Benchmark®

27 November 2020

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Benchmark Holdings plc

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

Full Year Results for the Financial Year ended 30 September 2020

A year of transformation and achievements

Benchmark, the aquaculture biotechnology Company, announces its audited full year results for the year ended 30 September 2020 (the "period").

£m	**FY20**	**FY2019 Restated***
Statutory		
Revenue from continuing operations	105.6	124.0
Loss before tax from continuing operations	(22.6)	(58.5)
Loss from continuing operations	(22.8)	(59.1)
Loss - total incl. discontinued operations	(31.9)	(83.1)
Basic loss per share (p)	(5.26)	(15.03)
Net debt[3]	(37.6)	(87.1)
Adjusted		
Adjusted EBITDA[2] from continuing operations	14.5	21.3
Adjusted operating profit from continuing operations	7.9	16.3
Exceptional items	(2.1)	(0.6)
EBITDA[1] from continuing operations	12.4	20.8

Divisional summary (Continuing operations)

£m	**Revenues**			**Adjusted EBITDA[2]**	
	FY20	**FY 2019**		**FY20**	**FY 2019**
Advanced Nutrition	59.4	76.4		6.4	16.0
Genetics	41.5	39.7		14.4	10.1
Health	5.2	8.7		(3.7)	(2.1)

(1) EBITDA is earnings/(loss) before interest, tax, depreciation and amortisation and impairment.
(2) Adjusted EBITDA is EBITDA[1], before exceptional items and acquisition related expenditure.
(3) Net debt is cash and cash equivalents less loans and borrowings. Net debt includes £9.6m (2019: £nil) relating to lease obligations which are now held on balance sheet following the adoption of IFRS 16.
* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

Overview

- Restructuring complete and strong financial position achieved
- Operational resilience to Covid-19
- Strong performance in Genetics; trading in Advanced Nutrition impacted by weak shrimp markets
- Good progress towards commercialisation of BMK08 + CleanTreat® and SPR Shrimp

Financial Highlights

- Strengthened financial position:
    - Programme of disposals of non-core businesses completed delivering up to £44m; £43m gross equity raised in February 2020 through a placing and open offer
    - Liquidity (cash and available facility) increased to £83.2m (2019: £28.2m). Cash at year end of £71.6m (2019: £16.1m)
    - Net debt reduced significantly to £37.6m (2019: £87.1m)

- Revenues from continuing operations 15% below the prior year resulting from:
    - Good performance in Genetics with revenues 5% above the prior year (+14% in constant currency)
    - In Advanced Nutrition revenues down 22% due to the impact of Covid-19 on global shrimp markets and a supply imbalance in the Artemia markets
    - Lower revenues in Health than Q4 2019 which benefitted from revenues related to BMK08 trials
- Adjusted EBITDA from continuing operations was £14.5m against £21.3m the prior year reflecting lower revenues and margins in Advanced Nutrition, partially offset by Genetics and a reduction in R&D and operating costs from measures taken to mitigate the impact of Covid-19

Market environment

- The salmon industry has been relatively resilient to Covid-19 and our salmon genetics business has been resilient to recent short-term volatility in the salmon market
- The shrimp market continues to be challenging as a result of Covid-19

Operational Highlights

- BMK08 and CleanTreat®: Positive MRL Opinion and construction of second CleanTreat® unit; on track for commercial launch in Q2CY 2020
- Salmon genetics: Continuing ramp-up of Salten facility; first year supplying salmon eggs year round
- Shrimp genetics: First test market sales of SPR broodstock shrimp; progress in construction of multiplication centre in Thailand
- Advanced Nutrition: Successful launch of improved SEP-Art tools, a proprietary sustainable Artemia technology

Current trading and outlook

- Unchanged market conditions; revenues in established business driven by underlying markets with upside from the launch of new products
- Ongoing investment in SPR shrimp, new salmon egg facility in Chile, and launch of BMK08 and CleanTreat®
- Continued focus on achieving profitability and cash generation; commitment to maintain financially strong balance sheet aligning pace of investment to cash generation

Peter George, Chairman, commented:

“2020 was a transformational year for Benchmark. With the restructuring complete, we now have a streamlined Group focused on the three core aquaculture areas of Genetics, Advanced Nutrition and Health, each with substantial growth opportunities and long-term positive drivers which give us optimism for the future. Our focus remains on becoming a profitable cash generative Group.

“Against a very challenging backdrop this year with Covid-19, I am proud of the Group’s resilience both operationally and financially and this reflects well on the commitment and contribution of Benchmark employees.”

Trond Williksen, CEO, commented:

“2020 was characterised by the successful delivery of an ambitious and necessary restructuring programme, and by our response and resilience to the challenges brought by the Covid-19 pandemic.

“Our results reflect a mixed performance across our business areas with a strong performance in Genetics offset by the effects of the restructuring programme and the impact of Covid-19, especially on the global shrimp markets.

"Moving into FY21, our focus is on becoming profitable and cash generative. Following the restructuring we are well-positioned in an exciting aquaculture industry, and we have significant potential to be realised in the years to come.”

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About Benchmark

Benchmark's mission is to enable aquaculture producers to improve their sustainability and profitability.

We bring together biology and technology, to develop innovative products which improve yield, quality and animal health and welfare for our customers. We do this by improving the genetic make-up, health and nutrition of their stock - from broodstock and hatchery through to nursery and grow out.

Benchmark has a broad portfolio of products and solutions, including salmon eggs, live feed (Artemia), diets and probiotics and sea lice treatments. Find out more at www.benchmarkplc.com

Chairman's Statement

A year of transformation

2020 was a pivotal year for Benchmark. Following my appointment as Executive Chairman in August 2019, the Group undertook a comprehensive and ambitious restructuring programme which was successful in refocusing the Group on its core aquaculture areas and in achieving financial solidity, two critical steps towards our goal of becoming sustainably profitable.

As part of our restructuring programme we divested non-core assets, exited loss making activities, streamlined our executive management and conducted a review of the Group's vaccine strategy which resulted in the sale of our vaccine manufacturing facility to Cell and Gene Therapy Catapult. In a period of 12 months we completed nine disposals, exited or closed four business units, and substantially streamlined our R&D pipeline, all while responding to the challenges brought by Covid-19. I am pleased to have secured strong buyers for each of the businesses we divested which resulted in continuity of employment and positive prospects for our employees.

The Group's restructuring called for a change of executive management. Septima Maguire joined the Group as CFO in November 2019 and since joining has been instrumental in strengthening our financial position, leading a £43m (gross) fundraising in February 2020 which received broad shareholder support, and executing our divestment programme which generated up to £44m in cash. As a result, Benchmark is now in a financially strong position with liquidity[2] of £83.2m at year end (FY19: £28.2m) giving us resilience through the Covid-19 pandemic and the ability to fund the launch of our sea lice solution BMK08 and CleanTreat®.

Later in the year, Trond Williksen joined Benchmark as CEO on 1 June 2020 bringing substantial industry and management expertise to lead the Group through the next phase of its development and growth. His involvement in Benchmark during the period leading to his formal arrival made our handover quick and efficient. With Trond and Septima and the rest of the senior management team I am confident that we have strong leadership to develop Benchmark to its full potential.

Covid-19 and our response

As is the case for most businesses around the world, Covid-19 brought unprecedented challenges to our industry and to Benchmark. We operate in 23 countries around the world which have been affected at different times and to various degrees as a result of the pandemic. Against this backdrop and through the actions outlined below I am pleased to say that the Group has shown incredible resilience both operationally and financially and this is the reflection of the commitment and contribution from each employee at Benchmark.

We took early action to protect the health and wellbeing of our staff through remote working by adapting shift patterns at manufacturing sites worldwide and enhancing safety procedures to reduce employee exposure, whilst maintaining service levels for our customers through regular technical support webinars and online content which will remain a feature of our service offering post-Covid-19. We managed costs carefully, utilised furlough schemes where appropriate and reduced working hours; our PLC Board and the Operations Board voluntarily took a temporary 20% salary cut.

As we announce these results, uncertainty around the development of Covid-19 and the availability of an effective vaccine and treatments remain high. This will continue to impact some of our markets. We benefit from a diversified business across species and geographies and we expect the salmon market to remain stable while conditions in the shrimp market will continue to impact our business until there is a sustained recovery.

Overview of performance
Group trading during the year was driven by a strong performance in Genetics, with revenue growth and significantly higher margins, offset by a weak result in Advanced Nutrition due to Covid-19 related adverse conditions in the shrimp markets and the ongoing supply imbalance in Artemia. Our Health business area was impacted by the significant restructuring and was primarily driven by sales of our legacy sea lice treatment Salmosan® and continued investment towards the launch of BMK08 and CleanTreat® in Q2 calendar year 2021.

Directorate Change
Post period end, on 17 November 2020 Hugo Wahnish announced his intention to resign from the Board with effect from 9 February 2021. Hugo joined Benchmark in November 2017 bringing over 35 years of experience in the animal health and pharmaceutical industry, and played a significant role in this transformational period. On behalf of the Board I would like to thank Hugo for his contributions to Benchmark and wish him success in all his future endeavours.

ESG and sustainability
ESG and sustainability continue to be at the core of our mission both through the positive impact that our products have on the sustainability of aquaculture production and through the way we conduct our operations. This year we are reporting our greenhouse gas emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) for the first time and are developing a plan to reduce our emissions across all our operations.

Other notable areas of our ESG work in the year include the development of environmental policies, the appointment of a Group employee representative to our Operations Board and the enhancement of our mental health support for employees. Our Group charitable and volunteering programme conducted Covid-19 relief activities in our local communities in Latin America and in Thailand.

Outlook
With the restructuring complete, we now have a streamlined Group focused on three core aquaculture areas of Genetics, Advanced Nutrition and Health, each with substantial growth opportunities and long-term positive drivers which give us optimism for the future. Our focus remains on becoming a profitable cash generative Group.

I would like to thank our shareholders and other stakeholders for their continued support through this pivotal period for our business.

Peter George
Non-Executive Chairman

Chief Executive Officer's Review

2020 was characterised by the successful delivery of an ambitious and necessary restructuring programme which streamlined and refocused the Group, and by our response and resilience to the challenges brought by the Covid-19 pandemic.

From a trading perspective, our results reflect a mixed performance across our business areas. A strong performance in Genetics was offset by the effects of undergoing restructuring and the impact of Covid-19, especially on the global shrimp markets.

Moving into FY21 it is time to shift our focus towards developing the Group for the future. We are a well-positioned Group in an exciting aquaculture industry, and we have significant potential to be realised in the years to come.

Restructuring substantially complete

Entering into FY20 the Company set out a roadmap to achieve profitability, the cornerstone of which was an ambitious restructuring programme to streamline the Group and refocus the business on its three core areas in aquaculture biotechnology: Genetics, Advanced Nutrition and Health.

I am pleased that the restructuring is now complete. We have sold or exited all our operations in Knowledge Services. We have restructured our Health business including the divestment of our veterinary and diagnostics business and of our vaccine manufacturing facility as well as rationalised our product pipeline. Our Genetics and Advanced Nutrition operations have been kept intact and able to fulfil their potential.

The restructuring will deliver cash proceeds of up to £44m from the divestments as well as annual savings of c.£10m, which put the Company in a solid financial position. Looking forward to FY21 our focus is on crystallising the benefits of a focused organisation and on our renewed commercial aim of becoming a sustainably profitable business.

Covid-19

Like for most businesses around the world, the Covid-19 pandemic posed significant challenges for Benchmark. From the start, our priorities have been to ensure employee safety, to maintain continuity of supply and service levels for our customers and to maintain financial solidity and resilience.

Through an early and proactive response tailored to the local needs of our operations around the world, we were able to ensure the safety of our employees through remote working, split shifts, and enhanced hygiene protocols with special attention to colleagues in vulnerable groups. We learned that through technology, flexibility and careful planning, we can operate effectively while reducing our travel footprint and improving the work life balance for many of our staff. We will apply these learnings as we design our future and set environmental targets to capture some of the benefits we have seen.

Our operations proved to be flexible and resilient and we were able to maintain operational continuity and product supply and service for our customers albeit with increased costs in some areas such as transport and logistics. We developed new ways of working with customers such as online content, tools and webinars which proved successful and have been incorporated in our normal operations. We also implemented a cost-savings programme which remains in place, reducing discretionary spend and utilising furlough schemes where available to mitigate the impact of weak markets on our profits. Operating expenses for FY20 were 12% below the previous year and some of the actions taken will result in permanent efficiencies and improvement to our cost base.

Performance
The Group reported revenues from continuing operations of £105.6m, 15% below 2019 (2019: £124.0m) and Adjusted EBITDA[1] of £14.5m, 32% below 2019 (2019: £21.3m). Our results reflect a strong performance in Genetics supported by resilience in the salmon industry, which was offset by a weak result in Advanced Nutrition due to adverse conditions in the shrimp markets and the ongoing oversupply of Artemia. Results in Health were impacted by the significant restructuring and were primarily driven by sales of our legacy sea lice treatment Salmosan® and continued investment towards the launch of BMK08 and CleanTreat® in Q2 calendar year 2021.

Our Genetics business delivered revenues of £41.5m and Adjusted EBITDA[1] of £14.4m; 5% and 43% above FY19. Our ability to supply salmon eggs year round from our two land-based biosecure facilities in Iceland and Salten, Norway, combined with our range of disease-resistant eggs place us in a strong position in the market and underpin our future growth. In addition, both facilities use c.100% renewable energy contributing to our ESG environmental goals. From a margin perspective, the continuing ramp-up of our Salten facility brought previously outsourced production in-house increasing profitability. Our facility in Iceland operated at capacity and benefited from high demand from Scotland where imports from other countries were restricted in the year. Progress on the construction of our third salmon egg production facility located in Chile continued according to plan and we expect to commence sales of salmon eggs for this market in FY21.

In the shrimp market, we successfully commenced test market sales of our SPR shrimp broodstock, continued scale trials in China, Indonesia and Vietnam, and together with our local partner progressed the construction of a multiplication centre in Thailand. Although progress was at a slower pace than anticipated due to the challenges posed by Covid-19, I am pleased with the strides we have made and am optimistic about the potential that our entry into shrimp genetics represents for us as a Group in the years to come.

Advanced Nutrition reported revenues from continuing operations of £59.4m and Adjusted EBITDA[1] of £6.4m; 22% and 60% below FY19 respectively, primarily as a result of challenges posed by Covid-19 and the temporary imbalance in the shrimp and Artemia markets. While this is disappointing, we have a strong franchise in Advanced Nutrition as well as the infrastructure to benefit from an eventual market recovery. In the meantime, we continue to control costs and selectively invest in areas capable of delivering high margin growth.

The shrimp market which was severely impacted by the pandemic underpins over 70% of our revenues in Advanced Nutrition. More than 60% of the global demand for shrimp derives from the hotel, restaurant and catering sector which suffered drastically from the global lockdown. In addition, local outbreaks and lockdowns in major producing countries including India and Ecuador led to significant disruption to production affecting demand for our products. The sea bass/bream market which represents the balance of our revenues showed more resilience. We expect the challenging conditions in shrimp to continue into FY21.

Artemia continues to be our primary product area in Advanced Nutrition representing 48% of our revenues in FY20 (FY19: 51%). FY20 delivered another record harvest for Artemia compounding the challenge of weak demand and resulting in lower prices and increased competition. This affected our Artemia revenues and margins and we continue to work to diversify our revenues by continuing to expand our health, environmental and diet products.

The operational focus in FY20 for Health was on the ongoing preparations towards the launch of our novel sea lice solution BMK08 and CleanTreat®, investing in both infrastructure and operational costs. I am pleased to report that substantial milestones were reached. In September 2020 we received a positive MRL opinion which represents an important stepping stone towards obtaining a marketing authorisation to commercialise our product. In parallel, we commissioned a second CleanTreat® unit for delivery ahead of our commercial launch in Q2 CY21. Following the restructuring, our focus in Health is on the successful roll-out of BMK08 and CleanTreat®. We are also working to identify potential partners to develop the most promising salmon vaccines in our pipeline.

The above impact on performance, together with the impairment charge on intangible assets relating to Advanced Nutrition in the prior year of £44.8m, mean that operating loss improved from £46.4m in 2019 to £10.9m in 2020. Similarly, loss from continuing operations improved to £22.8m (2019: £59.1m).

FY21 strategic priorities

As we enter FY21 we have a financially robust Group with leading market positions in its three business areas of Genetics, Advanced Nutrition and Health, each with material growth opportunities. The strategy we set out at the beginning of FY20, our roadmap to profitability, remains in place. Having completed a comprehensive restructuring, our focus is now on the delivery on our pipeline of commercial opportunities in the respective business areas. Key strategic priorities will of course be the two major commercial opportunities: BMK08 and CleanTreat® and SPR shrimp and we will continue to invest both in infrastructure and in execution and commercial capabilities. Both BMK08 and CleanTreat® as well as SPR shrimp represent major innovations in their respective markets addressing the biggest challenges that producers face, and in doing so improving animal welfare and driving sustainability. Other strategic priorities include maintaining and strengthening our position in Advanced Nutrition as well as further streamlining and integration of the Group to bring out the combined potential.

Benchmark is very well positioned in a very exciting industry. Aquaculture is an industry for the future that will need to develop in a sustainable way. Our ambition is to play a significant role in this. Our vision is to drive sustainability – providing needed solutions to crucial challenges as well as creating opportunities for the industry from our core areas of leading expertise, Genetics, Advanced Nutrition and Health. Benchmark is uniquely placed to deliver on its commercial potential from a combination of our strong position and exciting growth initiatives in the years to come.

Our people

Benchmark employs more than 800 people around the world. I want to thank them all for their remarkable commitment and contribution towards our achievements this year particularly in the challenging environment created by Covid-19.

Trond Williksen
Chief Executive Officer

Financial Review

Introduction

Focus on programme of disposals and cost control

I am pleased that my first year at Benchmark sees the Group finish in a stronger position than it started and that the promised restructuring programme has been fully implemented. Together with the fundraising carried out in February, it puts us in a strong financial position to selectively invest and address the challenges brought about by the Covid-19 pandemic.

Looking forward, we have a streamlined Group with a significantly lower cost base, and a path to profitability and cash generation which we are committed to deliver on.

While the uncertainty around Covid-19 remains with the consequent impact on some of our key markets, we have the operational and financial resilience to manage through this period and benefit from the long-term drivers in our sector to deliver attractive returns.

Financial highlights

- Strengthened financial position
  - Programme of disposals of non-core businesses completed delivering up to £44m; £43m gross equity raised in February 2020 through a placing and open offer
  - Liquidity (cash and available facility) increased to £83.2m (2019: £28.2m) and cash at year end of £71.6m (2019: £16.1m)
  - Net debt reduced significantly to £37.6m (2019: £87.1m)
- Revenues from continuing operations were 15% below the prior year resulting from:
  - Good performance in Genetics with revenues 5% above the prior year (+14% in constant currency)
  - 22% reduction in Advanced Nutrition revenues due to the impact of Covid-19 on global shrimp markets and a supply imbalance in the Artemia markets
  - Lower revenues in Health with the prior year benefiting from revenues derived from BMK08 trials
- Adjusted EBITDA[1] from continuing operations was £14.5m against £21.3m the prior year reflecting lower revenues in Advanced Nutrition, partially offset by higher margins in Genetics and a reduction in R&D and operating costs from measures taken during Covid-19

As Reported (£m unless otherwise stated)	2020	2019 restated*	% AER	% CER[5]
Total revenue	**120.4**	148.7	(19%)	(16%)
Revenue from continuing operations	**105.6**	124.0	(15%)	(12%)
Operating loss from continuing operations	**(10.9)**	(46.4)	77%	78%
Loss before tax from continuing operations	**(22.6)**	(58.5)	61%	65%
Loss for the period – including discontinued operations	**(31.9)**	(83.1)	62%	63%
Basic loss per share (p)	**(5.26)**	(15.03)	65%	–
Net debt[4]	**(37.6)**	(87.1)	57%	–

1 EBITDA is earnings/(loss) before interest, tax, depreciation and amortisation and impairment. See income statement.
2 Adjusted EBITDA is EBITDA[1], before exceptional items and acquisition related expenditure. See income statement.
3 Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs.
4 Net debt is cash and cash equivalents less loans, borrowings and lease obligations excluding balances held for sale. Net debt includes £9.6m (FY2019: £nil) relating to

lease obligations (formerly treated as operating leases within operating expenses) which are now held on balance sheet following the adoption of IFRS 16 (note 8).
5 CER% is the change year on year translating current figures using last year's foreign exchange rates.
* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

Overview of reported financial results

In FY20 the Group focused on delivering the programme of structural efficiencies which it had announced in 2019. This programme primarily included the businesses in Knowledge Services and the veterinary services business within Health. As such these activities were classified as discontinued operations in 2019. In addition, in 2020 the Group conducted a review of its vaccine strategy which led to the disposal of its vaccine manufacturing facility and discontinuation of certain R&D activities in Health which are classified as discontinued in 2020. Therefore, continuing operations in 2019 were restated to include the Group's vaccine activities which were discontinued in 2020.

Advanced Nutrition experienced challenging market conditions in 2020 that led to a reduction in revenue, which was partially offset by growth in Genetics resulting in a decrease in Group revenue from continuing operations of 15% to £105.6m in the year (2019: £124.0m). This reduction in sales meant that Gross Profit from continuing operations decreased to £55.0m (2019: £68.9m) and Gross Margin dropped to 52% (2019: 56%) as shrimp markets declined markedly during the Covid-19 pandemic. Using the same foreign exchange rates experienced in 2019 (constant currency[5]) revenue from continuing operations decreased by 12%.

Adjusted Measures (£m unless otherwise stated)	**2020**	2019 restated*	% AER	% CER[5]
Gross profit from continuing operations	**55.0**	68.9	(20%)	(17%)
Gross profit %	**52%**	56%	–	–
Adjusted EBITDA[2] from continuing operations	**14.5**	21.3	(32%)	(27%)
Total Adjusted EBITDA[2]	**5.8**	13.7	(58%)	(51%)
Adjusted EBITDA[2] margin % from continuing operations	**14%**	17%	–	–
Adjusted Operating Profit[3] from continuing operations	**7.9**	16.3	(52%)	(62%)
Net debt[4]	**(37.6)**	(87.1)	57%	–

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

Business Area Performance

	Revenue				AEBITDA[2]					
Continuing Operations Revenue (£m)	**Actual 2020**	Actual 2019 restated*	% AER	% CER[5]	**Actual 2020**	Actual 2019 restated*	% AER	% CER[5]	AEBITDA[2] margin % 2020	AEBITDA margin % 2019
Health	**5.2**	8.7	(40%)	(34%)	**(3.7)**	(2.1)	(76%)	(75%)	(71%)	(24%)
Genetics	**41.5**	39.7	5%	14%	**14.4**	10.1	43%	54%	35%	25%
Advanced Nutrition	**59.4**	76.4	(22%)	(22%)	**6.4**	16.0	(60%)	(60%)	11%	21%
All other segments	**0.0**	0.7	(100%)	(100%)	**(0.5)**	(0.2)	(150%)	(150%)		
Corporate	**4.9**	6.4	(23%)	(23%)	**(2.1)**	(2.5)	16%	16%		
Inter-	**(5.4)**	(7.9)	32%	30%	**–**	–	–	–		

segment sales										
Total Group	**105.6**	124.0	(15%)	(12%)	**14.5**	21.3	(32%)	(27%)	14%	17%

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

Group operating costs from continuing operations decreased by 12% to £33.3m (2019: £37.7m). This decrease reflects good cost containment by pausing discretionary spend and implementing cost reduction programmes in the year. Expensed R&D from continuing operations also decreased by 23% to £7.3m (2019: £9.5m).

Adjusted EBITDA from continuing operations decreased by 32% to £14.5m (2019: £21.3m) with the drop driven by lower sales in Advanced Nutrition and Health. This was partially offset by an increase in sales and margins in Genetics and reduced operating costs and R&D. In addition, we had higher exceptional costs in 2020 due to the reorganisation of the continuing business.

Total revenues (including discontinued operations) were £120.4m, down 19% (2018: £148.7m). Total Adjusted EBITDA (including discontinued operations) decreased by 58% to £5.8m (2019: £13.7m). Using constant currency total Adjusted EBITDA decreased by 55%.

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.

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 including exceptional and acquisition 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 consider this reflects the result after taking account of the utilisation of the recently expanded production capacity. 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

Throughout 2020, Advanced Nutrition experienced weak markets, low shrimp prices and aggressive price and market competition from CIS Artemia and Artemia nauplii producers after strong Artemia harvests. This was further exacerbated by the impact of Covid-19 on both the end market for the consumption of shrimp (which has high reliance on the food service industry) and operational disruption to production which resulted in lower stocking levels of hatcheries (and correspondingly a reduction in demand for our feeds). As a result, revenues in Advanced Nutrition decreased by 22% in the year. To arrest the impact from price competition in Artemia and prepare to regain market share as Covid-19 lifts from our markets, a strategic decision was made to commence a new pricing strategy with price reductions in selected markets.

In 2020 29% (2019: 25%) of our revenues derive from the Mediterranean sea bass and sea bream markets which has been slightly more resilient than the shrimp markets to the effects of Covid in the year. However, we still experienced a reduction in revenues of 7.6% in these markets.

By product area, Artemia was most impacted with a reduction of 27% to revenue to £28.5m, followed by diets down 19% to £24.5m. Health which covers our probiotic and environmental pond management portfolio proved to be the most resilient down 2% to £6.4m.

The reduction in sales of £17.0m resulted in a reduction in gross margin of £12.2m and drove the gross margin down from 52% to 46%. This loss of margin was offset in part by the cost containment exercise which resulted in reduced R&D and opex of £2.5m to £20.8m. This led to Advanced Nutrition reporting AEBITDA of £6.4m (2019: £16.0m) and a reduction in AEBITDA margin from 21% to 11%.

Genetics

Genetics delivered good growth in revenue and Adjusted EBITDA driven by sales of salmon eggs with specialist genetic traits at premium prices while volumes remained flat. Revenues of £41.5m were up 5% (2019: £39.7m), +14% in constant currency. Flat volumes of salmon eggs partially reflect the move from previously outsourced production to in-house.

The salmon egg business benefited from strong demand from Scotland for Icelandic eggs, driven by the loss of infectious salmon anemia ('ISA') free status in Norway and this helped offset the impact of reduced demand for Norwegian eggs due to this loss of ISA free status for Norway which constrained exports. This resulted in revenue from salmon eggs of £27.0m (2019: £26.5m).

Our non-product based revenue streams, Royalties and Genetic Services performed extremely well in the year reflecting the quality of the team and IP in the business contributing £3.2m (2019: £1.7m). This was supported by slightly increased harvest income in the year £3.9m (2019: £3.4m) which offset the reduced sales of other products such as lumpfish, £4.5m (2019: £5.4m).

Gross margin increased in 2020 to £26.6m (2019: £25.3m) driven by a combination of higher volumes from our Icelandic facility which was running at capacity during 2020, the continued ramp-up of the Salten facility, moving previously outsourced production in-house, and the non-cash element of fair value increase in biological assets.

Whilst demand for salmon remained relatively solid through the Covid-19 related turmoil, as noted above, shrimp demand was significantly affected. Consequently, we postponed the planned commercial launch of our specific pathogen resistant ('SPR') shrimp and used the opportunity to run additional market trials and obtain feedback from test market sales. As our SPR shrimp programme and facility remain in development phase, some of the costs associated with it are capitalised. In 2020 we capitalised £1.6m of development costs in intangibles and reported an AEBITDA loss of £0.4m in the shrimp segment. When we commence the commercial launch of the SPR shrimp, capitalisation will cease, and all costs associated with the facility will flow into AEBITDA.

R&D spend and operating costs were lower than 2019 by £0.2m and £2.3m respectively as Genetics paused all discretionary spend during the second half of 2020 as part of the cost containment exercise implemented across the Group.

All these factors contributed to AEBITDA growth in Genetics of 43% to £14.4m and AEBITDA margin increasing to 35% (2019: 25%).

Genetics has continued to establish its facility in Chile after the dissolution of the joint venture with

AquaChile in 2019 and invested £1.5m of Opex and £1.2m of Capex in this new facility in 2020. The intention is to start selling eggs in CY21 as we continue to ramp up the capacity.

The share of profits from the equity accounted investees relates to the joint venture with Salmar Genetics AS which delivered a share of profit of £0.2m (2019: £0.2m); this was offset in part by losses of £0.1m related to the associate in Thailand where, in 2019, we entered into an agreement with two partners for local multiplication and distribution of our shrimp genetics products. We expect to start selling products from this multiplication centre in 2021. In 2019, we also had the joint venture with AquaChile which was unwound, share of losses associated with this business were £0.6m in 2019.

Health

Health reported continuing revenue of £5.2m (2019: £8.7m). In FY20 these sales are made up solely from sales of our existing sea lice treatment, Salmosan®. The reduction in revenues reflect a drop to sales of Salmosan® in Canada after a period of very high levels of sea lice in 2019 and continued competition from generics in Chile. In addition, revenues in 2019 included £0.9m of field trials for the next generation sea lice treatment (BMK08 and CleanTreat®).

During the year, the vaccine strategy which was part of this business area was reviewed and, as a consequence, the vaccines toll manufacturing business and the vaccines development programmes for Companion Animal were divested. In addition, work on the sea bass/bream vaccines was ceased as delays to the programmes had impacted on the expected return on investment. As planned the veterinary diagnostics business was sold during the year.

Adjusted EBITDA loss for the continuing business area was £3.7m (2019: £2.1m). The focus of the continuing business is the sale of fish health pharmaceutical products, obtaining the marketing authorisation for BMK08 and the subsequent commercial launch of BMK08 and CleanTreat®.

Exceptional items

Items that are material because of their nature whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. The separate reporting of exceptional items helps to provide an understanding of the Group's underlying performance. During the financial year a significant amount of non-core operations were either closed or disposed and a significant reorganisation of the Group occurred. Exceptional expenses within continuing operations of £2.1m (2019: £0.6m) related to aborted acquisition items, £0.6m and management restructuring, £1.5m. Exceptional gains within discontinued operations of £5.1m (2019: loss of £0.7m) include gains and losses from the disposal programme of £12.0m and other closure and restructuring costs.

Depreciation, amortisation and impairments

Depreciation and impairment of tangible assets related to continuing operations were. £6.6m (2019 restated: £5.1m) The depreciation charge in the year has increased due to charges on leased assets of £1.2m following the adoption of IFRS 16 (2019: £nil) along with the full year effect of the production facilities at Salten coming online in 2019.

Amortisation and impairments of intangible assets related to continuing operations were £16.6m (2019 restated: £62.1m) Impairment charges in the year were associated with the divestments and changes in the vaccine strategy. Prior year impairment charge included £44.8m related to impairment of goodwill in the Advanced Nutrition business due to changes in market outlook.

Research and development

£m Continuing	**2020**	As % of sales	2019 restated*	As % of sales
Expensed R&D by business area				
Health	**2.0**	38%	2.3	26%
Genetics	**3.8**	9%	4.0	10%
Advanced Nutrition	**1.5**	3%	3.2	4%
Total research and development	**7.3**	7%	9.5	8%

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (note 5).

R&D activities in the continued business have decreased in the year by £2.2m and total R&D (both continued and discontinued) decreased by £2.9m to £10.0m as a result of a pause in discretionary spend as a cost and cash containment exercise. In 2020 the Group reviewed its innovation strategy aligning it to its new commercial aim. Genetics' research is focused around continually developing new disease and parasitic resistant traits as well as growth traits which we can breed into our products. Advanced Nutrition's focus is on expanding our product portfolio and driving growth through product improvements, including the 100% Artemia replacement diet where good progress was made in 2020. Health's research was mainly focused around the BMK08 and CleanTreat® development program.

Other operating costs
Other operating costs for the continuing business reduced from £37.7m in 2019 to £33.3m in 2020. The reduction in costs was primarily due to cost containment measures put in place to mitigate the impact from Covid-19 and cost reduction programmes in each business area to reduce overall cost.

Discontinued operations
All operations of the Knowledge Services business area and certain areas of the Health business were discontinued in the prior year and either disposed or ceased during the current financial year. Knowledge Services had been identified in 2019 as not being core for the future strategy of the Group. In 2020 a further review was undertaken which resulted in a change to the vaccines strategy. Consequently, the in-house development activities were also discontinued and the assets disposed of where possible. In addition to this, the vaccine facility in Braintree, Essex was divested. This resulted in net profit from the disposals of £12.0m and a loss from discontinued operations of £9.2m (2019 restated: £24.0m).

Net finance costs
The Group incurred net finance costs from continuing operations of £11.7m during the year (2019: £12.1m). Included within this was interest charged on the Group's interest-bearing debt facilities of £7.9m (2019: £6.0m) reflecting a full year's interest cost from the NOK bond. Further, a foreign exchange loss of £3.2m (2019: £4.6m) arose due to the movement in exchange rates and there was a charge of £1.3m (2019: £1.7m) relating to the fair value change in the cross currency hedge associated with the NOK bond.

Statutory loss before tax
The loss before tax from continuing operations for the year at £22.6m is lower than the prior year (2019 restated: loss of £58.5m) as the impact of the reduced trading result was offset by the impact of the prior year impairment charge of £44.8m on the goodwill relating to the Advanced Nutrition business.

Taxation
There was a small tax charge on the loss for the year of £0.2m (2019 restated: charge of £0.6m), mainly due to overseas tax charges in Genetics and Advanced Nutrition, partially offset by deferred tax credits

on intangible assets mainly arising on consolidation from acquisitions.

Reported loss for the year

The loss for the year after discontinued operations was £31.9m (2019: loss of £83.1m) including an after tax loss from discontinued operations of £9.2m (2019: loss of £24.0m).

Earnings per share

Basic loss and diluted loss per share were both -5.26p (2019: loss per share -15.03p). The movement year on year is due to the movement in the result as well as the equity issuance which increased the number of shares in issue by 107.4m.

Dividends

No dividends have been paid or proposed in either 2020 or 2019 and the Board is not recommending a final dividend in respect of the year ended 30 September 2020.

Biological assets

A feature of the Group's net assets is its investment in biological assets, which under IAS 41 are stated at fair value. At 30 September 2020, the carrying value of biological assets was £32.5m (2019: £28.5m). This increase is due principally to the increase in volume of salmon eggs as well as expansion of production as we continue to expand the biomass at Salten.

Intangibles

Additions to intangibles decreased to £5.6m (2019: £9.7m) with the main area of investment being capitalised R&D which in the year decreased by £3.1m to £4.6m (2019: £7.7m). R&D costs related to products that are close to commercial launch have to be capitalised when they meet the requirements set out under IFRS 38. In this financial year, the main development projects capitalised were as follows:

- BMK08/CleanTreat® (£2.4m)
- SPR shrimp (£1.6m)
- 100% Artemia replacement diet (£0.6m)

In 2019, the majority of the amounts capitalised related to BMK08/CleanTreat® as there was increased activities relating to trials of BMK08/CleanTreat®.

Capital expenditure

During 2020, we paused spend on discretionary capital expenditure to maintain cash reserves. The Group incurred tangible fixed asset additions of £5.9m (2019: £12.5m) of which £1.2m related to our investment in CleanTreat®. The remaining capex was associated with our salmon egg business (£3.2m) and our Advanced Nutrition business (£1.5m). We also incurred capex of £0.7m in operations which were discontinued during 2020.

Implementation of IFRS 16

The accounting policy IFRS16 'Leases' was adopted in the period and resulted in a lease liability of £5.1m being adopted at the start of the period, with a corresponding right-of-use assets increase of £5.1m. In 2020, the impact on the AEBITDA for continuing operations was a credit of £2.1m (2019: £nil).

Cash flow, liquidity and net debt

Movement in net debt

Movement in net debt	£m
Net debt at 30 September 2019	**(87.1)**
Cash generated from operations	(7.2)
Movement in working capital	5.2
Proceeds from dissolving Chile JV	6.9
Proceeds from divested assets/businesses	38.5
Investment in associates	(0.5)
Interest and taxes	(9.6)
Capital expenditure	(11.8)
Equity raise	41.7
Leases (including IFRS 16)	(15.3)
Other non-cash movements	(0.9)
Foreign exchange on cash and debt	2.5
Net debt at 30 September 2020	**(37.6)**

Cash flow

Cash conservation, the equity raised and achieving the divestments in 2020 have allowed us to strengthen the cash and net debt position even through a difficult year of trading. Lower activity levels in 2020 resulted in a cash outflow from operations in the year of £7.2m (2019: Inflow of £14.2m), this lower activity level also drove reduced working capital levels resulting in an inflow of £5.2m (2019: Outflow of £19.2m). Capital expenditure, both intangible and tangible in 2020 showed a significant reduction of £4.0m at £11.8m (2019: £15.8m).

Borrowing facilities

During FY19, the Group was refinanced and a new senior secured floating rate listed bond issue of NOK850m was put in place. The bond which matures in June 2023, has a coupon of 5.25% above three months Norwegian Interbank Offered Rate ('NIBOR'). In addition, new borrowing facilities were established – a three-and-a-half-year revolving credit facility ('RCF') of up to USD15.0m secured on assets of certain Group companies. The interest rate on the facility is between 3% and 3.5% above LIBOR depending on leverage whose term expires in December 2022.

There are other borrowing facilities held within SalmoBreed Salten AS which were put in place to fund the building of the new salmon eggs facility totalling NOK281m (£23.2m) (2019: NOK302m (£26.7m)), which are ringfenced without recourse to the other parts of the Group. Interest on these other debt facilities ranges between 2.65% and 5% above Norwegian base rates.

Covenants

Banking covenants for the NOK bond and RCF exist in relation to liquidity and an 'equity ratio'. Liquidity, defined as 'freely available and unrestricted cash and cash equivalents, including any undrawn amounts under the RCF', must always exceed the minimum liquidity value, set at £10m. Available liquidity at 30 September 2020 is £83.2m (2019: £28.2m). The equity ratio, defined as 'the ratio of Book Equity to Total Assets' shall always exceed 30%. The equity ratio was 60% (2019 62%).

Cash and total debt

	£m	
Net debt	**2020**	2019
Cash	**71.6**	16.1
NOK850m bond	**(75.5)**	(75.9)
Other borrowings	**(23.2)**	(26.7)
Lease liabilities	**(10.5)**	(0.6)
Net debt	**(37.6)**	(87.1)

The RCF facility combined with the year-end cash balance of £71.6m (2019: £16.1m) means the Group had total liquidity of £83.2m (2019: £28.2m). This, whilst utilising tight cost and cash control, is expected by the Directors to provide the Group with sufficient liquidity to fund selective investments to further the strategic priorities of the Group and provide adequate headroom.

Equity raise

In February 2020, £41.7m net proceeds were raised through a placing and open offer to fund the scale-up of CleanTreat®, necessary for the commercialisation of BMK08, and for the roll-out of SPR shrimp.

Going concern

As noted in the Strategic Report, the impact of the Covid-19 pandemic has affected parts of the Group's businesses to varying degrees. The ultimate impact of the pandemic on industry, the economy, Benchmark's markets and its businesses remains to some extent uncertain.

The Directors have prepared cash flow projections covering the period to September 2022 to assess the Group's trading and cash flow forecasts and the forecast compliance with the covenants included within the Group's financing arrangements.

Cash resources have been boosted by the non-core business disposals during the year and the ongoing cost base following these transactions has been significantly reduced.

The uncertainty relating to the future impact on the Group of the virus outbreak has been considered as part of the Directors' assessment of the going concern assumption. The positive preventative measures implemented by the Directors at an early stage in response to the pandemic continue to be in force where necessary. In the downside scenario analysis performed, the Directors have considered the 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, being the segment most impacted by Covid-19 because of its exposure to global shrimp markets, alongside modelling delays to new product launches in the Health business area. Key downside sensitivities modelled include assumptions that there is no recovery in global shrimp markets until quarter three of FY21, affecting demand for Advanced Nutrition products and a three month potential delay in the launch of BMK08, pushing commercial launch back to September 2021.

Mitigating measures within the control of management were implemented early in the pandemic and remain in place and have been factored into the downside analysis performed. These measures include reductions in areas of discretionary spend, temporary furlough of certain staff or reduced working hours, deferral of capital projects and temporary hold on R&D for non-imminent products. It is difficult to predict the overall outcome and impact of the pandemic, but under the severe but plausible downside scenarios modelled, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants.

The Directors therefore remain confident that the Group and the Company have 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.

Accordingly, the financial statements have been prepared on a going concern basis.

Consolidated Income Statement

for the year ended 30 September 2020

	Notes	2020 £000	2019 Restated* £000
Continuing operations			
Revenue		**105,565**	124,006
Cost of sales		**(50,603)**	(55,064)
Gross profit		**54,962**	68,942
Research and development costs		**(7,282)**	(9,481)
Other operating costs		**(33,337)**	(37,706)
Share of profit/(loss) of equity-accounted investees, net of tax		**150**	(414)
Adjusted EBITDA[2]		**14,493**	21,341
Exceptional – restructuring/acquisition related items	4	**(2,114)**	(581)
EBITDA[1]		**12,379**	20,760
Depreciation and impairment		**(6,640)**	(5,054)
Amortisation and impairment		**(16,613)**	(62,133)
Operating loss		**(10,874)**	(46,427)
Finance cost	3	**(12,779)**	(12,422)
Finance income	3	**1,082**	368
Loss before taxation		**(22,571)**	(58,481)
Tax on loss		**(204)**	(640)
Loss from continuing operations		**(22,775)**	(59,121)
Discontinued operations			
Loss from discontinued operations, net of tax	5	**(9,174)**	(23,959)
		(31,949)	(83,080)
Loss for the year attributable to:			
– Owners of the parent		**(32,923)**	(83,857)
– Non-controlling interest		**974**	777
		(31,949)	(83,080)
Earnings per share			
Basic loss per share (pence)	6	**(5.26)**	(15.03)
Diluted loss per share (pence)	6	**(5.26)**	(15.03)
Earnings per share – continuing operations			
Basic loss per share (pence)	6	**(3.80)**	(10.74)
Diluted loss per share (pence)	6	**(3.80)**	(10.74)

		£000	£000
Adjusted EBITDA from continuing operations		**14,493**	21,341

		£000	£000
Adjusted EBITDA from discontinued operations		**(8,726)**	(7,616)
Total Adjusted EBITDA		**5,767**	13,725

1 EBITDA – earnings before interest, tax, depreciation, amortisation and impairment
2 Adjusted EBITDA – EBITDA before exceptional and acquisition related items
* 2019 numbers have been restated to reflect further operations of the Group that have been classified as discontinued operations during the year in line with IFRS 5 (see note 5).

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2020

	2020 £000	2019 Restated* £000
Loss for the year	**(31,949)**	(83,080)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	**(20,327)**	13,919
Cash flow hedges – changes in fair value	**(5,932)**	(3,549)
Cash flow hedges – reclassified to profit or loss	**(153)**	(17)
Total comprehensive income for the period	**(58,361)**	(72,727)
Total comprehensive income for the period attributable to:		
– Owners of the parent	**(58,532)**	(73,174)
– Non-controlling interest	**171**	447
	(58,361)	(72,727)
Total comprehensive income for the period attributable to:		
– Continuing operations	**(50,604)**	(49,017)
– Discontinued operations**	**(7,928)**	(24,157)
	(58,532)	(73,174)

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).
** Total comprehensive income for the period relating to discontinued operations for FY20 includes the loss of £9,174,000 (2019: £23,959,000) and foreign exchange gain of £1,246,000 (2019: loss of £198,000).

Consolidated Balance Sheet

as at 30 September 2020

	Notes	2020 £000	2019 £000
Assets			
Property, plant and equipment	7	**65,601**	88,900
Right-of-use assets	8	**10,347**	–
Intangible assets	9	**247,003**	275,744
Equity-accounted investees		**3,690**	3,453
Other investments		**23**	25
Biological and agricultural assets	11	**16,621**	12,469
Non-current assets		**343,285**	380,591
Inventories		**18,926**	22,609
Biological and agricultural assets	11	**15,848**	16,024
Trade and other receivables		**39,371**	52,136
Cash and cash equivalents		**71,605**	16,051
		145,750	106,820
Assets held for sale		**–**	15,970

Current assets		**145,750**	122,790
Total assets		**489,035**	503,381
Liabilities			
Trade and other payables		**(45,692)**	(35,235)
Loans and borrowings	12	**(5,339)**	(3,231)
Corporation tax liability		**(4,344)**	(2,703)
Provisions		**–**	(404)
		(55,375)	(41,573)
Liabilities directly associated with the assets held for sale		**–**	(10,634)
Current liabilities		**(55,375)**	(52,207)
Loans and borrowings	12	**(103,819)**	(99,961)
Other payables		**(1,754)**	(2,004)
Deferred tax		**(32,647)**	(38,743)
Non-current liabilities		**(138,220)**	(140,708)
Total liabilities		**(193,595)**	(192,915)
Net assets		**295,440**	310,466
Issued capital and reserves attributable to owners of the parent			
Share capital		**668**	559
Additional paid-in capital*		**399,601**	358,044
Capital redemption reserve		**5**	5
Retained earnings		**(142,170)**	(110,916)
Hedging reserve		**(9,651)**	(3,566)
Foreign exchange reserve		**40,678**	60,202
Equity attributable to owners of the parent		**289,131**	304,328
Non-controlling interest		**6,309**	6,138
Total equity and reserves		**295,440**	310,466

Consolidated Statement of Changes in Equity

for the year ended 30 September 2020

	Share capital £000	Additional paid-in share capital £000	Other reserves £000	Hedging reserve £000	Retained earnings £000	Total attributable to equity holders of parent £000	Non-controlling interest £000	Total equity £000
As at 1 October 2018	557	357,894	45,958	–	(28,240)	376,169	5,678	381,847
Comprehensive income for the period								
(Loss) for the period	–	–	–	–	(83,857)	(83,857)	777	(83,080)
Other comprehensive income	–	–	14,249	(3,566)	–	10,683	(330)	10,353
Total comprehensive income for the period	–	–	14,249	(3,566)	(83,857)	(73,174)	447	(72,727)
Contributions by and distributions to owners								
Share issue	2	150	–	–	–	152	–	152
Share-based payment	–	–	–	–	1,181	1,181	–	1,181
Total contributions by and distributions to owners	2	150	–	–	1,181	1,333	–	1,333
Changes in ownership								
Disposal of subsidiary with NCI	–	–	–	–	–	–	13	13

Total changes in ownership interests	–	–	–	–	–	–	13	13
Total transactions with owners of the Company	2	150	–	–	1,181	1,333	13	1,346
As at 30 September 2019	559	358,044	60,207	(3,566)	(110,916)	304,328	6,138	310,466
Comprehensive income for the period								
(Loss) for the period	**–**	**–**	**–**	**–**	**(32,923)**	**(32,923)**	**974**	**(31,949)**
Other comprehensive income	**–**	**–**	**(19,524)**	**(6,085)**	**–**	**(25,609)**	**(803)**	**(26,412)**
Total comprehensive income for the period	**–**	**–**	**(19,524)**	**(6,085)**	**(32,923)**	**(58,532)**	**171**	**(58,361)**
Contributions by and distributions to owners								
Share issue	**109**	**42,869**	**–**	**–**	**–**	**42,978**	**–**	**42,978**
Share issue costs recognised through equity	**–**	**(1,312)**	**–**	**–**	**–**	**(1,312)**	**–**	**(1,312)**
Share-based payment	**–**	**–**	**–**	**–**	**1,669**	**1,669**	**–**	**1,669**
Total contributions by and distributions to owners	**109**	**41,557**	**–**	**–**	**1,669**	**43,335**	**–**	**43,335**
Total transactions with owners of the Company	**109**	**41,557**	**–**	**–**	**1,669**	**43,335**	**–**	**43,335**
As at 30 September 2020	**668**	**399,601**	**40,683**	**(9,651)**	**(142,170)**	**289,131**	**6,309**	**295,440**

Consolidated Statement of Cash Flows

for the year ended 30 September 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Loss for the year	**(31,949)**	(83,080)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	**9,138**	17,227
Amortisation and impairment of intangible fixed assets	**19,402**	66,087
Gain on sales of property, plant and equipment	**(1,140)**	(838)
Gain on sales of subsidiaries	**(14,120)**	–
Finance income	**(111)**	(368)
Finance costs	**9,695**	7,773
Other adjustments for non-cash items	**200**	68
Share of profit of equity-accounted investees, net of tax	**(150)**	414
Foreign exchange (gains)/losses	**(132)**	5,620
Share-based payment expense	**1,669**	1,181
Tax credit	**314**	111
	(7,184)	14,195
Decrease/(increase) in trade and other receivables	**4,202**	(12,516)
Decrease/(increase) in inventories	**3,741**	(2,273)
Increase in biological and agricultural assets	**(7,474)**	(8,593)
Increase in trade and other payables	**5,006**	3,968
(Decrease)/increase in provisions	**(260)**	261
	(1,969)	(4,958)
Income taxes paid	**(2,087)**	(4,253)

Net cash flows used in operating activities	**(4,056)**	(9,211)
Investing activities		
Proceeds from sales of subsidiaries, net of cash disposed of	**17,487**	–
Acquisition of subsidiaries, net of cash acquired	**–**	(7)
Purchases of investments	**(522)**	(7,020)
Receipts from disposal of investments	**6,932**	5,942
Purchases of property, plant and equipment	**(5,851)**	(7,850)
Proceeds from sales of intangible assets	**261**	–
Purchases of intangibles	**(5,563)**	(7,964)
Purchases of held for sale assets	**(402)**	–
Proceeds from sales of property, plant and equipment	**16,147**	1,131
Proceeds from sales of other long-term assets	**1,776**	–
Interest received	**111**	447
Net cash flows generated from/(used in) investing activities	**30,376**	(15,321)
Financing activities		
Proceeds of share issues	**42,978**	2
Share-issue costs recognised through equity	**(1,312)**	–
Proceeds from bank or other borrowings	**8,387**	92,578
Repayment of bank or other borrowings	**(10,141)**	(71,224)
Interest and finance charges paid	**(7,659)**	(5,366)
Repayments of lease liabilities	**(2,120)**	(5)
Net cash inflow from financing activities	**30,133**	15,985
Net increase/(decrease) in cash and cash equivalents	**56,453**	(8,547)
Cash and cash equivalents at beginning of year	**16,051**	24,090
Effect of movements in exchange rate	**(899)**	508
Cash and cash equivalents at end of year	**71,605**	16,051

The accompanying notes form part of the financial statements.

1 Basis of preparation
These audited results have been prepared on the basis of the accounting policies which are to be set out in Benchmark Holdings Plc's annual report and financial statements for the year ended 30 September 2020.

The consolidated financial statements of the Group for the year ended 30 September 2020 were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted for use in the EU ("adopted IFRSs") and applicable law.

Whilst the financial information included in this preliminary statement has been prepared on the basis of the requirements of IFRSs in issue, as adopted by the European Union and effective at 30 September 2020, this statement does not itself contain sufficient information to comply with IFRS.

The financial information set out above does not constitute the company's statutory accounts for the years ended 30 September 2020 or 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditor has reported on those accounts. Their report for the accounts of 2020 was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The auditor's report for 2019 was (i) unqualified, (ii) contained a material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The financial statements are prepared on the going concern basis.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement, the Strategic Report, the FY20 Financial Review and the Audit Committee Report.

As at 30 September 2020 the Group had net assets of £295.4m (2019: £310.5m), including cash of £71.6m (2019: £16.1m) as set out in the consolidated balance sheet. The Group made a loss for the year of £31.9m (2019: £83.1m). As at 30 September 2020 the Company had net assets of £334.9m (2019: £304.2m), including cash of £47.8m (2019: £0.8m). The Company made a loss for the year of £7.0m (2019: £35.2m).

The impact of the Covid-19 pandemic has affected parts of the Group's businesses to varying degrees. The ultimate impact of the pandemic on industry, the economy, Benchmark's markets and its businesses remains to some extent uncertain. Our main markets have experienced mixed fortunes, with weak shrimp markets, resilient salmon markets and sea bass/bream markets which have experienced modest impact from Covid-19. The Directors monitor available market analysis and believe this situation will continue into 2021. Whilst the outlook for the shrimp market retains some uncertainty, the outlook for the salmon sector (underpinning the Genetics and Health businesses) remains positive and the Directors therefore believe that large parts of the Group are well placed to deal with the uncertain global economic future ahead.

The Directors have prepared cash flow projections covering the period to September 2022 to assess the Group's trading and cash flow forecasts and the forecast compliance with the covenants included within the Group's financing arrangements. Cash resources have been boosted by a number of non-core business disposals during the year, including the successful disposal of the Improve International group, the FVG group, the vaccines manufacturing business and FAI Farms Limited during the period, and the ongoing cost base following these transactions has been significantly reduced.

The uncertainty relating to the future impact on the Group of the virus outbreak has been considered as part of the Directors' assessment of the going concern assumption. The positive preventative measures implemented by the Directors at an early stage in response to the pandemic continue to be in force where necessary. In the downside scenario analysis performed, the Directors have considered the 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, being the segment most impacted by Covid-19 because of its exposure to global shrimp markets, alongside modelling delays to new product launches in the Health business area. Key downside sensitivities modelled include assumptions that there is no recovery in global shrimp markets until quarter three of FY21, affecting demand for Advanced Nutrition products and a three month potential delay in the launch of BMK08, pushing commercial launch back to September 2021. Mitigating measures within the control of management were implemented early in the pandemic and remain in place and have been factored into the downside analysis performed. These measures include reductions in areas of discretionary spend, temporary furlough of certain staff or reduced working hours, deferral of capital projects and temporary hold on R&D for non-imminent products.

It is difficult to predict the overall outcome and impact of the pandemic, but under the severe but plausible downside scenarios modelled, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants. The Directors therefore remain confident that the Group and the Company have 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. Accordingly, the financial statements have been prepared on a going concern basis.

2 Segment information

Operating segments are reported in a manner consistent with the reports made to the chief operating decision maker. It is considered that the role of chief operating decision maker is performed by the Board of Directors.

The Group operates globally and for management purposes is organised into reportable segments based on the following business areas:

Genetics – harnesses industry leading salmon breeding technologies combined with state-of-the-art production facilities to provide a range of year-round high genetic merit ova.

Advanced Nutrition – manufactures and provides technically advanced nutrition and health products to the global aquaculture industry.

Health – provided veterinary services, environmental services diagnostics and health products to the global aquaculture market, and manufactures licensed veterinary vaccines and vaccine components; following the divestment programme the segment now focuses on providing health products to the global aquaculture market.

In addition to the above, reported as 'all other segments' is the Knowledge Services business area, the operations of which were disposed of or discontinued in the current and previous years. The business area provided sustainable food production consultancy, technical consultancy and assurance services and promotes sustainable food production and ethics through online news and technical publications for the international agriculture and food processing sectors and through delivery of training courses to the industries.

In order to reconcile the segmental analysis to the consolidated income statement, corporate and inter-segment sales are also shown. Corporate sales represent revenues earned from recharging certain central costs to the operating business areas, together with unallocated central costs.

Measurement of operating segment profit or loss

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Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

Year ended 30 September 2020	Genetics £000	Advanced Nutrition £000	Health £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000
Revenue	**41,504**	**59,362**	**10,799**	**9,257**	**4,939**	**(5,469)**	**120,392**
Cost of sales	**(14,886)**	**(32,162)**	**(12,437)**	**(4,476)**	**(139)**	**497**	**(63,603)**
Gross profit/(loss)	**26,618**	**27,200**	**(1,638)**	**4,781**	**4,800**	**(4,972)**	**56,789**
Research and development costs	**(3,827)**	**(1,525)**	**(4,655)**	**-**	**-**	**-**	**(10,007)**
Operating costs	**(8,499)**	**(19,409)**	**(6,593)**	**(4,537)**	**(7,099)**	**4,972**	**(41,165)**
Share of profit of equity-accounted investees, net of tax	**150**	**–**	**–**	**–**	**–**	**–**	**150**
Adjusted EBITDA	**14,442**	**6,266**	**(12,886)**	**244**	**(2,299)**	**–**	**5,767**
Exceptional – restructuring/acquisition related items	**–**	**(727)**	**764**	**4,448**	**(1,513)**	**–**	**2,972**
EBITDA	**14,442**	**5,539**	**(12,122)**	**4,692**	**(3,812)**	**–**	**8,739**
Depreciation and impairment	**(3,341)**	**(2,080)**	**(2,747)**	**(711)**	**(259)**	**–**	**(9,138)**
Amortisation and impairment	**(1,494)**	**(14,800)**	**(2,728)**	**(380)**	**–**	**–**	**(19,402)**
Operating profit/(loss)	**9,607**	**(11,341)**	**(17,597)**	**3,601**	**(4,071)**	**–**	**(19,801)**
Finance cost							**(11,945)**
Finance income							**111**
Loss before tax							**(31,635)**

Year ended 30 September 2019	Genetics £000	Advanced Nutrition £000	Health £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000
Revenue	39,696	76,776	17,742	15,881	6,534	(7,890)	148,739
Cost of sales	(14,376)	(37,502)	(14,112)	(8,059)	(394)	1,515	(72,928)
Gross profit/(loss)	25,320	39,274	3,630	7,822	6,140	(6,375)	75,811
Research and development costs	(3,986)	(3,173)	(5,691)	–	–	–	(12,850)
Operating costs	(10,845)	(20,695)	(8,136)	(6,558)	(8,963)	6,375	(48,822)
Share of profit of equity-accounted investees, net of tax	(414)	–	–	–	–	–	(414)
Adjusted EBITDA	10,075	15,406	(10,197)	1,264	(2,823)	–	13,725
Exceptional – restructuring/acquisition related items	(58)	–	–	(745)	(523)	–	(1,326)
EBITDA	10,017	15,406	(10,197)	519	(3,346)	–	12,399
Depreciation	(2,807)	(1,878)	(4,400)	(8,025)	(117)	–	(17,227)
Amortisation and impairment	(2,079)	(61,959)	(216)	(1,833)	–	–	(66,087)
Operating profit/(loss)	5,131	(48,431)	(14,813)	(9,339)	(3,463)	–	(70,915)
Finance cost							(12,422)
Finance income							368

Loss before tax	(82,969)

Reconciliation of segmental information to IFRS measures – revenue and loss before tax

Revenue

	2020 £000	2019 Restated* £000
Total revenue per segmental information	**120,392**	148,739
Less: revenue from discontinued operations	**(14,827)**	(24,733)
Consolidated revenue	**105,565**	124,006

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

Loss before tax

	2020 £000	2019 Restated* £000
Loss before tax per segmental information	**(31,635)**	(82,969)
Less: loss before tax from discontinued operations	**9,064**	24,488
Consolidated loss before tax	**(22,571)**	(58,481)

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

3 Net finance costs

Continuing operations

	2020 £000	2019 £000
Interest received on bank deposits	**98**	366
Foreign exchange gains on financing activities	**971**	–
Dividend income	**13**	2
Finance income	**1,082**	368
Finance leases (interest portion)	**(503)**	(65)
Foreign exchange losses on financing activities	**–**	(1,594)
Foreign exchange losses on operating activities	**(3,221)**	(3,055)
Cash flow hedges – reclassified from other comprehensive income	**153**	17
Cash flow hedges – ineffective portion of changes in fair value	**(1,338)**	(1,696)
Interest expense on financial liabilities measured at amortised cost	**(7,870)**	(6,029)
Finance costs	**(12,779)**	(12,422)
Net finance costs recognised in profit or loss	**(11,697)**	(12,054)

4 Exceptional items – restructuring/acquisition related items

Items that are material because of their nature, non-recurring or whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. The separate reporting of exceptional items helps to provide an understanding of the Group's underlying performance.

	2020 £000	2019 £000
Acquisition related items	**586**	(82)
Exceptional restructuring costs	**1,528**	663
Total exceptional items	**2,114**	581

Acquisition related items are costs incurred in investigating and acquiring new businesses. During the year £233,000 was expensed in relation to a loan provided to a potential acquisition target and which has now been provided for, and £353,000 for professional fees in relation to investigating the potential of a partnership in the Health business area which was not pursued.

In 2019 the contingent consideration element of the provision for deferred consideration held for previous acquisitions was recalculated considering up to date performance of those acquisitions. As a result £86,000 was released in 2019 and included in acquisition related items.

Exceptional expenses include: £52,000 of legal fees (2019: £214,000) and £1,244,000 of staff costs (2019: £391,000) relating to the Board's decision to make significant changes to the Group's management team and bring in new management and £232,000 (2019: £58,000) of other restructuring items.

5 Discontinued operations

In June 2019, the Group announced a programme of structural efficiencies which focused on the disposal and discontinuation of non-core activities. This programme primarily included the businesses within Knowledge Services (reported within 'all other segments') and the veterinary services business within Health. These operations were presented as discontinued in the prior year and the sales of the disposal group were completed during the current year (see below) and therefore continue to be shown as discontinued.

During the year, as a continuation of the above programme, a small non-core business within Advanced Nutrition was put up for sale and sold and a business within the Corporate category was closed. A restructuring of the Health business area saw the closure of the research and development operations at two sites, and the sale of the Group's vaccine manufacturing facility and exit from non-core vaccine development collaborations. Consequently, these operations have been classified as discontinued in the current year with a corresponding restatement of the consolidated income statement and consolidated statement of comprehensive income for the year ended 30 September 2019 to reflect these changes.

	2020 £000	2019 Restated* £000
Revenue	**14,827**	24,733
Cost of sales	**(13,000)**	(17,864)
Gross profit	**1,827**	6,869
Research and development costs	**(2,725)**	(3,369)
Other operating costs	**(7,828)**	(11,116)
Adjusted EBITDA	**(8,726)**	(7,616)
Exceptional items	**5,086**	(745)
EBITDA	**(3,640)**	(8,361)
Depreciation and impairment	**(2,498)**	(12,173)
Amortisation and impairment	**(2,789)**	(3,954)
Operating loss/Loss before taxation	**(8,927)**	(24,488)
Net finance costs	**(137)**	–
Loss before taxation	**(9,064)**	(24,488)
Tax on loss	**(110)**	529
Loss from discontinued operations	**(9,174)**	(23,959)

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

Exceptional items within discontinued operations

	2020 £000	2019 £000
Profit on disposal of subsidiaries	**14,120**	–
Loss on disposal of trade and assets	**(1,874)**	–
Profit on other asset disposals	**271**	–
Other costs relating to disposals	**(484)**	–
Provision for onerous lease	**–**	(349)
Staff costs[1]	**(1,603)**	(99)
Cost of sales (including inventory write-downs)	**(1,666)**	(297)
Legal and professional fees	**(3,513)**	–
Other	**(165)**	–
Total exceptional items	**5,086**	(745)

1 Staff costs relate to redundancies and divestment related bonuses.

Results from discontinued operations by segment

	Advanced Nutrition 2020 £000	**Health 2020 £000**	**All Other Services 2020 £000**	**Corporate 2020 £000**	**Total discontinued 2020 £000**	Advanced Nutrition 2019 Restated* £000	Health 2019 Restated* £000	All Other Services 2019 Restated* £000	Corporate 2019 Restated* £000	Total discontinued 2019 Restated* £000
Revenue	**2**	**5,573**	**9,230**	**22**	**14,827**	400	9,025	15,141	167	24,733
Adjusted EBITDA	**(143)**	**(9,151)**	**749**	**(181)**	**(8,726)**	(609)	(8,102)	1,386	(291)	(7,616)

	Advanced Nutrition 2020 £000	Health 2020 £000	All Other Services 2020 £000	Corporate 2020 £000	Total discontinued 2020 £000	Advanced Nutrition 2019 Restated* £000	Health 2019 Restated* £000	All Other Services 2019 Restated* £000	Corporate 2019 Restated* £000	Total discontinued 2019 Restated* £000
Operating (loss)/profit	**(394)**	**(11,914)**	**3,818**	**(437)**	**(8,927)**	(3,201)	(11,776)	(9,218)	(293)	(24,488)

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

Disposals of subsidiaries

On 1 January 2020, the Group divested its TomAlgae BV subsidiary for nominal proceeds. The business was in the R&D phase and required significant further investment to bring a commercial product to market.

On 23 June 2020, the Group divested its global provider of continuing professional development training for veterinary professionals, Improve International Limited and its subsidiaries ('Improve'). Total consideration for Improve could be up to £12.8m of which £11.8m has been recognised at fair value (see table below). This included contingent consideration with a fair value of £1.8m relating to the successful renewal of a contract (£0.8m) and the delivery of certain future revenues in financial years ended 30 September 2021 and 30 September 2022 (£1.0m). The renewal of the contract has since occurred and the £0.8m contingent consideration was received on 31 July 2020.

On 1 July 2020, the Group completed the sale of FVG Limited and its subsidiaries ('FVG') to Pharmaq, part of the global animal health company Zoetis, for a total cash consideration of £14.5m. The sale comprises Benchmark's veterinary and diagnostic services activities in the UK, Ireland, Norway and Chile.

On 10 August 2020, the Group completed the sale of its subsidiary FAI Farms Limited ('FAI') whose activities include consultancy in the food and farming sectors, research and development in sustainable food production, and commercial farming. The business was sold to members of its management team for cash consideration of £0.1m.

The assets and liabilities of Improve, FVG and FAI were all classified as held for sale at 30 September 2019.

Effects of disposals of subsidiaries on the financial position of the Group

All figures in £000s	Improve	FVG	FAI Farms	TomAlgae	Total
Assets					
Property, plant and equipment (including right-of-use assets)	1,638	2,080	874	–	4,592
Intangible assets	4,151	455	–	–	4,606
Inventories and biological assets	164	315	238	–	717
Trade and other receivables	4,922	1,120	1,008	6	7,056
Cash and cash equivalents	4,367	2,372	294	243	7,276
Trade and other payables	(8,816)	(1,929)	(1,567)	(248)	(12,560)
Provisions	–	–	(15)	–	(15)
Corporation tax liability	(59)	(11)	–	(1)	(71)
Deferred tax	(178)	270	–	–	92
Net assets and liabilities	6,189	4,672	832	–	11,693
Total consideration	11,760	14,465	100	22	26,347
Less: Fair value of contingent consideration	(1,778)	–	–	–	(1,778)
Less: Deferred consideration	–	–	–	(22)	(22)
Less: Disposal costs deducted from cash proceeds	(351)	–	(183)	–	(534)
Consideration received/(paid) in cash	9,631	14,465	(83)	–	24,013
Cash and cash equivalents disposed of	(4,367)	(2,372)	(294)	(243)	(7,276)
Net cash inflow/(outflow)	5,264	12,093	(377)	(243)	16,737

Trade and asset disposals

During the year, the businesses of a Group's subsidiary 5M Enterprises Limited were disposed of as follows:

On 7 February 2020, the Group disposed of Aquaculture UK, its conferencing business, for initial consideration of £1.5m with up to an additional £0.5m depending on the revenue outcome of the next event (this contingent consideration has been valued at £nil at 30 September 2020 based on the uncertainty of the conference revenue particularly due to the potential impact of

Covid-19).

Sales of the Group's various online news publications, for a combined total cash consideration of £0.6m have completed in the period.

On 31 July 2020 its publishing business was sold for cash consideration of £0.1m.

On 23 June 2020 its veterinary practice magazine and conferences business was sold for £0.1m.

On 31 July 2020, the Group completed the sale of its vaccine manufacturing facility and certain other assets to Cell and Gene Therapy Catapult for total cash consideration of £16.0m. This is part of a £100m investment by the UK Government to develop the Cell and Gene Therapy Catapult Manufacturing Innovation Centre to manufacture millions of doses of Covid-19 vaccines per month.

Effect of business disposals on the financial position of the Group

All figures in £000s	5m	Vaccine manufacturing facility
Assets		
Property, plant and equipment (including right-of-use assets)	207	17,165
Inventories and biological assets	241	218
Trade and other payables	–	(754)
Net assets and liabilities	448	16,629
Total consideration	2,243	16,000
Less: disposal costs deducted from cash proceeds	–	(3,040)
Consideration received in cash	2,243	12,960
Cash and cash equivalents disposed of	(50)	–
Net cash inflow	2,193	12,960

Other asset disposals

On 24 July 2020, the Group exited one of its vaccine development collaboration agreements with its partner through a mutual and amicable agreement. A settlement payment of £1.0m was received on 21 August, with a potential further £1.0m to be received contingent on certain future conditions being met. Reflecting the level of the uncertainty in meeting these conditions, the contingent consideration has been deemed to have a fair value of £nil.

A similar arrangement was reached to exit some other vaccine collaboration agreements on 30 September 2020, in which a settlement of CHF 0.8m (£0.7m) was paid to the collaboration partner in October 2020 and the rights to any future benefits of a successful vaccine were transferred to a third party in return for the receipt of potential future development and performance milestone payments of up to USD 6.0m (£4.9m) contingent on certain approvals and performance criteria, and subsequent royalty payments contingent on sales of successfully launched products. Reflecting the level of uncertainty in meeting of these conditions, the contingent consideration has been deemed to have a fair value of £nil.

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.

	• 2020			• 2019 Restated*		
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
Loss attributable to equity holders of the parent (£000)	**(23,749)**	**(9,174)**	**(32,923)**	(59,898)	(23,959)	(83,857)
Weighted average number of shares in issue (thousands)			**625,466**			557,851
Basic loss per share (pence)	**(3.80)**	**(1.47)**	**(5.26)**	(10.74)	(4.29)	(15.03)

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. This is done by calculating the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options and warrants.

Therefore, the Company is required to adjust the loss per share calculation in relation to the share options that are in issue under the Company's share-based incentive schemes as follows:

	2020			2019 Restated*		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Loss attributable to equity holders of the parent (£000)	**(23,749)**	**(9,174)**	**(32,923)**	(59,898)	(23,959)	(83,857)
Weighted average number of shares in issue (thousands)			**625,466**			557,851
Diluted loss per share (pence)	**(3.80)**	**(1.47)**	**(5.26)**	(10.74)	(4.29)	(15.03)

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 5).

A total of 1,426,663 potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the year (2019: 2,962,168) as they are anti-dilutive. However, these potential ordinary shares could dilute earnings/loss per share in the future.

7 Property, plant and equipment

	Freehold land and buildings £000	Assets in the course of construction £000	Long-term leasehold property improvements £000	Plant and machinery £000	E commerce infrastructure £000	Office equipment and fixtures £000	Total £000
Cost							
Balance at 1 October 2018	32,428	40,360	8,537	33,088	247	2,281	116,941
Additions	6,760	1,234	135	3,523	–	804	12,456
Increase/(decrease) through transfers from assets in the course of construction	37,083	(38,376)	2	1,282	–	9	–
Exchange differences	(237)	(1,768)	9	827	–	204	(965)
Reclassification to assets held for resale	(200)	–	(2,096)	(6,228)	(247)	(489)	(9,260)
Disposals	(461)	(146)	(19)	(1,013)	–	(190)	(1,829)
Disposals through sale of subsidiary	–	–	(102)	(67)	–	(9)	(178)
Balance at 30 September 2019	75,373	1,304	6,466	31,412	–	2,610	117,165
Balance at 1 October 2019	**75,373**	**1,304**	**6,466**	**31,412**	**–**	**2,610**	**117,165**
Transfer to right-of-use assets on 1 October 2019	**–**	**–**	**–**	**(292)**	**–**	**–**	**(292)**
Additions	**1,593**	**715**	**352**	**2,799**	**–**	**393**	**5,852**
Reclassification	**500**	**(177)**	**(500)**	**177**	**–**	**–**	**–**
Increase/(decrease) through transfers from assets in the course of construction	**366**	**(489)**	**–**	**46**	**–**	**77**	**–**
Exchange differences	**(5,924)**	**(110)**	**(191)**	**(1,986)**	**–**	**(298)**	**(8,509)**
Reclassification from assets held for resale	**–**	**–**	**–**	**2,504**	**–**	**–**	**2,504**
Disposals	**(14,052)**	**(30)**	**(160)**	**(8,600)**	**–**	**(184)**	**(23,026)**
Disposals through sale of subsidiary	**–**	**–**	**–**	**(911)**	**–**	**(2)**	**(913)**
Balance at 30 September 2020	**57,856**	**1,213**	**5,967**	**25,149**	**–**	**2,596**	**92,781**
Accumulated Depreciation							
Balance at 1 October 2018	3,855	–	1,989	10,667	246	657	17,414
Depreciation charge for the year	2,372	–	972	4,726	1	486	8,557
Impairment charge for the year	–	295	3,079	4,714	–	9	8,097
Reclassification to assets held for resale	(61)	–	(1,083)	(3,853)	(247)	(241)	(5,485)
Exchange differences	302	–	52	730	–	214	1,298
Disposals	(425)	–	–	(921)	–	(191)	(1,537)
Disposals through sale of subsidiary	–	–	(24)	(49)	–	(6)	(79)
Balance at 30 September 2019	6,043	295	4,985	16,014	–	928	28,265
Balance at 1 October 2019	**6,043**	**295**	**4,985**	**16,014**	**–**	**928**	**28,265**
Transfer to right-of-use asset on 1 October 2019	**–**	**–**	**–**	**(14)**	**–**	**–**	**(14)**
Depreciation charge for the year	**2,208**	**–**	**222**	**2,605**	**–**	**454**	**5,489**
Impairment charge for the year	**542**	**–**	**99**	**112**	**–**	**–**	**753**
Reclassification	**92**	**(177)**	**(92)**	**177**	**–**	**–**	**–**

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Reclassification from assets held for resale	–	–	–	2,504	–	–	2,504
Exchange differences	(979)	(88)	(129)	(1,163)	–	(179)	(2,538)
Disposals	(1,425)	(30)	(101)	(4,655)	–	(155)	(6,366)
Disposals through sale of subsidiary	–	–	–	(911)	–	(2)	(913)
Balance at 30 September 2020	**6,481**	**–**	**4,984**	**14,669**	**–**	**1,046**	**27,180**
Net book value							
At 30 September 2020	**51,375**	**1,213**	**983**	**10,480**	**–**	**1,550**	**65,601**
At 30 September 2019	69,330	1,009	1,481	15,398	–	1,682	88,900
At 1 October 2018	28,573	40,360	6,548	22,421	1	1,624	99,527

Following the decision in 2019 to proceed with the structural efficiencies plan, the carrying value of property, plant and equipment assets in the relevant businesses was reviewed for recoverability. A resulting impairment charge of £8,097,000 was made against the carrying value of the various assets. A further charge of £753,000 has been made against similar assets in other businesses discontinued in the year.

8 Leases

Right-of-use assets	2020 £000	2019 £000
Leasehold property	**7,698**	–
Plant and machinery	**2,437**	–
Office equipment and fixtures	**212**	–
	10,347	–

Lease liabilities	2020 £000	2019 £000
Current	**2,483**	–
Non-current	**7,956**	–
	10,439	–
Depreciation charge of right-of-use assets		
Leasehold property	**850**	–
Plant and machinery	**612**	–
Office equipment and fixtures	**83**	–
	1,545	–

Additional information	2020 £000	2019 £000
Additions to right-of-use assets	**7,963**	–
Impairment of leasehold property right-of-use asset	**273**	–
Interest expense	**571**	–
Expense relating to short-term leases	**981**	–
Expense relating to leases of low-value leases	**27**	–
Total cash outflow for leases	**3,372**	–

The Group adopted IFRS 16: Leases on 1 October 2019. The impact of IFRS 16 on the Group has been to recognise a lease liability representing its obligation to make lease payments and a corresponding right-of-use asset representing its right to use the underlying asset in the balance sheet for leases currently classified as operating leases, except for short-term leases and leases of low value assets. The nature of expenses related to these leases has now changed because the Group now recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities.

IFRS 16 has been adopted for the year ending 30 September 2020 using the modified retrospective approach. The right-of-use asset recognised on transition has been measured at an amount materially equal to the lease liability, which has been measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate could not be readily determined, the lessee's incremental borrowing rate). Therefore, no adjustment to the opening balance of retained earnings at 1

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October 2019 has been necessary along with no restatement of comparative information.

9 Intangible assets

	Websites £000	Goodwill £000	Patents and trademarks £000	Intellectual property £000	Customer lists £000	Contracts £000	Licences £000	Genetics £000	Development costs £000	Total £000
Cost or valuation										
Balance at 1 October 2018	685	152,716	847	138,435	6,933	9,530	35,682	26,186	10,905	381,919
Additions – on acquisition	–	–	–	319	–	–	–	–	–	319
Additions – externally acquired	118	–	62	1,799	–	–	38	–	–	2,017
Additions – internally developed	–	–	–	–	–	–	–	–	7,673	7,673
Disposals through sale of subsidiary	–	(84)	–	–	–	–	–	–	–	(84)
Reclassification to assets held for resale	(689)	(4,657)	(465)	(1,691)	(1,484)	(2,431)	–	–	–	(11,417)
Exchange differences	(2)	5,414	(2)	7,942	323	(284)	1,357	(1,327)	128	13,549
Balance at 30 September 2019	112	153,389	442	146,804	5,772	6,815	37,077	24,859	18,706	393,976
Balance at 1 October 2019	**112**	**153,389**	**442**	**146,804**	**5,772**	**6,815**	**37,077**	**24,859**	**18,706**	**393,976**
Additions – externally acquired	**112**	**–**	**141**	**728**	**–**	**–**	**–**	**–**	**–**	**981**
Additions – internally developed	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,583**	**4,583**
Increase/decrease through transfers	**–**	**–**	**(292)**	**107**	**–**	**–**	**185**	**–**	**–**	**–**
Disposals through sale of subsidiary	**–**	**–**	**(2)**	**(2,209)**	**–**	**–**	**–**	**–**	**–**	**(2,211)**
Disposals	**–**	**–**	**(18)**	**–**	**–**	**–**	**–**	**–**	**(55)**	**(73)**
Exchange differences	**(23)**	**(9,043)**	**(1)**	**(6,712)**	**(275)**	**(254)**	**(1,703)**	**(2,677)**	**(177)**	**(20,865)**
Balance at 30 September 2020	**201**	**144,346**	**270**	**138,718**	**5,497**	**6,561**	**35,559**	**22,182**	**23,057**	**376,391**
Accumulated amortisation and impairment										
Balance at 1 October 2018	552	277	800	36,570	1,448	6,940	7,354	2,592	–	56,533
Amortisation charge for the period	40	–	(235)	13,884	608	1,389	1,874	686	–	18,246
Impairment	–	45,346	–	2,209	–	–	–	–	–	47,555
Reclassification to assets held for resale	(584)	(816)	(445)	(645)	(1,264)	(2,298)	–	–	–	(6,052)
Exchange differences	–	–	(28)	2,562	42	(196)	(305)	(125)	–	1,950
Balance at 30 September 2019	8	44,807	92	54,580	834	5,835	8,923	3,153	–	118,232
Balance at 1 October 2019	**8**	**44,807**	**92**	**54,580**	**834**	**5,835**	**8,923**	**3,153**	**–**	**118,232**
Amortisation charge for the period	**20**	**–**	**49**	**13,308**	**212**	**462**	**2,209**	**631**	**–**	**16,891**
Impairment	**–**	**432**	**19**	**–**	**–**	**–**	**591**	**–**	**1,091**	**2,133**
Disposals	**–**	**–**	**(18)**	**–**	**–**	**–**	**–**	**–**	**–**	**(18)**
Increase/decrease through transfers	**–**	**–**	**(58)**	**–**	**–**	**–**	**58**	**–**	**–**	**–**
Disposals through sale of subsidiary	**–**	**–**	**(2)**	**(2,209)**	**–**	**–**	**–**	**–**	**–**	**(2,211)**
Exchange differences	**(2)**	**(2,138)**	**(1)**	**(2,516)**	**(41)**	**(183)**	**(405)**	**(353)**	**–**	**(5,639)**
Balance at 30 September 2020	**26**	**43,101**	**81**	**63,163**	**1,005**	**6,114**	**11,376**	**3,431**	**1,091**	**129,388**
Net book value										
At 30 September 2020	**175**	**101,245**	**189**	**75,555**	**4,492**	**447**	**24,183**	**18,751**	**21,966**	**247,003**
At 30 September 2019	104	108,582	350	92,224	4,938	980	28,154	21,706	18,706	275,744
At 1 October 2018	133	152,439	47	101,865	5,485	2,590	28,328	23,594	10,905	325,386

For impairment of goodwill see note 10.

The sale of the assets of the Group's vaccines manufacturing facility has resulted in an impairment of goodwill of £432,000 and licences of £591,000. The decision to discontinue vaccine developments programmes had resulted in an impairment of development costs of £1,091,000 and patents and trademarks of £19,000.

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Following the decision in 2019 to proceed with the structural efficiencies plan, the carrying value of intangible fixed assets in the relevant businesses was reviewed for recoverability. A resulting impairment charge of £2,209,000 was made in 2019 against the carrying value of intellectual property assets, within a relevant business in the Advanced Animal Nutrition segment that had not been classified as a discontinued operation. This asset was disposed of in the current year.

10 Impairment testing of goodwill and other intangible assets
The Group tests goodwill and other intangibles not yet ready for use annually for impairment, or more frequently if there are indications that goodwill or the other intangible assets might be impaired.

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from the business combination. The only intangible assets not yet ready for use are the capitalised development costs on internally developed products.

Goodwill and capitalised development costs arise across the Group, and are allocated specifically against the following CGUs:

	Genetics 2020 £000	Advanced Nutrition 2020 £000	Health 2020 £000	Total 2020 £000
Benchmark Genetics AS (previously SalmoBreed AS)	**6,523**	–	–	**6,523**
Stofnfiskur HF	**11,216**	–	–	**11,216**
Akvaforsk Genetic Center*	**8,040**	–	–	**8,040**
INVE Aquaculture Group	–	**75,466**	–	**75,466**
Goodwill	**25,779**	**75,466**	–	**101,245**
Development costs	**3,032**	**3,215**	**15,719**	**21,966**

* Includes goodwill arising from the joint acquisition of Akvaforsk Genetics Center AS (which was transferred into Benchmark Genetics Norway) in the year and Benchmark Genetics USA (formerly Akvaforsk Genetics Center Inc.)

	Genetics 2019 £000	Advanced Nutrition 2019 £000	Health 2019 £000	Total 2019 £000
Benchmark Vaccines Limited	–	–	432	432
Benchmark Genetics AS (previously SalmoBreed AS)	7,065	–	–	7,065
Stofnfiskur HF	13,146	–	–	13,146
Akvaforsk Genetic Center*	8,691	–	–	8,691
INVE Aquaculture Group	–	79,248	–	79,248
Goodwill	28,902	79,248	432	108,582
Development costs	1,454	2,802	14,450	18,706

* Includes goodwill arising from the joint acquisition of Akvaforsk Genetics Center AS and Akvaforsk Genetics Center Inc.

The recoverable amounts of the above CGUs have been determined from value in use calculations. These calculations used Board approved cash flow projections from five-year business plans based on actual operating results and current forecasts. These forecasts were then extrapolated into perpetuity taking account of specific terminal growth rates for future cash flows, using individual business operating margins based on past experience and future expectations in light of anticipated economic and market conditions. The pre-tax cash flows that these projections produced were discounted at pre-tax discount rates based on the Group's beta adjusted cost of capital reflecting management's assessment of specific risks related to each CGU. Specific assumptions used are as follows:

Genetics
The pre-tax cash flows from the five-year projections were discounted using a pre-tax discount rate of 11.6% (2019: 12.1%). CAGR of revenue of 13% (2019: 15%) is implied by the five-year plan and a long-term growth rate of 2.5% (2019: 2.5%) has been used to extrapolate the terminal year cash flow into perpetuity.

Sensitivity testing of the recoverable amount to reasonably possible changes in key assumptions has been performed. All other assumptions being unchanged, an increase in the pre-tax discount rate to 15.3% would reduce the headroom on the Genetics CGU to nil. Should the discount rate increase further than this, then an impairment of the goodwill or development costs would be likely.

Advanced Nutrition
The pre-tax cash flows from the five-year projections were discounted using a pre-tax discount rate of 10.3% (2019: 11.5%). CAGR of revenue of 12% (2019: 12%) is implied by the five-year plan, with the rate reflecting a particularly low year of growth in FY20 and the recovery back to previous years' levels as well as growth from new products. Long-term growth rate of 3.5% (2019: 3.5%) has been used to extrapolate the terminal year cash flow into perpetuity.

The value in use assessment is sensitive to changes in the key assumptions used. All other assumptions being unchanged, an increase in the pre-tax discount rate to 10.8% would reduce the headroom on the Advanced Animal Nutrition CGU to nil. Further sensitivity analysis was performed and a reasonably likely downside scenario, which assumes that there is no recovery in global shrimp markets until FY22 with year on year base case growth rates pushed out by one year. In this scenario, assuming that the FY21 cost base remains the same as in the base case, without modelling any likely mitigations, then there would be an impairment of £2.1m. This downside scenario represents a CAGR of revenue of 11.8% from FY20 to FY25.

A further, more severe downside scenario has also been modelled, where there is no recovery in global shrimp markets until FY22 allied to a delay in the launch of new products and further artemia market price reductions. This would cause an impairment of £26.3m without any modification to cost base. This downside scenario represents a CAGR of revenue of 10.5% from FY20 to FY25. In this type of severe downside scenario, discretionary spend, including bonuses, marketing and travel would also be reduced (all of which have been significantly scaled up in the base model compared to the controlled suppression of FY20 actual costs). Modelling these mitigations (but restricting mitigations to the period pre-perpetuity) would limit the impairment to £6m.

Health
The pre-tax cash flows from the five-year projections were discounted using a pre-tax discount rate of 13.2% (2019: 13.1%). An assumed CAGR of revenue of 68% (2019: 49%) in the five-year plan reflects the importance of the launch and commercialisation of the business area's new sea lice treatment in the forecast period. A long-term growth rate of 2.5% (2019: 2.5%) has been used to extrapolate the terminal year cash flow into perpetuity.

The valuation of the Animal Health CGU indicates sufficient headroom such that reasonably possible changes to key assumptions are unlikely to result in an impairment in related development costs. However, should the business area's new sea lice treatment not be successfully launched and commercialised, then full impairment of £15.3m of capitalised development costs could be possible.

11 Biological assets

Book value of biological assets recognised at fair value	**2020 £000**	2019 £000
Salmon eggs, broodstock and milt	**30,772**	26,732
Lumpfish	**1,317**	1,505
Tilapia and shrimp	**380**	132
Cattle, sheep, hens	**–**	124
Total biological assets 30 September	**32,469**	28,493
Analysed as:		
Current	**15,848**	16,024
Non-current	**16,621**	12,469
Total biological assets 30 September	**32,469**	28,493

Change in book value of biological assets

	2020 £000	2019 £000
Biological assets 1 October	**28,493**	20,394
Increase from production/purchase	**36,678**	31,610
Reduction due to sale/discarding surplus eggs	**(32,449)**	(24,941)
Foreign exchange movement before fair value adjustment	**(2,363)**	(940)
Change in fair value through income statement	**3,253**	2,699
Foreign exchange impact on fair value adjustment	**(1,143)**	(329)
Biological assets 30 September 2020	**32,469**	28,493

Livestock
The Group disposed of its commercial and research farming and technology transfer business during the year and consequently held no livestock at the year-end. At 30 September 2019 the Group held 484 head of sheep, 108 head of cattle, and 10,256 hens.

Assumptions used for determining fair value of broodstock, eggs and fingerlings
IAS 41 requires that biological assets are accounted for at the estimated fair value net of selling and harvesting costs. Fair value is measured in accordance with IFRS 13 and is categorised into Level 3 in the fair value hierarchy as the inputs include unobservable inputs in the valuation of broodstock, eggs and fingerlings for which there are no published market data available.

There is a presumption that fair value can be measured reliably for a biological asset. However, where alternative estimates of fair value are determined to be clearly unreliable (for example where we establish a new broodstock farm in a new territory), then that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

The calculation of the estimated fair value of salmon broodstock is primarily based upon its main harvest output being salmon eggs, which are priced upon our current seasonally adjusted selling prices for salmon eggs. These prices are reduced for harvesting costs, freight costs, incubation costs and market capacity to arrive at the net value of broodstock. The valuation also reflects the internally generated data to arrive at the biomass. This includes the weight of the broodstock, the yield that each kilogram of fish will produce and mortality rates. The fish take four years to reach maturity, and the age and biomass of the fish is taken into account in the fair value.

The calculation of the fair value of the salmon eggs is based upon the current seasonally adjusted selling prices for salmon eggs less transport and incubation costs and taking account of the market capacity. The valuation also takes account of the mortality rates of the eggs and expected life as sourced from internally generated data.

The calculation of the fair value of the salmon and lumpfish fingerlings is valued on current selling prices less transport costs.

Where we have identified individual salmon carrying particular traits or disease resistance, semen (milt) can be extracted and deep frozen using cryopreservation techniques (the process of freezing biological material at extreme temperatures in liquid nitrogen). The calculation of the fair value of milt is based on production and freezing costs and, where appropriate, an uplift to recognise the additional selling price that can be achieved from eggs fertilised by premium quality milt. The estimated fair value of frozen milt at 30 September 2020 was £359,000 (2019: £477,000). The decrease in value of £118,000 relates to net usage during the year.

The valuation models by their nature are based upon uncertain assumptions on sales prices, market capacity, weight, mortality rates, yields and assessment of the discounts to reflect the stages of maturity. The Group has a degree of expertise in these assumptions but these assumptions are subject to change. Relatively small changes in assumptions would have a significant impact on the valuation. A 1% increase/decrease in assumed selling price would increase/decrease the fair value of biological assets by £304,000. A 10% increase/decrease in the biomass of salmon broodstock and the quantity of salmon eggs valued would increase/decrease the fair value of those biological assets by £3,041,000.

The Group is exposed to financial risks arising from changes in the market value of the salmon eggs, lumpfish, shrimp broodstock and tilapia that it sells. The Group does not anticipate that prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in the price of its products. The Group reviews its outlook for salmon eggs, lumpfish, shrimp broodstock and tilapia prices regularly in considering the need for active financial risk management.

Total quantities held at 30 September were:

	2020	2019
Salmon broodstock and fingerlings	❖ **1,350 tonnes**	805 tonnes
Lumpfish fingerlings	❖ **4.3m units**	3.2m units
Salmon eggs	❖ **78.2m units**	66.3m units

12 Loans and borrowings

	2020 £000	2019 £000
Non-current		
2023 850m NOK loan notes	**75,497**	75,864
Bank borrowings	**20,366**	23,576
Other loans	**–**	60
Lease liabilities (note 8)	**7,956**	461
	103,819	99,961
Current		
Bank borrowings	**2,856**	3,102
Lease liabilities (note 8)	**2,483**	129
	5,339	3,231
Total loans and borrowings	**109,158**	103,192

The fair value of 2023 850m NOK Loan notes is not materially different to the nominal value and has not been separately disclosed.

On 21 June 2019, the Group successfully completed a new senior secured floating rate listed bond issue of NOK 850m. The bond which matures in June 2023, has a coupon of three-month NIBOR + 5.25% p.a. with quarterly interest payments, and will be listed on the Oslo Stock Exchange. The bond issue refinanced Benchmark's previous USD 90m credit facility. DNB Markets acted as sole bookrunner for the bond issue.

A USD 15m Revolving Credit Facility ('RCF') has been provided by DNB Bank ASA (50%) and HSBC UK Bank PLC (50%). This was undrawn at 30 September 2020 and 30 September 2019.

SalmoBreed Salten AS had the following loans (which are ring-fenced debt without recourse to the remainder of the Group) at 30 September 2020:

- NOK 194.4m term loan provided by Nordea Bank Norge Abp. The loan is a five-year term loan ending November 2023 at an interest rate of 2.65% above three-month NIBOR
- NOK 20.0m 12 month working capital facility provided by Nordea Bank Norge Abp (of which NOK 15.6m had been drawn at 30 September 2020)
- NOK 49.3m term loan provided by Innovasjon Norge. The loan is a 12-and-a-half-year term loan ending March 2031 at an interest rate of 4.2% above Norges Bank base rate
- NOK 21.75m loan provided by Salten Aqua ASA (the minority shareholder). The loan attracts interest at 2.5% above three-month NIBOR and is repayable in a minimum of five years, but not before the Nordea term loan.

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