

Q1 25 results: transition towards a new platform

7 March 2025

For the three months to 31 December 24 (Q1 25) Benchmark Holdings reported¹ a 30%YoY decline in revenue to £17.7m (currency adjusted, -25%YoY) arising from a 16%YoY decline in the contribution from Advanced Nutrition to £16.1m, and £1.6m from Health operations. The Q1 (adj.) EBITDA loss was £(0.2)m (Q1 24 £3.5m profit on a like-for-like basis). The Group expects regulatory approval leading to completion of the disposal (for an aggregate £260m) of the Genetics business by the end of March and subsequently plans a separate announcement on use of proceeds and plans for the restructured business.

Advanced Nutrition registered strong performance in its Mediterranean markets offset by continued weak demand for shrimp and an Artemia harvest affected by lower hatching rates. The business segment contributed £0.84m in (adj.) EBITDA compared to £4.6m in Q1 24 (-90%YoY), with gross profitability adversely impacted by a change in product mix.

Health reflected the decision to cease mobile wellboat-based Ectosan[®]Vet and Clean Treat[®] operations, to be replaced by a combined onshore and client-focused approach. Demand for Salmosan[®]Vet sea lice treatment in Norway and Chile remained strong resulting in (adj.) EBITDA of £0.33m compared to £0.57m a year earlier. This partially offset the impact of the absence of wellboat-based revenues.

The Group reduced operating costs by 15%YoY, commenting that further reductions should be expected as the restructuring process continues. The (adj.) operating loss was £(6.0)m compared to a £(5.6)m (restated¹) loss in Q1 24. Net debt was £62.0m (pre IFRS 16, £58.5m) compared to £45.4m at year-end FY24 (pre-IFRS 16, £49.0m)

CEO Trond Williksen characterised Q1 results as a “stepping stone” towards a more streamlined and redefined business model. The disposal of its Genetics operations offers the potential to retire all or part of loans totalling £78.5m whilst providing for a return to shareholders and establishing the basis for a strong balance sheet on which to build ongoing operations. The decision to cease wellboat-based Ectosan[®]Vet and Clean Treat[®] services addresses the underlying threat to profit contribution from idle downtime intrinsic to the prior Health division business model. We note that the Group retains a global distribution network with access to markets from North and South America to Europe and the Far East, whilst the Group has strength in R&D and innovation on which to build product range in both operating divisions.

Outlook and Fair Value suspended pending the disposal process

As the Group will update separately on completion of the disposal process, retirement of debt, decision on return of proceeds to investors, composition of the balance sheet and any further strategic or restructuring initiatives, we have suspended outlook and our Fair Value estimate. It is expected that the disposal process will conclude by the end of March.

Company Data

EPIC	BMK.L
Price (last close)	25p
52 weeks Hi/Lo	48p/23p
Market cap	£185m
ED Fair Value/share	N.A. (p)

Share Price, p



Source: Investing.com

Description

Benchmark Holdings PLC develops products and biotechnology solutions for the aquaculture sector, to improve sustainability, animal quality and health and welfare, yields and profitability. The Group is focused on: Advanced Nutrition, specific to early stages of animal development; and Health, treatments for sea lice. The Group has operations in the UK, Norway, US, Chile, Colombia, Iceland, Belgium, Thailand and China.

Next event

Announcement of the conclusion of the disposal of Genetics operations.

Outlook

Yr to 30 Sep. (£m)	2023	2024	Q1 24	Q1 25
Revenue	104.0	17.7	25.31	17.72
EBITDA (adj)	17.0	(0.2)	3.50	(0.25)
Pre-Tax (rptd.)	(24.7)	(7.1)	(5.13)	(2.11)
EPS (adj, p)	(2.6)	(4.6)		
Net debt/(cash) ²	65.5	49.0	57.53	58.46

Source: Company data. Equity Development estimates. ¹All reported data represents continuing operations, i.e. excluding the disposal of the Genetics business operation. Benchmark Holdings publishes quarterly earnings as required under the terms of its unsecured Green Bond.² Net debt pre IFRS 16.

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Q1 2025 performance summary

Below summarises Q1 25 performance for ongoing operations:

Revenue £17.7m, -30%YoY (CER -25%YoY).

(adj.) EBITDA, £(0.248)m loss. (adj.) EBIT, £(1.088)m loss.

The Group commented that improved performance in Q1 and into Q2 for continuing operations was trading in line with management expectations for the outlook for the year. The Group recorded £1.57m in exceptional costs in the quarter relating to the restructuring raising from the formal review announced a year earlier.

Q1 25 results

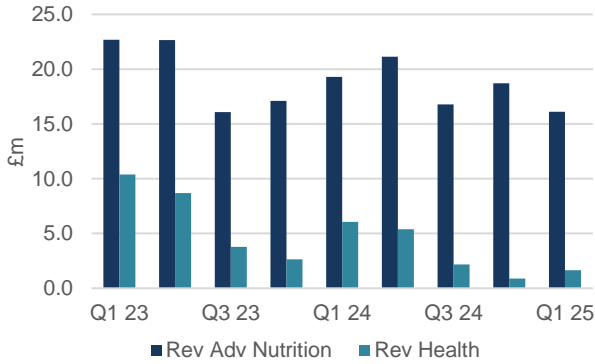
£m	Q1 24	Q1 25	YoY
Advanced Nutrition	19.283	16.115	-16%
Health	6.059	1.643	-73%
Inter segment/disc'	(15.193)	(0.038)	
Revenue	25.313	17.722	-30%
Gross	12.750	7.576	-41%
<i>Margin</i>	50.4%	42.7%	
R&D	(0.687)	(0.567)	-17%
Admin & Other	(8.568)	(7.257)	-15%
Sum Op-ex	(9.255)	(7.824)	-15%
One-off item	(0.094)	(1.574)	
EBIT Reported	(5.556)	(6.043)	
EBIT Adjusted	(1.598)	(1.088)	
EBITDA Adv Nutrition	4.600	0.836	-82%
<i>Margin</i>	23.9%	5.2%	
EBITDA Health	0.570	0.326	-43%
<i>Margin</i>	9.4%	19.8%	
Corp/disc'd	(4.173)	(1.308)	-69%
EBITDA Reported	3.401	(1.822)	
EBITDA Adjusted	3.495	(0.248)	
<i>Margin</i>	13.8%	N.M.	
Financial income	1.405	4.325	
Financial expense	(4.938)	(5.349)	
PBT Reported	(9.089)	(7.067)	-22%
PBT Adjusted	(5.131)	(2.112)	-59%
Tax	0.621	(0.213)	
Profit/Loss after tax rptd.	(8.468)	(7.280)	
Profit/Loss after tax adj.	(4.510)	(2.325)	
Discontinued operations	0.844	(2.919)	
Net rptd	(7.624)	(10.199)	
Net adj	(3.666)	(5.244)	
Non-controlling interest	0.003	(0.272)	
Net rptd	(7.627)	(9.927)	
Net adj	(3.669)	(4.972)	

Source: Company data. CER: adjusted to exchange rate -1 year.

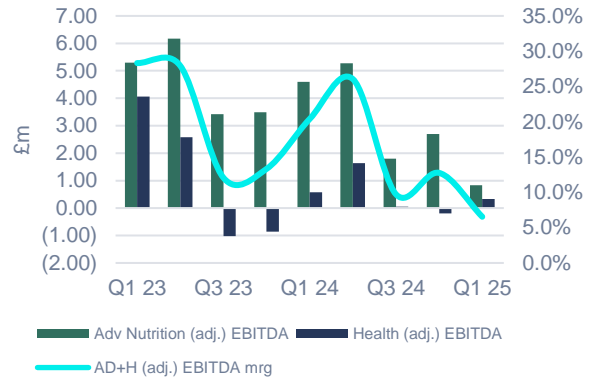
Q1 2025 performance

Below illustrates quarterly revenue (adj.) EBITDA and combined (adj.) EBITDA profitability for continuing operation, Advanced Nutrition and Health.

Quarterly revenue Q1 23 - Q1 25



Quarterly EBITDA (adj.) continuing operations

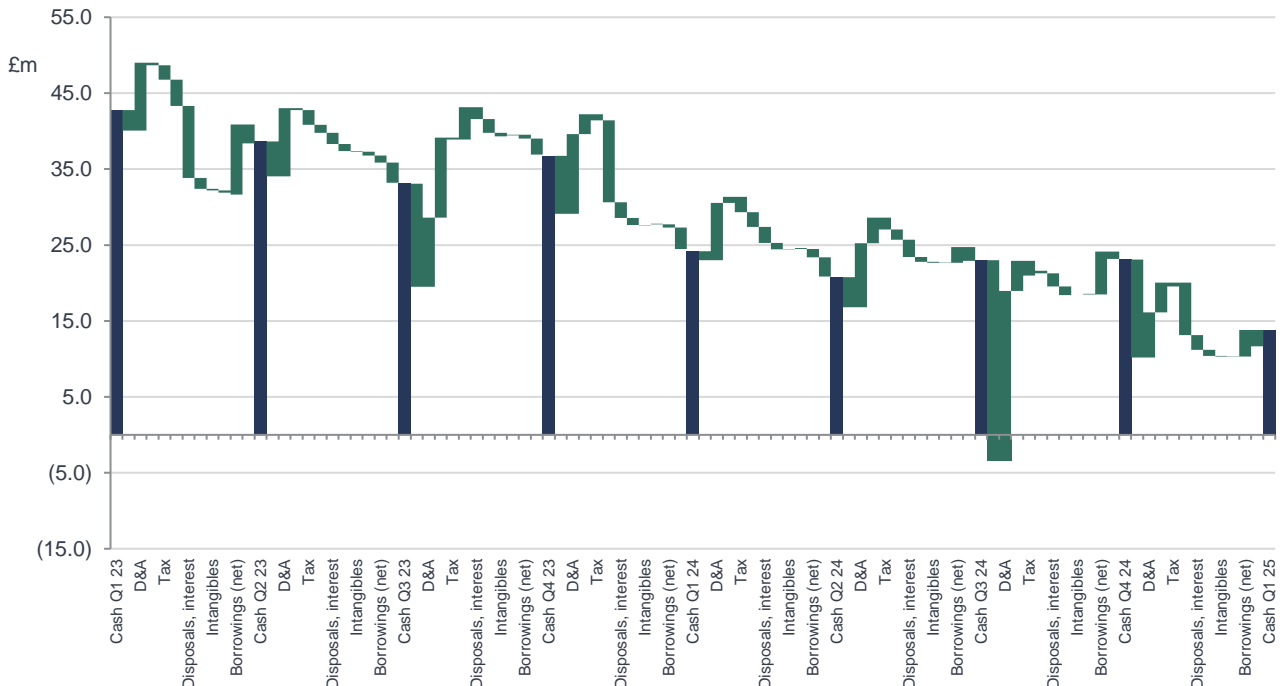


Source: Company data. Continuing operations.

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As shown, the Group closed the quarter with a cash balance of £13.8m (31 December 2024, £23.1m), although the treatment of Genetics operations as discontinued makes comparison less meaningful. Net cash outflow for the quarter was £8.1m (Q1 24. £5.6m) impacted principally by reduced revenue, whilst depreciation and amortisation were reduced from £9.0m in Q1 24 to £4.2m due to decommissioning of Clean Treat® wellboat infrastructure during FY24.

Cashflow Q1 23 – Q1 25



Source: Company data.

Advanced Nutrition

With revenue -16%YoY (currency adjusted, -11%YoY) the Group reported a “soft” start to the year, which had been expected. Strong sales supplying the European marine fish market were offset by weakness in demand for shrimp in Asia.

Artemia revenue, 49% of divisional revenue, declined 19%YoY due to an influx of inventory with low hatching rates from the prior harvest. However, the Great Salt Lakes 2025 harvest provided high quality Artemia underpinning the profitability of higher-grade product going forward.

Weak demand for shrimp impacted the Diets (-11%YoY) and Health (-25%YoY) segments with clients averse to higher outlay.

Gross profitability, at 41% compared to 53% in Q1 24 and 48% for FY24, was impacted by reduced sales in the Diet and Health categories, and lower Artemia quality. In addition, operating (distribution) costs remained high due to supply chain (trading route) disruption; however, efficiency measures kept op-ex at £5.2m compared to £5.0m in Q1 24.

The Group continued to innovate, for example with the SnappArt® (illustrated left) and Snapp360® AI imaging food counting systems for optimised Artemia and Rotifer (wheel animalcule zooplankton) cultivation.



Health

The Group paused Ectosan®Vet and Clean Treat® sea lice treatment operations based on the deployment of owned wellboats, the business model having failed to offset the impact on profitability of idle down-time outside the sea lice season. Q1 25 revenue was £1.6m (-73%YoY) based on the Salmosan® sea lice treatment (Q1 24, £2.1m) underpinned by demand in Norway and Chile, although sales in the Faroes declined. Restructuring resulted in operating costs reduced from £1.9m to £0.9m.

The Group has developed an alternative Ectosan®Vet and Clean Treat® land-based solution (illustrated left) with specialist Water AS, and deployment in conjunction with clients' facilities and infrastructure.



Summary of Q1 25 performance

Below summarises like-for-like Q1 performance data for continuing operations.

Advanced Nutrition Q1 25

£m	Q1 24	Q1 25	YoY
Revenue	19.283	16.115	-16%
Gross margin	53%	41%	
EBITDA (adj.)	4.600	0.836	-82%
Mrg	23.9%	5.2%	

Source: Company data.

Health Q1 25

£m	Q1 24	Q1 25	YoY
Revenue	6.059	1.643	-73%
Gross margin	42%	60%	
EBITDA (adj)	0.570	0.326	-43%
EBITDA (adj.) margin	9.4%	19.8%	

Source: Company data.

Disposal of Genetics operations

The strategic review announced in January 2024 reached completion in the quarter to 25 November, resulting in the decision to sell Benchmark Genetics Limited and Benchmark Genetics Norway (and subsidiaries) to Starfish Bido AS, a subsidiary of Novo Holdings AS, net of debt (£18.6m). The terms are:

Initial consideration: £230.0m.

Additional consideration contingent on performance in the core salmon business segment from 1 October 2024 to 30 September 2027: payable in three years' time £30.0m.

The total consideration indicates a multiple of (adj.) EBITDA of 17.9x. As of 30 September 2024, the Genetics operation was treated as discontinued. Below outlines Q1 25 assets and liabilities associated with the disposal; the exit from an associated £1.7m lease in Q1 25 resulted in an impairment

Genetics disposal: Q1 25 assets held for sale and associated liabilities

Assets held for sale	£m
PPE	55.332
RoUse assets	4.841
Intangible assets	43.743
Equity-accounted investees	2.028
Bio/agri assets	46.917
Inventory	0.475
Trade receivables	11.132
Sum	164.468
Associated liabilities	
Trade payables	(13.454)
Loans & borrowings	(18.561)
Tax	(2.515)
Provisions	(0.608)
Deferred tax	(9.042)
Sum	(44.180)

Source: Company data.

As noted, it is the intention of the Group to provide an update on the disposal process, which is expected to conclude in March, detailing use of proceeds including debt reduction and a return of funds to shareholders, and potential impact on the planned restructuring process. Current debt is outlined below; this excludes the £18.6m allocated to the disposal. The Group has a £27.5m DNB Bank RCF (expiry 27 June 2025).

Loans and borrowings, Q1 25

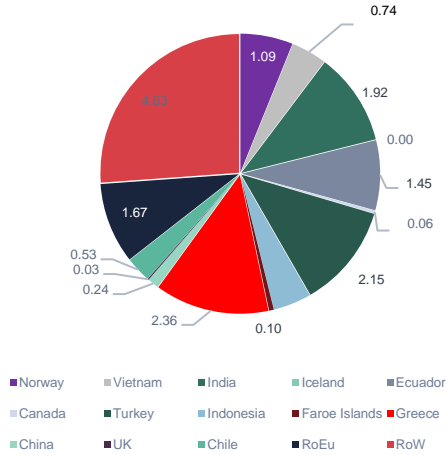
	£m
Leases	2.401
Sum non-current	2.401
NOK loan notes	52.677
Bank borrowings	20.250
Unamortised issue costs	(0.658)
Leases	1.173
Sum current	73.442
Sum debt	75.843

Source: Company data.

Appendix I: Revenue by Geography

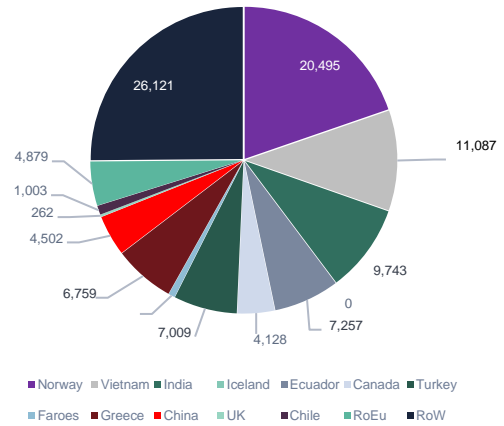
Below summarises revenue from ongoing operations (Advanced Nutrition and Health) in Q1 25 and FY24, demonstrating the breadth of worldwide coverage.

Revenue by geography Q1 25



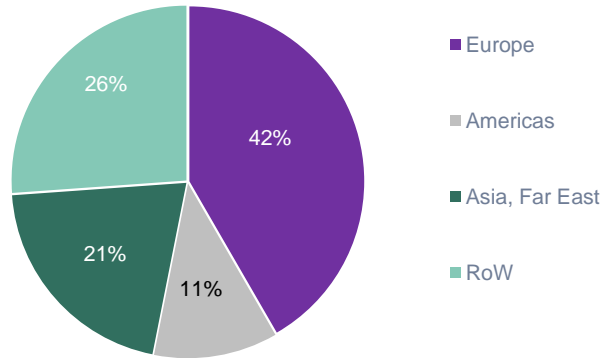
Source: Company data.

Revenue by geography FY24



Source: Company data.

Distribution of revenue (ongoing operations, Q1 25) by region



Source: Company data.

Financial data

P&L

£m	Q1 24*	Q2 24	Q3 24	Q4 24	Q1 25	FY23	FY24*
<i>Continuing operations:</i>							
Advanced Nutrition	19.3	21.1	16.8	18.7	16.1	78.5	75.9
Health	6.1	5.4	2.2	0.9	1.6	25.5	14.5
Inter segment/disc'	(15.2)	(0.0)	(0.0)	(57.4)	(0.0)	(0.3)	(57.5)
Revenue	25.3	39.8	30.7	(20.5)	17.7	104.0	90.4
Gross	12.8	26.5	15.6	(10.9)	7.6	56.1	43.9
<i>Margin</i>	<i>50.4%</i>	<i>66.7%</i>	<i>50.9%</i>	<i>53.1%</i>	<i>42.7%</i>	<i>53.9%</i>	<i>48.6%</i>
COGS	(12.6)	(13.3)	(15.1)	9.6	(10.1)	(47.9)	(46.4)
R&D	(0.7)	(2.4)	(1.4)	2.0	(0.6)	(2.4)	(2.4)
Admin & Other	(8.6)	(11.8)	(9.9)	0.6	(7.3)	(36.8)	(29.6)
Equity inv.	0.0	1.0	0.2	(1.2)	0.0	0.0	0.0
Sum operating costs	(9.3)	(13.2)	(11.1)	1.5	(7.8)	(39.1)	(32.0)
One-off item	(0.1)	(2.4)	(2.6)	(0.5)	(1.6)	(3.9)	(5.6)
EBIT Reported	(5.6)	3.4	(6.5)	(25.3)	(6.0)	(17.5)	(35.5)
EBIT Adjusted	(1.6)	8.1	0.0	(6.4)	(1.1)	(13.6)	(29.9)
<i>Margin</i>	<i>N.M.</i>	<i>20.4%</i>	<i>0.1%</i>	<i>31.2%</i>	<i>N.M.</i>	<i>N.M.</i>	<i>N.M.</i>
Amortisation	(3.9)	(3.3)	(4.1)	(17.2)	(3.4)	(14.0)	(30.9)
Depreciation	(5.1)	(4.2)	(4.3)	1.8	(0.8)	(16.6)	(10.9)
EBITDA Reported	3.4	10.9	1.9	(9.9)	(1.8)	13.1	6.3
EBITDA Adjusted	3.5	13.3	4.5	(9.4)	(0.2)	17.0	11.9
<i>Margin</i>	<i>13.8%</i>	<i>33.5%</i>	<i>14.7%</i>	<i>45.8%</i>	<i>N.M.</i>	<i>16.3%</i>	<i>13.2%</i>
Financial income	1.4	1.9	0.6	0.8	4.3	0.0	3.8
Financial expense	(4.9)	(3.2)	(3.5)	(4.2)	(5.3)	(7.2)	(14.2)
PBT Reported	(9.1)	2.1	(9.4)	(28.6)	(7.1)	(24.7)	(45.9)
PBT Adjusted	(5.1)	6.8	(2.9)	(9.8)	(2.1)	(20.8)	(40.3)
Tax	0.6	(0.5)	(0.5)	3.1	(0.2)	1.2	1.6
Profit/Loss after tax rptd.	(8.5)	1.6	(9.9)	(25.6)	(7.3)	(23.5)	(44.3)
Profit/Loss after tax adj.	(4.5)	6.3	(3.4)	(6.7)	(2.3)	(19.6)	(38.7)
Discontinued operations						1.9	5.2
Net rptd						(21.6)	(39.1)
Net adj						(17.7)	(33.5)
Non-controlling interest						1.6	0.3
Net rptd						(23.1)	(39.5)
Net adj						(19.2)	(33.9)
Basic wtd. Av. shares (m)						731.9	739.6
Diluted wtd. av. shares (m)						740.9	753.2
EPS rptd basic (p)						(3.2)	(5.3)
EPS rptd dil (p)						(3.1)	(5.3)
EPS adj basic (p)						(2.6)	(4.6)
EPS adj dil (p)						(2.6)	(4.6)

Source: Company data. * restated for continuing operations.

Cashflow

£m	Q1 24*	Q2 24	Q3 24	Q4 24	Q1 25	FY23	FY24*
Net reported	(7.6)	(1.1)	(3.9)	(26.4)	(10.2)	(21.6)	(39.1)
PPE depreciation	3.0	2.1	2.9	1.4	2.2	8.5	9.3
RoU depreciation	3.3	1.2	1.4	1.1	0.4	10.3	7.0
Amortisation	4.3	4.2	4.1	19.9	3.4	18.5	32.5
Disposals net	(0.0)	(0.2)	(0.1)	(0.1)	(0.1)	3.7	(0.4)
Finance (net)	2.5	2.6	2.9	2.9	2.7	7.7	10.9
Forex, other	0.4	(1.8)	0.2	1.1	0.5	(1.8)	(0.2)
Share-based payments	0.3	0.6	0.7	0.6	0.5	1.0	2.1
Tax	0.4	0.5	0.5	(0.9)	0.3	3.4	0.5
Operating Cash Flow	6.4	8.1	8.6	(0.5)	(0.4)	29.6	22.6
Working capital							
(Increase)/Decrease inventories	0.6	1.2	(1.5)	(0.1)	0.1	2.9	0.1
(Increase)/Decrease in receivables	1.2	1.2	3.8	(7.2)	5.0	(6.6)	(1.1)
Increase/(Decrease) in payables	(13.4)	(2.6)	(2.4)	8.4	(9.1)	3.9	(10.0)
Increase/(Decrease) in bio/agri assets	0.8	(0.7)	(1.3)	0.5	(2.8)	(1.7)	(0.7)
Provisions	0.0	(1.0)	0.2	(1.2)	(0.0)	0.4	(2.0)
Change, working capital	(10.8)	(1.9)	(1.3)	0.3	(6.9)	(1.0)	(13.8)
Cash generated by operations	(4.4)	6.1	7.2	(0.2)	(7.3)	28.6	8.8
Tax (paid)/received	(1.2)	(2.5)	(2.1)	(1.0)	(0.8)	(8.6)	(6.8)
Net cash from operations	(5.6)	3.6	5.1	(1.2)	(8.1)	20.0	2.0
Investing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals, invsts	0.0	0.1	(0.1)	0.5	0.1	0.9	0.6
PPE	(0.9)	(0.8)	(0.6)	(1.1)	(0.8)	(6.0)	(3.5)
Intangibles	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.8)	(0.2)
Interest / Other	0.2	0.0	0.2	(0.1)	0.1	0.6	0.3
Net cash used in investing	(0.8)	(0.7)	(0.6)	(0.7)	(0.7)	(5.3)	(2.8)
Net OpFCF	(6.3)	2.9	4.5	(1.9)	(8.8)	14.7	(0.8)
Financing activities							
Share issue (net)	0.0	0.0	0.1	0.0	0.0	10.9	0.1
Borrowings (net)	(0.4)	(1.1)	2.1	5.6	3.5	3.4	6.2
Interest paid	(2.3)	(2.3)	(2.4)	(2.2)	(2.2)	(9.1)	(9.1)
Lease payments	(2.9)	(2.5)	(1.8)	(0.9)	(2.2)	(9.4)	(8.1)
Other	0.0	0.0	0.0	0.0	0.0	(8.0)	0.0
Net cash from financing	(5.5)	(5.9)	(2.1)	2.5	(0.8)	(12.3)	(11.0)
Net increase in cash / equivalents	(11.8)	(3.0)	2.4	0.6	(9.6)	2.4	(11.8)
Cash start	36.5	24.2	20.8	23.0	23.1	36.4	36.5
Forex	(0.5)	(0.4)	(0.2)	(0.5)	0.3	(2.3)	(1.6)
Cash end	24.2	20.8	23.0	23.1	13.8	36.5	23.1

Source: Company data. * restated for continuing operations.

Balance sheet

£m	Q1 24*	Q2 24	Q3 24	Q4 24	Q1 25	FY23	FY24*
Fixed Assets							
Intangible assets	195.0	190.9	186.8	190.9	120.2	206.1	115.5
PPE net	71.7	68.5	66.5	68.5	10.5	73.4	10.1
RoUse assets	16.5	16.7	12.3	16.7	3.5	19.8	4.1
Equity investees	3.8	4.5	4.8	4.5	2.5	3.6	2.3
Other invsts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bio/agri assets	23.8	18.5	2.7	18.5	0.0	18.4	0.0
Sum Fixed Assets	310.7	299.2	273.2	299.2	136.7	321.3	132.0
Current Assets							
Inventories	24.5	22.8	24.1	22.8	23.9	25.3	23.7
Trade receivables	56.4	54.6	50.6	54.6	41.4	59.8	42.5
Bio/agri assets	20.4	25.1	42.5	25.1	0.0	28.4	0.0
Cash, Equivalents	24.2	20.8	23.0	20.8	13.8	36.5	23.1
Sum Current Assets	125.5	123.3	140.2	123.3	244.1	150.0	252.9
Total Assets	436.2	422.5	413.4	422.5	380.8	471.3	384.9
Current Liabilities							
Trade payables	(33.5)	(30.3)	(27.8)	(30.3)	(22.6)	(47.3)	(30.1)
Loans	(18.7)	(17.3)	(15.6)	(17.3)	(73.4)	(20.0)	(69.2)
Tax	(5.9)	(4.6)	(4.1)	(4.6)	(1.1)	(6.4)	0.0
Provisions, liabilities (sale)	(2.4)	(1.8)	(2.0)	(1.8)	(44.4)	(1.3)	(46.9)
Sum Current Liabilities	(60.5)	(54.0)	(49.5)	(54.0)	(141.5)	(75.1)	(146.3)
Total Assets less Current Liabilities	375.6	368.4	363.9	368.4	239.3	396.2	238.6
Long-term Liabilities							
Borrowings	(80.0)	(76.2)	(76.5)	(76.2)	(2.4)	(82.0)	(2.8)
Other	(5.9)	(8.0)	(7.7)	(8.0)	(1.7)	(7.5)	(1.6)
Tax	(22.6)	(21.3)	(20.2)	(21.3)	(9.8)	(24.1)	(9.9)
Sum Long-term liabilities	(108.6)	(105.5)	(104.4)	(105.5)	(13.8)	(113.6)	(14.4)
Total liabilities	(169.1)	(159.5)	(154.0)	(159.5)	(155.3)	(188.7)	(160.6)
Net Assets	267.1	262.9	259.4	262.9	225.4	282.6	224.3
Capital & Reserves							
Share Capital	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Additional paid-in capital	37.4	37.4	37.5	37.4	37.5	37.4	37.5
Capital Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained earnings	176.1	175.3	166.1	175.3	136.7	183.5	146.1
Hedging reserve	(1.0)	(0.9)	(0.7)	(0.9)	(0.8)	(0.2)	(1.0)
Forex reserve	47.6	44.3	43.7	44.3	45.7	54.9	35.0
Non-controlling interest	6.1	6.1	6.1	6.1	5.7	6.2	6.0
Equity	267.1	262.9	253.4	262.9	225.4	282.6	224.3
Net debt / (cash), excl. leases	57.5	56.8	57.9	56.8	58.5	45.6	45.4
Net debt IFRS 16	74.5	72.7	69.1	72.7	62.0	65.5	49.0

Source: Company data. * restated for continuing operations.

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