from the date of approval of the consolidated financial statements.</p> <p>The risks most likely to adversely affect the Group's available financial resources over this period were:</p> <ul style="list-style-type: none"> <li>• the ability to refinance the existing facilities; and</li> <li>• the uncertainty in the cashflows in relation to future sales.</li> </ul> <p>There are also less predictable but realistic second order impacts, such as the impact of foreign exchange fluctuations.</p> <p>The risk for our audit is whether or not those risks are such that they amounted to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. If there were such risks, then the fact would have been required to be disclosed, along with a description of the circumstances.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <p>—<b>Our sector experience:</b> With the assistance of our specialists we challenged the key assumptions in the prospective financial information by reference to our knowledge of the business and general market conditions;</p> <p>—<b>Our valuation expertise:</b> With the assistance of our own valuation specialists, we assessed the discount rate assumption by comparing it with our sector knowledge;</p> <p>—<b>Funding assessment:</b> We obtained and inspected financing agreements to ascertain the committed level of financing, its duration and related covenant requirements;</p> <p>—<b>Key dependency assessment:</b> We considered the facilities due to expire in the going concern period with reference to the Group's history of successful refinancing, extent of funding needed, forecast cashflows and financial health, conditions of the credit markets and status of management's arrangements for planned funding sources.</p> <p>—<b>Historical comparisons:</b> We compared the prior periods' prospective financial information against the prior and current period's actual results and compared the current period's prospective financial information with the post-year end actual results to assess historical reliability of the forecasting;</p> <p>—<b>Sensitivity analysis:</b> We performed analysis of changes in key assumptions. This included a slower ramp up in the commercialisation of the Group's sea lice treatment (Ectosan and CleanTreat) through delayed roll-out of the revised operational model, a slower commercialisation of SPR shrimp, slower salmon egg sales growth along with sensitivities on sales price increases and potential supply constraints to understand the sensitivity of the cash flow forecasts in relation to available facility headroom and covenant compliance;</p> <p>—<b>Assessing transparency:</b> We considered whether the going concern disclosure in note 1 to the consolidated financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and the availability of funding. We assessed the completeness of the going concern disclosure.</p>

## Responsibilities of the Board of Directors and the Managing Director for the Consolidated Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other matter

We previously reported on the Benchmark Holdings plc's statutory financial statements as at and for the year ended 30 September 2022 and issued our audit report dated 30 November 2022. As set out in our audit report on those statutory financial statements, that audit report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the United Kingdom Companies Act 2006. That audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for that audit work, for that audit report, or for the opinions we have formed in respect of that audit

#### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Directors of the Group as a body in accordance with the Oslo Børs Oslo Rule Book II – Issuer Rules 3.1.2.4 (1), and the terms of our engagement. Our audit work has been undertaken so that we might state to the Directors those matters we are required to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG LLP

KPMG LLP

15 Canada Square  
London  
E14 5GL

2 March 2023

## Consolidated Income Statement for the year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Revenue</b>	4	<b>158,277</b>	125,062
Cost of sales		<b>(75,149)</b>	(59,477)
<b>Gross profit</b>		<b>83,128</b>	65,585
Research and development costs		<b>(6,691)</b>	(7,010)
Other operating costs		<b>(44,661)</b>	(38,221)
Share of loss of equity-accounted investees, net of tax		<b>(595)</b>	(905)
<b>Adjusted EBITDA<sup>2</sup></b>		<b>31,181</b>	19,449
Exceptional – restructuring/acquisition-related items	8	<b>16</b>	(184)
<b>EBITDA<sup>1</sup></b>		<b>31,197</b>	19,265
Depreciation and impairment	5	<b>(19,897)</b>	(8,359)
Amortisation and impairment	5	<b>(19,161)</b>	(16,283)
<b>Operating loss</b>		<b>(7,861)</b>	(5,377)
Finance cost	7	<b>(20,057)</b>	(7,987)
Finance income	7	<b>4,741</b>	4,185
<b>Loss before taxation</b>		<b>(23,177)</b>	(9,179)
Tax on loss	9	<b>(7,274)</b>	(2,397)
<b>Loss for the year</b>		<b>(30,451)</b>	(11,576)
<b>(Loss)/profit for the year attributable to:</b>			
– Owners of the parent		<b>(32,087)</b>	(12,891)
– Non-controlling interest	25	<b>1,636</b>	1,315
		<b>(30,451)</b>	(11,576)
<b>Earnings per share</b>			
Basic loss per share (pence)	10	<b>(4.60)</b>	(1.93)
Diluted loss per share (pence)	10	<b>(4.60)</b>	(1.93)

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

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

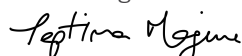
## Consolidated Statement of Comprehensive Income for the year ended 30 September 2022

	2022 £000	2021 £000
<b>Loss for the year</b>	<b>(30,451)</b>	(11,576)
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Foreign exchange translation differences	<b>47,606</b>	(9,929)
Cash flow hedges - changes in fair value	<b>2,627</b>	3,054
Cash flow hedges – reclassified to profit or loss	<b>2,546</b>	709
<b>Total comprehensive income for the year</b>	<b>22,328</b>	(17,742)
<b>Total comprehensive income for the year attributable to:</b>		
– Owners of the parent	<b>20,326</b>	(19,329)
– Non-controlling interest	<b>2,002</b>	1,587
	<b>22,328</b>	(17,742)

## Consolidated Balance Sheet as at 30 September 2022

	Notes	2022 £000	2021 £000
<b>Assets</b>			
Property, plant and equipment	11	81,900	78,780
Right-of-use assets	12	27,034	25,531
Intangible assets	13	245,264	229,040
Equity-accounted investees	15	3,113	3,354
Other investments		15	15
Biological and agricultural assets	17	20,878	21,244
<b>Non-current assets</b>		<b>378,204</b>	<b>357,964</b>
Inventories	16	29,813	20,947
Biological and agricultural assets	17	25,780	17,121
Trade and other receivables	18	56,377	46,498
Cash and cash equivalents	31	36,399	39,460
<b>Current assets</b>		<b>148,369</b>	<b>124,026</b>
<b>Total assets</b>		<b>526,573</b>	<b>481,990</b>
<b>Liabilities</b>			
Trade and other payables	19	(44,324)	(46,668)
Loans and borrowings	20	(17,091)	(10,654)
Corporation tax liability		(10,211)	(5,634)
Provisions	21	(1,631)	(563)
<b>Current liabilities</b>		<b>(73,257)</b>	<b>(63,519)</b>
Loans and borrowings	20	(93,045)	(109,737)
Other payables	19	(8,996)	(911)
Deferred tax	22	(27,990)	(28,224)
<b>Non-current liabilities</b>		<b>(130,031)</b>	<b>(138,872)</b>
<b>Total liabilities</b>		<b>(203,288)</b>	<b>(202,391)</b>
<b>Net assets</b>		<b>323,285</b>	<b>279,599</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	23	704	670
Additional paid-in capital	23	420,824	400,682
Capital redemption reserve	24	5	5
Retained earnings	24	(185,136)	(154,231)
Hedging reserve	24	(703)	(5,876)
Foreign exchange reserve	24	77,705	30,465
<b>Equity attributable to owners of the parent</b>		<b>313,399</b>	<b>271,715</b>
Non-controlling interest	25	9,886	7,884
<b>Total equity and reserves</b>		<b>323,285</b>	<b>279,599</b>

The financial statements on pages 9 to 57 were approved and authorised for issue by the Board of Directors on 2 March 2023 and were signed on its behalf by:



**Septima Maguire**  
Chief Financial Officer

Company number: 04115910



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

	Share capital £000	Additional paid-in share capital* £000	Other reserves £000	Hedging reserve £000	Retained earnings £000	Total attributable to equity holders of parent £000	Non- controlling interest £000	Total equity £000
<b>As at 1 October 2020</b>	668	399,601	40,683	(9,651)	(142,170)	289,131	6,309	295,440
<b>Comprehensive income for the year</b>								
(Loss)/profit for the year	-	-	-	-	(12,891)	(12,891)	1,315	(11,576)
Other comprehensive income	-	-	(10,213)	3,775	-	(6,438)	272	(6,166)
<b>Total comprehensive income for the year</b>	-	-	(10,213)	3,775	(12,891)	(19,329)	1,587	(17,742)
<b>Contributions by and distributions to owners</b>								
Share issue	2	1,081	-	-	-	1,083	-	1,083
Share-based payment	-	-	-	-	830	830	-	830
<b>Total contributions by and distributions to owners</b>	2	1,081	-	-	830	1,913	-	1,913
<b>Changes in ownership</b>								
Acquisition of NCI	-	-	-	-	-	-	(12)	(12)
<b>Total changes in ownership interests</b>	-	-	-	-	-	-	(12)	(12)
<b>Total transactions with owners of the Company</b>	2	1,081	-	-	830	1,913	(12)	1,901
<b>As at 30 September 2021</b>	670	400,682	30,470	(5,876)	(154,231)	271,715	7,884	279,599
<b>Comprehensive income for the year</b>								
(Loss)/profit for the year	-	-	-	-	(32,087)	(32,087)	1,636	(30,451)
Other comprehensive income	-	-	47,240	5,173	-	52,413	366	52,779
<b>Total comprehensive income for the year</b>	-	-	47,240	5,173	(32,087)	20,326	2,002	22,328
<b>Contributions by and distributions to owners</b>								
Share issue	34	20,704	-	-	-	20,738	-	20,738
Share issue costs recognised through entity	-	(562)	-	-	-	(562)	-	(562)
Share-based payment	-	-	-	-	1,182	1,182	-	1,182
<b>Total contributions by and distributions to owners</b>	34	20,142	-	-	1,182	21,358	-	21,358
<b>Changes in ownership</b>								
<b>Total changes in ownership interests</b>	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	34	20,142	-	-	1,182	21,358	-	21,358
<b>As at 30 September 2022</b>	704	420,824	77,710	(703)	(185,136)	313,399	9,886	323,285

\* See Note 23.

# Consolidated Statement of Cash Flows for the year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Cash flows from operating activities</b>			
<b>Loss for the year</b>		<b>(30,451)</b>	(11,576)
<b>Adjustments for:</b>			
Depreciation and impairment of property, plant and equipment	5	<b>8,602</b>	5,017
Depreciation and impairment of right-of-use assets	5	<b>11,295</b>	3,342
Amortisation and impairment of intangible fixed assets	5	<b>19,161</b>	16,283
(Profit)/loss on sale of property, plant and equipment	5	<b>(43)</b>	46
Finance income	7	<b>(319)</b>	(1,442)
Finance costs	7	<b>18,437</b>	7,987
Increase in fair value of contingent consideration receivable		<b>(1,203)</b>	-
Share of loss of equity-accounted investees, net of tax		<b>595</b>	905
Foreign exchange losses/(gains)		<b>(3,985)</b>	(1,800)
Share-based payment expense	28	<b>1,182</b>	830
Other adjustments for non-cash items		<b>(276)</b>	-
Tax expense	9	<b>7,274</b>	2,397
Increase in trade and other receivables		<b>(8,511)</b>	(8,178)
Increase in inventories		<b>(5,406)</b>	(3,554)
Increase in biological and agricultural assets		<b>(6,099)</b>	(5,427)
Increase in trade and other payables		<b>6,946</b>	5,547
Increase in provisions		<b>1,058</b>	-
		<b>18,257</b>	10,377
Income taxes paid		<b>(7,447)</b>	(4,587)
<b>Net cash flows generated from operating activities</b>		<b>10,810</b>	5,790
<b>Investing activities</b>			
Purchases of investments		<b>(378)</b>	(578)
Receipts from disposal of investments		<b>1,544</b>	9
Purchases of property, plant and equipment		<b>(10,808)</b>	(17,683)
Purchases of intangibles		<b>(205)</b>	(225)
Capitalised research and development costs		<b>(1,708)</b>	(4,813)
Proceeds from sale of fixed assets		<b>220</b>	112
Interest received		<b>119</b>	88
<b>Net cash flows used in investing activities</b>		<b>(11,216)</b>	(23,090)
<b>Financing activities</b>			
Proceeds of share issues		<b>20,737</b>	750
Share-issue costs recognised through equity		<b>(562)</b>	-
Acquisition of NCI		<b>-</b>	(12)
Proceeds from bank or other borrowings (net of borrowing fees)		<b>67,939</b>	-
Repayment of bank or other borrowings		<b>(74,874)</b>	(3,106)
Interest and finance charges paid		<b>(9,629)</b>	(7,699)
Repayments of lease liabilities		<b>(10,533)</b>	(4,602)
<b>Net cash flows used in financing activities</b>		<b>(6,922)</b>	(14,669)
<b>Net decrease in cash and cash equivalents</b>		<b>(7,328)</b>	(31,969)
Cash and cash equivalents at beginning of year		<b>39,460</b>	71,605
Effect of movements in exchange rate		<b>4,267</b>	(176)
<b>Cash and cash equivalents at end of year</b>	31	<b>36,399</b>	39,460

## Notes Forming Part of the Financial Statements for the year ended 30 September 2022

### 1 Accounting policies

#### Corporate information

Benchmark Holdings plc (the “Company”) is a public limited company, which is listed on the Alternative Investment Market (“AIM”), a sub-market of the London Stock Exchange. The Company is incorporated and domiciled in England. The registered company number is 04115910 and the registered office is at Benchmark House, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH. The Group is principally engaged in the provision of technical services, products and specialist knowledge that support the global development of sustainable food and aquaculture industries.

#### Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These Group financial statements were prepared in accordance with EU adopted International Accounting Standards (“EU 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.

These special purpose consolidated accounts are not the Company’s statutory accounts for the financial years ended 30 September 2022 nor 2021. Those statutory accounts have been reported on by the company’s auditor and delivered to the registrar of companies. The reports of the auditor were (i) unqualified and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The report of the auditor for the year ended 30 September 2021 did include a reference to a matter to which the auditor drew attention by way of emphasis without qualifying their report in respect of a material uncertainty in relation to going concern that existed at that time. These special purpose consolidated financial statements have been prepared for the purposes of the proposed listing on Oslo Børs.

The preparation of financial statements in compliance with EU 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 31 December 2022 the Group had net assets of £315.9m (30 September 2022: £323.3m), including cash of £42.8m (30 September 2022: £36.4m) as set out in the consolidated balance sheet. The Group made a loss for the period of £0.7m (year ended 30 September 2022: loss £30.5m).

The business has continued to perform well on the back of a good year in FY22. All of the business areas have performed in line with or ahead of management expectations. 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.

Following the refinancing of its NOK 850 million bond with the issue of a NOK 750 million unsecured green bond maturing in 2025 in FY22, which was due to mature in June 2023, the USD15m RCF was refinanced in the quarter with a new GBP20m RCF with a maturity of June 2025. Also in the quarter, 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, 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.

## 1 Accounting policies continued

### Going concern continued

The global economic environment is experiencing 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 continues to show resilience against these pressures, 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 sensitivity analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants.

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

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 30 September 2022. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date when such control ceases.

Where the Company has power, either directly or indirectly, over another entity or business and the ability to use this power to affect the amount of returns, as well as exposure or rights to variable returns from its involvement with the investee, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries (the 'Group') as if they formed a single entity. Inter-company transactions, balances, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Non-controlling interests, presented as part of equity, represent a proportion of a subsidiary's profit or loss and net assets that is not held by the Group. The total comprehensive income or loss of non-wholly-owned subsidiaries is attributed to owners of the Parent and to the non-controlling interests in proportion to their respective ownership interests.

### Standards issued but not effective

A number of new standards, amendments to standards and interpretations are not yet effective, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below:

- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IFRS 3: Reference to the Conceptual Framework
- IFRS 17 Insurance Contracts
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IFRS 17
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimate
- Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Directors do not expect that the adoption of the above standards and interpretations will have a material impact on the financial statements of the Group in future periods.

### New standards and interpretations applied for the first time

The following standards which are effective for periods beginning on or after 1 January 2021 have been adopted without any significant impact on the amounts reported in these financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16: Interest Rate Benchmark Reform
- Amendment to IFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021

### Revenue

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific criteria must also be met before revenue is recognised:

## 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, vaccines and vaccine components is recognised when the control of the goods has transferred to the customer or distributor, either on despatch or upon treatment of biomass by the customer in line with commercial terms of the transaction. Where the buyer has a right of return, revenue and cost of sales are adjusted for the value of the expected returns based on historical results, taking into consideration the specifics of each arrangement.

### Rendering of services

Services including technical consultancy and water purification following medicinal bath treatments are provided by Genetics, and Health. Genetics also licenses production of its genetic lines to certain salmon farmers and receives royalties based on the number of eggs produced by those farmers.

Within each contract, judgement is applied to determine the extent to which activities within the contract represent distinct performance obligations to be delivered. Judgement is applied to determine first whether control passes over time and if not, then the point in time at which control passes. Where control passes at a point in time then revenue is recognised at that point. For all the services currently provided by the Group, control passes at a point in time upon delivery of the service and revenue is recognised at that point. Royalty income from the licensed production of the Group's genetic lines is recognised during the period the farmer produces the eggs.

### Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Transaction costs, other than share and debt issue costs, are expensed as incurred. In accordance with IFRS 3: Business Combinations, the Group has a 12-month period in which to finalise the fair values allocated to assets and liabilities determined provisionally on acquisition.

Contingent consideration is measured at fair value based on an estimate of the expected future payments. Deferred consideration is measured at the present value of the obligation.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the Consolidated Income Statement.

## 1 Accounting policies continued

### Foreign currency

The Group's consolidated financial statements are presented in UK Pounds Sterling. The Group determines the functional currency of each of its subsidiaries and items included in the financial statements of each of those entities are measured using that functional currency.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Consolidated Income Statement.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in the Income Statement in the Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the Consolidated Income Statement as part of the profit or loss on disposal.

### Financial assets

The Group has measured all of its financial assets (trade receivables and cash and cash equivalents), except for contingent consideration receivable, at amortised cost.

Financial assets arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. To determine whether financial assets may be measured at amortised cost or fair value through other comprehensive income, management assesses whether the cash flows represent solely payments of principal and interest on the principal amount (SPPI). Assets meeting the SPPI criterion are recognised at amortised cost using the effective interest rate method, less provision for impairment, while assets that do not meet SPPI are measured at fair value through profit and loss.

Impairment provisions for receivables, in accordance with IFRS 9, are calculated using an expected credit loss model. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within operating costs in the Consolidated Income Statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Amounts owed by subsidiaries are classified and recorded at amortised cost and reduced by allowances for expected credit losses. Estimated future credit losses are first recorded on initial recognition of a receivable and are based on estimated probability of default. Individual balances are written off when management deems them not to be collectible. Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand with sufficient liquidity in the group to flow funds if required. Therefore expected credit losses relating to receivables and loans from subsidiary companies are considered to be immaterial.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from inception, and for the purpose of the statements of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Consolidated Balance Sheet.

Any gain or loss arising on derecognition of a financial asset is recognised directly in the income statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

### Financial assets fair value through profit and loss

Contingent consideration receivable is recognised at fair value with movements recognised in the Consolidated Income Statement.

### Financial liabilities

The Group classifies its financial liabilities as other financial liabilities which include the following items:

- Bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Balance Sheet.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Any gain or loss arising on derecognition of a financial liability is recognised directly in the income statement. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.



## 1 Accounting policies continued

### 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.

### 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.

## 1 Accounting policies continued

### Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives as outlined below, on a straight-line basis from the time they are available for use.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

In-process research and development programmes acquired in such combinations are recognised as an asset, even if subsequent expenditure is written off because it does not meet the criteria specified in the policy for development costs below.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Validation method
Websites	5 years	Assessment of estimated revenues and profits
Patents	2–5 years	Cost to acquire
Trademarks	2–5 years	Cost to acquire
Contracts	3–20 years	Assessment of estimated revenues and profits
Licences	3–20 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Intellectual property	Remaining patent life, up to 20 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Customer lists	Up to 26 years	Assessment of estimated revenues and profits
Genetic material and breeding nuclei	10–40 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Development costs	Up to 10 years	Cost to acquire

### Impairment of non-financial assets (excluding inventories and biological assets)

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash-generating unit (“CGUs”), when there is an indication that the assets might be impaired. Additionally, goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows: its CGUs.

Goodwill is allocated on initial recognition to each of the Group’s CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the Consolidated Income Statement, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

### Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are recognised at cost, less accumulated amortisation and impairment losses and are amortised over the period the Group expects to benefit from selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the Consolidated Income Statement as incurred.



## 1 Accounting policies continued

### Finance income and costs

Finance costs include interest payable, finance charges on lease liabilities recognised in profit or loss using the effective interest method, amortisation of capitalised borrowing fees, unwinding of the discount on provisions, ineffective portions of the fair value movement of derivative financial instruments and net foreign exchange losses that are recognised in the income statement. Finance income comprises interest receivable on funds invested, dividend income and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

### Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### Uncertain tax positions

In respect of uncertain tax positions, where an outflow of funds is believed to be probable and a reliable estimate of the outcome can be made, management provides for its best estimate of the liability. Such provisions are measured using either the most likely outcome method, or the expected value method depending on management's judgement of which method better predicts the resolution of the uncertainty. The methodology will be reviewed in each case upon the receipt of any new information.

### Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Assets in the course of construction which have not yet been brought into use are not depreciated until fully commissioned and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold property	– 2%–10% per annum straight line
Long-term leasehold property improvements	– 2%–10% per annum straight line
Plant and machinery	– 15% per annum reducing balance/10%–33% per annum straight line
Motor vehicles	– 25% per annum reducing balance
E commerce infrastructure	– 10% per annum straight line
Other fixed assets	– 15%–33% per annum straight line

## 1 Accounting policies continued

### IFRS 16: Leases

The Group leases various properties, plant, equipment and vehicles with a wide range of rental periods.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by the Group under residual value guarantees.
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee which does not have recent third-party financing.
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is remeasured when there is a change in future lease payments arising from a change in the Group's assessment of whether it will exercise a purchase, extension or termination option or if there is a revised lease term for an existing lease. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets, such as IT equipment, are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

## 1 Accounting policies continued

### 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 17.

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 17.

### 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 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.

## 1 Accounting policies continued

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

### Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting ("AGM").

### Assets held for sale

Any non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

## 2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Estimates

#### (a) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted).
- Level 2: Observable direct or indirect inputs other than Level 1 inputs.
- Level 3: Unobservable inputs (i.e. not derived from market data).

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 17), these are the estimation of sales volumes and sales prices for uncontracted future sales of salmon eggs. This applies to salmon eggs and broodstock with a fair value of £16,042,000.

#### (b) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in Note 14.

### Judgements

#### Recognition of deferred tax

Deferred tax is provided in full on temporary differences under the liability method using substantively enacted rates to the extent that they are expected to reverse. Provision is made in full where the temporary differences result in liabilities, but deferred tax assets are only recognised where the Directors believe it is probable that the assets will be recovered. Judgement is required to determine the likelihood of reversal of the temporary differences in establishing whether an asset should be recognised.

### 3 Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

#### Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Floating rate NOK Bond ("FRN")
- Cross-currency swap ("CCS")
- Interest rate swaps ("IRS")
- Contingent consideration

The Group's interest rate risk is primarily in relation to floating rate borrowings, which generates interest cost volatility. The Group's policy is to mitigate, to an acceptable level, this possible cost volatility.

To manage this risk, the Group took out a NIBOR floating-to-fixed IRS in 2019 to fix a proportion of the interest payments on the NOK 165.5m (2021: NOK 180m) term loan in Benchmark Genetics Salten. The IRS fully matches the tenor of the loan and further information on the underlying loan can be found in Note 20.

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 20.

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.

### 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 2022	Notional Value of contracts thousands	Average fixed rate	Change in fair value of hedging instrument during reporting period used for measuring ineffectiveness £000	Fair value recognised in balance sheet (Assets) £000	Fair value recognised in balance sheet (Liabilities) £000	Change in fair value of hedged item during reporting period used for measuring effectiveness £000	Ineffectiveness recognised in the period £000
Interest rate risk – NOK	NOK 82,800	5.13%	529	375	-	(529)	-
Interest rate risk – NOK	NOK 300,000	10.15%	176	176	-	(176)	-
Cross-currency risk – USD	NOK 450,000	8.03%	(1,855)	-	(8,563)	1,855	-

As at September 2021	Notional Value of contracts thousands	Average fixed rate	Change in fair value of hedging instrument during reporting period used for measuring ineffectiveness £000	Fair value recognised in balance sheet (Assets) £000	Fair value recognised in balance sheet (Liabilities) £000	Change in fair value of hedged item during reporting period used for measuring effectiveness £000	Ineffectiveness recognised in the period £000
Interest rate risk – NOK	NOK 90,000	2.01%	486	-	(153)	(486)	-
Cross-currency risk – GBP	NOK 637,500	6.42%	3,277	-	(5,736)	(3,277)	-
Cross-currency risk – USD	NOK 212,500	7.28%	2,063	-	(972)	(2,063)	-

The line item in the balance sheet that the above hedging instruments is included in is trade and other payables. The item in the profit and loss account that includes the recognised hedge ineffectiveness is finance cost.

Further information is shown in Note 20.

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

#### Financial assets

	2022 £000	2021 £000
<b>Financial assets not measured at fair value</b>		
Cash and cash equivalents (Note 31)	36,399	39,460
Trade and other receivables (Note 18)	28,470	22,033
	64,869	61,493
<b>Financial assets at fair value through profit and loss</b>		
Other receivables – contingent consideration	887	1,028
<b>Total financial assets</b>	<b>65,756</b>	<b>62,521</b>

**3. Financial instruments – risk management** continued**Financial liabilities**

	2022 £000	2021 £000
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables (Note 19)	<b>44,711</b>	40,556
Loans and borrowings (Note 20)	<b>110,136</b>	120,391
	<b>154,866</b>	160,947
<b>Financial liabilities at fair value through Hedging Reserve</b>		
Financial contracts – hedging instrument (Note 19)	<b>21</b>	5,889
	<b>21</b>	5,889
<b>Financial liabilities at fair value through profit and loss</b>		
Financial contracts – hedging instrument (Note 19)	<b>7,991</b>	972
<b>Total financial liabilities</b>	<b>162,859</b>	167,808

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Group's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group for debts past due. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit-risk characteristics, and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 September 2022 and the corresponding historical losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. At 30 September 2022 the risk is considered to have increased in response to the global economic pressures caused by the conflict in Eastern Europe.



### 3. Financial instruments – risk management continued

#### Credit risk continued

The loss allowance provision as at 30 September 2022 and 30 September 2021 is determined as follows:

	Not due £000	Past due (up to one month) £000	Past due (one to three months) £000	Past due (three to twelve months) £000	Past due (over twelve months) £000	Total £000
<b>30 September 2022</b>						
Expected loss rate	0.99%	0.99%	3.86%	11.83%	101.56%	
Gross carrying amount – trade receivables	22,606	3,754	2,021	530	2,310	31,219
Loss allowance	(225)	(37)	(78)	(63)	(2,346)	(2,748)
Specific loss allowance	–	–	–	–	–	–
Total loss allowance	(225)	(37)	(78)	(63)	(2,346)	(2,748)

	Not due £000	Past due (up to one month) £000	Past due (one to three months) £000	Past due (three to twelve months) £000	Past due (over twelve months) £000	Total £000
<b>30 September 2021</b>						
Expected loss rate	0.25%	0.65%	4.33%	16.36%	100.00%	
Gross carrying amount – trade receivables	18,859	1,932	786	669	2,280	24,526
Loss allowance	(46)	(13)	(34)	(109)	(2,280)	(2,482)
Specific loss allowance	–	–	–	(11)	–	(11)
Total loss allowance	(46)	(13)	(34)	(120)	(2,280)	(2,493)

The movement in Group provision for impairment of trade receivables is shown in Note 18.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating 'A' are accepted.

#### Fair value and cash flow interest rate risk

During the year the Group had borrowings denominated in US Dollars and Norwegian Krone. If interest rates on US Dollar and Norwegian Krone denominated borrowings had been 100 basis points higher/lower with all other variables held constant, loss after tax for the year ended 30 September 2022 would be £956,000 higher/lower (2021: £962,000 higher/lower). The Directors consider that 100 basis points is the maximum likely change in the relevant interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The Group renegotiated the terms of its LIBOR Revolving Credit Facility in December 21 to Sterling Overnight Index Average Rate (SONIA). The impact of this was not material.

The only interest rate benchmarks which the Group is predominantly exposed to and that is subject to reform is NIBOR. These exposures relate to the FRN, Revolving Credit Facility, Benchmark Genetics Salten Term Loan and the associated floating-to-fixed IRS and CCS. At present the Norwegian regulatory bodies have provided no further updates on NIBOR transition and no formal cessation date has been agreed.

The Group continues to engage with its finance partners whilst closely monitoring the market and output from various industry working groups managing the transition to new benchmark interest rates.

#### Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency (principally Sterling, Norwegian Krone, Icelandic Krona, Euro, US Dollars and Danish Krone). The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The following table shows the impact of a 10% increase and reduction in Sterling against the relevant foreign currencies, with all other variables held constant, on the Group's profit before tax and equity. A greater or smaller change would have a pro rata effect. The movements in profit arise from retranslation of foreign currency denominated monetary items held at the year end, including the foreign currency revolving credit facility, foreign currency bank accounts, trade receivables, trade and other payables. The movements in equity arise from the retranslation of the net assets of overseas subsidiaries and the intangible assets arising on consolidation in accordance with IFRS 10: Consolidated Financial Statements.



### 3. Financial instruments – risk management continued

#### Foreign exchange risk

	£/\$		£/€		£/NOK		£/ISK		£/THB	
Increase/(decrease)	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000
<b>2022 10% increase in rate</b>	<b>(1,310)</b>	<b>(14,886)</b>	<b>(344)</b>	<b>(2,952)</b>	<b>6,085</b>	<b>(1,614)</b>	<b>5</b>	<b>(3,781)</b>	<b>(520)</b>	<b>(2,277)</b>
<b>2022 10% reduction in rate</b>	<b>1,601</b>	<b>18,194</b>	<b>420</b>	<b>3,608</b>	<b>(7,438)</b>	<b>1,973</b>	<b>(6)</b>	<b>4,621</b>	<b>635</b>	<b>2,783</b>
2021 10% increase in rate	99	(14,824)	(53)	(2,422)	6,816	(926)	5	(2,787)	41	(1,887)
2021 10% reduction in rate	(121)	18,119	64	2,961	(8,331)	1,131	(6)	3,406	(50)	2,306

#### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group seeks to maintain cash balances (or agreed facilities) sufficient to meet expected requirements detailed in rolling three-month cash flow forecasts, and in long-term cash flow forecasts for a minimum period of not less than 12 months.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
<b>As at September 2022</b>					
<b>Trade and other payables</b>	<b>36,097</b>	<b>7,630</b>	<b>96</b>	<b>–</b>	<b>888</b>
<b>Financial contracts – hedging instruments</b>	<b>77</b>	<b>24</b>	<b>12</b>	<b>7,899</b>	<b>–</b>
<b>Loan notes and bank borrowings</b>	<b>2,005</b>	<b>5,962</b>	<b>21,086</b>	<b>69,455</b>	<b>1,420</b>
<b>Lease liabilities</b>	<b>3,071</b>	<b>10,374</b>	<b>10,861</b>	<b>2,091</b>	<b>–</b>
<b>Total</b>	<b>41,250</b>	<b>23,990</b>	<b>32,055</b>	<b>79,445</b>	<b>2,308</b>
	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
<b>As at September 2021</b>					
Trade and other payables	32,489	7,156	–	–	911
Financial contracts – hedging instruments	232	416	6,060	153	–
Loan notes, bank borrowings and other loans	1,614	4,803	77,264	15,853	1,849
Lease liabilities	3,271	5,936	6,902	10,444	274
<b>Total</b>	<b>37,606</b>	<b>18,311</b>	<b>90,226</b>	<b>26,450</b>	<b>3,034</b>

#### Capital management

The capital structure of the Group consists of debt, as analysed in Note 20, and equity attributable to the equity holders of the Parent Company, comprising share capital, share premium, merger reserve, capital redemption reserve, hedging reserve, foreign exchange reserve, retained earnings, and share-based payment reserve, and non-controlling interest as shown in the consolidated statement of changes in equity. The Group manages its capital with the objective that all entities within the Group continue as going concerns while maintaining an efficient structure to minimise the cost of capital and ensuring that the Group complies with the banking covenants associated with the external borrowing facilities. These covenants are related to minimum liquidity, equity and borrowing ratios. The Group is not restricted by any externally imposed capital requirements.

## 4 Revenue

The Group's operations and main revenue streams are those described in Note 1. The Group's revenue is derived from contracts with customers.

Disaggregation of revenue in the following tables: revenue is disaggregated by primary geographical market and by sales of goods and services. The table includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 6).

### Sales of goods and provision of services

Year ended 30 September 2022	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000
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

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

### Primary geographical markets

Year ended 30 September 2022	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter-segment sales £000	Total £000
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

#### 4. Revenue continued

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

In 2021 and 2022 no customer accounted for more than 10% of revenue.

#### 5 Expenses by nature

	2022 £000	2021 £000
Changes in inventories of finished goods and work in progress	(3,955)	(999)
Fair value movement in biological assets	(1,595)	(3,323)
Other movements in biological assets	(4,532)	(2,104)
Write-down of inventory to net realisable value	(14)	(87)
Raw materials and consumables used	60,794	52,007
Transportation expenses	5,302	3,111
Staff costs	44,256	37,993
Motor, travel and entertainment	2,439	783
Premises costs	8,672	5,424
Advertising and marketing	1,352	1,077
Professional fees	6,895	6,108
(Profit)/Loss on disposal of property, plant and equipment	(43)	46
Exceptional – restructuring/acquisition related items (see Note 8)	(16)	184
Other research and development costs	2,741	3,037
Depreciation and impairment of PPE	8,602	5,017
Depreciation and impairment of right-of-use assets	11,295	3,342
Amortisation and impairment of intangible assets	19,161	16,283
Net impairment (reversed)/recognised on trade receivables	101	(583)
Other costs	5,430	3,663
	166,885	130,979
Other income – included within operating costs	(1,342)	(1,445)
<b>Total cost of sales, operating costs, depreciation, amortisation and impairment</b>	<b>165,543</b>	<b>129,534</b>

## 5. Expenses by nature continued

### Other income

	2022 £000	2021 £000
Research and development expenditure credit	199	429
Grant	114	58
Royalties and compensation	458	493
Other	571	465
	<b>1,342</b>	<b>1,445</b>

## 6 Segment information

Operating segments are reported in a manner consistent with the reports made to the chief operating decision maker. It is considered that the role of chief operating decision maker is performed by the Board of Directors.

The Group operates globally and for management purposes is organised into reportable segments based on the following business areas:

- **Genetics** – harnesses industry leading salmon breeding technologies combined with state-of-the-art production facilities to provide a range of year-round high genetic merit ova.
- **Advanced Nutrition** – manufactures and provides technically advanced nutrition and health products to the global aquaculture industry.
- **Health** – following the divestment programme completed in the previous year the segment now focuses on providing health products to the global aquaculture market.

In order to reconcile the segmental analysis to the Consolidated Income Statement, corporate and inter-segment sales are also shown. Corporate sales represent revenues earned from recharging certain central costs to the operating business areas, together with unallocated central costs.

### Measurement of operating segment profit or loss

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

Year ended 30 September 2022	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter- segment sales £000	Total £000
<b>Revenue</b>	<b>58,008</b>	<b>80,286</b>	<b>20,135</b>	<b>5,120</b>	<b>(5,272)</b>	<b>158,277</b>
Cost of sales	(25,971)	(37,733)	(11,544)	4	95	(75,149)
<b>Gross profit/ (loss)</b>	<b>32,037</b>	<b>42,553</b>	<b>8,591</b>	<b>5,124</b>	<b>(5,177)</b>	<b>83,128</b>
Research and development costs	(4,329)	(1,990)	(372)	–	–	(6,691)
Operating costs	(11,133)	(21,546)	(8,111)	(9,048)	5,177	(44,661)
Share of profit of equity-accounted investees, net of tax	(595)	–	–	–	–	(595)
<b>Adjusted EBITDA</b>	<b>15,980</b>	<b>19,017</b>	<b>108</b>	<b>(3,924)</b>	<b>–</b>	<b>31,181</b>
Exceptional – restructuring/acquisition related items	–	(220)	18	218	–	16
<b>EBITDA</b>	<b>15,980</b>	<b>18,797</b>	<b>126</b>	<b>(3,706)</b>	<b>–</b>	<b>31,197</b>
Depreciation and impairment	(5,322)	(2,236)	(12,251)	(88)	–	(19,897)
Amortisation and impairment	(1,695)	(15,000)	(2,463)	(3)	–	(19,161)
<b>Operating profit/(loss)</b>	<b>8,963</b>	<b>1,561</b>	<b>(14,588)</b>	<b>(3,797)</b>	<b>–</b>	<b>(7,861)</b>
Finance cost						(20,057)
Finance income						4,741
<b>Loss before tax</b>						<b>(23,177)</b>

## 6. Segment information continued

Year ended 30 September 2021	Genetics £000	Advanced Nutrition £000	Health £000	Corporate £000	Inter- segment sales £000	Total £000
<b>Revenue</b>	46,797	70,530	7,832	4,820	(4,917)	125,062
Cost of sales	(20,866)	(34,562)	(4,118)	2	67	(59,477)
<b>Gross profit/(loss)</b>	25,931	35,968	3,714	4,822	(4,850)	65,585
Research and development costs	(4,865)	(1,948)	(197)	-	-	(7,010)
Operating costs	(8,933)	(19,918)	(6,202)	(8,018)	4,850	(38,221)
Share of profit of equity-accounted investees, net of tax	(605)	(300)	-	-	-	(905)
<b>Adjusted EBITDA</b>	11,528	13,802	(2,685)	(3,196)	-	19,449
Exceptional – restructuring/acquisition related items	850	(356)	(515)	(163)	-	(184)
<b>EBITDA</b>	12,378	13,446	(3,200)	(3,359)	-	19,265
Depreciation and impairment	(4,166)	(2,154)	(1,871)	(168)	-	(8,359)
Amortisation and impairment	(1,338)	(13,896)	(1,047)	(2)	-	(16,283)
<b>Operating profit/(loss)</b>	6,874	(2,604)	(6,118)	(3,529)	-	(5,377)
Finance cost						(7,987)
Finance income						4,185
<b>Loss before tax</b>						(9,179)

### Non-current assets by location of assets

	2022 £000	2021 £000
Belgium	173,135	156,998
Norway	83,752	86,545
UK	42,373	44,629
Iceland	39,448	35,062
Rest of Europe	953	1,062
Rest of world	38,543	33,668
	378,204	357,964

## 7 Net finance costs

	2022 £000	2021 £000
Interest received on bank deposits	319	88
Foreign exchange gains on financing activities	4,422	786
Foreign exchange gains on operating activities	-	1,957
Cash flow hedges – reclassified from OCI	-	(709)
Cash flow hedges – ineffective portion of changes in fair value	-	2,063
<b>Finance income</b>	4,741	4,185
Finance leases (interest portion)	(1,744)	(1,076)
Cash flow hedges – reclassified from OCI	(2,546)	-
Cash flow hedges – ineffective portion of changes in fair value	(4,475)	-
Foreign exchange losses on operating activities	(1,620)	-
Interest expense on financial liabilities measured at amortised cost	(9,672)	(6,911)
<b>Finance costs</b>	(20,057)	(7,987)
<b>Net finance costs recognised in profit or loss</b>	(15,316)	(3,802)

Interest expense includes £1,457,000 (2021: £nil) relating to an early redemption penalty for the NOK 850m floating rate listed bond which was settled during the year.

## 8 Exceptional items – restructuring/acquisition related items

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

	2022 £000	2021 £000
Acquisition related items	–	(850)
Exceptional restructuring costs	1,229	480
Cost in relation to disposals	(1,245)	554
Total exceptional items	(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) totalling £42,000 relating to additional costs and disposals proceeds relating to disposals that occurred in 2020.

## 9 Taxation

### Amounts recognised in profit or loss

	2022 £000	2021 £000
<b>Current tax expense</b>		
Analysis of charge in period		
Current tax:		
Current income tax expense on profits for the period	11,727	5,383
Adjustment in respect of prior periods	(39)	502
Total current tax charge	11,688	5,885
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(4,414)	(3,228)
Deferred tax movements in respect of prior periods	–	(260)
<b>Total deferred tax credit (Note 22)</b>	(4,414)	(3,488)
<b>Total tax charge</b>	<b>7,274</b>	<b>2,397</b>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2022 £000	2021 £000
Accounting loss before income tax	(23,177)	(9,179)
Expected tax credit based on the standard rate of UK corporation tax at the domestic rate of 19.0% (2021: 19.0%)	(4,404)	(1,744)
Income not taxable	(181)	(133)
Expenses not deductible for tax purposes	1,235	358
Deferred tax not recognised	9,299	3,775
Adjustment to tax charge in respect of prior periods	(39)	242
Effects of changes in tax rates	–	(6)
Different tax rates in overseas jurisdictions	1,364	(95)
<b>Total tax charge</b>	<b>7,274</b>	<b>2,397</b>

## 9. Taxation continued

As at 30 September 2022, the Group held a current provision within corporation tax of £1.0m (2021: £1.0m) in respect of uncertain tax positions. The resolution of these tax matters may take many years. The range of reasonably possible outcomes within the next financial year is £nil to £1.2m.

Deferred tax not recognised of £9,299,000 (2021: £3,775,000) mainly relates to current year losses which largely originate in the UK, and for which there is insufficient evidence that taxable profits will be available against which they can be utilised and so no deferred tax asset is recognised.

In FY21, the adjustment to tax charge in respect of prior periods includes a credit of £260,000 relating to deferred tax on intangible assets that should have been recognised at 30 September 2020. No adjustment was made in the current year.

### Changes in tax rates and factors affecting the future tax charge

The UK Finance Bill 2021 substantively enacted on 24 May 2021, included an increase in the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. UK deferred tax assets and liabilities as at 30 September 2022 have been recalculated accordingly, based on the Group's best estimate of the timing of the unwind of existing temporary differences.

Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date, in the territories in which they arose.

There was no deferred tax recognised in other comprehensive income in the year (2021: £nil).

## 10 Loss per share

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

	2022	2021
Loss attributable to equity holders of the parent (£000)	(32,087)	(12,891)
Weighted average number of shares in issue (thousands)	698,233	669,459
Basic loss per share (pence)	(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 based on the monetary value of the subscription rights attached to outstanding share options and warrants.

A total of 6,240,304 potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the year (2021: 4,615,712) as they are anti-dilutive and reduce the loss per share. However, these potential ordinary shares could dilute earnings per share in the future.

## 11 Property, plant and equipment

	Freehold Land and Buildings £000 £000	Assets in the course of construction £000 £000	Long Term Leasehold Property Improvements £000 £000	Plant and Machinery £000 £000	Office Equipment and Fixtures £000 £000	Total £000 £000
<b>Cost</b>						
Balance at 1 October 2020	57,856	1,213	5,967	25,149	2,596	92,781
Additions	4,461	4,118	841	7,608	955	17,983
Reclassification	(2,075)	(371)	38	2,414	(6)	-
Increase/(decrease) through transfers from assets in the course of construction	3,080	(3,080)	-	-	-	-
Exchange differences	(5)	(73)	(22)	(1,107)	(206)	(1,413)
Disposals	(290)	-	(403)	(1,171)	(588)	(2,452)
Disposals through sale of subsidiary	-	-	-	-	-	-
Balance at 30 September 2021	63,027	1,807	6,421	32,893	2,751	106,899
<b>Balance at 1 October 2021</b>	<b>63,027</b>	<b>1,807</b>	<b>6,421</b>	<b>32,893</b>	<b>2,751</b>	<b>106,899</b>
<b>Additions</b>	<b>4,025</b>	<b>1,616</b>	<b>283</b>	<b>4,546</b>	<b>338</b>	<b>10,808</b>
<b>Re-classification to inventory</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,514)</b>	<b>-</b>	<b>(1,514)</b>
<b>Increase/(decrease) through transfers from assets in the course of construction</b>	<b>251</b>	<b>(1,275)</b>	<b>-</b>	<b>995</b>	<b>29</b>	<b>-</b>
<b>Exchange differences</b>	<b>1,924</b>	<b>116</b>	<b>432</b>	<b>2,377</b>	<b>146</b>	<b>4,995</b>
<b>Disposals</b>	<b>(224)</b>	<b>-</b>	<b>-</b>	<b>(131)</b>	<b>(126)</b>	<b>(481)</b>
<b>Balance at 30 September 2022</b>	<b>69,003</b>	<b>2,264</b>	<b>7,136</b>	<b>39,166</b>	<b>3,138</b>	<b>120,707</b>
<b>Accumulated Depreciation</b>						
Balance at 1 October 2020	6,481	-	4,984	14,669	1,046	27,180
Depreciation charge for the year	2,120	-	192	2,379	486	5,177
Reversal of impairment in the year	-	-	-	(160)	-	(160)
Exchange differences	(541)	-	(63)	(986)	(196)	(1,786)
Disposals	(231)	-	(390)	(1,096)	(575)	(2,292)
Balance at 30 September 2021	7,829	-	4,723	14,806	761	28,119
<b>Balance at 1 October 2022</b>	<b>7,829</b>	<b>-</b>	<b>4,723</b>	<b>14,806</b>	<b>761</b>	<b>28,119</b>
<b>Depreciation charge for the year</b>	<b>2,387</b>	<b>-</b>	<b>197</b>	<b>5,411</b>	<b>607</b>	<b>8,602</b>
<b>Exchange differences</b>	<b>792</b>	<b>-</b>	<b>256</b>	<b>1,200</b>	<b>141</b>	<b>2,389</b>
<b>Disposals</b>	<b>(84)</b>	<b>-</b>	<b>-</b>	<b>(102)</b>	<b>(117)</b>	<b>(303)</b>
<b>Balance at 30 September 2022</b>	<b>10,924</b>	<b>-</b>	<b>5,176</b>	<b>21,315</b>	<b>1,392</b>	<b>38,807</b>
<b>Net book value</b>						
<b>At 30 September 2022</b>	<b>58,079</b>	<b>2,264</b>	<b>1,960</b>	<b>17,851</b>	<b>1,746</b>	<b>81,900</b>
At 30 September 2021	55,198	1,807	1,698	18,087	1,990	78,780
At 1 October 2020	51,375	1,213	983	10,480	1,550	65,601



## 12 Leases

	2022 £000	2021 £000
<b>Right-of-use-assets</b>		
Leasehold property	9,389	9,859
Plant and machinery	17,582	15,541
Office equipment and fixtures	63	131
	<b>27,034</b>	25,531

	2022 £000	2021 £000
<b>Lease liabilities</b>		
Current	11,522	9,042
Non-current	14,765	14,945
	<b>26,287</b>	23,987

### Depreciation charge of right-of-use assets

	2022 £000	2021 £000
<b>Right-of-use-assets</b>		
Leasehold property	1,383	1,449
Plant and machinery	9,176	1,718
Office equipment and fixtures	72	75
	<b>10,631</b>	3,242

### Additional information

	2022 £000	2021 £000
Additions to right-of-use assets	497	18,721
Modifications to right-of-use assets	10,884	–
Impairment of leasehold property right-of-use asset	664	100
Interest expense	1,744	1,076
Expense relating to short-term leases	152	371
Expense relating to leases of low-value leases	151	58
Total cash outflow for leases	<b>10,533</b>	6,107

Benchmark Animal Health Limited modified the existing leases for two PSV vessels, the FS Aquarius and the FS Pegasus to extend the lease term only. These two assets constitute £15,741,399 of the net book value and £15,358,543 of the lease liability at the year end.

### 13 Intangible assets

	Websites £000	Goodwill £000	Patents and Trademarks £000	Intellectual Property £000	Customer Lists £000	Contracts £000	Licences £000	Genetics £000	Development costs £000	Total £000
<b>Cost or valuation</b>										
Balance at 1 October 2020	201	144,346	270	138,718	5,497	6,561	35,559	22,182	23,057	376,391
Additions – externally acquired	115	–	68	–	–	–	42	–	–	225
Additions – internally developed	–	–	–	–	–	–	–	–	4,813	4,813
Exchange differences	3	(4,291)	–	(5,517)	(226)	41	(1,122)	454	(291)	(10,949)
Balance at 30 September 2021	319	140,055	338	133,201	5,271	6,602	34,479	22,636	27,579	370,480
<b>Balance at 1 October 2021</b>	<b>319</b>	<b>140,055</b>	<b>338</b>	<b>133,201</b>	<b>5,271</b>	<b>6,602</b>	<b>34,479</b>	<b>22,636</b>	<b>27,579</b>	<b>370,480</b>
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
<b>Balance at 30 September 2022</b>	<b>447</b>	<b>164,674</b>	<b>452</b>	<b>160,407</b>	<b>6,378</b>	<b>6,575</b>	<b>40,320</b>	<b>23,235</b>	<b>31,222</b>	<b>433,710</b>
<b>Accumulated amortisation and impairment</b>										
Balance at 1 October 2020	26	43,101	81	63,163	1,005	6,114	11,376	3,431	1,091	129,388
Amortisation charge for the period	41	–	53	12,707	199	66	1,909	622	299	15,896
Impairment	–	–	–	–	–	–	–	–	387	387
Exchange differences	–	(1,743)	(1)	(2,329)	(38)	30	(208)	58	–	(4,231)
Balance at 30 September 2021	67	41,358	133	73,541	1,166	6,210	13,077	4,111	1,777	141,440
<b>Balance at 1 October 2021</b>	<b>67</b>	<b>41,358</b>	<b>133</b>	<b>73,541</b>	<b>1,166</b>	<b>6,210</b>	<b>13,077</b>	<b>4,111</b>	<b>1,777</b>	<b>141,440</b>
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
<b>Balance at 30 September 2022</b>	<b>143</b>	<b>49,950</b>	<b>206</b>	<b>104,386</b>	<b>1,656</b>	<b>6,293</b>	<b>16,943</b>	<b>4,886</b>	<b>3,983</b>	<b>188,446</b>
<b>Net book value</b>										
<b>At 30 September 2022</b>	<b>304</b>	<b>114,724</b>	<b>246</b>	<b>56,021</b>	<b>4,722</b>	<b>282</b>	<b>23,377</b>	<b>18,349</b>	<b>27,239</b>	<b>245,264</b>
At 30 September 2021	252	98,697	205	59,660	4,105	392	21,402	18,525	25,802	229,040
At 1 October 2020	175	101,245	189	75,555	4,492	447	24,183	18,751	21,966	247,003

### 13. Intangible assets continued

Description	Category	NBV 2022 £000	NBV 2021 £000	Remaining life 2022
<b>Acquisition of INVE in 2015</b>				
Goodwill	Goodwill	87,585	72,385	–
Harvesting rights	Licences	22,449	19,599	13
Product technology	Intellectual property	446	1,843	0
Product rights	Intellectual property	39,390	42,571	3
Brand names	Intellectual property	12,976	11,533	13
In-process R&D	Intellectual property	847	915	3
Customer relationships	Customer lists	4,723	4,105	19
<b>Total relating to acquisition of INVE</b>		<b>168,416</b>	152,951	
<b>Acquisition of Salmobreed AS (Now part of Benchmark Genetics Norway AS) in 2014</b>				
Goodwill	Goodwill	6,523	6,703	–
Genetic material and breeding nuclei	Genetics	9,911	10,500	32
<b>Total relating to acquisition of Salmobreed AS</b>		<b>16,434</b>	17,203	
<b>Acquisition of Stofnfiskur (Now Benchmark Genetics Iceland) in 2014</b>				
Goodwill	Goodwill	12,467	11,394	–
Genetic material and breeding nuclei	Genetics	8,147	7,677	32
<b>Total relating to acquisition of Stofnfiskur</b>		<b>20,614</b>	19,071	
<b>Acquisition of Akvaforsk Genetics Center AS (Now part of Benchmark Genetics Norway AS) in 2015</b>				
Goodwill	Goodwill	7,348	7,552	–
Licences	Licences	292	662	1
Contracts	Contracts	282	392	3
<b>Total relating to acquisition of Akvaforsk Genetics Center AS</b>		<b>7,922</b>	8,606	
<b>Capitalised development costs</b>				
Ectosan®Vet/CleanTreat®	Development costs	15,840	17,621	9
Live food alternative diets	Development costs	4,115	3,318	Not yet ready for use
SPR Shrimp	Development costs	6,686	4,863	
<b>Total capitalised development costs</b>		<b>26,641</b>	25,802	
<b>Other purchased material intangible assets</b>	Intellectual Property	<b>1,497</b>	1,586	<b>17</b>
<b>Total relating to other purchased intangible assets</b>		<b>1,497</b>	1,586	
<b>Other individually immaterial goodwill and intangibles</b>		<b>3,740</b>	3,821	
<b>Total net book value at 30 September</b>		<b>245,264</b>	229,040	

## 14 Impairment testing of goodwill and other intangible assets

The Group tests goodwill and other intangibles not yet ready for use annually for impairment, or more frequently if there are indications that goodwill or the other intangible assets might be impaired. Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combination. The only intangible assets not yet ready for use are generally the capitalised development costs on internally developed products. Following the commercial launch of the SPR Shrimp product in Genetics, amortisation of these development costs commenced during the year. The development costs included in the table below represents only those that are not yet ready for use.

Due to the interdependence of the operations within each of the business areas and the way in which they are managed, management have determined the CGUs are the business areas themselves – Health, Genetics and Advanced Nutrition. These are the smallest groups of assets that independently generate cashflows and whose cashflows are largely independent of those generated by other assets. Goodwill and capitalised development costs arise across the Group, and are allocated specifically against the CGUs as follows:

	Genetics 2022 £000	Advanced Nutrition 2022 £000	Health 2022 £000	Total 2022 £000
Benchmark Genetics Norway AS	6,523	–	–	6,523
Benchmark Genetics Iceland HF	12,467	–	–	12,467
Akvaforsk Genetic Center*	8,150	–	–	8,150
INVE Aquaculture Group	–	87,585	–	87,585
Goodwill	27,140	87,585	–	114,725
Other intangibles not yet ready for use – development costs	–	4,115	–	4,115

\* Includes goodwill arising from the joint acquisition of Akvaforsk Genetics Center AS (which was transferred into Benchmark Genetics Norway AS) and Benchmark Genetics USA Inc (formerly Akvaforsk Genetics Center Inc).

	Genetics 2021 £000	Advanced Nutrition 2021 £000	Health 2021 £000	Total 2021 £000
Benchmark Genetics Norway AS	6,702	–	–	6,702
Benchmark Genetics Iceland HF	11,394	–	–	11,394
Akvaforsk Genetic Center*	8,216	–	–	8,216
INVE Aquaculture Group	–	72,385	–	72,385
Goodwill	26,312	72,385	–	98,697
Other intangibles not yet ready for use – development costs	4,863	3,318	–	8,181

\* Includes goodwill arising from the joint acquisition of Akvaforsk Genetics Center AS (which was transferred into Benchmark Genetics Norway AS) and Benchmark Genetics USA Inc (formerly Akvaforsk Genetics Center Inc).

The recoverable amounts of the above CGUs have been determined from value-in-use calculations. These calculations used Board approved cash flow projections from five-year business plans based on actual operating results and current forecasts. These forecasts were then extrapolated into perpetuity taking account of specific terminal growth rates for future cash flows, using individual business operating margins based on past experience and future expectations in light of anticipated economic and market conditions. The pre-tax cash flows that these projections produced were discounted at pre-tax discount rates based on the Group's beta adjusted cost of capital, further adjusted to reflect management's assessment of specific risks related to the markets and other factors pertaining to each CGU. Forecasts also include any costs in relation to the Group's climate change strategy and climate change factors have been considered when setting the long-term growth rates.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Specific assumptions used are as follows:

### Genetics

Amortisation of the development costs relating to the business area's new SPR Shrimp product commenced in the period. The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 14.7% (2021: 10.9%). CAGR of revenue of 15% (2021: 14%) is implied by the five-year plan and a long-term growth rate of 2.5% (2021: 2.5%) has been used to extrapolate the terminal year cashflow into perpetuity.

Having conducted a sensitivity analysis of key assumptions, no reasonably possible changes that would result in the elimination of all headroom were identified.

## 14. Impairment testing of goodwill and other intangible assets continued

### Advanced Nutrition

The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 15.6% (2021: 10.3%). CAGR of revenue of 10% (2021: 6%) is implied by the five-year plan and a long-term growth rate of 3.5% (2021: 3.5%) has been used to extrapolate the terminal year cashflow into perpetuity. Market analysis reports predict long-term growth rates of c5.0%, and the health benefits of shrimp are still very much in evidence. Management have used a long-term growth rate of 3.5% to represent both a prudent and consistent approach for the CGU.

The value in use assessment is sensitive to changes in the key assumptions used. All other assumptions being unchanged a decrease in the long-term growth rate to 1.8% or an increase in the pre-tax discount rate to 16.8%, either of which are considered to be reasonably possible, would reduce the headroom on the Advanced Animal Nutrition CGU of £21.6m to nil. Should the discount rate increase further than this, then an impairment of the goodwill or development costs would be likely.

Work was performed during the year in assessing the risks caused by climate change which highlighted a risk associated with the water levels in the Great Salt Lake which is a key source of artemia for the Group. Mitigating actions were noted in the review indicating that this is not currently a trigger event causing our forecasts to be sensitised for this risk. However, should the water levels fall to a level that could not sustain production of artemia, this might lead to an impairment. Were this to occur, other mitigating actions available to the Group including obtaining artemia from other globally available sources and exploiting our Diets portfolio to reduce the use of artemia in our feed programmes would be explored. As a result, management believe that no impairment to the carrying value of the intangible assets is required.

### Health

The pre-tax cashflows from the five-year projections were discounted using a pre-tax discount rate of 16.4% (2021: 12.6%). An assumed CAGR of revenue of 27% (2021: 70%) in the five-year plan reflects the importance of the successful commercial ramp-up of the business area's new sea lice treatment in the forecast period. A long-term growth rate of 0.0% (2021: 0.0%) has been used to extrapolate the terminal year cashflow into perpetuity. The prudent assumption in the long-term growth rate is intended to reflect that the business area's new sea lice treatment is the principal source of cash generation, and only benefits from patent protection against generic competitors for a finite period of time.

The valuation of the Health cash generating unit indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment in related development costs.

While the valuation of the Health cash-generating unit indicates sufficient headroom such that any reasonably possible change to key assumptions is unlikely to result in an impairment in related development costs, commercialisation is at an early stage and in the unlikely event that this is not successful, impairment could result.

## 15 Equity-accounted investees

	2022 £000	2021 £000
Interest in joint venture	1,106	1,608
Interest in associates	2,007	1,746
	<b>3,113</b>	3,354

### Joint ventures

Salmar Genetics AS (SGA) is a joint venture in which the Group has joint control and a 50% ownership interest.

SGA is structured as a separate vehicle and the Group has a residual interest in the net assets of SGA. Accordingly, the Group has classified its interest in SGA as a joint venture. SGA is a provider of breeding and genetics services related to Atlantic salmon and as such is strategically aligned to the Group.

The Group's interest in SGA is 50% of its net assets, including 50% of its result and total comprehensive income each year. The company is registered in Norway and the registered address is 7266 Kverva, Frøya, Norway.

### Associates

The Group has a 22% interest in an associate Great Salt Lake Brine Shrimp Cooperative, Inc (the 'Cooperative'). The Cooperative is one of the Group's strategic suppliers and is an aquacultural cooperative organised for the purpose of harvesting, processing, manufacturing, and marketing Artemia cysts and Artemia feeds.

The Group's interest in the Cooperative represents the aggregate of the cost of the investment in the Cooperative and the post acquisition movements in the Group's share of the unallocated and allocated equity reserves.

The company is registered in USA and the registered address is 1750 West 2450 South, Ogden, Utah.

The Group also has a 44% interest in an associate Benchmark Genetics (Thailand) Limited ("BGTL"). BGTL engages in shrimp production in the form of a multiplication centre by selecting and growing marine shrimp species products (including broodstock, nauplii and post-larvae, based on Benchmark's and its Affiliates' genetic strains) which are locally optimised for Thailand.

The company is registered in Thailand and the registered address is No. 471, Bond Street Road, Bangpood Sub-district, Pakkred District, Nonthaburi Province, Thailand.

The Group also has a 34% interest in an associate Baggfossen Mikrokraft AS ("BMAS"). BMAS is a power generation business and provides electricity to Benchmark Genetics Salten AS.

The company is registered in Norway and the registered address is Salmobreed Salten AS Sorfjordmoen 34, 8264 Engan.

## 16 Inventories

	2022 £000	2021 £000
Raw materials	7,107	5,232
Work in progress	3,722	1,488
Finished goods and goods for resale	18,984	14,227
<b>Total inventories at the lower of cost and net realisable value</b>	<b>29,813</b>	20,947

During 2022, £60,780,000 (2021: £51,920,000) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales. The cost of inventories recognised as a credit includes £14,000 (2021 credit: £87,000) in respect of write-downs of inventory to net realisable value.

## 17 Biological assets

### Book value of biological assets recognised at fair value

	2022 £000	2021 £000
Salmon eggs	14,037	9,830
Salmon broodstock	30,501	26,700
Salmon milt	606	365
Lumpfish fingerlings	1,090	1,104
Shrimp	424	366
<b>Total biological assets 30 September</b>	<b>46,658</b>	<b>38,365</b>
<b>Analysed as</b>		
Current	25,780	17,121
Non-current	20,878	21,244
<b>Total biological assets 30 September</b>	<b>46,658</b>	<b>38,365</b>

### Change in book value of biological assets

	2022 £000	2021 £000
Biological assets 1 October	38,365	32,469
Increase from production	48,067	36,872
Reduction due to sales	(43,535)	(34,768)
Foreign exchange movement before fair value adjustment	1,704	311
Change in fair value through income statement (see Note 5)	1,595	3,323
Foreign exchange impact on fair value adjustment	462	158
<b>Biological assets 30 September</b>	<b>46,658</b>	<b>38,365</b>

### 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.

## 17. Biological assets continued

### Change in book value of salmon broodstock

	2022 £000	2021 £000
Biological assets 1 October	26,700	21,051
Increase from production	28,720	22,428
Transfer to salmon eggs following harvesting	(26,509)	(19,602)
Foreign exchange movement before fair value adjustment	1,326	169
Change in fair value through income statement	(31)	2,530
Foreign exchange impact on fair value adjustment	295	124
<b>Biological assets 30 September</b>	<b>30,501</b>	<b>26,700</b>

### Significant unobservable inputs used in the valuation of salmon broodstock

	2022	2021
Number of eggs valued in broodstock (m units)	222	192
Average selling price per egg (GBP)	0.135	0.128
Future costs per egg (GBP)	(0.021)	(0.015)

The fair value inputs for lumpfish fingerlings and shrimp are categorised as level 2. The calculation of the fair value of lumpfish fingerlings and shrimp is valued on current selling prices less transport costs. Internally generated data is used to incorporate mortality rates and the weight of the biomass.

The fair value inputs for salmon milt are categorised as level 3. Where we have identified individual salmon carrying particular traits or disease resistance, semen (milt) can be extracted and deep-frozen using cryopreservation techniques (the process of freezing biological material at extreme temperatures in liquid nitrogen). The calculation of the fair value of milt is based on production and freezing costs and, where appropriate, an uplift to recognise the additional selling price that can be achieved from eggs fertilised by premium quality milt.

There is a presumption that fair value can be measured reliably for a biological asset. However, we sometimes face a situation where alternative estimates of fair value are determined to be clearly unreliable (for example, where we establish a new broodstock farm in a new territory). In such a case, that biological asset shall be measured at its cost less any accumulated impairment losses. In the year this applied to £1,969,000 of broodstock in Chile. As at 30 September the gross carrying amount was £4,704,000 (2021: £4,674,000) and the accumulated impairment losses were £2,735,000 (2021: £2,507,000).

The valuation models by their nature are based upon uncertain assumptions on sales prices, market capacity, weight, mortality rates, yields and assessment of the discounts to reflect the stages of maturity. The Group has a degree of expertise in these assumptions but these assumptions are subject to change. Relatively small changes in assumptions would have a significant impact on the valuation. A 1% increase/decrease in assumed selling price would increase/decrease the fair value of biological assets by £445,000. A 10% increase/decrease in the biomass of salmon broodstock and the quantity of salmon eggs valued would increase/decrease the fair value of those biological assets by £4,450,000.

The Group is exposed to financial risks arising from changes in the market value of the salmon eggs, lumpfish fingerlings and shrimp broodstock that it sells. The Group does not anticipate that prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in the price of its products. The Group reviews its outlook for salmon eggs, lumpfish fingerlings and shrimp broodstock prices regularly in considering the need for active financial risk management.

### Risk management strategy related to aquaculture activity

The Group is exposed to the following risks relating to its aquaculture activities. These risks and management's strategies to mitigate them are described below:

#### Regulatory and environmental risks

The nature of certain of the Group's operating activities exposes us to certain significant risks to the environment, such as incidents associated with releases of chemicals or hazardous substances when conducting our operations, which could result in liability, fines, risk to our product permissions and reputational damage. There is a risk that natural disasters could lead to damage to infrastructure, loss of resources, products or containment of hazardous substances. Our business activities could be disrupted if we do not respond, or are perceived not to respond, in an appropriate manner to any major crisis or if we are not able to restore or replace critical operational capacity.

In mitigation we have implemented standards and requirements which govern key risk management activities such as inspection, maintenance, testing, business continuity and crisis response.



## 17. Biological assets continued

### Biological risks

The Group is exposed to the risk of disease within the Group's own operations and disease in the market resulting in possible border closures. In mitigation, the Group:

- Operates the highest levels of biosecurity.
- Holds genetic stock at multiple sites and increasingly sources from its own land-based salmon breeding facilities.
- Operates containment zones which mitigates the risk of border closures affecting its ability to import or export.
- Has placed increased focus on insuring its biological stock.

### Outputs and quantities held

Total output of aquaculture activity in the year was:

	2022	2021
Salmon eggs	<b>291.1m units</b>	242.0m units
Lumpfish fingerlings	<b>2.0m units</b>	2.4m units

Total quantities held at 30 September were:

	2022	2021
Salmon eggs	<b>103.9m units</b>	79.9m units
Salmon broodstock	<b>1,737 tonnes</b>	1,577 tonnes
Lumpfish fingerlings	<b>0.7m units</b>	2.6m units

## 18 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	<b>31,218</b>	24,526
Less: provision for impairment of trade receivables	<b>(2,748)</b>	(2,493)
Trade receivables – net	<b>28,470</b>	22,033
<b>Total financial assets other than cash and cash equivalents measured at amortised cost</b>	<b>28,470</b>	22,033
Other receivables – contingent consideration	<b>887</b>	1,028
<b>Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss</b>	<b>887</b>	1,028
Prepayments	<b>14,989</b>	11,114
Other receivables	<b>12,031</b>	12,323
<b>Total trade and other receivables</b>	<b>56,377</b>	46,498

Other receivables relate to the following items: VAT recoverable £4,386,000 (2021: £2,650,000), research and development expenditure tax credits and similar items £154,000 (2021: £472,000), the right to receive an agreed proportion of a key supplier's harvest\* £5,249,000 (2021: £7,302,200), accrued income of £1,377,000 (2021: £348,000) and other amounts receivable of £865,000 (2021: £1,551,000).

\*A financial liability of £5,249,000 (2021: £7,302,200) is recognised (within trade payables) for the amount invoiced and remaining outstanding at the year-end in relation to the Group's contractual obligation to pay for a specified share of the harvest of a supplier, regardless of delivery and without recourse to the supplier. As at 30 September, as the Group has not taken physical delivery of the harvested product and as the Group does not control the harvested product, an 'other receivable' of £5,249,000 (2021: £7,302,200) has been recorded in relation to the Group's right to receive the product in the future.

The financial asset at fair value through profit and loss relates to contingent consideration outstanding from the disposal of Improve International Limited in FY20. This relates to deferred cash consideration dependent on the delivery of certain future revenues in the financial year ended 30 September 2022 and the fair value is derived from the likely receivable amount based on current expectations of performance against the targets.

## 18. Trade and other receivables continued

The fair values of trade and other receivables measured at amortised cost are not materially different to their carrying values. As at 30 September 2022 trade receivables of £5,943,000 (2021: £3,060,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2022 £000	2021 £000
Up to 3 months overdue	5,761	2,703
3 to 6 months overdue	218	211
6 to 12 months overdue	(36)	146
	<b>5,943</b>	<b>3,060</b>

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

	2022 £000	2021 £000
At 1 October	2,493	3,216
Provided during the year	281	54
Unused provisions reversed	(180)	(637)
Receivable written off during the year as uncollectable	–	(22)
Foreign exchange movements	154	(118)
At 30 September	<b>2,748</b>	<b>2,493</b>

The movement on the provision for impaired receivables has been included in the operating costs line in the Consolidated Income Statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

## 19 Trade and other payables

	2022 £000	2021 £000
Trade payables	22,149	20,690
Other payables	1,127	1,978
Accruals	17,636	15,812
Other payables – tax and social security payments	3,799	2,076
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>44,711</b>	<b>40,556</b>
Financial contracts – hedging instrument	7,991	972
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss</b>	<b>7,991</b>	<b>972</b>
Financial contracts – hedging instrument	21	5,889
<b>Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through Hedging Reserve</b>	<b>21</b>	<b>5,889</b>
Deferred income	597	162
<b>Total trade and other payables</b>	<b>53,320</b>	<b>47,579</b>
Less: non-current: contingent consideration in other payables and financial contracts	(8,996)	(911)
<b>Current portion</b>	<b>44,324</b>	<b>46,668</b>

Book values approximate to fair value at 30 September 2022 and 2021.

Of the financial contracts £8,387,000 (2021: £6,708,000) relates to a NOKUSD floating to fixed cross-currency interest rate swap (CCS) and a NOK interest rate swap (IRS), both of which were entered to fully match the timing and tenor of the underlying new senior secured floating rate listed bond issue of NOK 750m.

The floating-to-fixed NOK IRS (notional NOK 300m) is designated a cash flow hedge where any changes in the fair value of the swap will be taken directly to equity within the hedging reserve and recycled to profit or loss as the bond impacts the profit or loss.

The NOKUSD CCS (notional NOK450m) has been separated into two synthetic swaps; the first is a floating-to-fixed NOKGBP interest rate swap, being a cash flow hedge of the foreign exchange and interest rate risk on NOK denominated debt. The fair value of this synthetic swap is posted to the hedging reserve in equity. The second synthetic swap is a fixed-to-fixed GBPUSD swap designated as a net investment hedge in the USD net assets in the consolidated accounts of Benchmark Holdings plc. The fair value of this leg is posted to the foreign exchange translation reserve in equity.

## 20 Loans and borrowings

	2022 £000	2021 £000
<b>Non-Current</b>		
2025 750m NOK Loan notes	61,054	–
2023 850m NOK Loan notes	–	75,478
Bank borrowings	17,226	19,314
Lease liabilities (Note 12)	14,765	14,945
	<b>93,045</b>	109,737
<b>Current</b>		
Bank borrowings	5,569	1,612
Lease liabilities (Note 12)	11,522	9,042
	<b>17,091</b>	10,654
<b>Total loans and borrowings</b>	<b>110,136</b>	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.

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

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

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

Furthermore on 21 November 2022, the Group refinanced the USD15m RCF with a secured GBP20m RCF provided by DNB Bank ASA, maturing on 27 June 2025. The margin on this facility is a minimum of 2.5% and a maximum of 3.25%, dependent upon the leverage of the Group above the relevant risk free reference or IBOR rates depending on which currency is drawn.

The lease liabilities are secured on the assets to which they relate. The currency profile of the Group's loans and borrowings is as follows:

	2022 £000	2021 £000
Sterling	16,619	13,912
Norwegian Krone	80,712	97,389
Thai Baht	954	1,258
Euro	272	351
US Dollar	10,888	6,508
Icelandic Krone	545	750
Other	146	223
	<b>110,136</b>	120,391

## 20. Loans and borrowings continued

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

	Loans and borrowings £000	Share capital/ additional paid-in capital £000	Non-controlling interest £000	Total £000
<b>Year ended 30 September 2022</b>				
<b>Balance at 1 October 2021</b>	<b>120,391</b>	<b>401,352</b>	<b>7,884</b>	
<b>Changes from financing cash flows</b>				
Proceeds of share issues	–	20,175	–	20,175
Proceeds from bank or other borrowings	67,939	–	–	67,939
Repayment of bank or other borrowings	(74,874)	–	–	(74,874)
Interest and finance charges paid	(9,629)	–	–	(9,629)
Payments to finance lease creditors	(10,533)	–	–	(10,533)
<b>Total changes from financing cash flows</b>	<b>(27,097)</b>	<b>20,175</b>	<b>–</b>	<b>(6,922)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(6,087)</b>	<b>–</b>	<b>–</b>	
<b>Other changes – liability-related</b>				
Interest expense	9,488	–	–	
Capitalised borrowing fees	1,937	–	–	
New leases	11,380	–	–	
Interest accrual movement	124	–	–	
<b>Total liability-related other changes</b>	<b>22,929</b>	<b>–</b>	<b>–</b>	
<b>Total equity-related other changes</b>	<b>–</b>	<b>1</b>	<b>2,001</b>	
<b>Balance at 30 September 2022</b>	<b>110,136</b>	<b>421,528</b>	<b>9,885</b>	
<b>Year ended 30 September 2021</b>				
<b>Balance at 1 October 2020</b>	<b>109,158</b>	<b>400,269</b>	<b>6,309</b>	
<b>Changes from financing cash flows</b>				
Proceeds of share issues	–	750	–	750
Acquisition of NCI	–	–	(12)	(12)
Repayment of bank or other borrowings	(3,106)	–	–	(3,106)
Interest and finance charges paid	(7,699)	–	–	(7,699)
Payments to finance lease creditors	(4,602)	–	–	(4,602)
<b>Total changes from financing cash flows</b>	<b>(15,407)</b>	<b>750</b>	<b>(12)</b>	<b>(14,669)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(681)</b>	<b>–</b>	<b>–</b>	
<b>Other changes – liability-related</b>				
Interest expense	7,711	–	–	
Capitalised borrowing fees	1,012	–	–	
New leases	18,610	–	–	
Interest accrual movement	(12)	–	–	
<b>Total liability-related other changes</b>	<b>27,321</b>	<b>–</b>	<b>–</b>	
<b>Total equity-related other changes</b>	<b>–</b>	<b>333</b>	<b>1,587</b>	
<b>Balance at 30 September 2021</b>	<b>120,391</b>	<b>401,352</b>	<b>7,884</b>	

## 21 Provisions

	Other provisions £000	Total £000
At 1 October 2020	–	–
Provisions made during the year	(563)	(563)
<b>At 1 October 2021</b>	<b>(563)</b>	<b>(563)</b>
<b>Provisions made during the year</b>	<b>(1,127)</b>	<b>(1,127)</b>
<b>Provisions used</b>	<b>69</b>	<b>69</b>
<b>Unused provisions reversed</b>	<b>(10)</b>	<b>(10)</b>
<b>At 30 September 2022</b>	<b>(1,631)</b>	<b>(1,631)</b>
<b>Current</b>	<b>(1,631)</b>	<b>(1,631)</b>
<b>Non-current</b>	<b>–</b>	<b>–</b>
<b>At 30 September 2022</b>	<b>(1,631)</b>	<b>(1,631)</b>
Current	(563)	(563)
Non-current	–	–
At 30 September 2021	(563)	(563)

### Other provisions

During the year, £700,000 (2021: £300,000) was provided in respect of costs relating to contractual commitments in leases entered into during the year to restore certain leased assets to their original condition at the end of the lease period. The costs have been capitalised and are being depreciated over the life of the relevant asset.

During the year a provision of £472,000 was made in relation to committed running costs, incremental to the lease obligations, for the remainder of the lease period on a leased production site which is no longer needed by the business.

In the prior year £263,000 was provided in relation to increases in estimated restoration costs relating to certain leases.

## 22 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:

	2022 £000	2021 £000
At 1 October	(28,224)	(32,647)
Recognised in income statement		
Tax credit	4,414	3,488
Exchange differences	(4,180)	935
At 30 September	(27,990)	(28,224)

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 £44,576,000 (2021: £36,713,000) in respect of losses amounting to £146,241,000 (2021: £120,790,000) and temporary differences of £28,145,000 (2021: £25,185,000), mainly originating in the UK and for which there was insufficient evidence that taxable profits will be available in the near term against which they can be utilised. Of the unused tax losses on which no deferred tax is recognised, £112,601,000 have no expiry date and £33,640,000 expire between 2028 and 2035.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, for which deferred tax has not been recognised is £125,225,000. As the earnings are continually reinvested by the Group and there is no intention for these entities to pay dividends, no tax is expected to be payable on them in the foreseeable future.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period, together with amounts recognised in the Consolidated Income Statement and amounts recognised in other comprehensive income are as follows:

## 22. Deferred tax continued

	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	–	(25,511)	(25,511)	4,076	–
Biological assets	–	(4,109)	(4,109)	(850)	–
Other temporary and deductible differences	1,560	–	1,560	1,169	–
Available losses	–	–	–	(5)	–
Fair value of share options	70	–	70	24	–
<b>Net tax assets/(liabilities)</b>	<b>1,630</b>	<b>(29,620)</b>	<b>(27,990)</b>	<b>4,414</b>	<b>–</b>

	Asset 2021 £000	Liability 2021 £000	Net 2021 £000	(Charged)/ credited to profit or loss 2021 £000	(Charged)/ credited to equity 2021 £000
Accelerated capital allowances	–	(25,408)	(25,408)	3,908	–
Biological assets	–	(3,258)	(3,258)	(740)	–
Other temporary and deductible differences	391	–	391	402	–
Available losses	5	–	5	(96)	–
Fair value of share options	46	–	46	14	–
<b>Net tax assets/(liabilities)</b>	<b>442</b>	<b>(28,666)</b>	<b>(28,224)</b>	<b>3,488</b>	<b>–</b>

## 23 Share capital and additional paid-in capital

Allotted, called up and fully paid	Number	Share Capital £000	Share Premium £000
<b>Ordinary shares of 0.1 penny each</b>			
Balance at 30 September 2020	667,685,612	668	399,601
Exercise of share options	2,152,600	2	748
Shares issued through placing	536,272	–	333
<b>Balance at 30 September 2021</b>	<b>670,374,484</b>	<b>670</b>	<b>400,682</b>
<b>Exercise of share options</b>	<b>184,694</b>	<b>–</b>	<b>73</b>
<b>Shares issued through placing</b>	<b>33,401,620</b>	<b>34</b>	<b>20,069</b>
<b>Balance at 30 September 2022</b>	<b>703,960,798</b>	<b>704</b>	<b>420,824</b>

The holders of ordinary shares are entitled to one vote per share at meetings of the company, and to receive dividends from time to time as declared.

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

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

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

In the prior year, contingent consideration totalling USD 450,000 (£333,000) became payable relating to an acquisition from 2016 and this was paid in ordinary shares in the Group with the issue of 536,272 ordinary shares of 0.1p each on 13 January 2021.

## 24 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<b>Share premium reserve</b>	Amount subscribed for share capital in excess of nominal value.
<b>Merger reserve</b>	Under merger relief, the amount in excess of nominal value attributed to shares issued as consideration in an acquisition where the Group has secured at least a 90% equity holding in the other company.
<b>Capital redemption reserve</b>	Amounts transferred from share capital on redemption of issued shares.
<b>Foreign exchange reserve</b>	Gains/losses arising on retranslating the net assets of overseas operations into Sterling.
<b>Hedging reserve</b>	Comprises the effective portion of the cumulative net change in fair value of hedging instruments used in cash flow hedges pending subsequent recognition on profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.
<b>Retained earnings</b>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere. To simplify presentation, the share-based payment reserve has been combined with the retained earnings reserve. The share-based payment reserve recognised the value of equity-settled share-based payment transactions provided to employees, including management personnel, as part of their remuneration. Refer to Note 28 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.

## 25 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest ("NCI"), before any intra-group eliminations.

Year ended 30 September 2022	Benchmark Genetics Iceland HF £000	Benchmark Genetics Salten AS £000	Total £000
<b>NCI percentage</b>	<b>10%</b>	<b>25%</b>	
Non-current assets	18,836	38,212	
Current assets	35,606	13,977	
Non-current liabilities	(3,548)	(17,510)	
Current liabilities	(4,796)	(14,463)	
<b>Net assets</b>	<b>46,098</b>	<b>20,216</b>	
<b>Net assets attributable to NCI</b>	<b>4,826</b>	<b>5,060</b>	<b>9,886</b>
Revenue	26,103	15,676	
Profit	7,522	3,390	
OCI	3,517	(8)	
<b>Total comprehensive income</b>	<b>11,039</b>	<b>3,382</b>	
Profit allocated to NCI	787	849	1,636
OCI allocated to NCI	368	(2)	366
Cash flows from operating activities	6,210	5,578	
Cash flows used in investment activities	(2,779)	(1,302)	
Cash flows (used in)/from financing activities (dividends to NCI: £nil)	(481)	(2,795)	
<b>Net increase in cash and cash equivalents</b>	<b>2,950</b>	<b>1,481</b>	

Year ended 30 September 2021	Benchmark Genetics Iceland HF £000	Benchmark Genetics Salten AS £000	Total £000
<b>NCI percentage</b>	<b>10%</b>	<b>25%</b>	
Non-current assets	15,992	39,604	
Current assets	27,102	9,757	
Non-current liabilities	(3,072)	(19,505)	
Current liabilities	(4,964)	(13,023)	
<b>Net assets</b>	<b>35,058</b>	<b>16,833</b>	
<b>Net assets attributable to NCI</b>	<b>3,671</b>	<b>4,213</b>	<b>7,884</b>
Revenue	21,554	13,651	
Profit	6,085	2,708	
OCI	399	920	
<b>Total comprehensive income</b>	<b>6,484</b>	<b>3,628</b>	
Profit allocated to NCI	637	678	1,315
OCI allocated to NCI	42	230	272
Cash flows from operating activities	6,918	4,782	
Cash flows used in investment activities	(5,016)	(778)	
Cash flows (used in)/from financing activities (dividends to NCI: £nil)	(663)	(3,972)	
<b>Net increase in cash and cash equivalents</b>	<b>1,239</b>	<b>32</b>	

## 26 Retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group and amounted to £2,361,000 (2021: £2,354,000). Contributions totalling £1,126,000 (2021: £1,051,000) were payable to the fund at the balance sheet date and are included in other payables.



## 27 Capital commitments

At 30 September 2022, the Group had capital commitments as follows:

	2022 £000	2021 £000
Contracted for but not provided within these financial statements	1,476	1,297

## 28 Share-based payment

### Share options

The Group operates equity-settled share-option schemes for certain employees. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited, other than in limited circumstances, if the employee leaves the Group before the end of the vesting period. In these limited circumstances options will be exercisable in a specified period following termination of employment after which they will lapse.

For options granted in 2021 and 2022 additional performance measures apply. The performance measures are EPS growth, where 25% vests at threshold performance and 100% vests at maximum performance and Relative Total Shareholder Return measured against the FTSE AIM 100 index, where 25% vests at a ranking of median rising to 100% for a ranking of upper quartile or higher. In the case of Executive Directors, any vested shares will be subject to a two-year holding period.

The share options under the scheme are as follows:

Year ended 30 September 2022:

Year	No. of options					Option Price <sup>1</sup>	Exercise Period
	As at 1 October 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	6,014,383	–	–	(672,983)	5,341,400	58.5p	January 2022 to January 2029
2020	10,328,359	–	(172,185)	(1,094,377)	9,061,797	42.5p	February 2023 to February 2030
2020	2,100,000	–	–	–	2,100,000	31.5p	June 2023 to June 2030
2021	3,737,134	–	–	(366,876)	3,370,258	0.10p	January 2024 to January 2031
2021	205,899	–	–	–	205,899	0.10p	May 2024 to May 2031
2022	–	4,569,496	–	(301,582)	4,267,914	0.10p	December 2024 to December 2031

1 The option price is the nominal value of the Parent Company's shares for options issued except for the options issued in 2018, 2019 and 2020 for which the option price is the market price of the share on the date the options were granted.

## 28 Share-based payment continued

Year ended 30 September 2021:

Year	No. of options					Option Price <sup>1</sup>	Exercise Period
	As at 1 October 2020	Granted in 2021	Exercised in 2021	Forfeited in 2021	As at 30 September 2021		
2013	212,000	–	(145,000)	(25,000)	42,000	0.10p	August 2016 to July 2023
2015	235,840	–	(74,558)	(68,085)	93,197	0.10p	March 2018 to February 2025
2015	49,963	–	(3,410)	–	46,553	0.10p	July 2018 to June 2025
2016	524,001	–	(115,950)	(31,848)	376,203	0.10p	March 2019 to February 2026
2017	222,536	–	(87,264)	(20,100)	115,172	0.10p	March 2020 to February 2027
2018	7,920,876	–	–	(2,547,208)	5,373,668	69.5p	January 2021 to January 2028
2019	10,026,600	–	(99,982)	(3,912,235)	6,014,383	58.5p	January 2022 to January 2029
2020	13,675,329	–	(1,626,436)	(1,720,534)	10,328,359	42.5p	February 2023 to February 2030
2020	2,100,000	–	–	–	2,100,000	31.5p	June 2023 to June 2030
2021	–	3,817,762	–	(80,628)	3,737,134	0.10p	January 2024 to January 2031
2021	–	205,899	–	–	205,899	0.10p	May 2024 to May 2031

<sup>1</sup> The option price is the nominal value of the Parent Company's shares for options issued except for the options issued in 2018 and 2019 for which the option price is the market price of the share on the date the options were granted.

Of the total number of options outstanding at 30 September 2022, 11,267,925 (2021: 6,515,149) were exercisable. In addition to all of the outstanding share options from 2013 to 2019, the balance of options exercisable also included nil options (2021: 274,283) from 2019, 246,555 options (2021: 194,073) from 2020, 63,772 options (2021: nil) from 2021, and 7,063 options (2021: nil) from 2022 which had vested early, not been exercised and had not lapsed. The early vests were due to employees leaving the Group as part of the structural efficiencies programme and the restructuring of management.

Options exercised in 2022 resulted in 184,694 shares being issued at a weighted average price of 40.3p. The related weighted average share price at the time of exercise was 62.5p per share. Options exercised in 2021 resulted in 2,152,600 shares being issued at a weighted average price of 36.8p. The related weighted average share price at the time of exercise was 57.8p per share.

The fair value of all of the equity-settled share-options granted above is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted. The weighted average fair value of the share options granted during the period was 51p (2021: 54.3p). Other inputs used in the fair value measurement include:

Inputs	2022	2021
Expected share price volatility	<b>39.61%</b>	37.75%
Risk-free rate	<b>0.39%</b>	(0.11)%
Expected dividend yield	<b>0.00%</b>	0.00%

The expected price volatility is based on the historic volatility (based on the remaining life of the options).

## 28. Share-based payments continued

### Share options continued

The total charge reflected in the consolidated income statement in relation to the share-based transactions listed in the table below. The share based payment expense comprises:

Share options issued	Weighted average exercise price	Weighted average remaining contractual life	2022 £000	2021 £000
August 2013	0.1p	One years	–	–
March 2015 and July 2015	0.1p	Two years	–	–
March 2016	0.1p	Three years	–	–
March 2017	0.1p	Four years	–	–
January 2018	69.5p	Five years	–	58
January 2019	58.5p	Six years	101	321
February 2020	42.5p	Seven years	330	249
June 2020	31.5p	Seven years	57	61
January 2021	0.1p	Eight years	293	133
May 2021	0.1p	Eight years	16	8
December 2021	0.1p	Nine years	385	–
Equity-settled schemes			1,182	830
<b>Total share-based payment charge</b>			<b>1,182</b>	<b>830</b>

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.

## 29 Related party transactions

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

### Other related party transactions

Upon refinancing our Bond debt in September 2022, some related parties participated, at arms length, in the newly issued unsecured green bond. Those related parties and the amounts invested were as follows: FERD AS (NOK 6.5m), Kverva Finans AS (NOK 20.0m), JNE Partners LLP (NOK 6.5m), each of whom are deemed to be substantial shareholders of Benchmark Holdings PLC, and Atle Eide (NOK 5.0m) who is a Non-Executive Director of Benchmark Holdings PLC.

## 29. Related party transactions continued

### Other related party transactions continued

In addition, 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	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Sales of goods and services</b>				
Salmar Genetics AS <sup>1</sup>	93	126	26	–
Benchmark Genetics (Thailand) Limited <sup>2</sup>	23	–	60	–
Great Salt Lake Brine Shrimp Cooperative, Inc <sup>2</sup>	473	285	142	111
Andromeda S.A. <sup>3</sup>	–	–	–	760
Baggfossen Mikrokraft AS <sup>2</sup>	–	20	–	10
NovAustral <sup>4</sup>	–	–	89	–
<b>Purchases</b>				
Great Salt Lake Brine Shrimp Cooperative, Inc <sup>2</sup>	24,583	25,634	5,961	7,640
Baggfossen Mikrokraft AS <sup>2</sup>	21	–	–	–
Marco Polo Events Ltd <sup>5</sup>	8	–	–	–
Kontali Analyse AS <sup>6</sup>	1	–	–	–

1 Joint venture.

2 Associate.

3 A Director is a director of the parent undertaking of Andromeda S.A.

4 A director is KMP of NovAustral.

5 A director is a director of Marco Polo Events Ltd.

6 A director is a director of Kontali Analyse AS.

### Remuneration of key management personnel

The aggregate remuneration of the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. In 2022 and 2021 the key management personnel of the Group were considered to be the Board of Directors and the Executive Management Team.

	2022 £000	2021 £000
Salary	1,799	1,465
Bonus	1,422	1,019
Social security	459	251
Taxable benefits	24	11
Pension	124	100
Fees	307	285
Share-based payment	404	200
<b>Total</b>	<b>4,539</b>	<b>3,331</b>

### Parent and ultimate controlling party

The Company is controlled by the shareholders. There is no single controlling party.

## 30. Contingent liabilities

There is a full cross guarantee in respect of certain borrowings of other Group undertakings. Total such borrowings of other Group undertakings at 30 September 2022 were £nil (2021: £nil).

## 31. Notes supporting statement of cash flows

Cash and cash equivalents for the purposes of the statement of cash flows comprises:

	2022 £000	2021 £000
Cash at bank and in hand	36,399	39,460
<b>Cash and cash equivalents</b>	<b>36,399</b>	<b>39,460</b>

## 32 Alternative profit measures and other metrics

### Alternative profit measures

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

EBITDA, a widely used measure, which reflects profitability, is earnings before interest, tax, depreciation, amortisation and impairment and is shown on the income statement.

Adjusted EBITDA which reflects underlying profitability, is earnings before interest, tax, depreciation, amortisation, impairment, exceptional items and acquisition-related expenditure and is shown on the income statement.

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

Adjusted profit before tax is earnings before tax, amortisation and impairment of acquired intangibles, exceptional items and acquisition-related expenditure as reconciled below. These measures are not defined performance measures in IFRS. The Group's definition of these measures may not be comparable with similarly titled performance measures and disclosures by other entities.

### Reconciliation of adjusted operating profit to operating loss

	2022 £000	2021 £000
<b>Revenue</b>	<b>158,277</b>	125,062
Cost of sales	(75,149)	(59,477)
<b>Gross profit</b>	<b>83,128</b>	65,585
Research and development costs	(6,691)	(7,010)
Other operating costs	(44,661)	(38,221)
Depreciation and impairment	(19,897)	(8,359)
Amortisation of capitalised development costs	(2,165)	(299)
Share of loss of equity accounted investees net of tax	(595)	(905)
<b>Adjusted operating profit</b>	<b>9,119</b>	10,791
Exceptional including acquisition related items	16	(184)
Amortisation and impairment of intangible assets excluding development costs	(16,996)	(15,984)
<b>Operating loss</b>	<b>(7,861)</b>	(5,377)

### Reconciliation of loss before tax to adjusted (loss)/profit before tax

	2022 £000	2021 £000
<b>Loss before taxation</b>	<b>(23,177)</b>	(9,179)
Exceptional including acquisition-related items	(16)	184
Amortisation and impairment of intangible assets excluding development costs	16,996	15,984
<b>Adjusted (loss)/profit before tax</b>	<b>(6,197)</b>	6,989

### Other metrics

	2022 £000	2021 £000
<b>Total R&amp;D Investment</b>		
Research and development costs	6,691	7,010
Internal capitalised development costs (Note 13)	1,708	4,813
<b>Total R&amp;D investment</b>	<b>8,399</b>	11,823
	2022 £000	2021 £000
<b>Adjusted EBITDA excluding fair value movement in biological assets</b>		
Adjusted EBITDA	31,181	19,449
Exclude fair value movement	(1,595)	(3,323)
<b>Adjusted EBITDA excluding fair value movement</b>	<b>29,586</b>	16,126

### 32. Alternative profit measures and other metrics continued

#### Liquidity

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

	2022 £000
Cash and cash equivalents	36,399
Undrawn bank facility	9,398
<b>Liquidity</b>	<b>45,797</b>

The undrawn bank facility relates to the RCF facility (Note 20). At 30 September 2022, £4,000,000 (2021: £nil) of the RCF was drawn, leaving £9.4m undrawn.

### 33 Net debt

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

	2022 £000	2021 £000
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)
<b>Net debt excluding lease liabilities</b>	<b>(47,450)</b>	<b>(56,944)</b>
Lease liabilities – current	(11,522)	(9,042)
Lease liabilities – non-current	(14,765)	(14,945)
<b>Net debt</b>	<b>(73,737)</b>	<b>(80,931)</b>

### 34 Post balance sheet events

The Company announced on 6 December 2022 that it allocated 35,189,350 new shares under a private placement and Norwegian Retail Offering at a subscription price of NOK 4.50 each, raising gross proceeds of approximately NOK 158 million (equivalent to approximately GBP 13 million). The Company then completed the admission of its shares on Euronext Growth Oslo and trading on that market commenced on 15 December.

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. Following this acquisition, Benchmark Genetics Limited, a subsidiary of Benchmark Holdings PLC, now owns 100% of the share capital of Benchmark Genetics Iceland HF.

**Benchmark Holdings PLC Group**  
**Consolidated Quarterly Financial Statements**

**For the quarter ended 31 December 2022**

## Management Report

The Group delivered excellent performance in the first three months of the year translating into a 36% growth in revenue and 61% growth in Adjusted EBITDA excluding fair value movements from biological assets. Performance was good across all business areas, with each business area reporting improved revenues and Adjusted EBITDA excluding fair value movements from biological assets when compared to the same period last year. On a constant exchange rate basis, Group revenue and Adjusted EBITDA excluding fair value movements were up 29% and 56% respectively.

Other operating costs were £11.8m, a 18% increase from the prior year (Q1 FY22: £9.9m) due to cost inflation and the impact of forex movements. By business area, operating costs increased more significantly in Genetics reflecting the investment in growth vectors including SPR shrimp, tilapia and salmon in Chile. R&D expenses for the Group of £1.6m were in line with the prior year. Total R&D investment including capitalised development costs was £1.6m (Q1 FY22: £2.3m), reflecting commercialisation of SPR shrimp during the previous year for which costs are no longer capitalised.

Adjusted EBITDA (excluding fair value movement from biological assets) was £12.1m (Q1 FY22: £7.5m) driven by higher revenues, increased asset utilisation and ongoing cost control. As a result, the Group achieved an Adjusted EBITDA margin (excluding fair value movement from biological assets) of 22% (Q1 FY22: 19%). Depreciation and amortisation increased 13% from the comparative period last year to £10.1m (Q1 FY22: £8.9m) as a result of investment in the businesses and £0.5m impairment of intangible assets in the Health business area which are no longer being utilised. Exceptional costs incurred in the period of £1.0m (Q1 FY22: £nil) related to costs associated with the listing on Euronext Growth Oslo and preparation for up-listing on the Oslo stock exchange. However, despite these increased costs, the Group reported only a small operating loss of £0.1m, a significant improvement from the £1.5m loss in Q1 FY22.

Net finance income in the period was £0.2m (Q1 FY22: £2.2m expense), with a £2.5m credit relating to the ineffectively hedged portion of the movement in the fair value of derivative instruments and a lower amortisation charge on capitalised borrowing fees of £0.1m (Q1 FY22: £0.3m charge) offsetting the increased interest charges (-£0.3m) following the refinancing exercise.

The Group reported a small profit before tax of £0.1m (Q1 FY22: loss before tax £3.7m); the loss after tax for the period was £0.7m (Q1 FY22: loss after tax £5.1m).

The Group's improved result translated in a significantly higher net operating cash inflow from operating activities for the period at £8.1m (Q1 FY22: inflow £1.1m). This was after an increase in working capital of £0.8m and tax payments of £1.5m in the period. Net cash used in investing activities was £2.2m (Q1 FY22: £2.6m) of which capex was £1.9m (Q1 FY22: £2.5m). Capex in the period related to investment in Genetics (£1.3m), Nutrition (£0.4m) and in Health (£0.2m). Net cash inflow from financing activities was £2.2m, with net proceeds from the fundraise in December 2022 of £11.6m being offset by £4.4m repayment of debt, £0.6m of capitalised borrowing fees, £2.2m of interest paid and £2.2m of lease payments. Net increase in cash in the quarter was £8.1m to leave the period end cash position at £42.8m and liquidity of £62.8m.

## Advanced Nutrition

Advanced Nutrition revenues were £22.7m, up 19% with sales higher in all product areas, also aided by favourable forex rates in the period (revenues increased at CER by 4%). By product area, sales of Artemia were +23%, Diets +10% and Health +27% higher than Q1 FY22. Q1 FY23 Adjusted EBITDA was £5.3m, up by 23% reflecting improved asset utilisation and ongoing cost discipline. Adjusted EBITDA margin was consistent at 23% (Q1 FY22: 23%). Notably, the Company's good performance in Advanced Nutrition was delivered against a backdrop of soft market conditions entering into FY23 affected by weather conditions in Thailand,



the presence of SHIV virus in Indonesia and in Latin America by high fuel costs combined with low farm gate prices.

Our continued growth in Advanced Nutrition revenues is a reflection of our focused commercial effort which brings together our market leading, high performing product portfolio, experienced technical support and a quality oriented, reliable supply chain. We continue to innovate both in our existing range and development of new products and during the period we carried out a pre-launch of our Artemia counter, adding to our suite of Artemia technologies to improve customer experience. Examples of our customer-centric commercial effort in the period include trials of our specialist diets conducted by our global and regional technical experts working together to optimise customer performance in Indonesia, and artemia workshops conducted by our regional technical support and local sales teams aimed at tailoring the use of artemia tools and hatching protocols to individual customer needs.

## **Genetics**

Genetics delivered revenues of £21.4m in Q1 FY23 (Q1 FY22: £15.2m), reflecting a strong growth of 41% (+42% CER). This was driven primarily by sales of salmon eggs and harvest income which increased by 57% and 31%, respectively. Revenues from genetic services, our consulting business were 14% ahead of Q1 FY22. There was a slowdown in the commercial roll-out of the SPR shrimp as we refine our product offering based on customer feedback in our first year of trading. As a result, sales from SPR shrimp were 20% below the prior year.

Adjusted EBITDA for Q1 FY23 (excluding fair value movements of biological assets) was £3.7m, 11% ahead of the prior year (Q1 FY22: £3.4m), and at constant exchange rates, was 19% higher than the prior year. The fair value movements on biological assets in the quarter was a £1.1m reduction in value (Q1 FY22: £0.1m reduction), so Adjusted EBITDA including fair value movements for Q1 FY23 was £2.6m (Q1 FY22: £3.3m).

Post period end the Company announced the retirement of Jan-Emil Johannessen, Head of Benchmark Genetics who will be succeeded by Geir Olav Melingen, currently Commercial Director Salmon at Benchmark, with effect from 1 June 2023. During his tenure Jan-Emil has built a talented and experienced team capable of taking Benchmark Genetics through the next phase of growth. Geir Olav Melingen has extensive experience from leading roles in the aquaculture industry including at MSD, as CEO of Fishguard and CEO of the Bergen Aquarium. He has deep experience in fish health and the salmon industry with a PhD in fish health from the University of Bergen.

## **Health**

Revenues in Q1 FY23 were £10.4m (Q1 FY22: £5.8m) as a result of significantly increased customer uptake and sales of Ectosan® Vet and CleanTreat® and significant growth in Salmosan Vet – our well established sea lice treatment. Revenues from Ectosan® Vet and CleanTreat® were £7.5m of which £2.2m was derived from recharging vessel and fuel costs associated with the Ectosan® Vet and CleanTreat® operations.

Revenues from Salmosan® Vet, our long-established sea lice treatment were £2.9m (Q1 FY22: £1.3m) with significant growth achieved in Canada, Norway and the Faroe Islands. Growth was driven by a variation to the marketing label which supports a longer product exposure, as well as enhanced engagement with customers through our portfolio of sea lice solutions which can be used in combination to address our customers' sea lice challenge.

The significant increase in revenues resulted in Adjusted EBITDA of £4.1m in the quarter (Q1 FY22: £0.5m) demonstrating the potential of this business area to deliver good profitability.

Operationally we continue to make improvements in the efficiency of the delivery of our Ectosan® Vet and CleanTreat® solution achieving a new record in the speed of water transfer between the treatment wellboat and the CleanTreat® units, a key parameter for our customers. Speed of water transfer is now approximately double what it was at launch.

In the period we made progress towards a new business model for Ectosan® Vet and CleanTreat® aimed at lowering the Company's exposure to infrastructure costs by lowering capital intensity and capital investment. The Company has established a partnership with leading specialist wellboat equipment provider MMC and ship designer SALT to capture opportunities to integrate its CleanTreat® systems into new wellboats coming to the market. The speed of adoption of a fully integrated solution on wellboats is reliant on the availability and customer adoption of new large wellboats. Customer owned PSV's/platforms are a viable alternative to large wellboats in the medium to long term.

### **Oslo Børs uplisting and delisting from AIM**

As previously announced at the end of FY22, the Company intends to up-list from Euronext Growth Oslo to the Oslo Børs and we are making progress towards this goal. Oslo is the leading listing venue for aquaculture and seafood companies. There are 27 listed companies in the seafood sector in Oslo while Benchmark is the only pure play aquaculture company listed on the London Stock Exchange. A listing on the Oslo Børs provides natural access to an important pool of specialist investors best equipped to recognise the Company's added value and growth potential. The Company is conducting a consultation with shareholders on whether to maintain a listing on AIM. The potential up-listing to the Oslo Børs and delisting from AIM are subject to shareholder approval and market conditions.

### **Current Trading and Outlook**

Post period end the Company continues to perform well across all business areas and the outlook for the full year is encouraging. This reflects good visibility of revenues in Genetics, a positive performance in a more challenging market for Advanced Nutrition and increasing evidence of customer adoption for Ectosan® Vet and CleanTreat® in Health.



To the Board of Directors of Benchmark Holdings plc

## Independent Auditors' Report on Review of Interim Financial Information to Benchmark Holdings Plc

### *Introduction*

We have reviewed the accompanying consolidated balance sheet of Benchmark Holdings Plc ("the Company") as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the statement of consolidated cash flows for the 3 month period then ended, and notes to the interim financial information ("the consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as issued by the International Accounting Standards Board as adopted by EU. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Whilst the company has previously produced a quarterly report containing a condensed set of financial statements, those financial statements have not previously been subject to a review by an independent auditor. As a consequence, the review procedures set out above have not been performed in respect of the comparative period for the three months ended 31 December 2021.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 December 2022 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as issued by the International Accounting Standards Board as adopted by EU.

### *The purpose of our review work and to whom we owe our responsibilities*

This report is made solely to the Company in accordance with the terms of our engagement. Our review work has been undertaken so that we might state to the Company those matters we are required to state to it in our report and for no other purpose. We have consented to the inclusion of this report in the combined offering and listing prospectus dated 28 February 2023 to meet the

requirements of the Oslo Børs *Oslo Rule Book II – Issuer Rules* 3.1.2.4 (1), which apply on account of the Company's previous publication of quarterly interim financial statements as required under their Bond agreement. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusion we have formed.

KPMG LLP

KPMG LLP

15 Canada Square  
London  
E14 5GL

2 March 2023

## Benchmark Holdings plc

### Consolidated Income Statement for the period ended 31 December 2022

All figures in £000's	Notes	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
<b>Revenue</b>	4	<b>54,495</b>	40,014	<b>158,277</b>
Cost of sales		<b>(30,268)</b>	(20,515)	<b>(75,149)</b>
<b>Gross profit</b>		<b>24,227</b>	19,499	<b>83,128</b>
Research and development costs		<b>(1,563)</b>	(1,647)	<b>(6,691)</b>
Other operating costs		<b>(11,753)</b>	(9,923)	<b>(44,661)</b>
Share of profit/(loss) of equity-accounted investees, net of tax		<b>56</b>	(504)	<b>(595)</b>
<b>Adjusted EBITDA<sup>2</sup></b>		<b>10,967</b>	7,425	<b>31,181</b>
Exceptional items	5	<b>(972)</b>	-	<b>16</b>
<b>EBITDA<sup>1</sup></b>		<b>9,995</b>	7,425	<b>31,197</b>
Depreciation and impairment		<b>(4,615)</b>	(4,495)	<b>(19,897)</b>
Amortisation and impairment		<b>(5,502)</b>	(4,388)	<b>(19,161)</b>
<b>Operating loss</b>		<b>(122)</b>	(1,458)	<b>(7,861)</b>
Finance cost		<b>(7,286)</b>	(2,343)	<b>(20,057)</b>
Finance income		<b>7,508</b>	119	<b>4,741</b>
<b>Profit/(loss) before taxation</b>		<b>100</b>	(3,682)	<b>(23,177)</b>
Tax on loss	6	<b>(779)</b>	(1,427)	<b>(7,274)</b>
<b>Loss for the period</b>		<b>(679)</b>	(5,109)	<b>(30,451)</b>
<b>Loss for the period attributable to:</b>				
- Owners of the parent		<b>(1,283)</b>	(5,357)	<b>(32,087)</b>
- Non-controlling interest		<b>604</b>	248	<b>1,636</b>
		<b>(679)</b>	(5,109)	<b>(30,451)</b>
<b>Earnings per share</b>				
Basic loss per share (pence)	7	<b>(0.18)</b>	(0.79)	<b>(4.60)</b>
Diluted loss per share (pence)	7	<b>(0.18)</b>	(0.79)	<b>(4.60)</b>

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

2 Adjusted EBITDA – EBITDA before exceptional items

**Benchmark Holdings plc****Consolidated Statement of Comprehensive Income for the period ended 31 December 2022**

All figures in £000's	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
<b>Loss for the period</b>	<b>(679)</b>	<b>(5,109)</b>	<b>(30,451)</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign exchange translation differences	<b>(18,040)</b>	<b>(2,611)</b>	<b>47,606</b>
Cash flow hedges - changes in fair value	<b>(516)</b>	<b>(134)</b>	<b>2,627</b>
Cash flow hedges - reclassified to profit or loss	<b>(113)</b>	<b>115</b>	<b>2,546</b>
<b>Total comprehensive income for the period</b>	<b>(19,348)</b>	<b>(7,739)</b>	<b>22,328</b>
<b>Total comprehensive income for the period attributable to:</b>			
- Owners of the parent	<b>(19,751)</b>	<b>(7,948)</b>	<b>20,326</b>
- Non-controlling interest	<b>403</b>	<b>209</b>	<b>2,002</b>
	<b>(19,348)</b>	<b>(7,739)</b>	<b>22,328</b>

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

**Benchmark Holdings plc**

**Consolidated Balance Sheet as at 31 December 2022**

		31 December 2022	31 December 2021	30 September 2022
All figures in £000's	Notes	(unaudited)	(unaudited)	(audited)
<b>Assets</b>				
Property, plant and equipment		80,505	78,082	81,900
Right-of-use assets		23,883	23,062	27,034
Intangible assets		224,606	224,192	245,264
Equity-accounted investees		3,041	2,815	3,113
Other investments		15	15	15
Biological and agricultural assets		24,930	21,206	20,878
Trade and other receivables		422	-	-
<b>Non-current assets</b>		<b>357,402</b>	<b>349,372</b>	<b>378,204</b>
Inventories		28,222	21,343	29,813
Biological and agricultural assets		17,154	17,137	25,780
Trade and other receivables		51,159	43,267	56,377
Cash and cash equivalents		42,782	52,705	36,399
<b>Current assets</b>		<b>139,317</b>	<b>134,452</b>	<b>148,369</b>
<b>Total assets</b>		<b>496,719</b>	<b>483,824</b>	<b>526,573</b>
<b>Liabilities</b>				
Trade and other payables		(35,254)	(39,001)	(44,324)
Loans and borrowings	8	(16,227)	(6,872)	(17,091)
Corporation tax liability		(10,349)	(6,936)	(10,211)
Provisions		(1,587)	(557)	(1,631)
<b>Current liabilities</b>		<b>(63,417)</b>	<b>(53,366)</b>	<b>(73,257)</b>
Loans and borrowings	8	(87,958)	(110,119)	(93,045)
Other payables		(4,369)	(895)	(8,996)
Deferred tax		(25,105)	(27,159)	(27,990)
<b>Non-current liabilities</b>		<b>(117,432)</b>	<b>(138,173)</b>	<b>(130,031)</b>
<b>Total liabilities</b>		<b>(180,849)</b>	<b>(191,539)</b>	<b>(203,288)</b>
<b>Net assets</b>		<b>315,870</b>	<b>292,285</b>	<b>323,285</b>
<b>Issued capital and reserves attributable to owners of the parent</b>				
Share capital	9	739	704	704
Additional paid-in share capital	9	432,423	420,754	420,824
Capital redemption reserve		5	5	5
Retained earnings		(186,120)	(159,269)	(185,136)
Hedging reserve		(1,332)	(5,895)	(703)
Foreign exchange reserve		59,866	27,893	77,705
<b>Equity attributable to owners of the parent</b>		<b>305,581</b>	<b>284,192</b>	<b>313,399</b>
Non-controlling interest		10,289	8,093	9,886
<b>Total equity and reserves</b>		<b>315,870</b>	<b>292,285</b>	<b>323,285</b>

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 31 December 2022

	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
<b>As at 1 October 2022 (audited)</b>	<b>704</b>	<b>420,824</b>	<b>77,710</b>	<b>(703)</b>	<b>(185,136)</b>	<b>313,399</b>	<b>9,886</b>	<b>323,285</b>
<b>Comprehensive income for the period</b>								
(Loss)/profit for the period	-	-	-	-	(1,283)	(1,283)	604	(679)
Other comprehensive income	-	-	(17,839)	(629)	-	(18,468)	(201)	(18,669)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(17,839)</b>	<b>(629)</b>	<b>(1,283)</b>	<b>(19,751)</b>	<b>403</b>	<b>(19,348)</b>
<b>Contributions by and distributions to owners</b>								
Share issue	35	12,985	-	-	-	13,020	-	13,020
Share issue costs recognised through equity	-	(1,386)	-	-	-	(1,386)	-	(1,386)
Share-based payment	-	-	-	-	299	299	-	299
<b>Total contributions by and distributions to owners</b>	<b>35</b>	<b>11,599</b>	<b>-</b>	<b>-</b>	<b>299</b>	<b>11,933</b>	<b>-</b>	<b>11,933</b>
<b>Total transactions with owners of the Company</b>	<b>35</b>	<b>11,599</b>	<b>-</b>	<b>-</b>	<b>299</b>	<b>11,933</b>	<b>-</b>	<b>11,933</b>
<b>As at 31 December 2022 (unaudited)</b>	<b>739</b>	<b>432,423</b>	<b>59,871</b>	<b>(1,332)</b>	<b>(186,120)</b>	<b>305,581</b>	<b>10,289</b>	<b>315,870</b>
<b>As at 1 October 2021 (audited)</b>	<b>670</b>	<b>400,682</b>	<b>30,470</b>	<b>(5,876)</b>	<b>(154,231)</b>	<b>271,715</b>	<b>7,884</b>	<b>279,599</b>
<b>Comprehensive income for the period</b>								
(Loss)/profit for the period	-	-	-	-	(5,357)	(5,357)	248	(5,109)
Other comprehensive income	-	-	(2,572)	(19)	-	(2,591)	(39)	(2,630)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(2,572)</b>	<b>(19)</b>	<b>(5,357)</b>	<b>(7,948)</b>	<b>209</b>	<b>(7,739)</b>
<b>Contributions by and distributions to owners</b>								
Share issue	34	20,634	-	-	-	20,668	-	20,668
Share issue costs recognised through equity	-	(562)	-	-	-	(562)	-	(562)
Share-based payment	-	-	-	-	319	319	-	319
<b>Total contributions by and distributions to owners</b>	<b>34</b>	<b>20,072</b>	<b>-</b>	<b>-</b>	<b>319</b>	<b>20,425</b>	<b>-</b>	<b>20,425</b>
<b>Total transactions with owners of the Company</b>	<b>34</b>	<b>20,072</b>	<b>-</b>	<b>-</b>	<b>319</b>	<b>20,425</b>	<b>-</b>	<b>20,425</b>
<b>As at 31 December 2021 (unaudited)</b>	<b>704</b>	<b>420,754</b>	<b>27,898</b>	<b>(5,895)</b>	<b>(159,269)</b>	<b>284,192</b>	<b>8,093</b>	<b>292,285</b>
<b>As at 1 October 2021 (audited)</b>	<b>670</b>	<b>400,682</b>	<b>30,470</b>	<b>(5,876)</b>	<b>(154,231)</b>	<b>271,715</b>	<b>7,884</b>	<b>279,599</b>
<b>Comprehensive income for the period</b>								
(Loss)/profit for the period	-	-	-	-	(32,087)	(32,087)	1,636	(30,451)
Other comprehensive income	-	-	47,240	5,173	-	52,413	366	52,779
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>47,240</b>	<b>5,173</b>	<b>(32,087)</b>	<b>20,326</b>	<b>2,002</b>	<b>22,328</b>
<b>Contributions by and distributions to owners</b>								
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
<b>Total contributions by and distributions to owners</b>	<b>34</b>	<b>20,142</b>	<b>-</b>	<b>-</b>	<b>1,182</b>	<b>21,358</b>	<b>-</b>	<b>21,358</b>
<b>Total transactions with owners of the Company</b>	<b>34</b>	<b>20,142</b>	<b>-</b>	<b>-</b>	<b>1,182</b>	<b>21,358</b>	<b>-</b>	<b>21,358</b>
<b>As at 30 September 2022 (audited)</b>	<b>704</b>	<b>420,824</b>	<b>77,710</b>	<b>(703)</b>	<b>(185,136)</b>	<b>313,399</b>	<b>9,886</b>	<b>323,285</b>

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

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



**Benchmark Holdings plc**

**Consolidated Statement of Cash Flows for the period ended 31 December 2022**

	Q1 2023 (unaudited) £000	Q1 2022 (unaudited) £000	FY 2022 (audited) £000
<b>Cash flows from operating activities</b>			
<b>Loss for the period</b>	<b>(679)</b>	<b>(5,109)</b>	<b>(30,451)</b>
<b>Adjustments for:</b>			
Depreciation and impairment of property, plant and equipment	2,033	2,022	8,602
Depreciation and impairment of right-of-use assets	2,582	2,473	11,295
Amortisation and impairment of intangible fixed assets	5,502	4,388	19,161
Loss on sale of property, plant and equipment	(37)	-	(43)
Finance income	(7,508)	(119)	(319)
Finance costs	7,010	2,247	18,437
Increase in fair value of contingent consideration receivable	-	-	(1,203)
Share of (profit)/loss of equity-accounted investees, net of tax	(56)	504	595
Foreign exchange losses/(gains)	418	(9)	(3,985)
Share-based payment expense	299	319	1,182
Other adjustments for non-cash items	-	-	(276)
Tax charge	779	1,427	7,274
Decrease/(increase) in trade and other receivables	4,011	2,683	(8,511)
Decrease/(increase) in inventories	1,571	(880)	(5,406)
Decrease/(increase) in biological and agricultural assets	3,294	(138)	(6,099)
(Decrease)/increase in trade and other payables	(9,633)	(7,687)	6,946
(Decrease)/increase in provisions	(9)	(6)	1,058
	9,577	2,115	18,257
Income taxes paid	(1,509)	(981)	(7,447)
<b>Net cash flows generated from operating activities</b>	<b>8,068</b>	<b>1,134</b>	<b>10,810</b>
<b>Investing activities</b>			
Purchase of investments	(63)	-	(378)
Receipts from disposal of investments	-	-	1,544
Purchases of property, plant and equipment	(1,829)	(1,914)	(10,808)
Purchase of intangibles	(30)	(53)	(205)
Capitalised research and development costs	(54)	(627)	(1,708)
Cash advances and loans made to other parties	(415)	-	-
Proceeds from sale of fixed assets	75	-	220
Interest received	160	19	119
<b>Net cash flows used in investing activities</b>	<b>(2,156)</b>	<b>(2,575)</b>	<b>(11,216)</b>
<b>Financing activities</b>			
Proceeds of share issues	13,020	20,712	20,737
Share-issue costs recognised through equity	(1,386)	(607)	(562)
Proceeds from bank or other borrowings	-	-	67,939
Repayment of bank or other borrowings	(4,397)	(638)	(74,874)
Interest and finance charges paid	(2,211)	(1,882)	(9,629)
Capitalised borrowing costs	(600)	-	-
Repayments of lease liabilities	(2,200)	(2,730)	(10,533)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>2,226</b>	<b>14,855</b>	<b>(6,922)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,138</b>	<b>13,414</b>	<b>(7,328)</b>
Cash and cash equivalents at beginning of period	36,399	39,460	39,460
Effect of movements in exchange rate	(1,755)	(169)	4,267
<b>Cash and cash equivalents at end of period</b>	<b>42,782</b>	<b>52,705</b>	<b>36,399</b>

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

## **1. Basis of preparation**

Benchmark Holdings plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. These consolidated quarterly financial statements as at and for the three months ended 31 December 2022 comprises those of the Company and its subsidiaries (together referred to as the 'Group').

These consolidated quarterly financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited. However, the external auditor KPMG LLP has carried out a review of the consolidated quarterly financial statements and their report in respect of the three months to 31 December 2022 is set out in the Independent Review Report. These financial statements 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. The Group's last annual statutory financial statements as at and for the year ended 30 September 2022 were prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 as it applies to companies reporting under those standards ("Adopted IFRS") and are available from the Company's website at [www.benchmarkplc.com](http://www.benchmarkplc.com).

The prior year comparatives are derived from audited financial information for Benchmark Holdings PLC Group as set out in the Annual Report and Accounts for the year ended 30 September 2022 and the unaudited financial information in the Quarterly Financial Report for the three months ended 31 December 2021. The comparative figures for the financial year ended 30 September 2022 are not the Company's statutory accounts for that financial year. Those accounts were approved by the Directors on 30 November 2022 and have been delivered to the Registrar of Companies. The audit report received on those accounts was (i) unqualified and (ii) did not include a reference to any matters to which the external auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

## **Statement of Compliance**

These consolidated quarterly financial statements have been prepared in accordance with EU adopted IAS 34 'Interim Financial Reporting'. These financial statements do not include all of the information required for the full annual financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 September 2022. These consolidated quarterly financial statements were approved by the Board of Directors on 28 February 2022.

## **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 31 December 2022 the Group had net assets of £315.9m (30 September 2022: £323.3m), including cash of £42.8m (30 September 2022: £36.4m) as set out in the consolidated balance sheet. The Group made a loss for the period of £0.7m (year ended 30 September 2022: loss £30.5m).

As noted in the Management Report, the business has continued to perform well on the back of a good year in FY22. All of the business areas have performed in line with or ahead of management expectations. 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.

## 1. Basis of preparation (continued)

### Going concern (continued)

Following the refinancing of its NOK 850 million bond with the issue of a NOK 750 million unsecured green bond maturing in 2025 in FY22, which was due to mature in June 2023, the USD15m RCF was refinanced in the quarter with a new GBP20m RCF with a maturity of June 2025. Also in the quarter, 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, 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 is experiencing 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 continues to show resilience against these pressures, 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 sensitivity 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.

## 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 the 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 critical 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 and technical services.
- *Advanced Nutrition* – manufactures and provides technically advanced nutrition and health products to the global aquaculture industry.
- *Health* – 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

<b>Segmental Revenue</b>			
	<b>Q1 2023</b>	<b>Q1 2022</b>	<b>FY 2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
All figures in £000's			
Genetics	21,439	15,195	58,008
Advanced Nutrition	22,680	19,059	80,286
Health	10,385	5,777	20,135
Corporate	1,437	1,406	5,120
Inter-segment sales	(1,446)	(1,423)	(5,272)
<b>Total</b>	<b>54,495</b>	<b>40,014</b>	<b>158,277</b>

<b>Segmental Adjusted EBITDA</b>			
	<b>Q1 2023</b>	<b>Q1 2022</b>	<b>FY 2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
All figures in £000's			
Genetics	2,563	3,263	15,980
Advanced Nutrition	5,297	4,320	19,017
Health	4,067	547	108
Corporate	(960)	(705)	(3,924)
<b>Total</b>	<b>10,967</b>	<b>7,425</b>	<b>31,181</b>

<b>Reconciliation of Reportable Segments Adjusted EBITDA to Loss before taxation</b>			
	<b>Q1 2023</b>	<b>Q1 2022</b>	<b>FY 2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
All figures in £000's			
Total reportable segment Adjusted EBITDA	11,927	8,130	35,105
Corporate Adjusted EBITDA	(960)	(705)	(3,924)
<b>Adjusted EBITDA</b>	<b>10,967</b>	<b>7,425</b>	<b>31,181</b>
Exceptional items	(972)	-	16
Depreciation and impairment	(4,615)	(4,495)	(19,897)
Amortisation and impairment	(5,502)	(4,388)	(19,161)
Net finance income/(costs)	222	(2,224)	(15,316)
<b>Profit/(loss) before taxation</b>	<b>100</b>	<b>(3,682)</b>	<b>(23,177)</b>

## Unaudited notes to the quarterly financial statements for the period ended 31 December 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 31 December 2022 (unaudited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Sale of goods	21,121	22,672	7,449	-	-	51,242
Provision of services	317	-	2,936	-	-	3,253
Inter-segment sales	1	8	-	1,437	(1,446)	-
	21,439	22,680	10,385	1,437	(1,446)	54,495

3 months ended 31 December 2021 (unaudited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Sale of goods	14,509	19,048	3,251	-	-	36,808
Provision of services	680	-	2,526	-	-	3,206
Inter-segment sales	6	11	-	1,406	(1,423)	-
	15,195	19,059	5,777	1,406	(1,423)	40,014

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

4. Revenue (continued)

Sale of goods and provision of services (continued)

Primary geographical markets

3 months ended 31 December 2022 (unaudited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Norway	16,884	90	8,295	-	-	25,269
India	-	4,203	-	-	-	4,203
Singapore	-	39	-	-	-	39
Turkey	6	2,204	-	-	-	2,210
Ecuador	20	1,740	-	-	-	1,760
Greece	-	2,269	-	-	-	2,269
Faroe Islands	1,095	-	229	-	-	1,324
UK	737	19	42	-	-	798
Chile	12	2	254	-	-	268
Rest of Europe	2,062	1,622	-	-	-	3,684
Rest of World	622	10,484	1,565	-	-	12,671
Inter-segment sales	1	8	-	1,437	(1,446)	-
	21,439	22,680	10,385	1,437	(1,446)	54,495

3 months ended 31 December 2021 (unaudited)						
All figures in £000's	Genetics	Advanced Nutrition	Health	Corporate	Inter-segment sales	Total
Norway	9,679	112	4,668	-	-	14,459
India	140	4,008	-	-	-	4,148
Singapore	-	1,138	-	-	-	1,138
Turkey	-	1,694	-	-	-	1,694
Ecuador	-	1,064	-	-	-	1,064
Greece	-	1,639	-	-	-	1,639
Faroe Islands	892	1	130	-	-	1,023
UK	1,957	14	88	-	-	2,059
Chile	116	-	403	-	-	519
Rest of Europe	1,771	1,303	-	-	-	3,074
Rest of World	634	8,075	488	-	-	9,197
Inter-segment sales	6	11	-	1,406	(1,423)	-
	15,195	19,059	5,777	1,406	(1,423)	40,014

**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

**5. Exceptional 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	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
Exceptional restructuring costs	948	-	1,229
Costs/(credit) in relation to disposals	24	-	(1,245)
<b>Total exceptional items</b>	<b>972</b>	<b>-</b>	<b>(16)</b>

Exceptional restructuring costs include £863,000 of legal and professional costs in relation to preparing for listing the Group on the Oslo stock exchange, and £85,000 relating to other restructuring costs. The comparative figure for FY 2022 figure includes £843,000 of legal and professional costs in relation to preparing for listing the Group on the Oslo stock exchange, and £276,000 relating to other restructuring costs.

Costs in relation to disposals totaling £24,000 are additional costs relating to disposals that occurred in 2020. The comparative figure for FY 2022 figure includes a credit of £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 £42,000 relating to additional costs and disposals proceeds relating to disposals that occurred in 2020.

## 6. Taxation

All figures in £000's	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
Analysis of charge in period			
<b>Current tax:</b>			
Current income tax expense on profits for the period	1,838	2,359	11,727
Adjustment in respect of prior periods	-	5	(39)
<b>Total current tax charge</b>	<b>1,838</b>	<b>2,364</b>	<b>11,688</b>
<b>Deferred tax:</b>			
Origination and reversal of temporary differences	(1,059)	(937)	(4,414)
Deferred tax movements in respect of prior periods	-	-	-
<b>Total deferred tax credit</b>	<b>(1,059)</b>	<b>(937)</b>	<b>(4,414)</b>
			-
<b>Total tax charge</b>	<b>779</b>	<b>1,427</b>	<b>7,274</b>

## 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.

	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
Loss attributable to equity holders of the parent (£000)	(1,283)	(5,357)	(32,087)
Weighted average number of shares in issue (thousands)	710,087	681,271	698,233
Basic loss per share (pence)	(0.18)	(0.79)	(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 (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 4,053,469 potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the year (30 September 2022: 6,240,304 and 31 December 2021: 5,782,581). These potential ordinary shares could dilute earnings/loss per share in the future.



## 8. Loans and borrowings

All figures in £000's	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
<b>Non-Current</b>			
2025 750m NOK Loan notes	61,866	-	61,054
2023 850m NOK Loan notes	-	75,592	-
Bank borrowings	17,201	18,578	17,226
Lease liabilities	8,891	15,949	14,765
	<b>87,958</b>	<b>110,119</b>	<b>93,045</b>
<b>Current</b>			
Bank borrowings	1,603	1,592	5,569
Lease liabilities	14,624	5,280	11,522
	<b>16,227</b>	<b>6,872</b>	<b>17,091</b>
<b>Total loans and borrowings</b>	<b>104,185</b>	<b>116,991</b>	<b>110,136</b>

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 its existing NOK 850m floating rate listed bond, originally raised in June 2019.

On 21 November 2022, the Group refinanced its USD15m RCF, which was provided by DNB Bank ASA (50%) and HSBC UK Bank PLC (50%), 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 facility was undrawn at 31 December 2022.

Additionally, during the period, on 1 November 2022, the Group's Nordea Bank term loan of NOK 165.6m, which had a term loan of five years ending in November 2023 and interest rate of 2.5% above three month NIBOR, 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 of this facility remain the same.

## 9. Share capital and additional paid-in share capital

	Number	Share Capital £000	Additional paid-in share capital £000
<b>Allotted, called up and fully paid</b>			
<b>Ordinary shares of 0.1 pence each</b>			
Balance at 30 September 2022	703,960,798	704	420,824
Shares issued through placing and open offer	35,189,350	35	11,599
Exercise of share options	45,000	-	-
<b>Balance at 31 December 2022</b>	<b>739,195,148</b>	<b>739</b>	<b>432,423</b>

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 £1.4m were in relation to the share issues and this has been charged to the share premium account (presented within additional paid-in share capital).

## 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 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 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 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.

## 10. Alternative performance measures and other metrics (continued)

## Reconciliation of Adjusted Operating Profit to Operating Loss

All figures in £000's	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
<b>Revenue</b>	<b>54,495</b>	<b>40,014</b>	<b>158,277</b>
Cost of sales	(30,268)	(20,515)	(75,149)
<b>Gross profit</b>	<b>24,227</b>	<b>19,499</b>	<b>83,128</b>
Research and development costs	(1,563)	(1,647)	(6,691)
Other operating costs	(11,753)	(9,923)	(44,661)
Depreciation and impairment	(4,615)	(4,495)	(19,897)
Amortisation of capitalised development costs	(617)	(448)	(2,165)
Share of loss of equity accounted investees net of tax	56	(504)	(595)
<b>Adjusted operating profit</b>	<b>5,735</b>	<b>2,482</b>	<b>9,119</b>
Exceptional items	(972)	-	16
Amortisation and impairment of intangible assets excluding development costs	(4,885)	(3,940)	(16,996)
<b>Operating loss</b>	<b>(122)</b>	<b>(1,458)</b>	<b>(7,861)</b>

## Reconciliation of Loss Before Taxation to Adjusted Profit Before Tax

All figures in £000's	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
<b>Profit/(loss) before taxation</b>	<b>100</b>	<b>(3,682)</b>	<b>(23,177)</b>
Exceptional items	972	-	(16)
Amortisation and impairment of intangible assets excluding development costs	4,885	3,940	16,996
<b>Adjusted profit before tax</b>	<b>5,957</b>	<b>258</b>	<b>(6,197)</b>

## Other Metrics

All figures in £000's	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
<b>Total R&amp;D Investment</b>			
Research and development costs	1,563	1,647	6,691
Internal capitalised development costs	54	627	1,708
<b>Total R&amp;D investment</b>	<b>1,617</b>	<b>2,274</b>	<b>8,399</b>

All figures in £000's	Q1 2023 (unaudited)	Q1 2022 (unaudited)	FY 2022 (audited)
<b>Adjusted EBITDA excluding fair value movement in biological assets</b>			
Adjusted EBITDA	10,967	7,425	31,181
Exclude fair value movement	1,154	96	(1,595)
<b>Adjusted EBITDA excluding fair value movement in biological assets</b>	<b>12,121</b>	<b>7,521</b>	<b>29,586</b>

**10. Alternative performance measures and other metrics (continued)****Liquidity**

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

	<b>31 December 2022 (unaudited)</b>
All figures in £000's	
Cash and cash equivalents	<b>42,782</b>
Undrawn bank facility	<b>20,000</b>
	<b>62,782</b>

The undrawn bank facility relates to the RCF facility. At 31 December 2022, £nil of the RCF was drawn (30 September 2022: £4m and 31 December 2021: £nil), leaving £20m undrawn (30 September 2022: £9.4m and 31 December 2021: £11.1m).

**11. Net debt**

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

	<b>31 December 2022 (unaudited)</b>	<b>31 December 2021 (unaudited)</b>	<b>30 September 2022 (audited)</b>
All figures in £000's			
Cash and cash equivalents	<b>42,782</b>	<b>52,705</b>	<b>36,399</b>
Loans and borrowings (excluding lease liabilities) – current	<b>(1,603)</b>	<b>(1,592)</b>	<b>(5,569)</b>
Loans and borrowings (excluding lease liabilities) – non-current	<b>(79,067)</b>	<b>(94,170)</b>	<b>(78,280)</b>
Net debt excluding lease liabilities	<b>(37,888)</b>	<b>(43,057)</b>	<b>(47,450)</b>
Lease liabilities – current	<b>(14,624)</b>	<b>(5,280)</b>	<b>(11,522)</b>
Lease liabilities – non-current	<b>(8,891)</b>	<b>(15,949)</b>	<b>(14,765)</b>
Net debt	<b>(61,403)</b>	<b>(64,286)</b>	<b>(73,737)</b>

**12. Post balance sheet events**

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. Following this acquisition, Benchmark Genetics Limited, a subsidiary of Benchmark Holdings PLC, now owns 100% of the share capital of Benchmark Genetics Iceland HF.