Benchmark®

A leading aquaculture biotechnology company

Driving sustainability in aquaculture

Q1 Results FY21

22 February 2021

GENETICS | ADVANCED NUTRITION | HEALTH

Positive start to the year with good trading and strategic progress in all business areas

- Significant increase in revenues and adjusted EBITDA
  - Improvement in Advanced Nutrition
  - Continued strong performance in Genetics
  - Solid result in restructured Health
- Progress in key growth vectors
  - BMK08 / CleanTreat® on track for launch in Q2 CY21
  - First local production of salmon eggs from new facility in Chile
  - New client wins in emerging land-based salmon farming
- Benefits of restructuring and focus on core aquaculture areas starting to come through

Revenue
£29.0m (+18%)
(Q1 2020: £24.7m)

Adjusted EBITDA[1]
£3.0m
(Q1 2020: £0.4m)

Liquidity
£67.4m
(30 Sep 2020: £83.2m)

Net Debt
-£51.9m
(30 Sep 2020: -£37.6m)

* Unless otherwise stated, figures relate to continuing operations

(1) Adjusted EBITDA – EBITDA before exceptional and acquisition related items

Financial Review

Financial highlights

£m	Q1 2021 (unaudited)	Q1 2020 Restated* (unaudited)	FY2020 (audited)
Adjusted			
Revenue from continuing operations	29.0	24.7	105.6
Gross profit from continuing operations	14.7	12.9	55.0
Adjusted EBITDA from continuing operations	3.0	0.4	14.5
Adj. Operating Profit/(Loss) from continuing operations	1.3	(1.1)	7.9
Exceptional restructuring/disposal related items	(0.6)	(0.1)	(2.1)
EBITDA from continuing operations	2.4	0.3	12.4
Statutory			
Loss before tax from continuing operations	(0.5)	(3.2)	(22.6)
Loss for the period from continuing operations	(0.2)	(2.6)	(22.8)
Loss for the period - total incl. discontinued operations	(0.2)	(5.4)	(31.9)
Basic loss per share (p) – continuing operations	(0.11)	(0.51)	(3.80)
Net debt	(51.9)	(91.3)	(37.6)

* Q1 2020 results have been restated to reflect changes to the ongoing continuing business since they were previously reported.

- Revenues from continuing operations 18% ahead of the prior year
- Gross margin from continuing operations 51% (Q1 2020: 52%)
- Adjusted EBITDA from continuing operations £3.0m against £0.4m
- Net loss for the period from continuing operations £0.2m (Q1 2020: £2.6m loss)
- Net Debt (£51.9m) (30 September 2020: (£37.6m))
  - Reflecting planned capex and working capital investments in the period

Genetics

Continued good performance

- 4% growth in revenues driven by:
  - Higher egg sales volumes in Norway from Salten
  - Partially offset by lower sales in Scotland as expected and lower harvest revenues due to lower salmon prices
- Adj. EBITDA impacted by Norwegian JV result of (£0.6m) due to biological challenges which reduced yield at JV site
- Improved Adj. EBITDA margin to 31% (Q1 2020: 29%) reflecting lower operating costs and R&D
- £2m investment in growth vectors
  - Iceland incubation capacity
  - Chile
  - SPR Shrimp
- SPR shrimp test market ongoing; gradual roll-out constrained by Covid-19

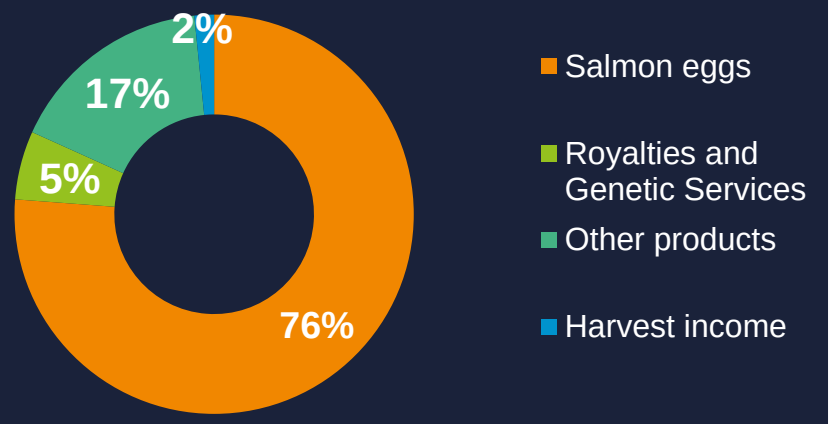
Revenue
£12.6m
Q1 2020: £12.1m
+4%

Gross margin
63%
Q1 2020: 64%

Adj. EBITDA
£3.9m
Q1 2020: £3.5m
+11%

Excl. FV Movement
£2.6m
Q1 2020: £2.4m
+10%

Revenue Contribution



Investment in growth vectors: £2m

Advanced Nutrition

Good quarter with slight market recovery

- Revenue growth in all product areas
- By region
  - Sales in Asia ahead of last year from slight market recovery and yoy timing of restocking
  - Drop in the Americas – significant impact from Covid
  - Europe in line with Q1 2020
- Adj. EBITDA margin improvement from operational leverage and cost control
- £1.4m capex investment to enhance safety at Thailand facility
- Operational efficiencies completed in the period: formulation improvements and installation of new Artemia mixer in US to reduce customer lead times

Revenue

£15.1m

+32%

Q1 2020: £11.4m

Gross Margin

42%

Q1 2020: 47%

Adj. EBITDA

£1.0m

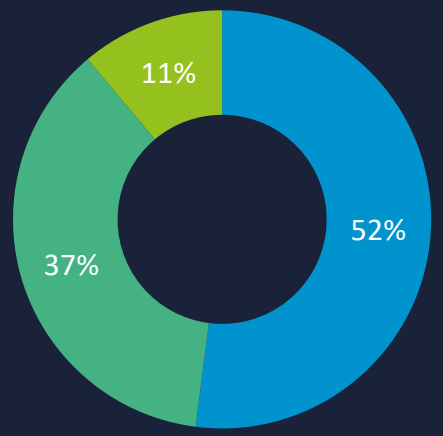
Q1 2020: (£0.3m)

Adj. EBITDA Margin

6.6%

Q1 2020: (2.6%)

Revenue Contribution



Revenues Q12021/2020	
Artemia	+69%
Diets	+14%
Health	+10%

Safety capex investment : £1.4m

Health

BMK08 + CleanTreat® progress on track

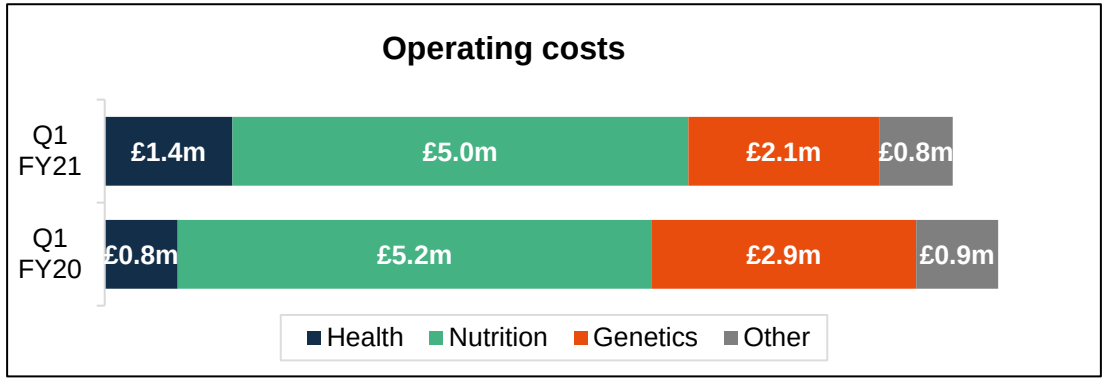
- Progress towards launch of BMK08 and CleanTreat in Q2 CY2021
  - Progressing through regulatory process – awaiting MRL ratification; MA approval continues in parallel
  - Building operational strength and capacity
  - Construction of second CleanTreat system expected to complete in line with launch plan
  - Firm customer interest
  - Capex investment: £0.8m
- Solid sales of Salmosan
- Reduction in operating and R&D costs following restructuring

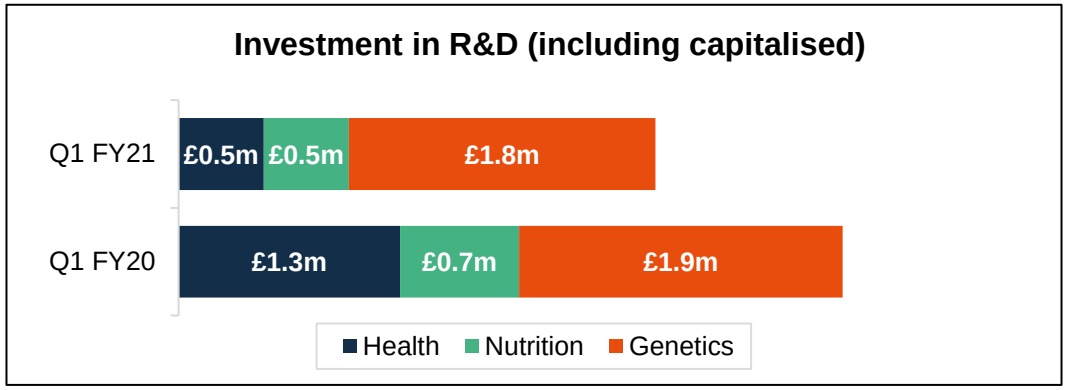
Revenue	Adj. EBITDA
£1.3m	-£1.1m
Q1 2020: £1.4m	Q1 2020: -£1.8m
Gross Margin 30%	
Q1 2020: 7%	

Capex investment : £0.8m

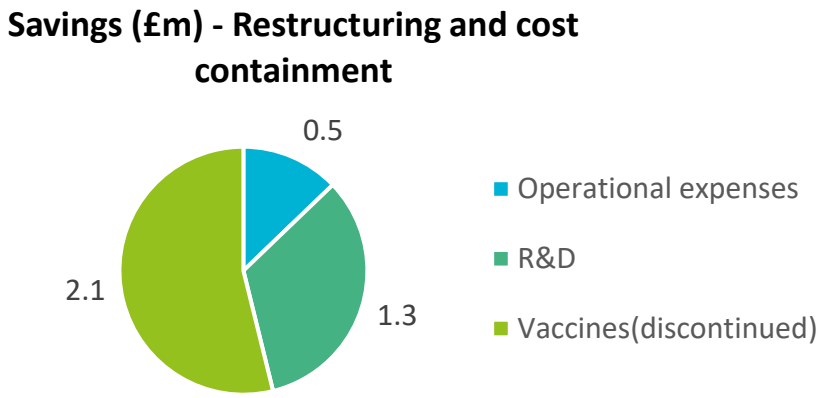
Operating costs and R&D

Q1 contribution to £10m annual target savings: £3.9m





- Group operating costs 5% below Q1 2020



- R&D expenses of £1.7m 43% down (Q1 2020: £3.0m)
- Total R&D investment (excluding discontinued business) was £2.8m (Q1 2020: £3.9m)
  - 28% reduction in Advanced Nutrition
  - 61% reduction in Health
  - Genetics 5% reduction. Genetics R&D spend includes fixed costs of maintaining breeding programmes

Cashflow, net debt and liquidity

£m	
Net debt[1] at 30 September 2020	**(37.6)**
Cash generated from operations	2.3
Movement in working capital	(7.5)
Interest and taxes	(3.0)
Shares issued (options)	0.2
Capital expenditure	(4.3)
New lease liabilities	(1.9)
Other non cash movements	(0.2)
Foreign exchange on cash and debt	0.1
Net debt[1] at 31 December 2020	**(51.9)**

- Net cash outflow of £14.6m (Q1 2020: inflow £2.2m)
  - Investing activities outflow of £4.2m (Q1 2020: inflow £4.5m) – planned capex in growth vectors
  - Operating activities net outflow of £6.4m (Q1 2020: £3.6m outflow) – investment in working capital in line with plan
- Liquidity of £67.4m providing £57.4m headroom
- Liquidity as at 15th February 2021: £64.2m

(1) Net debt is cash and cash equivalents less loans and borrowings.

Outlook

FY21 Outlook

Trading in line with market expectations; remain resilient through Covid-19

- Good visibility of revenues in Genetics for the year with normal seasonality
  - Underpinned by long production cycle in salmon and a resilient salmon industry
- Resilient trading in Advanced Nutrition in continued challenging market conditions
  - Shrimp market expected to remain challenging through the coming months with some recovery in the Asian markets likely and difficult conditions continuing in the Americas
- BMK08/CleanTreat® launch expected in Q2 CY2021 subject to regulatory approvals

Benefits of operating as a streamlined, increasingly integrated aquaculture business are starting to be realised

Well positioned with clear roadmap to profitability

FY 21 Priorities

1	Restructuring and streamlining	Further streamlining post restructuring ”One Benchmark”
2	Delivery of pipeline products	BMK08 and CleanTreat®
3	Grow in our core established markets	Salmon genetics: Iceland and Norway Advanced Nutrition: grow in specialist high margin segments
4	Selective investment in areas that leverage Group capabilities	SPR shrimp: commercial launch Chile - salmon genetics
5	Position BMK for future growth	Explore future growth opportunities within core business areas

A streamlined, profitable, market leading, aquaculture biotechnology company

Three business areas with growth and synergy opportunities

GENETICS	ADVANCED NUTRITION	HEALTH

Benchmark®

Thank you
Q&A

Uniquely positioned to deliver on one of the biggest ESG opportunities: sustainable food production

An attractive market

Aquaculture is inherently sustainable and growing faster than any other animal protein production creating a need for products that improve productivity and support sustainable growth

Uniquely positioned

With a complementary offering, market leading positions, a focused strategy and an experienced team, we are well positioned to deliver on this opportunity

Committed to profitability

Having completed an extensive streamlining programme exiting non-core and loss-making activities we are now in a strong financial position to achieve profitability and deliver growth