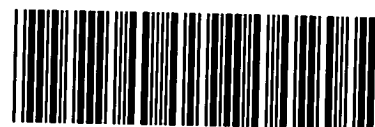


Benchmark Genetics Limited

Company Number 09115896

Financial statements for the year ended 30 September 2022

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Benchmark Genetics Limited
Corporate directory
For the year ended 30 September 2022

Directors	J M Crowther S Maguire
Company secretary	Prism Cosec Limited
Registered number	09115896
Registered office	Highdown House Yeoman Way Worthing West Sussex BN99 3HH
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

Benchmark Genetics Limited
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For the year ended 30 September 2022

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Benchmark Genetics Limited
Strategic report
For the year ended 30 September 2022

The directors present their strategic report on the Company for the year ended 30 September 2022.

Business review

The Company continues to act as the holding company for Benchmark's aquaculture genetics business in salmon, tilapia, and shrimp.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are as follows:

Carrying value of investments

If the investments made by the Company do not perform as expected, there is a risk that the carrying value of investments may have to be impaired.

Intercompany funding and support

The Company has borrowed £98.7 million from its parent undertaking in order to partially fund the acquisitions it has made and to support the ongoing operations of its subsidiary undertakings. The Company is reliant upon the continued funding and support from its parent undertaking. The parent company has given assurances that it will continue to support the Company.

This report is made in accordance with a resolution of directors.

On behalf of the directors



J M Crowther
Director

20 June 2023

Benchmark Genetics Limited
Directors' report
For the year ended 30 September 2022

The directors present their report, together with the financial statements, on the Company for the year ended 30 September 2022.

Principal activities

The Company is the intermediate holding company of the Benchmark Genetics division of the Benchmark group.

Results and dividends

The loss for the Company after providing for income tax amounted to £2,366,441 (30 September 2021: £2,551,117).

The directors do not recommend the payment of a dividend (2021 - £nil).

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

J M Crowther
S Maguire

Future developments

The Company continues to look for suitable investment opportunities in the breeding and genetics sector.

Political contributions

The Company made no political donations or contributions or incurred any political expenditure during the year (2021: none).

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Qualifying third party indemnity provisions

The Directors benefited from qualifying third party indemnity provisions during the financial year and continue to do so at the date of this report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report is made in accordance with a resolution of directors.

On behalf of the directors



J M Crowther
Director

20 June 2023

Benchmark Genetics Limited
Directors' responsibilities statement
For the year ended 30 September 2022

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Benchmark Genetics Limited
Independent auditor's report to the members of Benchmark Genetics Limited
For the year ended 30 September 2022

Opinion

We have audited the financial statements of Benchmark Genetics Limited ("the Company") for the year ended 30 September 2022 which comprise the Statement of profit or loss and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Reading Board and relevant Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do

Benchmark Genetics Limited
Independent auditor's report to the members of Benchmark Genetics Limited
For the year ended 30 September 2022

not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual or unrelated journals posted to cash accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Benchmark Genetics Limited
Independent auditor's report to the members of Benchmark Genetics Limited
For the year ended 30 September 2022

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Baldwin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
20 June 2023

Benchmark Genetics Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 September 2022

	Note	2022 £	2021 £
Administrative expenses		4,555,795	(1,933,499)
Exceptional - Acquisition related items	10	<u>-</u>	<u>850,000</u>
Operating profit/(loss)	4	4,555,795	(1,083,499)
Interest receivable and similar income	8	1,766,565	640,005
Interest payable and similar expenses	9	(43,616)	(41,479)
Provision movements for investments and receivables from subsidiaries	14	<u>(8,645,185)</u>	<u>(2,066,144)</u>
Loss before tax		(2,366,441)	(2,551,117)
Tax	11	<u>-</u>	<u>-</u>
Loss after tax for the year		(2,366,441)	(2,551,117)
Other comprehensive loss for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(2,366,441)</u>	<u>(2,551,117)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Benchmark Genetics Limited
Balance sheet
As at 30 September 2022

	Note	2022 £	2021 £
Non-current assets			
Intangible assets	12	1,716,251	1,761,921
Tangible assets	13	7,046	1,348
Fixed asset investments	14	62,710,312	62,610,842
Debtors	15	37,610,549	32,909,392
Total non-current assets		<u>102,044,158</u>	<u>97,283,503</u>
Current assets			
Debtors	15	1,660,215	1,673,089
Cash at bank and in hand		65,204	83,831
Total current assets		<u>1,725,419</u>	<u>1,756,920</u>
Current liabilities			
Creditors - Amounts falling due within one year	16	<u>(105,549,765)</u>	<u>(98,470,304)</u>
Total current liabilities		<u>(105,549,765)</u>	<u>(98,470,304)</u>
Net current liabilities		<u>(103,824,346)</u>	<u>(96,713,384)</u>
Total assets less current liabilities		<u>(1,780,188)</u>	<u>570,119</u>
Net assets/(liabilities)		<u>(1,780,188)</u>	<u>570,119</u>
Equity			
Allotted, called up and fully paid share capital	17	15,000,002	15,000,002
Accumulated losses		<u>(16,780,190)</u>	<u>(14,429,883)</u>
Total equity/(deficiency)		<u>(1,780,188)</u>	<u>570,119</u>

Benchmark Genetics Limited's company number is 09115896.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



J M Crowther
Director

20 June 2023

The above balance sheet should be read in conjunction with the accompanying notes

Benchmark Genetics Limited
Statement of changes in equity
For the year ended 30 September 2022

	Called up share capital £	Retained profits £	Total equity £
Balance at 1 October 2020	15,000,002	(11,892,561)	3,107,441
Loss after tax for the year	-	(2,551,117)	(2,551,117)
Other comprehensive loss for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(2,551,117)	(2,551,117)
Share-based payments (note 18)	-	13,795	13,795
Balance at 30 September 2021	15,000,002	(14,429,883)	570,119
	Called up share capital £	Retained profits £	Total deficiency in equity £
Balance at 1 October 2021	15,000,002	(14,429,883)	570,119
Loss after tax for the year	-	(2,366,441)	(2,366,441)
Other comprehensive loss for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(2,366,441)	(2,366,441)
Share-based payments (note 18)	-	16,134	16,134
Balance at 30 September 2022	15,000,002	(16,780,190)	(1,780,188)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Benchmark Genetics Limited
Notes to the financial statements
For the year ended 30 September 2022

1. General information

Benchmark Genetics Limited is a private company incorporated, domiciled and registered in England and in the UK. The registered company number is 09115896, and the registered address is Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH.

The Company's financial statements are presented in pounds sterling.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Benchmark Holdings plc, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH. The Company's results are included in the consolidated financial statements of Benchmark Holdings plc which are available from Companies House, Cardiff, CF14 3UZ.

2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effect of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Benchmark Holdings plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Benchmark Genetics Limited
Notes to the financial statements
For the year ended 30 September 2022

2. Accounting policies (continued)

Going concern

Notwithstanding net current liabilities of £103,824,346 as at 30th September 2022 (2021 - £96,713,384), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared base and sensitised cash flow forecasts covering the period to September 2023, taking into account the possible impact of Covid-19 on trading performance and have assessed the ability of the Company to meet its liabilities as they fall due in the 12-month period from the date of the approval of these financial statements. Based on these forecasts, the directors consider that the Company will continue to trade and will have sufficient funds to meet its liabilities as they fall due for that period, but the Company meets its day to day working capital requirements from funding in the form of loans from and intragroup balances with, companies in the group headed by the Company's ultimate controlling party, Benchmark Holdings plc ("the Group"). The Company has no external bank facilities. The forecasts are therefore dependent on the Company's ultimate parent, Benchmark Holdings plc, not seeking repayment of the amounts currently due to it, which at 30 September 2022 amounted to £105,367,342 and providing additional financial support during that period. Benchmark Holdings plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

As at 31 March 2023 the Group had net assets of £299.1m (30 September 2022: £323.3m), including cash of £38.6m (30 September 2022: £36.4m) as set out in the consolidated balance sheet. The Group made a loss for the six months of £2.7m (year ended 30 September 2022: loss £30.5m).

As noted in the Parent Company, Benchmark Holdings plc, interim financial statements for the 6 months ending 31 March 2023 (dated 23 May 2023), 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.

The uncertainty relating to any lasting impact on the Group of the pandemic continues to be considered as part of the Directors' assessment of the going concern assumption, and positive preventative measures implemented by the Directors at an early stage in response to the pandemic continue to be in force where necessary. The Directors have reviewed forecasts and cash flow projections covering the period to September 2023 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 scenario analysis performed, the Directors considered severe but plausible impacts of COVID-19 on the Group's trading and cash flow forecasts, modelling reductions in the revenues and cash flows in Advanced Nutrition, alongside modelling slower ramp up of the commercialisation of Benchmark's new sea lice treatment in the Health business area. Other key downside sensitivities modelled included assumptions on slower than expected recovery in global shrimp markets (affecting demand for Advanced Nutrition products), and slower commercialisation of SPR shrimp. As noted in the Management Report, the Directors have continued to observe good recovery in the shrimp markets in the strong performance of the Advanced Nutrition business during the quarter. Nevertheless, mitigating measures within the control of management were implemented early in the pandemic and a number of these remain in place and have been factored into the downside analysis performed. These measures include reductions in areas of discretionary spend, deferral of capital projects and temporary hold on R&D for non-imminent products.

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. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Finance costs

Finance costs are charged to the Statement of profit or loss and other comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Benchmark Genetics Limited
Notes to the financial statements
For the year ended 30 September 2022

2. Accounting policies (continued)

Exceptional costs

Exceptional costs reflect items that have been recorded in profit or loss, and identified by management as material because of their nature, non-recurring or whose significance is sufficient to warrant separate disclosure and identification within the financial statements. The separate reporting of exceptional items is deemed to provide an understanding of the Company's underlying performance.

Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Tangible assets

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of tangible assets (excluding land) over their expected useful lives as follows:

Computer equipment	3 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of tangible assets is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Trademarks	Up to 5 years
Intellectual property	Up to 20 years

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company has measured all of its financial assets (other debtors and cash and cash equivalents), at amortised cost.

Amounts owed by subsidiaries are classified and recorded at amortised cost and reduced by allowances for expected credit losses.

Benchmark Genetics Limited
Notes to the financial statements
For the year ended 30 September 2022

2. Accounting policies (continued)

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

Contingent consideration is recognised at fair value in the Balance sheet with movements recognised in the income statement.

Financial liabilities at amortised cost including bank borrowings 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 into the Balance sheet.

Employee benefits

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Benchmark Genetics Limited
Notes to the financial statements
For the year ended 30 September 2022

2. Accounting policies (continued)

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Foreign currency translation
Functional and presentation currency

The Company's functional and presentational currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into Pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss within administrative expenses.

Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives of up to 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

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3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company 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.

There are no critical judgements to disclose.

Valuation of investments

The carrying amounts of the Company's investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment's recoverable amount is estimated. The recoverable amount is determined by reference to the net assets of the subsidiary or a value in use calculation. The use of the value in use method requires the estimation of future cash flows and the choice of discount rate in order to calculate the present value of the cash flows. An impairment loss is recognised if the carrying amount of an investment exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment of amounts owed by group undertakings

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.

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022 £	2021 £
Research and development charged as an expense	45,000	30,000
Exchange rate (gains)/losses	(6,126,165)	246,553
Defined contribution pension cost	17,481	22,563
Depreciation of tangible fixed assets	2,429	519
Amortisation of intangible assets	156,588	140,394

5. Auditor remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,000	10,300

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
Directors	2	2
Management	3	3
Production	2	1
Average number of employees	7	6

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6. Employees (continued)

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	362,354	374,814
Social security costs	34,684	37,694
Cost of defined contribution scheme	17,481	22,563
Share-based payments	16,134	13,795
	<u>430,653</u>	<u>448,866</u>
Total employee benefits expense	<u>430,653</u>	<u>448,866</u>

7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	203,117	198,944
Company contributions to defined contribution pension schemes	11,665	10,281
	<u>214,782</u>	<u>209,225</u>

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

The above remuneration is in relation to 1 Director. The other Directors are remunerated by the ultimate parent and there is no reasonable or accurate way to apportion these costs to this entity.

8. Interest receivable and similar income

	2022 £	2021 £
Interest receivable from group companies	1,766,565	640,005

9. Interest payable and similar expenses

	2022 £	2021 £
Interest payable to group companies	43,616	41,479

10. Exceptional - acquisition related items

	2022 £	2021 £
Exceptional - acquisition related items	-	850,000

During the prior year contingent consideration of £850,000 was released in relation to the purchase of Benchmark Genetics (USA) Inc.

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11. Tax

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss before tax	(2,366,441)	(2,551,117)
Tax at the statutory tax rate of 19%	(449,624)	(484,712)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	1,589,825	231,067
Group relief	(1,143,727)	-
Deferred tax not recognised	3,526	253,645
Tax	-	-

At the balance sheet date the Company had deferred tax assets not recognised of £737 (2021 - £130) relating to fixed assets, £871,560 (2021 - £1,016,856) relating to losses, and £6,400 (2021 - £35,592) relating to other temporary differences.

Factors that may affect future tax charges

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 Company'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.

12. Intangible assets

	Trademarks £	Intellectual Property £	Total
Cost			
At 1 October 2021	271,692	1,787,463	2,059,155
Additions - external	110,918	-	110,918
At 30 September 2022	382,610	1,787,463	2,170,073
Amortisation			
At 1 October 2021	96,143	201,091	297,234
Charge for the year	67,214	89,374	156,588
At 30 September 2022	163,357	290,465	453,822
Net book value			
At 30 September 2022	219,253	1,496,998	1,716,251
At 30 September 2021	175,549	1,586,372	1,761,921

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13. Tangible assets

	Computer equipment £
Cost	
At 1 October 2021	1,867
Additions	8,127
At 30 September 2022	<u>9,994</u>
Depreciation	
At 1 October 2021	519
Charge for the year	2,429
At 30 September 2022	<u>2,948</u>
Net book value	
At 30 September 2022	7,046
At 30 September 2021	<u>1,348</u>

14. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 October 2021	69,672,652	282,417	69,955,069
Additions	570,793	99,470	670,263
At 30 September 2022	<u>70,243,445</u>	<u>381,887</u>	<u>70,625,332</u>
Impairment			
At 1 October 2021	7,344,227	-	7,344,227
Charge for the year	570,793	-	570,793
At 30 September 2022	<u>7,915,020</u>	<u>-</u>	<u>7,915,020</u>
Net book value			
At 30 September 2022	62,328,425	381,887	62,710,312
At 30 September 2021	<u>62,328,425</u>	<u>282,417</u>	<u>62,610,842</u>

Investment in subsidiaries

The addition during the year represent an additional investment in the Company's subsidiary Benchmark Genetics Colombia SAS.

During the year the Directors have performed a review of the carrying value of the Company's investments and group receivables. Following this review an impairment charge of £570,793 has been made against investments and a provision of £8,074,392 has been made against amounts receivable from group companies. The combined charge is presented of the face on the income statement.

Investment in associates

During the year the Company made an additional investment in its associate Benchmark Genetics (Thailand) Limited.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Benchmark Genetics Limited
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For the year ended 30 September 2022

14. Fixed asset investments (continued)

Company name	Registered address	Principal activity	Holding
Benchmark Genetics Brasil Cultivo De Especies Aquaticas Ltda (*)	Rua Dr Ribamar Lobo 451, Fortaleza, Ceara, Brazil, CEEP 60.192-230	Tilapia breeding	80%
Akvaforsk Genetic Center Spring Mexico, SA de CV (*)	Caguama 3023, Loma Bonita, Zapopan, Jalisco CP 45086, Mexico	Holding company	80%
Benchmark Genetics USA Inc	21200 SW 177th Ave, Miami Florida 33187, USA	Tilapia genetics and breeding	80%
Benchmark Genetics Chile SpA	Santa Rosa 560 Oficina 25 B, Puerto Varas, Chile	Salmon breeding and genetics	100%
Benchmark Genetics Colombia SAS	Cra 2 # 11 41 of 1002 Torre Grupo Area Bocagrande, Cartagena 13001, Colombia	Shrimp genetics and breeding	100%
Benchmark Genetics Norway AS	Bradbenken 1, 5003 Bergen	Salmon breeding and genetics	100%
Iceland A Islandi EHF	Bæjarhraun 14 - 220 Hafnarfjörður, Iceland	Dormant	88.87%
Benchmark Genetic Salten AS (*)	Sørfjordmoen, Kobbelv, 8264 Engan, Norway	Salmon breeding	75%
Spring Genetics SRL (*)	Calle Los Alemanes, Condominium Condado de Baviera, Apt 703A, Costa Rica	Sales office	80%
Stofnfiskur Chile Limitada (*)	Bæjarhraun 14 - 220 Hafnarfjörður, Iceland	Dormant	89.48%
Benchmark Genetics Iceland HF	Bæjarhraun 14, 220 Hafnarfjörður, Iceland	Salmon breeding and genetics	89.53%
Stofngen EHF	Bæjarhraun 14 - 220 Hafnarfjörður, Iceland	Dormant	89.48%
Sudourlax EHF (*)	Bæjarhraun 14 - 220 Hafnarfjörður, Iceland	Dormant	89.48%

*Indirect holding via subsidiaries

15. Debtors

	2022 £	2021 £
Non-current		
Amounts owed by group undertakings	<u>37,610,549</u>	<u>32,909,392</u>
Current		
Other debtors	36,830	5,309
Amounts owed by group undertakings	<u>1,623,385</u>	<u>1,667,780</u>
	<u>1,660,215</u>	<u>1,673,089</u>
	<u>39,270,764</u>	<u>34,582,481</u>

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Notes to the financial statements
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15. Debtors (continued)

Amounts owed by group undertakings includes loans totalling £28,460,286 (2021 - £18,604,145) which incurs interest at a rate of 2% plus LIBOR per annum, and £10,773,248 (2021 - £15,970,096) which incurs interest at a rate of 2% plus NIBOR per annum. All loans are repayable on demand, however the Company does not expect to realise loans totalling £37,610,549 (2021 - £32,909,392) within the next 12 months and therefore these have been classified as non-current assets.

The amounts owed by group undertakings are presented net of a provision of £8,074,392 (2021: £1,958,263) against the balances outstanding at the end of the period. The other classes within debtors do not contain impaired assets.

16. Creditors - Amounts falling due within one year

	2022 £	2021 £
Trade creditors	33,397	8,239
Amounts owed to group undertakings	105,367,342	98,358,196
Accruals and deferred income	124,721	78,671
Other taxation and social security	17,457	17,499
Other creditors	6,848	7,699
	<u>105,549,765</u>	<u>98,470,304</u>

Amounts owed to group undertakings includes a loan of £1,771,531 (2021 - £1,724,267) which is repayable on demand and incurs interest at 2.50%. The remaining balance is interest free and repayable on demand.

17. Allotted, called up and fully paid share capital

	2022 £	2021 £
15,000,002 (2021 - 15,000,002) Ordinary shares of £1.00 each	<u>15,000,002</u>	<u>15,000,002</u>

18. Share-based payments

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.

During the year no options were exercised by Benchmark Genetics Limited employees.

The share options relevant to Benchmark Genetics Limited employees are as follows:

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18. Share-based payments (continued)

Share options issued	Weighted average exercise price	Weighted average remaining contractual life	2022 £	2021 £
January 2018	69.5p	Five years	-	1,490
January 2019	58.5p	Six years	3,330	8,095
February 2020	42.5p	Seven years	6,636	2,998
January 2021	0.1p	Eight years	2,851	1,212
December 2021	0.1p	Nine years	3,317	-
Equity-settled schemes			<u>16,134</u>	<u>13,795</u>
Total share-based payment charge			<u>16,134</u>	<u>13,795</u>

The Company did not enter into any other share-based payment transactions with parties other than employees during the current or previous period.

19. Contingent liabilities

Along with a number of other companies in the Benchmark Group "the Group", the company was a guarantor to a four-year senior secured floating rate listed bond of NOK 850m (the Bond). On 27 September 2022 the Group successfully issued a new unsecured floating rate bond of NOK 750m, the proceeds of which were used to repay the Bond. Consequently, the company was no longer a guarantor to the Bond as at 30 September 2022.

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

Under the terms of the Bond and the RCF:

- The Company guarantees the punctual performance of other obligors to the Bond and the RCF;
- Should another obligor fail to pay an amount when due, the Company will on demand pay that amount as if it were the principal obligor; and
- The Company has provided to the lenders security in the form of a floating charge over its assets.

Subsequent to the year end, on 21 November 2022, the Group refinanced the RCF with a secured GBP 20 million revolving credit facility ("the new RCF"). Under the terms of the new RCF, the company is an obligor and provides similar security and guarantees as for the RCF.

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £17,481 (2021 - £22,563). An amount of £6,848 (2021 - £7,699) was payable to the fund at the balance sheet date and is included in other creditors.

21. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 30 September 2022 and 30 September 2021 with other related parties being subsidiaries that aren't wholly owned, are as follows:

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21. Related party transactions (continued)

	Sales to related party £	Purchases from related party £	Amounts owed by related party £	Amounts owed to related party £
2022				
Benchmark Genetics USA Inc	-	-	27,616,620	-
Benchmark Genetics Iceland HF	-	-	-	1,771,531
	<u>-</u>	<u>-</u>	<u>27,616,620</u>	<u>1,771,531</u>
2021				
Benchmark Genetics USA Inc	-	-	18,333,851	-
Benchmark Genetics Iceland HF	-	-	-	1,724,267
	<u>-</u>	<u>-</u>	<u>18,333,851</u>	<u>1,724,267</u>

22. Events after the reporting period

On 15 February 2023, the Company purchased the minority interest's shareholding of 14,981,272 shares in Benchmark Genetics Iceland HF for €9,000,000. Following this acquisition, the Company now owns 100% of the share capital of Benchmark Genetics Iceland HF.

On 6 February 2023, the Company exercised the put/call option in place to purchase the final 20% of Benchmark Genetics USA Inc for 1 NOK.

23. Controlling party

The Company is controlled by Benchmark Holdings plc. In the opinion of the directors, the ultimate controlling party is Benchmark Holdings plc, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH.

The largest and smallest group for which consolidated financial statements are prepared is that headed by Benchmark Holdings plc. Consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.