12 December 2024

Benchmark Holdings plc

("Benchmark", the "Company" or the "Group")

Full Year Results for the Financial Year ended 30 September 2024

Resilient performance in a year of change and market headwinds
Completion of strategic review resulting in disposal of Genetics business

Benchmark, the aquaculture biotechnology company, announces its full year audited results for the year ended 30 September 2024 (the "period").

The Genetics business which is the subject of a post period end disposal has been treated as held for sale and discontinued in the Annual Report. The 2024 results for Genetics have been included to enable our shareholders to evaluate the performance and development of the Group as a whole before this disposal took place

Financial highlights

- Total revenues (continuing and discontinued operations) were 7% below the prior year at constant currency (CER) (-13% reported) resulting from:
    - **Advanced Nutrition**: revenues +5% CER demonstrating resilient performance in challenging shrimp markets.
    - **Health**: revenues -41% CER following restructuring steps to transition to new business model for Ectosan® Vet and CleanTreat® including decommissioning of the two platform supply vessels and CleanTreat® units
    - **Genetics (discontinued)**: revenues -8% CER against a strong FY23 comparator, which benefitted from supply constraints in the market and due to a shift from direct egg sales to indirect sales through the Company's JV in Norway (which delivers an improved Adjusted EBITDA margin).
- Revenue from continuing operations was £90.4m was 6% below the prior year at constant currency (-13% reported)
- Operating costs from continuing operations decreased by 20% (£7.2m) with the savings resulting from restructuring actions across the Group
- Total Adjusted EBITDA excluding fair value movements in biological assets was £28.9m, 10% below the prior year at constant currency (-16% reported, FY23: £34.3m)
- Adjusted EBITDA from continuing operations was 24% below the prior year at constant currency (-30% reported) driven by lower revenues in Health and lower margin in Advanced Nutrition due to change in product mix in the year, and higher logistic costs caused by trade route disruptions
- Total loss for the period was £39.1m (FY23: £21.6m) due to lower revenues and margin, higher finance costs, higher exceptional costs primarily arising from the strategic review process, and the impairment of capitalised development costs in Health
- Net debt[3] reduced to £49.0m (FY23: £65.5m) following transfer of £22.3m of Genetics loans and borrowings into liabilities held for sale
- Cash and cash equivalents of £23.1m and liquidity of £34.3m at year end
- At 11 December 2024, cash and cash equivalents of £15.2m and available liquidity of £26.5m

Conclusion of Strategic Review and Disposal of Genetics business

Post period end, on 25 November the Company announced the conclusion of the strategic review initiated in January 2024 and the proposed Disposal of the Genetics business to Novo Holdings AS (the "Disposal"). Transaction highlights:

- Enterprise value of up to £260 million, representing a multiple of 17.9x Adjusted EBITDA (for the year to 30 June 2024).
- Initial cash consideration of £230m with additional contingent cash consideration of up to £30m

- The Directors of the Company believe that the Disposal unlocks significant value for shareholders and enables the Group to focus on its Advanced Nutrition and Health business areas and creates an opportunity to reduce complexity and streamline the Group to significantly reduce costs
- Net proceeds from the Disposal will be used to return capital to shareholders and to reduce the Company's leverage, by repaying the Group's unsecured listed green bond and drawn amounts under the Group's revolving credit facility thereby strengthening the balance sheet of the continuing business
- Completion of the Disposal is subject to regulatory approvals and is expected during the first quarter of 2025

Financial Summary

(£m)	**FY 2024**	**FY 2023**	**% AER**	**% CER****
Revenue from continuing operations	90.4	104.0	-13%	-6%
Total Revenue (continuing and discontinued)	147.7	169.7	-13%	-7%
Adjusted				
Adjusted EBITDA[1] from continuing operations	11.9	17.0	-30%	-24%
Total Adjusted EBITDA excluding fair value movements in biological assets	28.9	34.3	-16%	-10%
Statutory				
Operating loss from continuing operations	(35.5)	(17.5)	-102%	-99%
Loss before tax from continuing operations	(45.9)	(24.7)	-86%	-84%
Loss for the period including discontinued operations	(39.1)	(21.6)	-81%	-77%
Basic loss per share (p)	(5.34)	(3.16)	-69%	
Net debt[3]	(49.0)	(65.5)		
Net debt excluding lease liabilities[3]	(45.4)	(45.6)		

** Constant exchange rate (CER) figures derived by retranslating current year figures using previous year's foreign exchange rates
(1) Adjusted EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related items.
(2) Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs
(3) Net debt is cash and cash equivalents less loans and borrowings after transfer of £22.3m (£15.1m excluding lease liabilities) transferred to liabilities held for sale relating to the Genetics business.
(4) Cash generated from operations after working capital and taxes as percentage of Adj. EBITDA

Business Area Performance £m	**FY 2024**	**FY 2023**	**% AER**	**% CER****
Revenue				
Advanced Nutrition	75.9	78.5	-3%	+5%

Health	14.5	25.5	-43%	-41%
Genetics (discontinued)	57.4	65.8	-13%	-8%
Adjusted EBITDA[1]				
Advanced Nutrition	14.4	18.4	-22%	-16%
Health	2.1	4.8	-57%	-55%
Genetics (discontinued)	14.8	14.4	+3%	+9%
- excluding fair value movements in biological assets	15.1	14.5	+4%	+10%

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

Operational highlights

Advanced Nutrition – commercial focus and continued innovation

- Continued commercial focus through challenging markets resulting in revenue growth at constant currency
- Launch of new products including SnappArt 360, applying new production technology to increase feed stability and performance
- Expanded sales channels by establishing new subsidiary in India which increases our commercial presence in this key market for shrimp

Health – rightsizing the business and moving away from capital intensive model

- Decommissioned the two supply vessels and CleanTreat units moving away from capital intensive model
- Restructuring of the organisation, rightsizing it to deliver our well-established sea lice treatment Salmosan® Vet
- Maintained capability to deliver Ectosan® Vet and CleanTreat® onto customer owned infrastructure

Genetics – continued innovation and progress in growth vectors

- Launched new salmon genetic lines demonstrating ongoing innovation
- Excellent progress in our salmon genetics business in Chile doubling its revenues
- Reorganisation of the shrimp genetics activities reducing costs and leveraging our commercial presence in the shrimp markets through Advanced Nutrition
- Significant progress in key R&D projects including gene editing, sterility and gill disease

Sustainability

- Net Zero goal: Reduction in GHG emissions in Thailand following the installation of solar panels in the year which supply 23% of the electricity in the facility

Current trading and outlook

Advanced Nutrition

- Soft start to the year with unchanged conditions in the shrimp markets; Q1 FY25 impacted by loss of significant customer in Venezuela
- Expect improvement through the year and recovery in gross margin underpinned by higher quality of the recent Artemia harvest

Business area review
Advanced Nutrition
Advanced Nutrition delivered a resilient performance against a backdrop of continued adverse conditions in the shrimp markets which affected demand for our products, particularly those at the premium end. Our focus was on maintaining our leading market position, maximising sales by taking advantage of commercial opportunities and developing new sales channels. As a result, revenues of £75.9m, were only 3% below the prior year but were actually 5% ahead in constant currency taking account of the forex headwinds experienced in the prior year. A change in product mix led to lower average prices and gross profit margin was 48% as a result (FY23: 56%).

By product area, revenues from our Artemia portfolio were down 3% with lower average price offsetting a 6% increase in volume. Revenue from Diets were in line with the prior year with an increase in Mediterranean fish diets offsetting lower revenues in shrimp. The Health segment, which mainly comprises premium probiotics, was particularly impacted by market conditions and was 17% down compared to the prior year. By region, Europe which is not exposed to shrimp was up 3%, the Americas and Asia Pacific were slightly down, and China experienced a significant drop.

In addition to a strong commercial focus, we maintained financial discipline and continued our effort to increase operational efficiencies by streamlining the organisation and reducing costs where possible. Outside of our control, our logistics were affected by the Middle East conflict resulting in a temporary disruption to trading routes with freight vessels avoiding the regional insecurity of the Suez Canal by travelling via the Cape of Good Hope, which increased costs. Together with the lower gross profit margin this led to an Adjusted EBITDA of £14.4m (FY23: £18.4m) and an Adjusted EBITDA margin of 19% (FY23:23%).

In the area of innovation, in addition to a number of product launches, our R&D site in Singapore is increasing its traction, playing a pivotal role in the development of the Asian marine fish market through the transfer of knowledge from our longstanding experience in the Mediterranean. Our focused innovation efforts in FY24 are expected to lead to several new product launches across the portfolio with promising value creation potential.

An important element of our commercial strategy is the development of new sales channels. After considerable effort, in FY24 we established a new subsidiary in India which will enable us to build on our network of distributors in this key market for shrimp.

Our team continues to be recognised as a source of excellence across multiple areas. A highlight which showcases the importance that we place on our people was being awarded the Outstanding Operational Network Award for Employee Mental Health Care in the Workplace from the Thai department of Mental Health, one of only 13 companies in the country to receive the award.

One of the pillars of our sustainability programme in Advanced Nutrition is the responsible sourcing of raw materials which sits high on the agenda for industry participants and society at large. Through the efforts of our procurement and R&D teams, all our marine protein sources, oil and marine ingredients have a sustainability certification or assurance while at the same time we made progress in the development of novel green ingredients reaching advanced stage of testing for bacterial protein meal with positive results.

Genetics
Genetics delivered a good performance in FY24 despite revenues being lower than in FY23 when we benefitted from supply constraints in the salmon egg market. Total revenues of £57.4m were 13% below the prior year (8% down in constant currency) driven by lower revenues from salmon eggs and non core areas partially offset by higher revenues from Genetics Services.

Revenues from our core salmon egg business were £38.5m (FY23: £45.6m). This should be compared against a very strong FY23 as mentioned above, and also reflects a shift from direct egg sales to indirect sales through our joint venture in Norway. While the shift from direct sales had an effect on revenues it benefits the bottom line through the joint venture profits. The total volume of egg sales including direct sales and indirect sales made through the joint venture in Norway was 340m (FY23: 359m eggs) of which the direct sales volume was 286m (FY23: 335). Revenues from non-product-based revenue streams reflect a modest 5% increase in harvest revenues, an increase in revenues from Genetics Services to £1.7m (FY23: £1.2m) and a reduction in other non-core products to £5.6m (FY23: £7.4m). Adjusted EBITDA excluding the impact from fair value movements of biological assets was £15.1m, 4% ahead of the prior year. The Adjusted EBITDA margin excluding fair value movements of biological assets was 26% (FY23: 22%).

Notably we made good progress in our growth vectors. Revenues from Chile more than doubled to £3.6m taking the Adjusted EBITDA excluding fair value movement from a loss of £3.0m in FY23 to a profit of £1.0m. Together with higher revenues the improvement in Adjusted EBITDA reflects higher capitalisation of production costs associated with our biological assets as we gain commercial traction and there is increased visibility of future sales.

Business performance

	Revenue				AEBITDA[2]				AEBITDA margin %	
Adjusted measures (£m)	**2024**	**2023**	**% AER**	**% CER[5]**	**2024**	**2023**	**% AER**	**% CER[5]**	**2024**	**2023**
Genetics	**57.4**	65.8	-13%	-8%	**14.8**	14.4	3%	9%	**26%**	22%
Advanced Nutrition	**75.9**	78.5	-3%	5%	**14.4**	18.4	-22%	-16%	**19%**	23%
Health	**14.5**	25.5	-43%	-41%	**2.1**	4.8	-57%	-55%	**14%**	19%
Corporate	**4.0**	5.7	-30%	-30%	**(2.6)**	(3.3)	21%	21%		
Inter-segment sales	**(4.1)**	(5.8)	29%	29%	**–**	–	–	–		
Total Group including discontinued operations	**147.7**	169.7	-13%	-7%	**28.6**	34.2	-16%	-10%	**19%**	20%
Less: discontinued operations (Note 5)	**(57.4)**	(65.8)			**(16.7)**	(17.3)				
Total Group continuing	**90.4**	104.0	-13%	-6%	**11.9**	17.0	-30%	-24%	**13%**	16%
Genetics excluding FV uplift	**57.4**	65.8	-13%	-8%	**15.1**	14.5	4%	10%	**26%**	22%
Total group excluding FV uplift	**147.7**	169.7	-13%	-7%	**28.9**	34.3	-16%	-10%	**20%**	20%

Following the Strategic Review, the Genetics business area was classified as held for sale at the year end, and its results classified as 'discontinued operations'.

Adjusted measures

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

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

In line with many of our peers in the sector, we highlight expensed R&D on the face of the income statement separate from operating expenses. Furthermore, we report earnings before interest, tax, depreciation and amortisation ("EBITDA") and EBITDA before exceptional and acquisition and disposal related items ("Adjusted EBITDA"). The activities of the Group's equity accounted investees are closely aligned with the Group's principal activities, as these arrangements were set up to exploit opportunities from the Intellectual Property ("IP") held within the Group. As a result, to ensure that adjusted performance measures are more meaningful, the Group's share of the results of these entities is included within Adjusted EBITDA.

We also report this adjusted measure after depreciation and amortisation of capitalised development costs ("Adjusted Operating Profit") as the Board considers this reflects the result after taking account of the utilisation of the invested production capacity and right-of-use assets.

In addition, in line with the salmon industry, we also report gross profit and AEBITDA excluding fair value uplift under IAS 41. Available liquidity, being cash and undrawn facilities, is an important metric for management of the business as it gives a measure of the available liquid funds and is also a key financial covenant in the Group's main debt facilities.

Advanced Nutrition

FY24 was a difficult year for Advanced Nutrition with the shrimp market remaining soft throughout the year coupled with some forex headwinds. Recovery in the market had been expected earlier in the year, but despite some green shoots appearing, these have not yet turned into full market growth. Regulators and market participants have been taking steps to support the sector with measures including a reduction in import duty in India and new product development in Ecuador among those designed to promote growth. We expect these measures to benefit our business in the medium term.

Against this backdrop, the business generated revenue of £75.9m in the year, 3% lower than the prior year (2023: £78.5m), but 5% higher than prior year at constant currency. This resilient performance is testament to the strong commercial focus of the team and the actions taken, including expansion of our product offering and strengthening our presence in key markets, to optimise our performance and competitive position. By product area sales of Diets were in line with the prior year, while Artemia sales were -3%, and Health -17%.

The gross profit margin in Advanced Nutrition of 48% was down on last year (2023: 56%) reflecting a change in product mix, low Artemia sales prices and increased freight costs owing to global geopolitical conflicts. R&D costs were slightly up on prior year at £2.3m

Summary of restatement of FY23 results as reported in FY23 financial statements

	Revenue £000	Adjusted EBITDA £000	Loss from continuing operations £000	(Loss) / profit from discontinued operations £000
As stated in financial year 2023 financial statements	169,476	35,492	(16,059)	(5,505)
Reclassified in financial year 2024	(65,513)	(18,511)	(7,417)	7,417
As stated in financial year 2024 financial statements	103,963	16,981	(23,476)	1,912

	2024* £000	2023* Restated £000
Revenue	**57,361**	65,781
Cost of sales	**(30,931)**	(35,820)
Gross profit	**26,430**	29,961
Research and development costs	**(3,276)**	(3,778)
Other operating costs	**(7,744)**	(8,894)
Share of loss of equity-accounted investees, net of tax	**1,288**	(32)
Adjusted EBITDA	**16,698**	17,257
Exceptional loss on disposal	**(1,800)**	(3,913)
EBITDA	**14,898**	13,344
Depreciation and impairment	**(5,371)**	(4,703)
Amortisation and impairment	**(1,638)**	(1,894)
Operating profit / Profit before taxation	**7,889**	6,747
Net finance costs	**(589)**	(247)
Profit before taxation	**7,300**	6,500
Tax on profit	**(2,141)**	(4,588)
Profit from discontinued operations	**5,159**	1,912

* While all of the discontinued operations relate to the entire Genetics business area, the results above exclude £1.9m of intercompany recharges included within the Genetics segment in Note 2, which are eliminated within continuing activities.

Exceptional items within discontinued operations

	2024 £000	2023 Restated £000
Exceptional restructuring costs	**965**	–
Other costs	**835**	–
Loss on disposal of trade and assets	**–**	3,774
Other costs relating to disposals	**–**	139
Total exceptional loss on disposal	**1,800**	3,913

Exceptional costs included in discontinued operations relating to Genetics include certain costs following the closure of the tilapia operations in FY23 (£0.4m), restructuring costs in relation to the shrimp genetics operations (£0.5m) and costs incurred in relation to uninsured culling of broodstock and clean-up costs after two separate isolated ISA incidents (£0.8m).

Cash flows from discontinued operations

	2024 £000	2023 Restated £000
Net cash flow from operating activities	**4,489**	11,648
Net cash flow from investing activities	**(1,776)**	(11,416)
Net cash flow from financing activities	**(5,838)**	(2,401)
Net cash flow from discontinued operations	**(3,125)**	(2,169)

Effects of business disposals on the financial position of the Group

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

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

6. 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.

	2024			2023		
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
Loss attributable to equity holders of the parent (£000)	**(44,279)**	**4,815**	**(39,464)**	(23,476)	330	(23,145)
Weighted average number of shares in issue (thousands)			**739,575**			731,935
Basic loss per share (pence)	**(5.99)**	**0.65**	**(5.34)**	(3.21)	0.05	(3.16)

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 13,656,055 (2023: 8,948,132) potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the year as they are anti-dilutive and reduce the loss per share. However, these potential ordinary shares could dilute earnings per share in the future. The diluted and basic loss per share are the same for both continuing and discontinued.