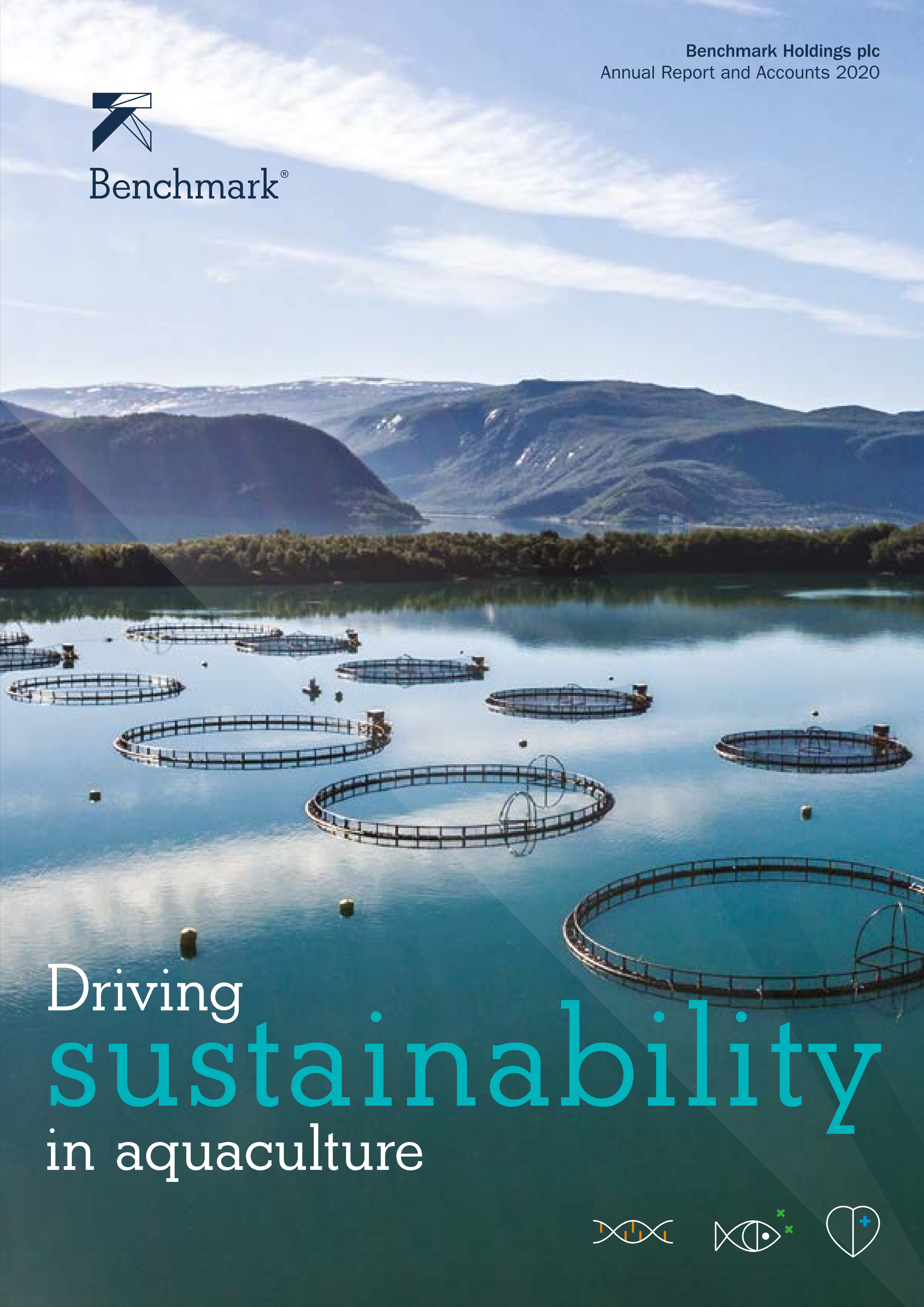
Benchmark Holdings plc
Annual Report and Accounts 2020

Benchmark®



Driving sustainability in aquaculture

Our mission is to enable aquaculture producers to improve their sustainability and profitability

We deliver genetics, advanced nutrition and health products which improve yield, quality and animal welfare.

Our aim is to be the leading aquaculture biotechnology company driving sustainability.

Contents

www.benchmarkplc.com

Registered office:
Benchmark Holdings plc
Benchmark House
8 Smithy Wood Drive
Sheffield S35 1QN
Registered number: 04115910

ESG (Environment, Social & Governance)

Our ESG programme addresses the ESG risks and opportunities that are material for our business and stakeholders, and is aligned with the UN Sustainable Development Goals.

Our key stakeholders

Our key stakeholders are our employees, our customers and our shareholders. Our wider stakeholder group includes our communities, end consumers, regulators and non-governmental organisations (NGOs).

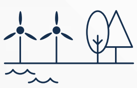
Sustainable Development Goals

See page 36 & 40
for stakeholder engagement

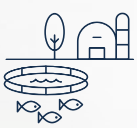
Our ESG focus areas

Product impact (customers)
Develop products and solutions that improve sustainability in aquaculture.

Being well (employees)
Care for our people and empower them to reach their personal potential.



Environment
Reduce the environmental impact of our operations and our products.



Animal health and welfare
Promote animal health and welfare through our products and our activities.

Communities
Making a meaningful and positive impact on the communities in which we operate.

See page 38–49
for ESG report

2019/20 Highlights

Operational highlights

Group

- Appointment of new management team. Septima Maguire joined as Chief Financial Officer in November 2019 and Trond Williksen joined as Chief Executive Officer in June 2020.
- Streamlining of senior executive management.
- Total number of employees reduced from c.1100 to 815 (as at 30 September 2020) as a result of restructuring.
- Divestment of non-core businesses and assets generating up to £44m.
- Exit from Knowledge Services business area and loss-making activities.
- Review of vaccine strategy resulting in sale of vaccine manufacturing facility, and decision to progress development of streamlined pipeline through partnerships.
- Covid-19: operations successfully adapted to safeguard employees while maintaining continuity of supply and customer service.

Genetics

- Successful ramp-up of new land-based salmon egg facility in Salten, Norway delivering salmon eggs year round from Norway for the first time, a significant benefit for our customers.
- Awarded ‘Aquaculture Supplier of the Year’ at the 2020 Aquaculture Awards for year round export of salmon eggs to 22 countries from our biosecure facility in Iceland.
- Significant progress towards establishing local production of salmon eggs in Chile with the lease of a grow-out facility which complements the Ensenada breeding site.

- SPR Shrimp:
  - Successful test market sales of our specific pathogen resistant (‘SPR’) broodstock shrimp in China, Indonesia and Vietnam; programme of full scale performance trials continued successfully.
  - Construction of multiplication centre in Thailand progressing towards launch in FY21.

% of Group revenue from continuing operations

39% 2019: 32%

Advanced Nutrition

- Successful launch of SEP-Art tools for Artemia, a sustainable technology to separate the nauplii from the Artemia cyst which improves nutritional delivery, is significantly less labour-intensive and reduces environmental impact.

% of Group revenue from continuing operations

56% 2019: 61%

- Strengthened customer technical support and increased digital market presence through online customer education programmes as part of Covid-19 response.
- Completed successful trials of grow-out protocols with the leading shrimp producer in Vietnam to support the scaling up of their farming capacity. The trials demonstrated that Benchmark’s nutrition and environmental protocols improve consistency and profitability for customers.

Health

- Progress on track towards commercial launch of BMK08 and CleanTreat® in Q2 CY21.
  - Submission of regulatory dossier to Norwegian Medicines Agency
  - Positive opinion from CVMP on maximum residue limit (‘MRL’) obtained in September 2020
  - Advancing construction of a second CleanTreat® system and building operational infrastructure to support launch.

- Significant restructuring with sale of FishVet Group to Zoetis for c.£14.5m and the sale of the Group’s vaccine manufacturing facilities to Cell and Gene Therapy Catapult for net proceeds of c.£12m.
- Salmon vaccine programme streamlined and decision to progress in partnership with a third party with complementary capabilities.

% Group revenue from continuing operations

5% 2019: 7%

Financial highlights

- AEBITDA[1] of £14.5m achieved in the restructured continuing business.
- Decisive actions during FY20 resulted in strong cost and cash control.
- Strong cash of £71.6m and available liquidity[2] position of £83.2m achieved.

Revenue from continuing operations (£m)

£105.6m

Gross margin from continuing operations (%)

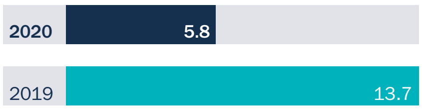
52%

Adjusted EBITDA[1] from continuing operations (£m)

£14.5m

Total Adjusted EBITDA[1] (£m) **(continuing and discontinued operations)**

£5.8m

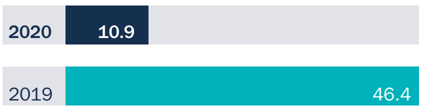


Adjusted EBITDA[1] margin from continuing operations (%)

14%

Operating loss from continuing operations (£m)

£10.9m

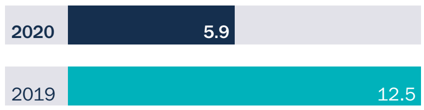


Total invested in R&D (£m) **(expensed and capitalised – continuing and discontinued operations)**

£14.6m

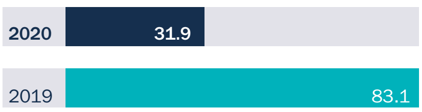
Tangible Capex (£m)

£5.9m



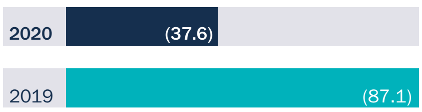
Total loss after tax (£m)

£31.9m



Net debt[3] (£m)

£37.6m



1 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and exceptional and acquisition related items. See income statement.
2 See Note 38.
3 See Note 39.
· Alternative profit measures and other metrics are included in Note 38 of the financial statements.

At a Glance

A leader in aquaculture biotechnology

Following the restructuring that took place in the year, Benchmark is now a streamlined focused Group with three core business areas in aquaculture biotechnology – Genetics, Advanced Nutrition and Health – each with leading positions in their target markets and with visible growth opportunities ahead.

Our three business areas

Genetics

Professional genetics provide a crucial starting point in aquaculture, helping producers increase the quality, yield, health and welfare of fish and shrimp. By increasing yield and improving health and welfare, genetics have a significant positive impact on sustainability.

Benchmark is a leading aquaculture genetics provider combining long-established breeding programmes for salmon, shrimp and tilapia with the latest genomic tools, and state-of-the-art production facilities. Benchmark is also at the forefront of genetics in multiple aquaculture species through its leading consultancy services business.

Benchmark's land-based biosecure facilities in Iceland and Norway supply salmon eggs to customers in all major salmon aquaculture markets.

Benchmark is extending its genetics stronghold to shrimp with the launch of a specific pathogen resistant ('SPR') shrimp which provides resistance to some of the major disease challenges. Benchmark has shrimp genetics facilities in Colombia and in Florida and is building a shrimp multiplication centre in Thailand in partnership with a leading local producer.

Revenue from continuing operations[1]

£41.5m

2019: £39.7m

See page 30–31
for the Genetics Business Area Review

Advanced Nutrition

Advanced Nutrition provides high performance nutritional solutions and preventative health solutions to enhance health, reduce mortality and improve efficiency creating better outcomes for producers and contribute to improving sustainability.
Benchmark is a leader in specialist advanced nutrition for shrimp and sea bass/bream hatcheries.

Benchmark's Advanced Nutrition products include Artemia (live feed) and Artemia proprietary technologies, specialist diets, and preventative health solutions such as probiotics, biocides and water treatments for shrimp and sea bass/bream. Its core market is hatchery nutrition, where the business is the global leader; growth of our health and environmental offering for shrimp nurseries and farms represents a significant growth opportunity for the future.

Benchmark's products are manufactured in Thailand and the USA and sold to customers directly and through a global network of distributors in all shrimp producing markets in Asia and Latin America,and in sea bass/bream markets in the Mediterranean

Revenue from continuing operations[1]

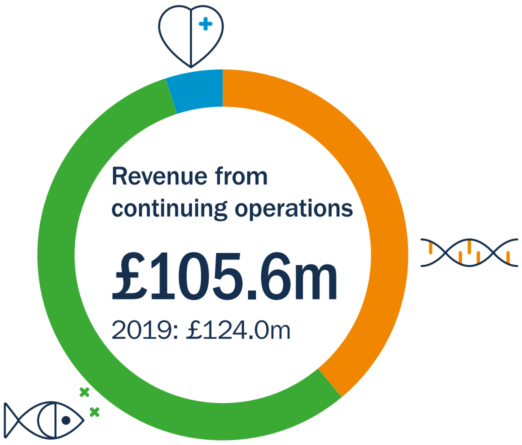
£59.4m

2019: £76.4m

See page 32–33
for the Advanced Nutrition Business Area Review

1 See Note 38.

Group revenue by business area



Health

Following a significant restructuring Benchmark's Health business is focused on salmon. Salmosan® remains an important part of its sea lice portfolio, as well as its breakthrough solution, BMK08 and CleanTreat® which after ten years of development is expected to launch commercially in Q2 CY21.

CleanTreat® has been awarded the highest prize in Aquaculture, the Nor-Fishing Innovation Award, for its advancement of environmental stewardship. Together BMK08 and CleanTreat® are a transformative step for the industry demonstrating the highest environmental and welfare credentials in the market for sea lice treatments.

Sea lice is the biggest biological challenge in salmon farming costing the industry more than $1bn annually.

Revenue from continuing operations[1]

£5.2m

2019: £8.7m

See page 34–35
for the Health Business Area Review

Investment case

An attractive market

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

Uniquely positioned

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

Committed to profitability

Having completed an extensive restructuring programme, we are now in a strong financial position to achieve profitability and deliver growth.

Global integrated footprint with capacity for growth

Our locations

Benchmark is active in all the world's main aquaculture markets

- Genetics
- Advanced Nutrition
- Health

Capacity (year operational for Benchmark)


Salmon, Norway
2 sites
• 150m eggs + 300t broodfish (2020)
• 350 salmon families/0.5m smolt (2015)
R&D Centre, Belgium
• Experimental laboratories, Artemia
R&D Centre, Thailand
• Shrimp trials, Artemia
Production, Thailand
• CIS + GSL Artemia
• Diets production
• Probiotics
Shrimp, Thailand (Joint Venture)
• 40k shrimp broodstock (2020)

Our Response to Covid-19

Protecting our people, operations and customers whilst maintaining financial resilience

We continued to operate our business with the health and safety of our employees as a priority while providing continuity of supply and service to our customers.

"Taking 20 minutes each day to focus on the present has really helped to break away from the constant, and mostly negative, messages about Covid-19"

Andy Baker
Group HSE Manager

People

It is our priority to ensure the health and safety of our employees and also play our role in controlling the spread of the Covid-19 virus. The Group operates in 23 countries so we took early action to stop international travel ahead of government guidance, as well as implementing remote working for office-based employees.

For our employees at our manufacturing, production and R&D sites we adapted shift patterns to reduce employee exposure and enhanced safety procedures such as deep cleaning and increased supply of personal protective equipment.

Our Covid-19 policy encourages and enables precautionary self-isolation. To date, there have been 17 employees who have tested positive for Covid-19, none of those cases have had workplace origin or caused workplace transmission.

It has been a real team effort in successfully operating in the 'new normal' and we thank our employees for their commitment and sacrifices during this time. In Thailand, for example, in order to keep our operations running at our main production facility, many employees volunteered to temporarily move to the province where our facility is located due to a local lockdown in the adjacent province in which they lived. This was a huge sacrifice for those employees and their families and is greatly appreciated.

To maintain good communication during lockdown we have utilised video conferencing tools to hold effective business meetings as well as internal Global town hall meetings led by the CEO to provide business and operational updates to all employees. Town hall meetings are interactive and all employees have the opportunity to ask the senior management team any questions, which has proven to be effective.

We recognise that working in completely different circumstances can bring feelings of anxiety, stress and loneliness. To support mental health and wellbeing, the management team have encouraged online social events to keep up team spirit and interaction. Between March and May the Company also ran online 20-minute mindfulness sessions each day which were open to all employees to take time out to focus the mind and stay resilient.

As we look forward to what life in the 'new normal' may look like, we have conducted a Group-wide employee 'return to work' survey to understand employees' concerns along with key learnings and experiences we should retain for the future.

See page 24–25
for employee engagement

Customers and supply chain
Covid-19 has affected the whole aquaculture industry to varying degrees. Together with our customers we play a part in feeding the world and this work had to continue.

We have been in regular contact with our customers to find the best solutions for logistical challenges and to date have had limited interruption to supply and deliveries worldwide. We built an inventory of product and key ingredients in response to the increased risk posed by the closure of borders and freight to ensure continuity of supply.

All our manufacturing and production facilities have continued to operate with increased safety measures in place and whilst we are unable to meet with customers in person, we continue to provide customer and technical support through webinars and videos, and using technology to ensure that we continue to provide production support and troubleshooting services.

We also plan to de-brief with some of our customers post-crisis to learn lessons and become collectively stronger for the future.

See page 26–27
find out more on how we safely delivered our products to customers

Financial resilience
Benchmark has remained financially resilient during the period as a result of proceeds from the equity fundraise and restructuring programme as well as actions taken to conserve cash and maintain adequate financial headroom. This included reducing variable costs, R&D and capex spend, working capital management, and temporary salary cuts, furloughing and temporary redundancies for more than 20% of staff. Our Board and Operations Board also took a temporary 20% salary cut.

As we enter FY21, we continue to maintain our focus on cost and cash management, which together with our tried and tested flexible operating processes, give us resilience for the next phase of the pandemic and the uncertainty associated with it.

Chairman's Statement

A year of transformation

"With the restructuring complete, we now have a streamlined Group focused on three core aquaculture areas each with substantial growth opportunities and long-term positive drivers"

Peter George
Non-Executive Chairman

See page 50-55
for the Financial Review

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

Revenue from continuing operations
£105.6m
2019: £124.0m

Adjusted EBITDA[1]
£14.5m
2019: £21.3m

1 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and exceptional and acquisition related items. See income statement.
2 See Note 38.


Benchmark's CleanTreat® system

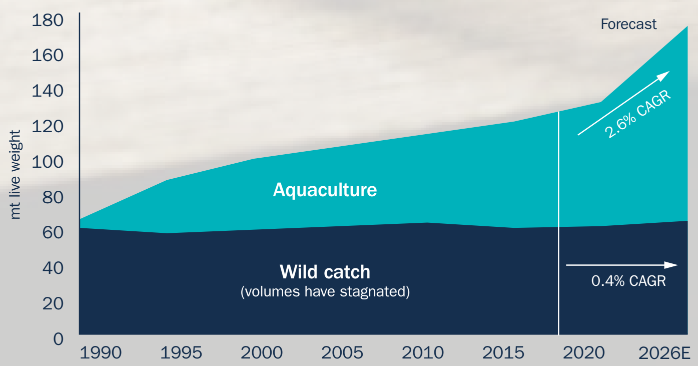
Market Overview

Long-term growth potential

+527%
Rise in global aquaculture production from 1990 to 2018

+122%
Rise in total food fish consumption from 1990 to 2018

World aquaculture and capture fisheries



Source: United Nations, OECD-FAO Agricultural Outlook 2020–2029

Despite the short-term impact from Covid-19, total aquaculture production is projected to reach 109mt in 2030, an increase of 32% (26mt) over 2018.

Fish and fish products are recognised not only as some of the healthiest foods on the planet, but also as some of the least impactful on the natural environment. For these reasons, they play a big part in future food security and nutrition strategies worldwide.

Fish provides about 3.3bn people with almost 20% of their average per capita intake of animal protein. In 2017, fish accounted for about 17% of total animal protein, and 7% of all proteins, consumed globally[1].

In per capita terms, food fish consumption rose from 9.0kg (live weight equivalent) in 1961 to 20.3kg in 2017. Preliminary estimates for per capita fish consumption in 2018 currently stand at 20.5kg[1].

Aquaculture accounts for 52% of the world's fish consumed for food[1] and this is expected to continue to increase.

What is driving this increase?

- Rising population and incomes worldwide.
- Technological developments.
- Reductions in loss and waste.
- Increased awareness of sustainable food production and health benefits.

By species, growth in aquaculture is mainly driven by crustacean and freshwater fish farming in developing economies, particularly in Asia, and by Atlantic salmon in the West[2].

Benchmark is both a driver and a beneficiary of these long-term trends

The continued and expected expansion in aquaculture creates sustainability challenges which require new solutions, compounding the growth drivers for our business. Sustainability challenges include disease, animal welfare, antibiotic use, biodiversity loss, effluents and fish feed supply.

Benchmark's three core areas – Genetics, Advanced Nutrition and Health – address these issues by reducing disease, improving survivability and animal welfare and increasing productivity and therefore resource efficiency.

1 FAO State of the World's Fisheries and Aquaculture 2020.
2 Rabobank (2018) 100 Billion Dollar Baby: Aquaculture Keeps Growing.

Species at a glance

Salmon

Maturity level: high

Atlantic salmon has the highest level of industrialisation amongst aquaculture species.

1 FAO GLOBEFISH (2020).
2 Mowi Salmon Farming Handbook (2020) Kontali Analyse.
3 Kontali (2019).

Impact from Covid-19

The salmon industry has proven resilient through the Covid-19 pandemic supported by its relatively limited exposure to the food services sector (30%)[1], a longer production cycle and strong industry players. In certain countries the sector has benefited from an increase in home consumption.

Market size

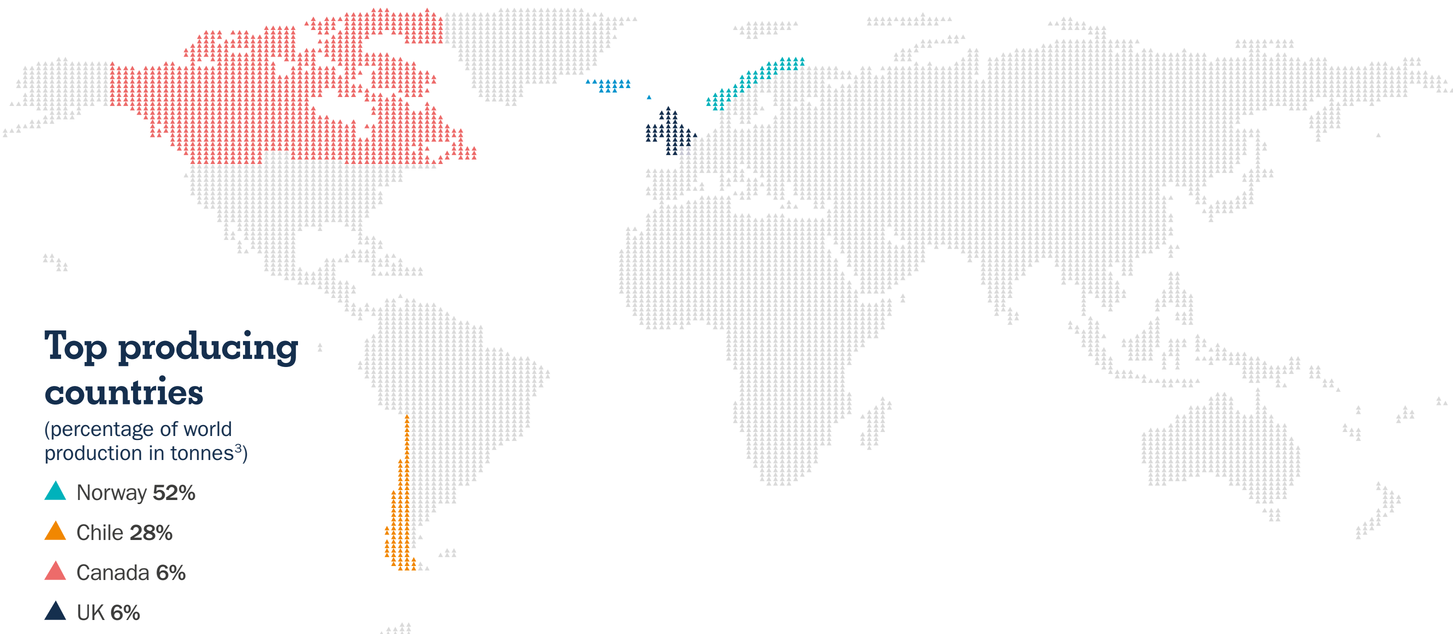
Global production of farmed Atlantic salmon is estimated to have increased by c.7% in 2019, to c. 2.6mt. The latest forecasts suggest that growth will slow to c. 2–4%[1] in 2020.

Trends

- **Increased focus on biosecurity and disease control:** identifying effective solutions, particularly to sea lice, will remain a core focus.
- **Development of land-based and recirculating aquaculture systems ('RAS'):** opening up new opportunities for future production of salmon.
- **Continued investment and innovation across the value chain, marketing and value-added products:** to stimulate demand.
- **Growing consumer pressure on environmental impact and fish welfare.**

Outlook

Growth expected to continue (estimated 3% CAGR 2019–2023[2]), driven by demand growth, industry marketing efforts and continued innovation across the value chain.



Top producing countries

(percentage of world production in tonnes[3])

- Norway **52%**
- Chile **28%**
- Canada **6%**
- UK **6%**
- Iceland & Faroes **4%**

Market Overview continued

Species at a glance
Shrimp

Maturity level: low

Shrimp farming systems are very diverse in their management, size and ownership structure from small family-operated farms to significant industrial producers; some adopting indoor production systems and increased environmental control.

Impact from Covid-19

The shrimp industry is being significantly impacted by lower demand with c.60% exposure to food services. Lower demand has resulted in already low shrimp prices continuing, affecting producers willingness and ability to stock. Disruption in production as a result of curfews and regional quarantines in major producing countries is also affecting harvest volumes.

Market size

World shrimp production is estimated to have reached almost 4mt in 2019. Global shrimp production is estimated to have grown at a 4.6% CAGR in the decade to 2018[1].

Growth, however, has been impacted by disease outbreaks, as well as Covid-19 this year. A survey conducted at GOAL in October 2020 indicates a drop in production of c.10% in 2020[2].

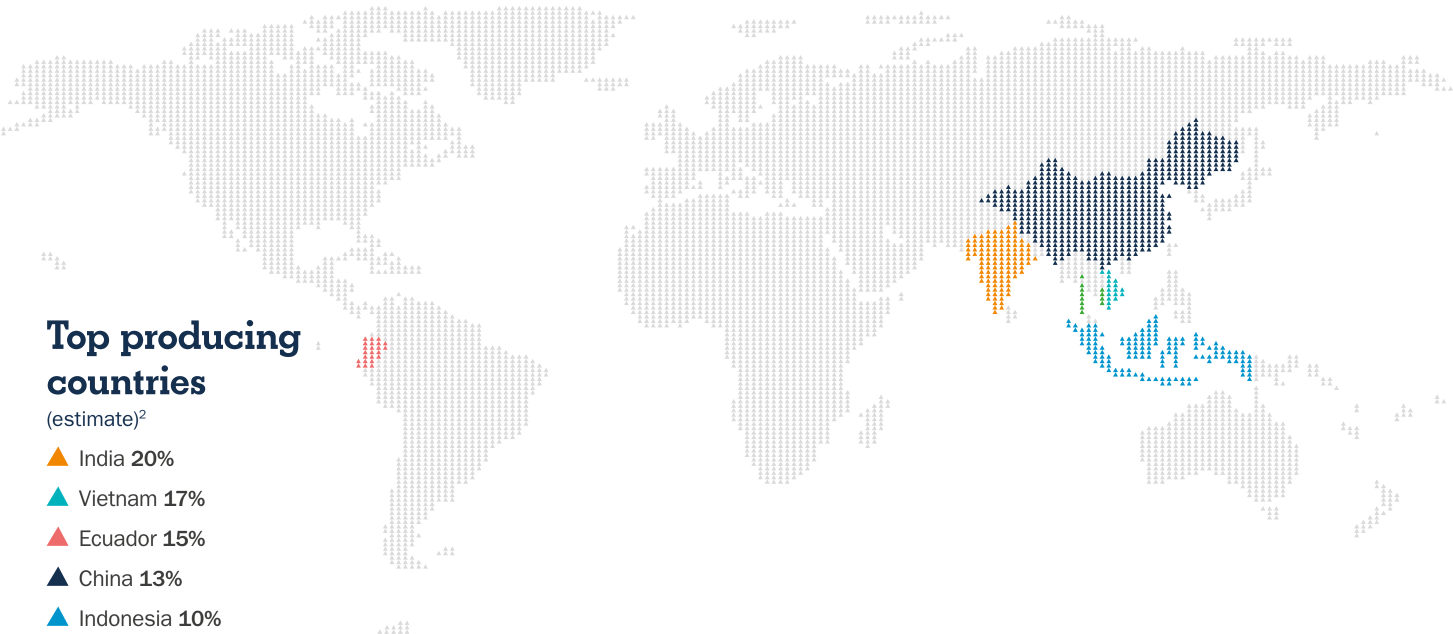
Trends

- **Innovation in the supply chain:** advanced technologies including probiotics, bioflocs and genetics are increasingly being adopted by the sector to improve yield, reduce mortality and address environmental concerns.
- **Disease continues to be main concern for producers:** production and productivity continue to be impacted by disease outbreaks.
- **Future consolidation:** consolidation is expected in the sector leading to efficiencies and economies of scale.

Outlook

While challenging conditions remain, industry participants expect recovery to begin in 2021 with growth estimates ranging between 2–12% across main producing countries[2].

1 GLOBEFISH (2019) http://www.fao.org/in-action/globefish/market-reports/resource-detail/en/c/1199292/
2 Rabobank (2020) GOAL 2020: Shrimp presented by the Global Aquaculture Alliance and Rabobank.



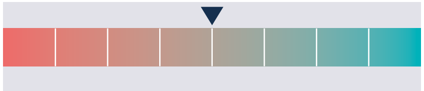
Top producing countries
(estimate)[2]

- India **20%**
- Vietnam **17%**
- Ecuador **15%**
- China **13%**
- Indonesia **10%**
- Thailand **8%**

Species at a glance

Sea bass/ bream

Maturity level: medium



Production processes and standards are developing quickly in the Mediterranean sea bass and bream sectors, with more farms adopting certification schemes, such as Aquaculture Stewardship Council ('ASC') standards and increased awareness of health management and biosecurity.

1 FAO GLOBEFISH Report (2020) http://www.fao.org/in-action/globefish/market-reports/resource-detail/en/c/1296666/
2 Rabobank Report (2020) Sea bass and sea bream production.
3 Management estimate.

Impact from Covid-19

The Mediterranean sea bass/bream market has significant exposure to food services in line with shrimp, but has a longer production cycle and has suffered less as a result of Covid-19 than shrimp. The market is increasingly dependent on retail sales to compensate for a lack of food service demand, heavily subdued Mediterranean tourism season and general shift away from fresh product.

Market size

Total production of Mediterranean sea bass/bream is estimated at 450,000t[1] (2019) and expected to decrease by 6% in 2020[2].

Trends

- **Industry consolidation:** recent consolidation in the industry expected to drive efficiencies.
- **Improved performance in hatcheries:** higher survival and improved feeding regimes.
- **Low prices leading to reduced stocking in the near term.**
- **Opportunity for product innovation and marketing to drive demand in the sector.**

Outlook

Post the Covid-19 pandemic, growth is estimated at 2.4% in 2021[2].

Top fry producing countries

(2019)[3]

- Greece 35%
- Turkey 33%
- France 10%
- Italy 9%
- Spain 8%

Business Model

Our mission is to enable food producers to improve their sustainability and profitability

What sets us apart

Expertise and insights
Our industry knowledge, strong customer relationships and experts in key aquaculture regions provide us with deep insight into the challenges for producers.

Innovation/R&D
We have a team of scientists and geneticists, and a network of relationships with scientific organisations which have enabled us to build a focused pipeline of innovative solutions.

Intellectual property
Robust intellectual property (‘IP’) protection and enforcement in our core markets through our portfolio of 18 patent families and 139 patents.

Management team
Experienced management team with extensive knowledge of aquaculture.

Scalable and efficient manufacturing
We operate modern, secure and scalable manufacturing facilities with capacity for growth.

Culture
Our people are driven by the desire to make a difference.

What we do

Use our technology to develop innovative products and solutions for the aquaculture industry across the production cycle.

Genetics
Improved genetics provide a crucial starting point for production efficiencies and health resilience.

See page 30–31 for Genetics

Advanced Nutrition
High performance nutritional solutions for shrimp and warm water fin fish enhancing fish health and production efficiency.

See page 32–33 for Advanced Nutrition

Health
Solutions for some of the most persistent disease and fish welfare challenges.

See page 34–35 for Health

Our market drivers

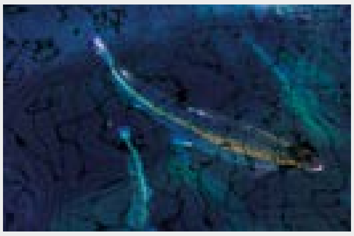
Our activities are underpinned by the growing aquaculture industry and increased market demand for sustainable products and services.

What are the outcomes

How this creates value for our stakeholders

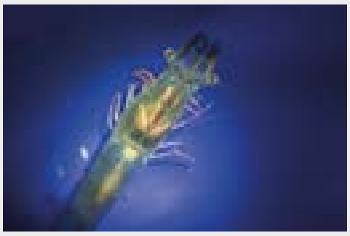
Our solutions help drive sustainability in aquaculture by:

- Preventing and treating disease



- Reducing environmental impacts of products

- Improving animal health and welfare



Leading to improved production efficiency and performance.

See page 48–49
for more information

For our employees

We offer rewarding careers where employees are motivated and inspired to make a difference.

For our customers/ food producers

Our offering drives consistency in supply and supports the long-term growth of our customers' business by improving yield, quality and animal health and welfare.

For our shareholders

Our focused business model delivers long-term growth and returns for our shareholders.

See page 12–15
for Market Overview

See page 40
for Stakeholders

Chief Executive Officer's Review

Driving sustainability in aquaculture

"Benchmark is very well positioned in an attractive, growing industry which is still at an early stage of development."

Trond Williksen
Chief Executive Officer

See page 30–35 for our Business Area 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.

1 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and exceptional and acquisition related items. See income statement.

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

Strategic Framework: Road Map to Profitability

Our strategic pillars	2020 progress
1 **Restructuring and streamlining** **Financial solidity** **Refocus on aquaculture**	• Restructuring substantially complete • Nine divestments, exited or closed four loss-making activities and significantly rationalised Health pipeline • Streamlining of senior executive management
2 **Commercial delivery of major pipeline products:** **BMK08 and CleanTreat®**	• Submission of regulatory dossier to Norwegian Medicines Agency • Positive opinion from the CVMP on Maximum Residue Limit (MRL) obtained in September 2020 • Commissioning of second CleanTreat® unit and building of operational infrastructure
3 **Grow in established markets:** **Expansion of salmon genetics** **Expansion of high margin segments in Advanced Nutrition**	• Genetics – Continuing ramp-up of salmon egg facility in Salten • Advanced Nutrition – Launch of new SEP-Art Artemia tools which improves nutritional delivery, is significantly less labour-intensive than alternatives, and reduces environmental impact – R&D releases achieved for first generation Artemia Replacement for shrimp hatchery, and Rotifer Replacement for sea bass and bream hatchery
4 **Focused investment in areas that leverage Group capabilities:** **SPR shrimp** **Expansion of salmon genetics in Chile**	• SPR Shrimp – Successful test market sales in China, Indonesia and Vietnam – Large scale performance trials continued successfully – Progress towards establishing supply chain to support commercial launch – Progress on construction of multiplication centre in Thailand • Chile – salmon genetics – Lease of grow-out facility in Chile completing infrastructure for local production
5 **Position Benchmark in areas for future growth**	• Continued to establish position in genetics tailored to land-based salmon farming • Awarded five-year contract to supply tilapia fingerlings with specialist genetics traits in Africa

2021 strategic priorities	2020 achievements

2021 strategic priorities

- Streamline organisation post-restructuring
- Implement One Benchmark culture
- Deliver £10m annual cost savings from FY20 restructuring

2020 achievements

Up to
£44m
proceeds from divestments (FY20)

£83.2m
liquidity[1]
(2019: £28.2m)

Restructuring results in annual cost savings
£10m

- Obtain marketing authorisation in Norway
- Complete infrastructure for commercial launch in Q2 CY21
- Commercial launch and delivery of financial targets

BMK08 & CleanTreat® on track for commercial launch Q2CY21
£75m
estimated BMK08 peak sales

- Genetics
  - Continue ramp up of Salten facility
  - Increase capacity in Iceland
- Advanced Nutrition
  - Regain position in Artemia
  - Grow in specialist high margin segments

Salmon egg number
100m
delivered from Salten during the period

Benchmark Genetics 'Aquaculture Supplier of the Year' 2020 Aquaculture Awards

---

- Commercial launch of SPR shrimp
- Completion of multiplication centre in Thailand
- Commencement of salmon egg production in Chile and first sales

30,000
shrimp broodstock produced (2020)

- Explore growth opportunities within core business areas

1 See Note 38.

Roadmap to profitability

12 months of transformation towards becoming a streamlined, profitable, market-leading, aquaculture biotechnology company.

FY20 was a pivotal year for Benchmark.

The Group embarked on an ambitious restructuring programme to achieve financial solidity and refocus the business on its core aquaculture areas as a first key step towards achieving profitability. This wide-ranging restructuring involved disposing of non-core assets, exiting unprofitable activities, streamlining the R&D pipeline, cutting operational costs and appointing a new management team. During the year, the Group completed a total of nine disposals which together raised up to £44m and resulted in over a 20% headcount reduction. In addition, in February 2020, the Group conducted a placing and open offer raising £43m (gross) to strengthen its financial position and fund the launch of BMK08 and CleanTreat®.

With the restructuring substantially complete, the Group's focus is now on the delivery of key commercial initiatives including the launch of BMK08 and CleanTreat®and SPR shrimp as well as establishing local production of salmon eggs in Chile.

August 2019

- Change of executive management – Peter George appointed Executive Chairman

November 2019

- Septima Maguire joins as Chief Financial Officer

December 2019

- Announcement of restructuring programme

January 2020

- Sale of non-core Advanced Nutrition business, Tom Algae

February 2020

- **£43m** (gross) fundraise securing working capital to support
ongoing operations
- Decommissioning of R&D trial site in Scotland
- Sale of Aquaculture UK conference business

£43m

March 2020

- Closure of internal marketing services business

Divestment of non-core assets

£30.0m

potential proceeds

Review of vaccine strategy – divestment of vaccine manufacturing and exit from companion animal programme

£14.0m

potential proceeds

Exit from loss-making activities

£2.3m

annual savings

Restructuring actions

£10.0m

annual savings

Benchmark is now in a substantially stronger financial position to develop and selectively invest in its core aquaculture areas:

Genetics

See page 30–31 for Genetics

Advanced Nutrition

See page 32–33 for Advanced Nutrition

Health

See page 34–35 for Health

April 2020

- Streamlining of Board and senior management
- Trond Williksen appointed as Chief Executive Officer

May 2020

- Review of vaccine strategy announced
- Launch of cost savings and restructuring plan to deliver **£10m** annual savings
- Sale of **5m** website TheFishSite.com to Hatch Blue

£10m

June 2020

- Trond Williksen joins as CEO
- Sale of Improve International to RJD Partners for up to **£12.75m**
- Sale of FishVet Group to Zoetis for c. **£14.5m**

July 2020

- Sale of vaccine manufacturing in Essex, UK for **£12m** net

£12m

August 2020

- Exit from development programme and commitments for equine vaccines
- Exit from FAI Farms through a management buyout

September 2020

- Restructuring process substantially complete

Stakeholder Case Study: Employee Engagement

Employee engagement is key to ensuring employees feel connected with each other and aligned with the vision, goals and values at Benchmark, as well as knowing their important role in the Group's success.

During the period the management team have increased internal communications efforts to ensure all employees are kept up to date on the Group's strategy and progress.

See page 36 & 40
for stakeholder engagement

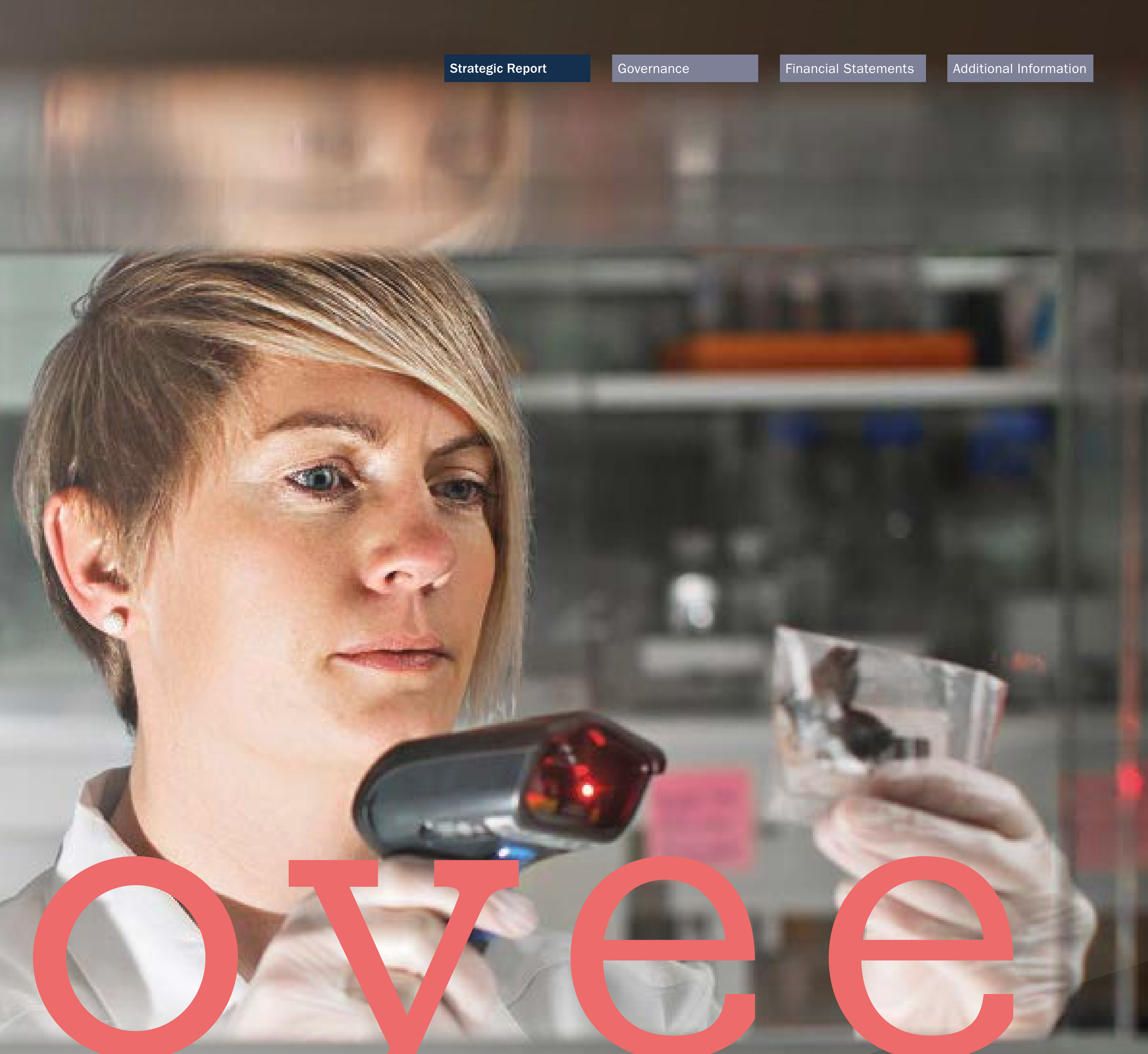
Increasing empl

Strengthening employee voice in the Board room
This year we appointed an Employee Representative to the Operations Board to strengthen the employee voice in the boardroom in line with the new corporate governance guidelines. The Group Employee Representative joins monthly Operations Board meetings and offers advice and opinions based on their knowledge from feedback they have received from colleagues. The Employee Representative is also invited twice a year to meet with the PLC Board to discuss the role and feedback.

Feedback from employees is collected via a number of new and existing channels, including:

- **Global 'employee champion' network** – this includes representatives from our sites across the world who meet online each month to discuss topics such as ideas and concerns, culture and values, and workforce engagement.
- **Town hall meetings** – monthly global meetings offer the chance for employees to ask senior management any questions and raise ideas and concerns directly. One Non-Executive Director joins each month to gain a better insight into the Group and to answer questions on behalf of the PLC Board.
- **Focus groups and surveys** – to connect with colleagues, improve communication and gain feedback about key areas of our work

See page 38–49
for ESG report



oyee engagement

"Our new global employee champion network brings together employees from across the Benchmark Group and provides a space to share ideas and concerns. Creating a closer connection and understanding between the Board and employees in an open and honest environment"

Rachel Aninakwah
Employee Representative

Stakeholder Case Study: Covid-19

Benchmark Genetics awarded 'Aquaculture Supplier of the Year'

Despite the global pandemic, we have continued to supply our customers with our high quality products.

See page 36 & 40
for stakeholder engagement

Continuity of service and supply to our custo

Today our site in Iceland exports salmon eggs to 22 countries and remains the only foreign supplier of Atlantic salmon ova to Chile as a result of the renewed approval issued by the Chilean regulatory body, Sernapesca.

During early lockdown in April, our genetics team successfully shipped 650,000 Atlantic salmon eggs out of Iceland to three customers in China to support the production of land-based salmon farming operations in the region, known as recirculating aquaculture systems ('RAS'). It is thought RAS operations may represent up to 25% of the expected growth in the total salmon supply out to 2030 (Rabobank), and Benchmark Genetics is the leading supplier of ova to this growing land-based aquaculture industry.

The company was also awarded 'Aquaculture Supplier of the Year' at the 2020 Aquaculture Awards for its continuous supply of salmon eggs to the UK aquaculture industry during a challenging period.

"We have faced challenges during Covid-19 but this has been mitigated by the biosecure and flexible 52-week ova supply from our facility in Iceland, ensuring that our clients have the ova to secure their production needs"

Ben Perry
UK and North America Sales and Technical Support Manager

Stakeholder Case Study: Environment

Sustainability challenges in aquaculture are driving the need for innovation and sophisticated solutions.

Ensuring positive co-existence within the marine environment is a key objective for the salmon farming industry. Disease control, fish welfare and environmental impact have been areas of intensified focus and investment.

See page 36 & 40
for stakeholder engagement

Benchmark is focused on solving or mitigating these challenges for the industry. One such challenge resulting from common industry practice is around the use of medicinal bath treatments to remove lice from fish. After fish have been treated, post-treatment water including some of the lice is typically released into the ocean.

Advancing environ

CleanTreat®: a system capable of transforming landscape for medicinal bath treatments
The team at Benchmark recognised there was a need to improve this process by removing sea lice medicine from treatment water so that the medicinal residue does not enter the environment. This innovative idea became CleanTreat®, a system that is designed to eliminate medicine residues and reduce environmental impact in the salmon farming industry. As well as removing the medicine, CleanTreat® collects and removes the organic material from the treatment water, preventing treated lice returning to the environment. Not only is this beneficial for the environment but it helps protect against parasitic resistance to medicine.

CleanTreat® process
Before the CleanTreat® water purification process begins, the medicinal bath treatment is administered to fish within a large closed system, such as a well-boat. Once treatment is completed and the fish are free of sea lice, the fish are rinsed and released back into their ocean pens. The treatment and rinse water, retained in the closed system, is then transferred onto Benchmark's CleanTreat® vessel. The process then begins by removing the organic material including treated sea lice, an essential step in combating parasitic resistance to medicine. Next the medicine is removed from the treatment water for safe release back to the ocean. The purified water is monitored throughout the process by the on-board chemists to confirm the medicine has been removed before the release back to the ocean.

Progress is on track towards commercial use of CleanTreat® in Norway in Q2 CY21. Read more about progress on page 35.

"Innovation provides a key to unlock potential, drive growth and ultimately offers the opportunity to do things better"

Neil Robertson
Head of Operations who is a veterinarian by training

mental stewardship in aquaculture

Proven system for removing medicines from treatment water

400,000m³ +

water purified

Business Area Review: **Genetics**

Genetics

Benchmark develops improved genetics which provide a crucial starting point for production efficiency and better health and welfare. Opposite is a summary of operational highlights during the period.

"I am pleased with the performance of Genetics this year, particularly given the challenges of Covid-19. We are beginning to see the financial benefits of the years of investment in our new land-based salmon egg facility in Norway"

Jan-Emil Johannessen
Head of Benchmark Genetics

Revenue from continuing operations[1]

£41.5m
2019: £39.7m

1 See Note 38.

Strategic progress

Covid-19

- Benchmark's salmon business has been robust in the face of the global lockdown and production and distribution of salmon eggs was uninterrupted. The longer two and a half to three-year production cycle for salmon means that despite short-term uncertainty producers continue to stock and plan for the medium term. Development of land-based salmon farming industry, however, has been slowed.
- While test market sales of specific pathogen resistant ('SPR') shrimp continued successfully, the full commercial launch was delayed to coincide with a market recovery.

Increased capacity

Salmon

- Successful ramp-up of new land-based salmon egg facility in Salten, Norway with potential capacity to produce 150 million eggs.
- First full year the Group was able to supply salmon eggs year round from Norway; an important benefit for customers.
- Milestone was reached in September 2020 when egg number 100m was sold from the Salten site.
- Significant progress has been made towards establishing production of salmon eggs in Chile. The lease of a grow-out facility which complements the Ensenada breeding facility completes the infrastructure required for local production of salmon eggs.
- New Cardiomyopathy syndrome ('CMS') Quantitative Trait Loci ('QTL') product launched successfully.

Shrimp

- Construction of shrimp multiplication centre in Thailand with estimated completion date January 2021.
- Plan to double capacity at the Group's shrimp multiplication centre in Florida from 50,000 to 100,000 broodstock shrimp from May 2021.

SPR shrimp progress towards commercial launch

- Test market sales of SPR shrimp broodstock continued successfully in China and Indonesia, and expanded into Vietnam.
- In parallel, the Group continued its programme of performance trials in China, Thailand and Vietnam.

Award-winning operations

- Awarded 'Aquaculture Supplier of the Year' at the 2020 Aquaculture Awards for year round export of biosecure salmon eggs to 22 countries from Benchmark's facility in Iceland.

R&D focus

- R&D investment increased in the period.
  - To add new traits to our breeding programmes
  - To support launch of SPR shrimp.
- Implemented genomic selection in shrimp and tilapia breeding programmes for improved resistance to major pathogens. This represents an industry milestone for applied selection programmes for these key aquaculture species.

Benchmark's Spring Genetics signs agreement with Africa's largest integrated tilapia producer, Lake Harvest

Business Area Review: Advanced Nutrition

Advanced Nutrition

Benchmark's Advanced Nutrition produces high performance nutritional solutions for shrimp and marine fin fish which enhance fish health and production efficiency. Opposite is a summary of operational highlights during the period.

"On top of the pre-existing challenges of low shrimp prices and Artemia oversupply, Covid-19 reduced demand in our markets and disrupted the communities in which we and our customers operate. We were quick to overcome logistical challenges and provided virtual product and technical support to our customers. GSL Artemia sales and our Asian markets were severely impacted in the year, which had a significant effect on our bottom line. In other areas we performed in line with prior year, and we delivered growth in our health and environmental segment despite adverse conditions."

Athene Blakeman
Head of Advanced Nutrition

Revenue from continuing operations[1]

£59.4m

2019: £76.4m

1 See Note 38.

Strategic progress

Covid-19

- Impact from Covid-19 on the shrimp markets was initially evident in China, then the rest of Asia, and extended into Latin America as the pandemic spread across the globe. At peak impact, management estimate that major shrimp producing countries were operating at 20–70% of normal capacity in hatchery and farm.
- Overall, management expect the global shrimp market to remain weak for the rest of the year and, at this stage, the timing of a recovery is uncertain.
- During the period the team strengthened customer technical support and increased online market presence through including online customer training as part of Covid-19 response, alongside investment in development of digital capabilities.

Product launch

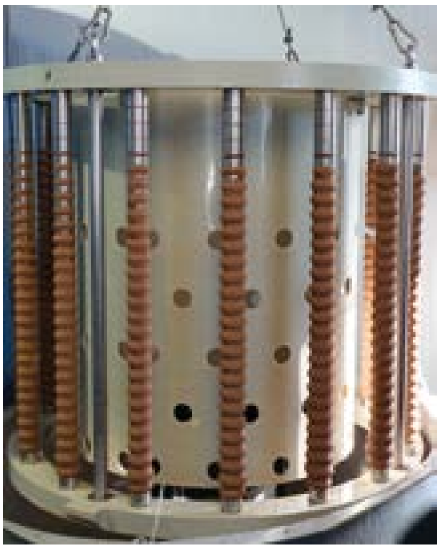
- Successful launch of new generation SEP-Art tools for Artemia. SEP-Art is a sustainable technology to separate the nauplii from the Artemia cyst which improves nutritional delivery, is significantly less labour-intensive than alternatives, and reduces environmental impact. SEP-Art supports sustainable production, offering an alternative for the decapsulation process used in many countries.

Improving sustainability and profitability for our customers

- Completed successful trials of our grow-out protocols with the leading shrimp producer in Vietnam to support the scaling up of their farming capacity. The trials demonstrated that our nutrition and environmental protocols significantly improve consistency and profitability for our customers. See case study on page 48.

R&D Focus

- Opex controls in Advanced Nutrition resulted in a reduction in R&D spend.
- Product pipeline reviewed and focused, in line with strategy and high margin growth segments.
- R&D releases achieved for first generation Artemia Replacement for shrimp hatchery, and Rotifer Replacement for seabass/bream hatchery. Both achievements are a major step forward in the simplification and standardisation of larval cultures.



Example of our range of new Artemia SEP-Art tools.
Supporting farmers to drive efficiency in hatcheries.

Business Area Review: Health

Health

Benchmark's Health business develops solutions for some of the most economically important and persistent disease and health challenges in aquaculture in order to improve fish health and welfare in our industry. Opposite is a summary of operational highlights during the period.

"We have significantly restructured our Health business this year. We are now fully focused on aquaculture and the commercialisation of our leading pipeline products"

John Marshall
Head of Health

Revenue from continuing operations[1]

£5.2m

2019: £8.7m

1 See Note 38.

Strategic progress

Covid-19

- Supported customers to carry out early strategic treatments before Covid-19 lockdown.
- Built stocks of sea lice treatment, Salmosan®, to support customers globally to prevent supply issues during Covid-19.
- BMK08 regulatory process was not materially affected as regulators moved to home offices and Benchmark teams were organised to cope with remote responses to questions. Any additional work had been anticipated and largely completed prior to Covid-19 lockdown.

Progress towards commercial launch of BMK08 and CleanTreat®

- Progress on track towards commercial launch of BMK08 and CleanTreat® in Norway in Q2 CY21.
- Marketing authorisation dossier submission to Norwegian Medicines Agency completed and assessment, including response to questions, well underway.
- Positive opinion from the Committee for Medicinal Products for Veterinary Use (CVMP) on Maximum Residue Limit (MRL) for fin fish in September 2020 moves the MRL into the final procedure, ratification into European law.
- Standardisation of process and performance of CleanTreat® has been further optimised using the experience and knowledge gained from successful commercial scale field trials.
- Scaling up of Benchmark's bespoke CleanTreat® system to meet demand at launch is underway.
- Further strengthening of the operational and commercial teams is also underway.

Restructuring complete

- Sale of veterinary services business (FishVet Group) to Zoetis for c.£14.5m.
- Sale of vaccine manufacturing facilities to Cell and Gene Therapy Catapult for Covid-19 vaccine manufacture, net proceeds of £12m.
- Exit of R&D testing facilities.
- Culture reset of the business area has been embraced by the team and focused on commercial delivery of products.

R&D focus

- Aqua vaccine programme further streamlined to focus on high value areas addressing major unmet needs in salmon production.
- Decision to progress in partnership with a third party with complementary capabilities to drive efficiency and reduce direct costs.

Benchmark's CleanTreat® system

Engaging with Our Stakeholders

Section 172 Companies Act 2006 Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, among other matters:

- To the likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standard of business conduct; and
- The need to act fairly as between members of the company.

In discharging out section 172 duty, we have had regard to these factors taking them into consideration when decisions are made.

As a Board we have always taken decisions for the long term, and collectively and individually our aim is always to uphold the highest standards of conduct. Similarly, we understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our key stakeholders, being our customers, colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. This is reflected in our strategy and mission, and our ESG Report sets out more detail on how we manage our relationships with them.

We consider that the key interests of our stakeholders are as follows:

- **Shareholders:** delivering sustainable, profitable growth over the long term and safeguarding liquidity;
- **Customers:** delivering innovative, sustainable, good quality products;
- **Colleagues:** providing a supportive and sustainable business in which to work, supporting employee representation in company decision-making;
- **Community and the Environment:** being a socially and environmentally responsible business;
- **Suppliers:** prompt payment for goods and services, driving mutually beneficial volume growth.

We ensure that the requirements of section 172 of the Companies Act 2006 are met and the interests of our stakeholder groups are considered through a combination of the following:

- Standing agenda points and papers presented at each Board meeting: for example, the Chief Executive Officer presents a health and safety report and an update on people matters at each meeting:
- A rolling agenda of matters to be considered by the Board through the year, which includes a one-day strategy review, which considers the purpose and strategy to be followed by the Group, supported by a budget for the following year and a medium-term (five-year) financial plan; agenda items for the following year are set based on the decisions and next steps agreed at these meetings;
- Regularly scheduled Board presentations and reports: for example, investor feedback twice a year from our brokers and corporate PR advisers; an update on people matters; an annual presentation on health and safety;
- Formal consideration of any of these factors which are relevant to any major decisions taken by the Board through the year;
- Review of many of these topics through the risk management process and other standard Audit Committee and Remuneration Committee agenda items, as described later in this report;
- Regular engagement with our stakeholders.

During the financial year, as the Board made decisions implementing the Company's strategy, the different interests of our stakeholder groups, and the impact of key decisions upon them, were considered. Consideration of such stakeholders can be seen, for example, in the decisions made in relation to:

- The Group's response to Covid-19, including:
  - implementing salary cuts at Board and Operational Board levels, taking advantage of government support schemes where available, and implementing spending controls to ensure sustainability of the Group for shareholders and colleagues;
  - enhanced health and safety actions including introduction of work from home policies where considered appropriate to ensure the health, safety and wellbeing of the Group's employees;
  - considering business continuity plans where appropriate across the Group to ensure continued production with a view to minimising disruption to our suppliers and customers.
- The transformation of our leadership through the appointments of Septima and Trond with a view to enhancing our ability to deliver sustainable growth for shareholders and colleagues.
- The implementation of the Group's structural efficiencies programme (which has driven operational and cost efficiencies and brought a sharper focus on the product pipeline), increasing the sustainability of the Group's long term growth for the benefit of shareholders and colleagues as well as enhancing our liquidity position for the benefit of our suppliers.
- The implementation of the Company's placing and open offer, which was done with a view to:
  - facilitating the scale-up of CleanTreat® which is necessary for the commercialisation of BMK08 and will assist in the potential introduction to market of an innovative and environmentally beneficial new product for the benefit of our customers, community and environment, and was done with a view to delivering sustainable growth for suppliers and customers; and
  - enhancing our working capital position, again to the benefit of our shareholders and colleagues in terms of the Group's sustainable growth, and to the benefit of our suppliers.

ESG Report

Driving sustainability in aquaculture

Sustainability is our mission

Benchmark's mission is to drive sustainability in aquaculture by delivering products and solutions that improve sustainability for aquaculture producers through better health, yield and animal welfare.

We believe that by fulfilling our mission we can help to meet the needs of a growing global population for healthy, nutritious food while minimising the impact on the environment and communities where aquaculture is present.

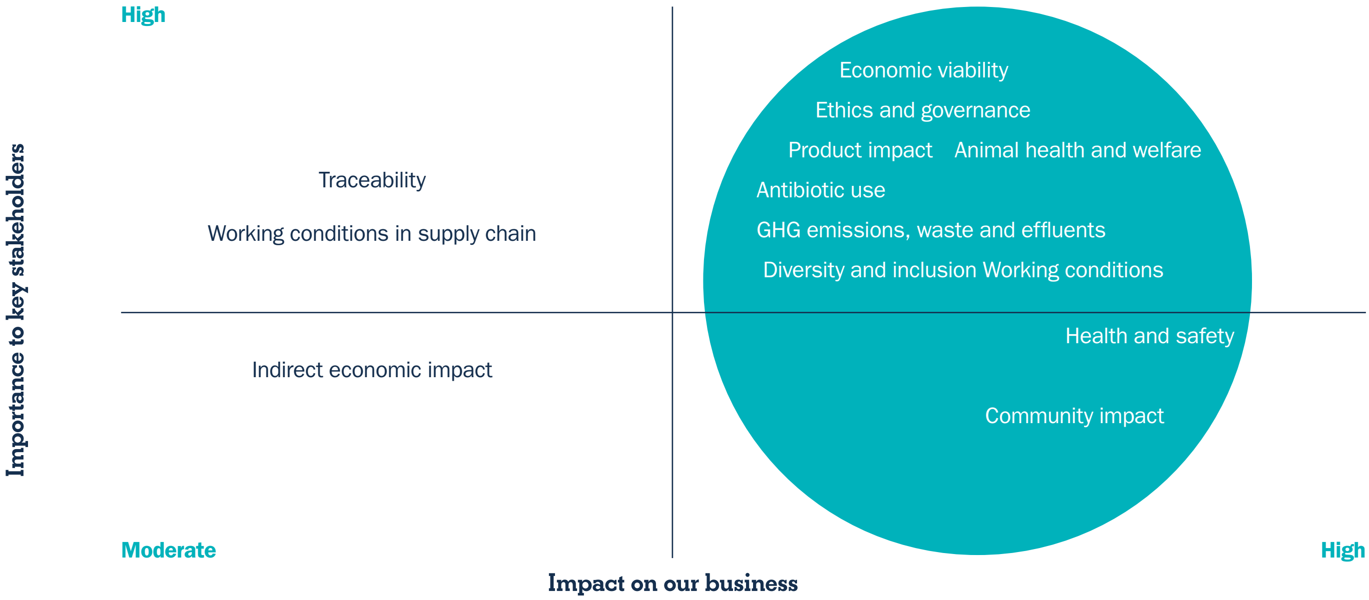
We also seek to make our business increasingly sustainable, identifying environmental, social and governance (ESG) opportunities and actively managing risks that are material to our business and to our stakeholders.

Our sustainability strategy is aligned to addressing the risks and opportunities in nine ESG factors, all of which are aligned with the UN Sustainable Development Goals.

Stakeholder engagement and material ESG factors

Our key stakeholders are our customers, our employees and our shareholders; our broader group of stakeholders include the communities in which we are present, government bodies and regulatory authorities, industry participants and end consumers. We have an open dialogue and collaborative relationships with our key stakeholders which enable us to identify risks and opportunities associated with material ESG factors and inform our strategy.

We consider material ESG factors those that have a significant impact on our business and that are important to our key stakeholders. These factors include the economic viability of our business, ethics and governance, the impact of our products, fish health and welfare, and the wellbeing of our people. This is the first time that we present our material ESG factors in our Annual Report. Going forward we are implementing a process to review and update them on an annual basis based on an internal assessment and input from our stakeholder engagement.



Aligned to UN Sustainable Development Goals

ESG Risk and Opportunity factors	Sustainable Development Goals
GHG emissions, waste and effluents	3 Good Health and Well-Being; 6 Clean Water and Sanitation; 13 Climate Action
Impact of our products on the food chain	2 Zero Hunger; 3 Good Health and Well-Being; 9 Industry, Innovation and Infrastructure; 13 Climate Action; 14 Life Below Water
Animal health and welfare	3 Good Health and Well-Being; 14 Life Below Water
Antibiotics	3 Good Health and Well-Being; 14 Life Below Water
Diversity and inclusion	5 Gender Equality; 10 Reduced Inequalities
Working conditions, health and safety	8 Decent Work and Economic Growth
Ethics and governance	12 Responsible Consumption and Production; 17 Partnerships for the Goals
Community impact	11 Sustainable Cities and Communities; 17 Partnerships for the Goals

ESG Report continued

Ways in which we engage with our stakeholders

Employees

- Appointment of employee representative to Operations Board
- Monthly feedback from network of 'employee champions' and health and safety representatives covering all locations
- Monthly Group townhalls led by the Executive Management Team with emphasis on an open and honest dialogue with Q&A
- Ad hoc employee surveys to address issues of concern such as well being and working environment through the Covid-19 pandemic
- Engagement through Group online intranet platforms

Customers

- Regular dialogue through physical and online meetings, customer webinars and social media
- Customer participation in product trials
- Joint projects with customers to develop new solutions, for example for new feeding protocols for indoor shrimp farming in Vietnam
- Provision of technical support to promote optimal use of our products and improved farming practices
- Customer participation through interviews and feedback in Benchmark's thought leadership publications

Shareholders

- Shareholders General Meeting
- Webcast presentations and investor roadshows
- Ad hoc meetings with management team and Non-Executive Chairman
- Feedback obtained through corporate broker and financial PR advisers
- Organised investor visits to Benchmark's sites
- Participation in investor events for both institutional and retail investors

Local communities

- Community projects through our Benchmark for Better ('B4B') initiative
  - Covid-19 relief activities in Colombia, Brazil, Ecuador and Thailand
  - Ongoing support to local schools in our communities in Thailand and Colombia
  - Litter picking in local beach and canals in Norway and the UK
- Volunteering activities facilitated through volunteering policy introduced in 2020

Industry

- Participation in industry organisations and initiatives including Global Salmon Initiative, Global Aquaculture Alliance, INFOFISH, SalmonChile, Sjømat Norge and NCE Seafood Innovation
- Participation in industry conferences and trade fairs
- Partnerships with research institutes

Our Sustainability Programme – addressing our ESG opportunities and risks

Benchmark's Sustainability Programme is focused on five areas which together address the material ESG factors across the Group. The programme is set and implemented through an operating structure which ensures alignment across the organisation and local implementation. This is particularly important given the diverse nature of our facilities and geographic reach as well as the different aquaculture markets we serve.

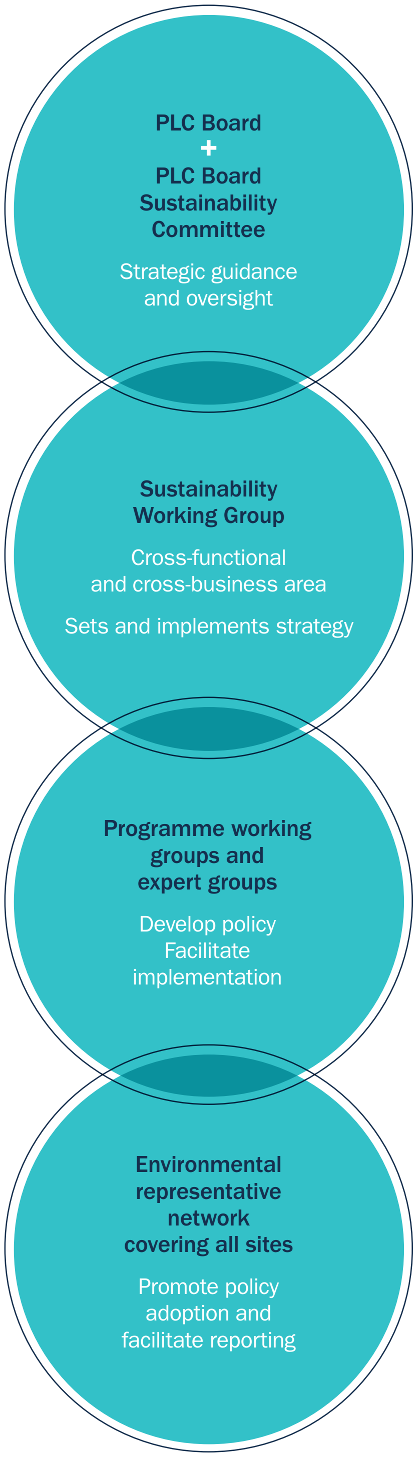
Our ESG operating structure

Benchmark's PLC Board Sustainability Committee provides guidance and oversees our sustainability work while our Sustainability Working Group is responsible for articulating and implementing our sustainability strategy supported by ad hoc working groups and a network of environmental representatives.

Through this structure of working groups and local representatives we bring together cross-functional expertise across geographies. This enables us to set targets and programmes aligned to regional and local needs, and to design Group policies that reflect the diversity of our Group.

This is the first year that we have applied an ESG framework to our sustainability programme, linking each programme area to the ESG risks they address. For each programme area we have a set of policies, targets and plans as set out on page 45. We are committed to reporting on progress in a transparent and consistent way and in accordance with industry recognised standards where applicable.

You can also find our GHG emissions for the Group on page 89.



Five focus areas

Our sustainability programme has five focus areas which together address the main drivers of sustainability and ESG risks in our business recognising that financial sustainability and corporate governance are addressed through our finance and legal functions.

Sustainability Case Study:

Benchmark for Better: community Covid-19 relief efforts

As well as working hard to keep our people safe and operations running through this challenging time, our teams around the world have also been supporting local communities in need through our B4B initiative.

During the period our teams have distributed over 500 food parcels and disinfection products to help people working in the supply chain and local communities in Brazil and Ecuador. Our team delivered groceries, cleaning supplies and home schooling materials to support the local village close to our Genetics site in Punta Canoa, and we made donations to the local foodbank in the Wachirabarami District, Thailand.

About Benchmark for Better

Benchmark for Better ('B4B') is the Company's new communities and charity initiative launched this year which is an umbrella for our existing charitable and community work, and a platform from which to build from.

B4B combines charity and sustainability, aligning our efforts with the UN Sustainable Development Goals and with our corporate purpose of improving the sustainability of aquaculture. We also look beyond our corporate existence and contribute to improvements for our wider communities, making a meaningful and positive impact on the communities in which we operate – for its people, animals and the environment.

Working with our commu

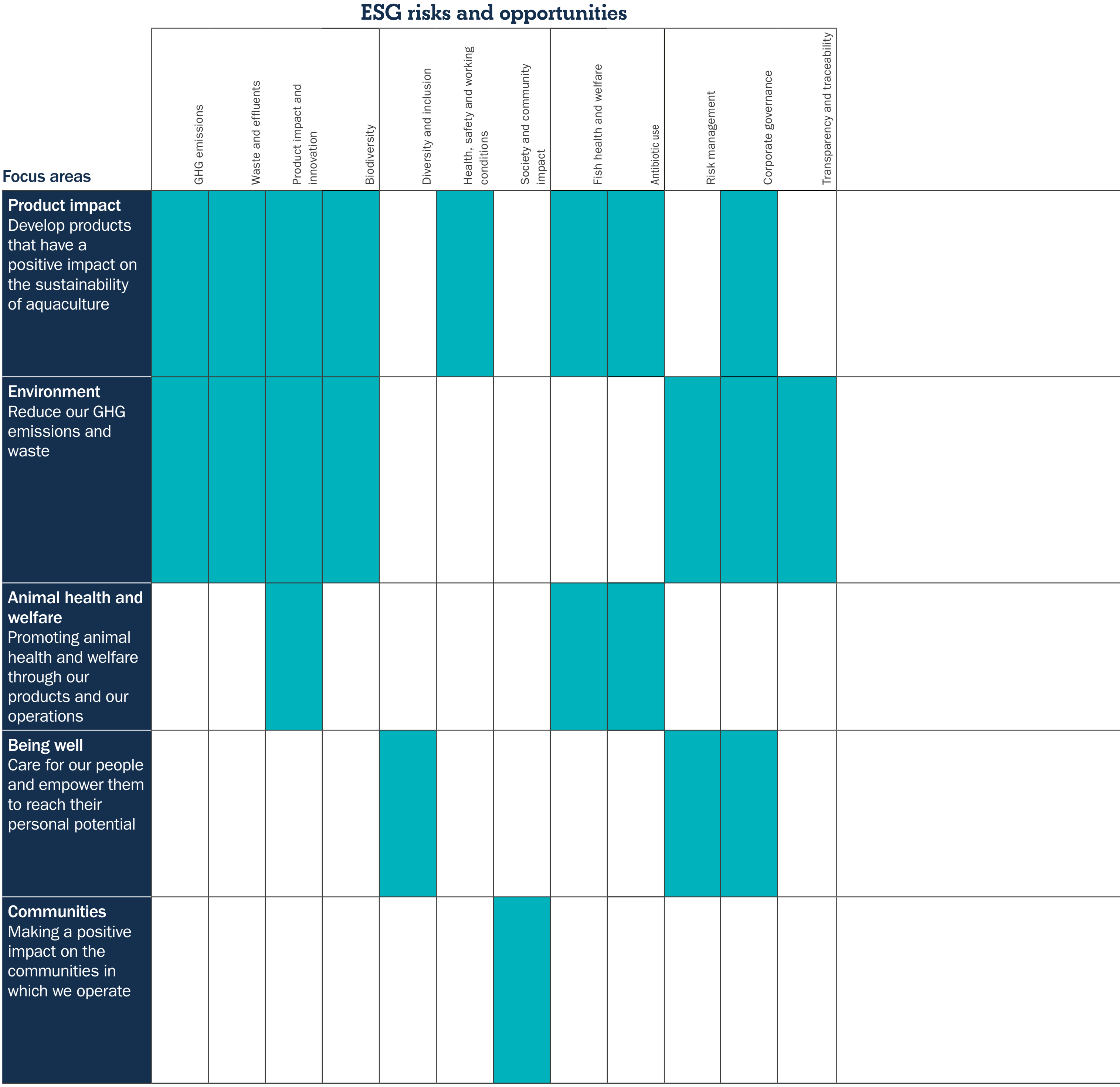

Canal cleanup, London, UK


Ocean cleanup, Bergen, Norway

nities

ESG Report continued

Benchmark's ESG matrix



Benchmark Policies and practices	FY20 progress	FY21 Goals
• Performance monitoring and quality control • Supplier certification • Whistleblowing policy • Anti-bribery and sanctioned countries policies	• Launch of SEP-Art, a sustainable Artemia technology to separate the nauplii from the Artemia cyst • Significant progress towards the launch of BMK08 and CleanTreat®. CleanTreat® purifies the medicinal treatment waters to avoid residues being released into the ocean • Established collaboration with members of University in Bodø, Norway to develop projects aimed at improving the sustainability of our products	• Incorporate Group sustainability framework into product innovation process • Extend sustainability certification in our supply chain
• GHG Emissions policy • Waste and effluents • Plastics • Travel	• Established baseline environmental data (see page 89-90) • Implemented Environmental Management System ('EMS') in Iceland and Norway • 212MWh generated from sludge waste in Salten facility, equivalent to c. 17t fossil fuel • Commenced reprocessing and reuse of sodium hydroxide containers used in production in Thailand • 40% electricity reduction in research centre in Italy with use of inverter pump technology	• Develop plans at a site level to reduce GHG emissions towards our ambition to be net carbon zero by 2050 • Continue to reduce waste to landfill
• Use of operative welfare indicators • Gene Editing Position Statement • Code of Conduct • Antibiotic Position Statement • Pharmacovigilance training	• Established Group Animal Welfare Committee bringing together experience from all business areas • Reduced animal handling incidents an important KPI • Funded award winning research on benefits of eliminating shrimp ablation practice (Aquaculture Alliance innovation Award)	• Implement Group-wide welfare indicator reporting • Develop Group-wide animal welfare training for all employees working with fish and shrimp
• Whistleblowing policy • Code of conduct • Diversity and dignity at work • Safeguarding policy • Gender pay gap report • Data protection policy • Travelling abroad guidance • Modern slavery policy	• Early and proactive response to Covid-19 to ensure employee safety • Trained a team of mental health first aiders across the Group • Launched Group online training platform Appointed Employee representative and launched Employee network increasing employee engagement • Reduction in accident rate and lost time	• Increase content and use of training platform • Relaunch corporate values following the Company's significant restructuring • Double number of trained mental health first aiders
• Charitable giving policy • Volunteering policy	• Launched Benchmark for Better ('B4B'), Benchmark's new charity and community initiative (see page 42-43). • Implemented a Group volunteering policy, allowing employees to take two days to volunteer for a chosen charity • Distributed food parcels in Thailand, Colombia and Brazil during Covid-19 lockdown • Over 100t of Advanced Nutrition product donated to local community in Thailand for villagers to farm fish	• Establish community activities in two new locations while maintaining support for existing projects

Sustainability Case Study: Salten

Benchmark's new salmon egg production facility...

...designed for efficie

Benchmark's SalmoBreed Salten site in Norway was this year recognised for its energy efficiency by Kystmiljø.

The site, officially opened in May 2019, has the capacity to produce 150m salmon eggs per year and was designed with sustainability credentials at its core.

"Salten was built to boost our salmon egg production capacity. The site is the most advanced land-based salmon egg production facility in the world, and our focus here is on fish health, welfare, quality and environmental efficiency." Ann-Kristin Skaugvold, General Manager SalmoBreed Salten.

Renewable energy and biogas production
The purpose-built site minimises its environmental footprint by using 100% renewable energy as well as sending fish and sludge waste for biodigestion. In 2019 biodigestion of waste generated 212,235kWh thereby saving the equivalent consumption of over 17t of fossil fuels.

ncy

Energy contribution corresponding to energy consumption for 10 households

212,235kWh

Sustainability Case Study: Viet-Uc

Boosting consistency and profitability for our customers

Benchmark focuses on this throughout its offering, with water quality, probiotics, immunostimulants, advanced nutrition, genetically resistant strains and enclosed environmental systems; supporting improved animal health and welfare, and reduced environmental impact.

In this specific example, Benchmark's Advanced Nutrition team partnered with leading Vietnamese shrimp producer, Viet-Uc, to evaluate the production benefits of farming indoors with limited water exchange compared to traditional outdoor farming. Together with the use of Benchmark's high quality Advanced Nutrition products and technical protocol, the indoor method of farming has shown to improve productivity, consistency and reduce environmental impact.

Vietnam is one of the world's largest exporters of shrimp and Viet-Uc, run by entrepreneur Van Thanh Luong, started its aquaculture operations with the successful production of shrimp post larvae and soon expanded into further integration, including the on growing of shrimp. As part of this enterprise the company has been investing in large-scale indoor farming capacity.

One of the main risk factors in shrimp production is disease outbreaks. To achieve the highest level of biosecurity, it is essential to control the culture cycle as much as possible. Reducing the entry of possibly contaminated water into the ponds is an important element in the production chain.

Zero-water exchange protocols in indoor facilities offer the opportunity to control environmental factors and biosecurity which results in more predictable farming.

Viet-Uc

New Advanced Nutrition protocol and products driving sustainability in indoor shrimp farms

In a series of trials, Benchmark's Advanced Nutrition team advised on a tailored protocol for indoor farming to manage environmental factors. Viet-Uc applied Benchmark's high quality products including water conditioner (Sanolife PRO-W), a feed coating to improve shrimp gut bacteriology (Sanolife PRO-2), and a health booster diet to improve shrimp resistance against environmental stress (Sano S-PAK).

The results were clear:

- **Higher productivity and increased predictability:** water quality control and the use of high quality probiotics and immunostimulants reduced environmental stress on the animals, resulting in less size variation at harvest.
- **Reduced water use:** lower production costs due to lower energy consumption as a result of no pumping needed for water exchange. Overall input cost per animal was reduced.
- **Improved environmental stewardship:** less chemicals were used during the process a result of zero water exchange.

"It is important to control what can be controlled and our Advanced Nutrition products do exactly this. This study is testament to our mission of enabling producers to improve their sustainability and profitability."

Olivier Decamp
Benchmark's Advanced Nutrition
Segment Director

"The Advanced Nutrition team have really supported the growth at Viet-Uc's shrimp production operations. Over the past year, they have helped us perform several successful commercial-scale production trials in our indoor system. We are now making joint efforts in testing and adopting their protocols from this study on a larger, industrial scale. We look forward to continuing our partnership."

Can Nguyen, Viet-Uc's Vice President of Production in charge of the collaboration between the two groups

Financial Review

Focus on programme of disposals and cost efficiencies

"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."

Septima Maguire
Chief Financial Officer

See page 98–158
for the Financial statements

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[6] (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%	–

* 2019 numbers have been restated to reflect changes to the ongoing continuing business during the year (Note 12).

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 12).

Continuing Revenue

£105.6m

2019 restated: £124.0m

Continuing AEBITDA[2]

£14.5m

2019 restated: £21.3m

Continuing Gross Profit

£55.0m

2019 restated: £68.9m

Net Debt

(£37.6)m

2019: (£87.1)m

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 15).
5 CER% is the change year on year translating current figures using last year's foreign exchange rates.
6 Alternative profit measures and other metrics are included in Note 38 of the financial statements.

Financial Review continued

Business Area Performance

Continuing Operations Revenue (£m)	Revenue				AEBITDA[1]					
	Actual 2020	Actual 2019 restated*	% AER	% CER[2]	**Actual 2020**	Actual 2019 restated*	% AER	% CER[2]	AEBITDA[1] 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-segment sales	**(5.4)**	(7.9)	32%	30%	**–**	–	–	–		
Total Group	**105.6**	124.0	(15%)	(12%)	**14.5**	21.3	(32%)	(27%)	14%	17%

1 Adjusted EBITDA is earnings/(loss) before interest, tax, depreciation, before exceptional items and acquisition related expenditure. See income statement.
2 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 12).

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 (see Note 38)

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-19 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.
Prior year impairment charge included £44.8m related to impairment of goodwill in the Advanced Nutrition business due to changes in market outlook.

Financial Review continued

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 12).

Research and development
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). More detail surrounding this implementation can be found in Note 1 to the accounts.

Cash flow, liquidity and 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

Net debt	£m 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.

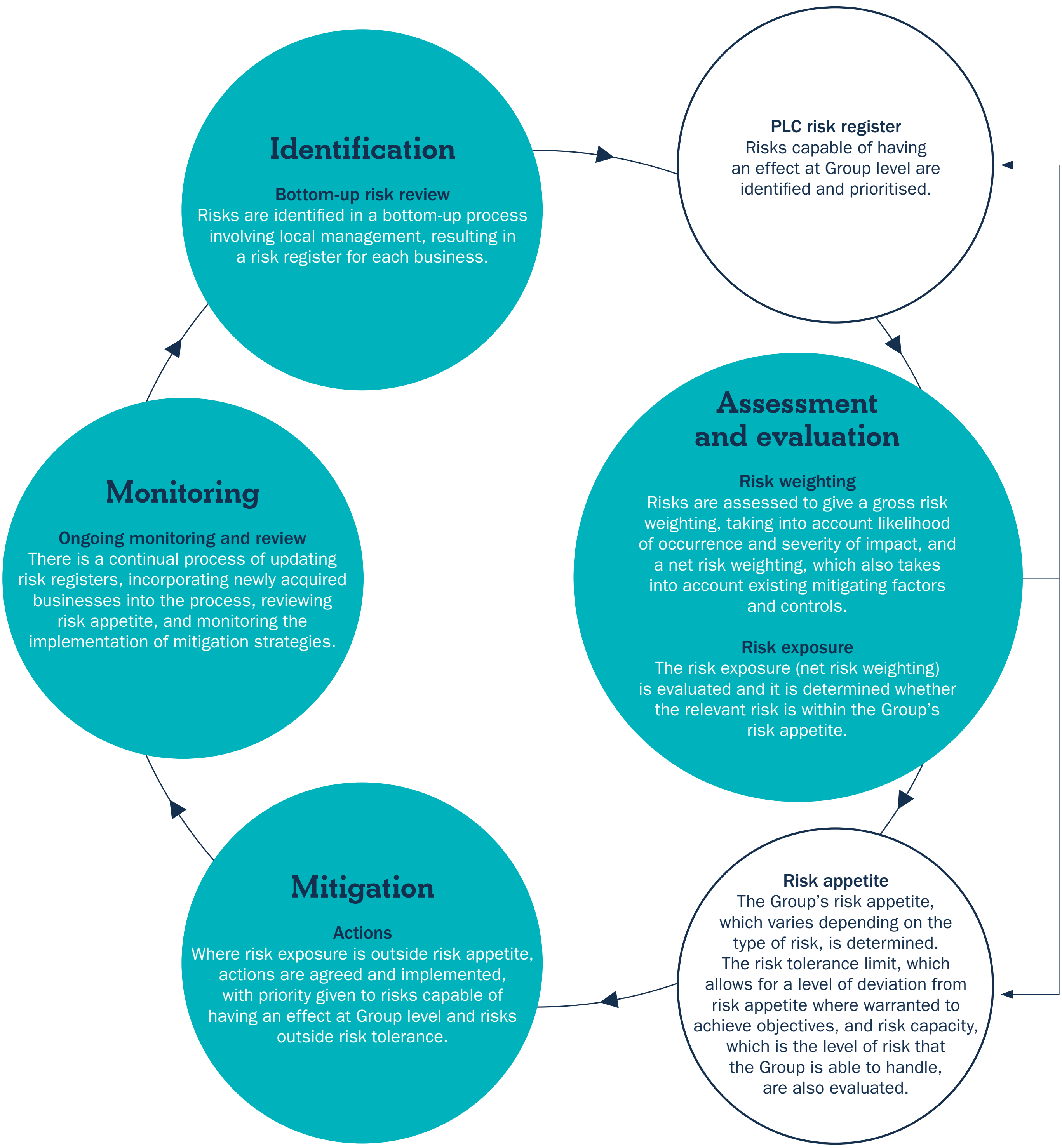
The Directors therefore remain confident that the Group and the Company have adequate resources to continue to meet its liabilities as and when they fall due within the period of 12 months from the date of approval of these financial statements.

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

Risk management framework

The Group's risk management framework and its implementation is led by the Chief Financial Officer. The Board is ultimately responsible for oversight of the Group's risk management systems, with the Audit Committee acting as a reviewing committee.

During the year, the Audit Committee received reports from the Chief Financial Officer regarding risk management, and from the Group's auditors regarding financial and management controls. No major issues were identified.



The Group operates its established risk management framework, which is illustrated in the diagram on page 56.

The framework follows a bottom-up approach, through which local management lead the identification, assessment and evaluation, mitigation, and ongoing monitoring of risk. This process is followed in the context of guidelines regarding risk appetite in specified areas which are assessed and approved by the Board. The cycle of identification, assessment and evaluation, mitigation and ongoing monitoring is operated with a view to completing a full risk management cycle in each part of the business at least once every 24 months. The framework is designed to make risk management an integrated part of the Group's day-to-day operations. Risks capable of having an effect at Group level are prioritised and reported on to the Board.

During FY20, the Group undertook a bottom-up review of its risk registers and is continuing to update and evaluate the risks previously identified, as well as monitoring the progress of related mitigating actions.

Risk appetite

The Group has decided to make amendments to its risk appetite, which is set out below:

'Benchmark operates in a highly regulated sector involving significant interaction with living organisms and therefore has a very low tolerance to risks of breaching legal, regulatory or ethical standards or anything which could negatively impact on our reputation. The nature of our business means that we can be impacted by biological or climatic effects which are beyond our influence but where possible, we do take steps to mitigate these impacts on the business, by working proactively to ensure our products and services are best placed to combat these effects by diversifying the markets in which we operate. We use our knowledge of fundamental biology to develop products that tackle unsolved problems often by applying new technology and take measured risk with regards to the integrity of our product pipeline and seek to grow our intellectual assets, recognising that not all products in development will be ultimately successful in reaching market approval or commercialisation. We recognise that loss of our people is a risk to the successful development of the Group and potentially a depletion of our intellectual property. The Group encourages their long-term commitment allowing them to progress and achieve success, and to leverage their skills through collaboration and cooperation within and between business areas. The Group recognises that retaining key people is not always possible but strives to avoid the impact of this by promoting a collaborative way of working and developing appropriate succession management. The Group has substantial opportunity for organic growth and recognises the importance of diversifying where possible its supply chain to delivering this so as to minimise the right place and the right time. The Group takes an appropriate level of risk to projects and acquisitions commensurate with the potential returns and availability of capital.'

Principal Risks and Uncertainties

Key risks and uncertainties

Throughout the year the Committee and the Board monitored responses to the principal and emerging risks identified, and in particular performance in the Advanced Nutrition business against the downturn in global shrimp markets and challenges to the business brought on by Covid-19. Management's responses were efficient and effective in difficult circumstances and while the Committee was supportive of the actions taken, it does note that these issues continue to represent significant risks to the Group as we move into FY21 and as reported elsewhere in this report. The Group expects to improve its monitoring of risk by investing in 2021 in its management and financial systems to provide greater efficiency in preparing its financial forecasts and flexibility to adjust these to the evolving risk scenarios.

The Group is increasingly seeking to distinguish between risks within its control, and risks outside its control, such as biological and climatic factors affecting the Group's and its customers' operations, which may require different strategies for mitigation.

Risks outside the Group's control

The nature of the Group's business and its customer base means that the Group is particularly vulnerable to biological, climatic factors and the volatility of its end market (salmon, sea bass and shrimp markets). These include in particular:

- **Advanced Nutrition** – Market fluctuations in shrimp production volumes and pricing, often influenced by disease, drive customer and food services demand for shrimp. The geographic diversity of the business area's customer base offers some mitigation;
- **Genetics** – Disease within the Group's own operations and disease in the market resulting in border closures are the key risks affecting the business area. The Group operates the highest levels of biosecurity; holds genetic stock at multiple sites; increasingly sources from its own land-based salmon breeding facilities; operates containment zones which mitigates the risk of border closures affecting its ability to import or export; and has placed increased focus on insuring its biological stock;
- **Health** – Sales of the Group's sea lice medicines and other relevant solutions such as CleanTreat® are affected by the degree of sea lice challenge in the environment, which is driven by sea temperatures and other biological factors. In addition, market and regulatory trends for tackling sea lice have an influence on customer demand for the Group's products.

The Group as a whole is also exposed to fluctuations in currency exchange rates. These impact sales volumes where products are priced by reference to USD but sold in local currencies; and impacts reported results when local results, assets and liabilities are converted to GBP for reporting purposes.

Covid-19

The impact of Covid-19 on the business is explained in various parts of the Strategic Report and has been identified by the Group as an emerging risk. The steps the Group is taking to mitigate the impact of this emerging risk on the business are detailed below.

The impact of Covid-19 has the characteristics of an emerging risk but may also change the Group's principal risk profile, because future events, and their impact on the business and our stakeholders, cannot yet be determined with any certainty. We will therefore continue to monitor and respond to further changes as needed.

Brexit

The Group has evaluated the potential impact of the UK's decision to leave the European Union and has identified a number of areas which could be affected. The scale of the impact depends on the nature of the exit process which remains uncertain but is not expected to be material in any event. Our primary focus was to address Brexit risk in our Health supply chain because the R&D and manufacturing are based in the UK and products are/will largely be sold outside the UK. Work included transferring UK registered marketing authorisations for products that are sold in the EU to an EU entity and duplication of product release testing for products that was transferred between the UK and the EU. There may be potential tariffs on UK cross-border supply of products and ongoing changes to the regulatory framework.

The Group has undertaken hard Brexit mitigation planning which includes EU-based laboratory testing facilities for batch testing and the transfer of product registrations to an EU-domiciled legal entity within the Group. Other contingency planning includes arrangements for a possible requirement for stockpiling to avoid border delays.

Our current view on the potential changes that may result from Brexit is:

- the majority of the Group's operations are located outside of the UK and do not trade with the UK so will be unaffected;
- in terms of manufacturing and product registration, Health is accustomed to trading with multiple countries and different rules and legislation;
- despite the possible additional administrative burden, our distribution and commercial model can adapt to changes in tariffs and duties;
- our business is naturally hedged and diversified, which helps in a period of economic uncertainty and exchange rate volatility; and
- we will monitor the impact on workforce and global mobility to maintain an effective system for resource planning.

The Board views the potential impact of Brexit as an integral part of the review of the principal and emerging risks and will continue to assess the potential impacts of Brexit as the process evolves.

Risks within the Group's control

In its Annual Report and Accounts 2019, the Company reported on the principal risks and uncertainties affecting the Group and actions taken to mitigate these risks. This report has been updated, with risks included, together with an update on mitigating actions.

We have included a cross reference to our strategic objectives: 1 Restructuring and streamlining; 2 Commercial delivery of major pipeline products; 3 Grow in core established markets; 4 Focused investment in areas that leverage Group capabilities; and 5 Position Benchmark in areas of future growth. These are described in more detail on page 20.

Strategic risks

Risks	Risk commentary	Risk mitigation and controls	Strategic objectives
Competition and loss of competitive advantage	• Falling behind competitors with the development and commercialisation of new, innovative products • Threat to market share and revenues	• Innovative development focus and strong pipeline of products • Intellectual Property ('IP') protection including patents • Strong customer relationships with key account structure	2, 3, 4
Reliance on continued success of existing products	• The Group is currently exposed to risk by limited diversity of revenue streams • Risks associated with legal costs of protecting Group IP • Group products require the holding of certain licences, accreditations or regulatory approvals that could be withdrawn	• Increasing number of products/services from development pipeline is diversifying revenues • Strong Group legal team with dedicated IP expertise • Vigorous defence of own IP • High levels of staff competency and stringent processes related to regulatory affairs	3, 4, 5
Delivery of cross Group synergies	• Risks associated with failure to fully realise operational synergies and cost benefits • Lower profitability and cash generation, and slower returns than anticipated • Risks on delivering the synergy within the timeline set	• Establishment of Executive Management Team (including Business Area heads and executive team) tracking progress of the Group strategy on weekly basis • Operations Board assists with planning and managing key projects	1, 2, 3, 4, 5
New product commercialisation	• Risk that pipeline products may be delayed or fail technically before launch • The Group's strategy has a significant focus on new products and a material failure to deliver would be damaging • Risk inherent in timing and market penetration of new products	• Experienced Head of Group Innovation monitors the R&D projects across the Group • Experienced Group regulatory affairs team, commercial team and Marketing Director • Close dialogue with regulators	2, 3, 4, 5

Risks within the Group's control continued

Operational risks

Risks	Risk commentary	Risk mitigation and controls	Strategic objectives
Threats to the supply chain	• Benchmark is reliant on a small number of key raw materials for important products • The Group has R&D and production sites which are important to its current revenues and future success and which are leased • Commissioning of new facilities could be delayed leading to late product deliveries	• Dual supplies of raw materials where possible • Supplies secured with contractual arrangements • Seek long-term tenure of sites	2
Health and wellbeing of employees	• Poor health or wellbeing impacts employees lives and reduces productivity • Some aquaculture activities have inherent operational risks	• Well-developed health and safety management regime in place across the Group • Senior level commitment to ESG programme Group-wide	1, 2, 3, 4, 5
Recruitment and retention of high calibre people	• To maintain market leadership it is essential that the Group has and keeps people with key skills	• Centralised people team delivering people strategy • Succession planning process • Remuneration policy designed to encourage retention	4, 5
Loss of key IT system	• The Group IT systems facilitate daily work, collaboration and hold Group IP and trade secrets • Multiple risks of systems failure or cyber attack • Loss of access or key information would be disruptive to the Group	• Internal experienced IT team • Increasing integration of software platforms to improve security and reliability	1, 2, 3, 4, 5
Application of appropriate standards of governance	• As an international business, the Group is required to comply with laws and regulations in several jurisdictions • There is risk of non-compliance leading to potential fines, penalties, loss of revenues and damage to reputation	• Experienced Group legal, finance, people, regulatory affairs, investor relations, health and safety and IT teams work closely with the business areas • Training programme, whistleblowing policy, and informal routes by which concerns can be raised, are designed to identify and address potential non-compliance	1, 2, 3, 4, 5

Financial risks

Risks	Risk commentary	Risk mitigation and controls	Strategic objectives
Maintain liquidity and manage leverage	• Failure to identify and maintain sufficient liquidity headroom • Risk to funding of key growth strategies	• Close control of cashflows with regular update of short and long-term projections • The refinanced facilities provide greater covenant flexibility and headroom • Group Treasury Manager oversees cashflow management	1, 4
Growth in trading results in higher investment in working capital	• Top line growth through new products and markets can drive changing patterns of working capital • Growth in some markets presents increased risk of slow paying or bad debts	• Business area management of pricing and credit terms • Close monitoring of investment in working capital by Operations and Plc Boards • Key performance indicators include working capital measures	4

Emerging risks

Risks	Risk commentary	Risk mitigation and controls	Strategic objectives
Covid-19	• Given the current global economic uncertainty, the Group has identified Covid-19 as an emerging risk	• Introduced distancing and hygiene measures in office space and facilities • Executive Management Team and Operations Board meet at an increased frequency throughout the crisis, monitoring and responding to events as they occur • Implemented home working for employees and shift working • Took decisive action to reduce our cost base, capital expenditure and cash commitments: discretionary spend was stopped; capital expenditure from March 2020 was significantly reduced; some employees were furloughed in line with local coronavirus government job retention schemes; • Implemented enhanced financial controls over approval of all spend • Rearranged supply chain when impacted by border closure • Continued technical and customer support through series of videos and webinars	

The Strategic Report was approved by the Board on 27 November 2020 and signed on its behalf by

Trond Williksen
Chief Executive Officer

Board of Directors

Diverse leadership

Introduction to the Board

The depth of knowledge, broad scientific skills and commercial experience of our Directors ensure we recognise and extract business opportunities and execute on the strategies we need to succeed.

During the year, the Company saw the appointment of Septima Maguire as Chief Financial Officer in December 2019. Septima's appointment reflects the Company's ambition, and as the Group moves from R&D spend to profitability will represent a balance to the Board's competence mix.

Trond Williksen was appointed as Chief Executive Officer in June 2020. Trond is highly experienced in the international aquaculture and seafood industries, having held senior executive positions in the sector for over 20 years. Peter George stepped into the role of Executive Chairman as an interim measure until the appointment of Trond. Following a two-month handover to Trond, Peter reverted to his former position as Non-Executive Chairman on 1 August 2020.

Alex Raeber resigned from his role as Chief Scientific Officer ('CSO') and a Director of the Company with effect from 31 July 2020. Alex played an instrumental role in the execution of the Group's new strategy, leading the review and streamlining of the product pipeline, the integration of Benchmark's innovation teams and the reorganisation of the Group's in-house trial facilities. Having completed these critical projects and as the Group moves from an R&D investment phase into commercial execution, the Company is of the view that the CSO role does not need to be replaced.

The Board has evolved to keep pace with the growth of the Group, and comprises a strong and balanced executive team, complemented by an experienced and diverse group of Non-Executive Directors. Together they bring the depth of knowledge, scientific understanding, and commercial experience across the Group's global and sectoral footprints, to enable Benchmark to execute its strategy and deliver success to its shareholders.

Peter George
Non-Executive Chairman

Committee membership	Nomination Committee (Chair) and member of the Remuneration Committee
Appointment	May 2018
Independent	Yes, except for the period between 19 August 2019 – 31 July 2020 while Peter maintained an Executive Chairman role
Skills, competence and experience	Peter has a strong track record in growing successful international pharmaceutical and healthcare businesses. He is most renowned for his achievements as CEO of Clinigen Group plc, the FTSE AIM global pharmaceutical and services company, which he founded in 2010 and grew into close to a £1bn market cap company having acquired several businesses and expanded its international footprint. Peter also served as chairman of Ergomed plc, the AIM-listed provider of clinical research, drug development and safety services internationally, and was non-executive director of DRI Healthcare Fund. Prior to Clinigen, he held a number of senior roles in the pharmaceutical and healthcare sectors including chief executive officer and leading the MBO of Penn Pharmaceutical Services. He co-created Unilabs Clinical Trials International in 1997, which was successfully sold to Icon plc in 2000.
Other roles	Peter is non-executive director of Osler Diagnostics and a Health Sciences Adviser at Oxford Science Innovations. In addition, Peter has an investment fund, Enigma Holdings Group, and serves on a number of the boards of companies owned by the group. He also owns XPG Ltd a building and development company.

		
Trond Williksen Chief Executive Officer	**Septima Maguire** Chief Financial Officer	**Susan Searle** Senior Independent Director
Disclosure Committee, Sustainability Committee	Disclosure Committee (Chair)	Remuneration Committee (Chair) — Nomination Committee (Interim Chair between 19 August 2019 and August 2020) and member of the Audit Committee
June 2020	December 2019	December 2013
No	No	Yes
Trond is highly experienced in the international aquaculture and seafood industries, having held senior executive positions in the sector for over 20 years. Most recently he was CEO of SalMar ASA, the Norwegian fish farm company and one of the world's largest producers of farmed salmon. Prior to Benchmark, he was CEO of AKVA group ASA, the leading global aquaculture technology and service provider for six years. He previously held a number of executive roles in Aker ASA's Seafoods, Ocean Harvest and BioMarine divisions.	Septima joined Benchmark from Dechra Pharmaceuticals PLC, the international provider of specialist veterinary pharmaceuticals and products, where she spent four years. Having joined as group financial controller she was acting group finance director between 2016 and 2017. She was most recently corporate development director overseeing all aspects of acquisition activities, strategic projects, business development and investment initiatives playing a significant role in supporting Dechra during a period of high growth. Previously, Septima held a number of senior finance roles at Ardagh Group S.A. over a period of six years. She has also held finance roles at Impress Global, CNH Capital and PricewaterhouseCoopers. Septima holds a Masters in European Union Law from the University of Leicester and is ACCA qualified.	Susan has over 25 years' experience working in a variety of commercial, business development, manufacturing and operational roles including investing in growing technology businesses, acquisitions and the exploitation of new technologies. She co-founded Imperial Innovations plc, a leading technology investment business, and served as its CEO from 2002 to 2013. She was the former chair of Mercia Technologies PLC, a regional technology and biotech investor and holds an MA in Chemistry from Exeter College, Oxford. Susan brings to Benchmark a wealth of experience having served on a variety of company boards.
Chairman of the board at Holding Cage AS (Mørenot AS), a leading technology provider to fisheries and aquaculture internationally. Chairman of the Board at Ivan Ulsund Rederi AS (including group companies: Trønderbas AS, Brusøykjær AS, Ivan Ulsund Eiendom AS), an ocean fisheries company. Member of the board at SinkabergHansen AS (including group companies: SvabergetSmolt AS, Marøy Viking AS, Bindalssmolt AS), a leading Norwegian salmon farming company. Member of the board in Williksen Export AS, a Norwegian salmon export company Owner of his own investment company, KRING AS. At the time of appointment, the Board reviewed Trond's other roles and were comfortable that these would still allow sufficient time for Trond to discharge his responsibilities effectively. The Board agreed that each role was not deemed to be significant and will continue to monitor such appointments.		Senior independent director and remuneration chair of Horizon Discovery Group plc; non-executive director and remuneration chair of QinetiQ Group plc; and chair of Schroders UK Public Private Trust plc.

Board of Directors continued

	Kevin Quinn Non-Executive Director	**Hugo Wahnish** Non-Executive Director
Committee membership	Audit Committee (Chair) – member of the Remuneration Committee and Nomination Committees – Sustainability Committee (Chair) – Disclosure Committee	Audit Committee
Appointment	November 2016	November 2017 and resigned with effect from February 2021
Independent	Yes	Yes
Skills, competence and experience	Kevin is a qualified chartered accountant with over 30 years of financial experience in international business and the biosciences industry, including with FTSE 100 companies. Kevin is the chairman of Marlowe, a leading UK services business providing testing, inspection and maintenance of critical building systems. Previously, Kevin was chief financial officer at Berendsen plc, the leading FTSE 250 European textile service business, until the takeover of Berendsen by Elis SA in September 2017. Kevin has also previously held senior finance positions within biosciences group Amersham plc and before that was a partner with PricewaterhouseCoopers (Prague). Kevin holds a BA in French from University College, Durham.	Hugo has over 35 years' experience in the animal health and pharmaceuticals industry, firstly with GlaxoSmithKline, and more recently with Merck during a major growth period. Hugo was chief commercial officer Animal Health at Merck, with responsibility for Merck's commercial operations worldwide. Hugo brings a wealth of international experience to the board of Benchmark, alongside his expertise in aggressively growing businesses and in the commercialisation of medicines and animal health products.
Other roles		Hugo has acted as an independent senior adviser with several multinational companies, private equity groups and consulting firms, primarily in the animal health sector.

		
Yngve Myhre Non-Executive Director	**Kristian Eikre** Non-Executive Director	**Jennifer Haddouk** Company Secretary and Group Legal Counsel
November 2017	March 2019	May 2019
Yes	No	No
Yngve has more than 20 years' experience in the aquaculture sector as a senior executive, adviser and investor. Yngve was chief executive of leading Norwegian salmon producer Salmar, and of international white fish supplier Aker Seafood during periods of successful growth. Yngve also acts as strategic adviser to investors in the aquaculture section. Yngve has a very strong track record in Benchmark's focus area of aquaculture, both in the Norwegian and international markets.	Kristian has more than 15 years' experience as an investment professional with a particular focus on the aquaculture, pharmaceuticals, energy and renewables sectors. Kristian is currently an investment professional and co-head of Ferd Capital, a division of Ferd AS, a Norwegian investment company holding 26% of the Company's issued share capital. Prior to that, he was a partner at Herkules Capital, a leading private equity firm in Norway. Before this, he was a research analyst at First Securities, an investment banking firm. Kristian has held various board positions and is currently a board director of a number of companies including Fjord Line AS, a Scandinavian cruise and ferry operator.	Jennifer is a French qualified solicitor with over 10 years' experience. Jennifer previously worked in French law firm SCP de Poulpiquet & Co and more recently as an in-house legal counsel for KellyDeli, a European sushi retail company where she gained experience in the salmon industry, focusing on commercial agreements, corporate and competition law. Since joining Benchmark, Jennifer has been advising and supporting Group companies to execute their strategies. Jennifer holds a MA in Law from the university of Nice and 'Diplome de Notaire'.
Yngve is a member of the board of CageEye, the company known for its behavioural analysis and feeding control systems in aquaculture. He is also chairman of Chilean salmon producer Nova Austral. Yngve also acts as a strategic adviser to investors in the aquaculture sector.		

Board Committees

Audit Committee
Kevin Quinn (Chair)
Susan Searle
Hugo Wahnish
Secretary: Jennifer Haddouk

Remuneration Committee
Susan Searle (Chair)
Peter George (from 1 August 2020)
Kevin Quinn
Secretary: Jennifer Haddouk

Nomination Committee
Peter George (Chair from 1 August 2020)
Susan Searle (Interim Chair from 19 August 2019 until 31 July 2020)
Kevin Quinn
Secretary: Jennifer Haddouk

Sustainability Committee
Kevin Quinn (Chair)
Ivonne Cantu (Investor Relations Director)
Trond Williksen
Secretary: Jennifer Haddouk

Disclosure Committee
Septima Maguire (Chair)
Trond Williksen (from 7 July 2020)
Kevin Quinn

In urgent situations, in the absence of the permanent members of the Disclosure Committee, any two Directors, one of which is Trond Williksen or Septima Maguire, may exercise the powers of the Disclosure Committee.

Leadership

Governance framework
Benchmark's governance framework is outlined in the diagram below and described in this report.

The Company complies with the UK Corporate Governance Code 2018 ('the Code'). An overview of the Company's compliance with the Code, and an explanation of those Code provisions it has not implemented and why, is set out in the Directors' Report on pages 85 to 91.

Board of Directors of Benchmark Holdings plc

Non-Executive Chairman	Peter George
Senior Independent Non-Executive Director	Susan Searle
Non-Executive Directors	Kevin Quinn Hugo Wahnish Yngve Myhre Kristian Eikre
Chief Executive Officer	Trond Williksen
Chief Financial Officer	Septima Maguire
Company Secretary	Jennifer Haddouk

Audit Committee

Kevin Quinn (C)
Susan Searle
Hugo Wahnish

Nomination Committee

Peter George (C)
Susan Searle
Kevin Quinn

Remuneration Committee

Susan Searle (C)
Peter George
Kevin Quinn

Sustainability Committee

Kevin Quinn (C)
Ivonne Cantu
Trond Williksen

Disclosure Committee

Septima Maguire (C)
Trond Williksen
Kevin Quinn

Operations Board

Chief Executive Officer		Trond Williksen
Chief Financial Officer		Septima Maguire
Heads of Business Area	Advanced Nutrition Genetics Health	Athene Blakeman Jan-Emil Johannessen John Marshall
Heads of cross-Group functions	Marketing Director Group Legal Counsel Investor Relations Director Head of People (Interim) Employee Representative Head of Group Innovation Board Business Development	Doerte Laue Jennifer Haddouk Ivonne Cantu Rob Squirrell Rachel Aninakwah Morten Rye Simon Hill

Advanced Nutrition Board

Executive Directors
Head of Business Area
Senior management of businesses in Business Area

Genetics Board

Executive Directors
Head of Business Area
Senior management of businesses in Business Area

Health Board

Executive Directors
Head of Business Area
Senior management of businesses in Business Area

During the year, Trond Williksen was appointed as the new Chief Executive Officer in June 2020. Trond's profile and experience is summarised on page 63 of this report. Trond brings deep, relevant aquaculture expertise and has proven operational, strategic, M&A, and managerial experience spanning both producers and technology providers in the industry.

Septima Maguire was appointed as our new Chief Financial Officer in December 2019. Septima's profile and experience is summarised on page 63 of this report. Septima has extensive strategic, investor and operational finance experience and proven expertise in driving improved business performance. Septima's appointment as our new CFO has resulted in the delivery of the structural and operational efficiencies programme.

Trond and Septima together will continue to implement our strategy to drive future growth and profitability.

Malcolm Pye retired from the Board effective on 4 December 2019 and Mark Plampin stepped down as Chief Financial Officer on 20 December 2019. The Group's Chief Scientific Officer, Alex Raeber stepped down from his role on 31 July 2020. Hugo Wahnish announced his intention to resign from the Board and as such his resignation will take effect from 9 February 2021.

Board of Directors of Benchmark Holdings plc	The Board is responsible for the long-term success of the Group, overseeing the development and delivery of strategy, financial performance, and conduct of the business, in order to generate sustainable value for shareholders. The Executive Directors are responsible for the delivery of strategy, business operations, risk management, and ensuring that the right financial and people resources are in place to achieve the Company's aims. The Non-Executive Directors are responsible for assisting in the development of and constructively challenging strategy, overseeing the performance of management, satisfying themselves that financial controls and risk management systems are robust, and safeguard the integrity of financial information, determining the Directors' remuneration, and succession planning for the Executive Directors and senior management. A formal schedule of matters reserved for the Board is maintained and communicated throughout the Group with regular training, to ensure that decisions which are significant due to their strategic, financial or reputational implications are reserved for approval by the Board. Page 68 lists the key areas of decision-making reserved for the Board. This year a policy was introduced whereby the business area heads and Employee Representative are invited to attend twice yearly Board meetings to present their implementation of each area's respective strategy.
Executive Management Team	In their first year, the Executive Management Team have worked alongside the Operations Board to implement the strategy and vision, as well as delivering on commitments which have been made to the investors. The team consists of each business area head, the CEO, CFO, and Group Legal Counsel.
Operations Board	Responsible for developing and delivering cross-Group opportunities, revenue and costs synergies, advancing integration, and overseeing the financial and operational performance of the Group as a whole. During the year the Group appointed an Employee Representative to sit on the Operations Board and support the Group's compliance with the Code's new expectations regarding workforce engagement, as well as giving our employees a direct line of communication into the Operations Board. The employee representative will also report into the Board twice-yearly.
Business Area Boards – Advanced Nutrition; Genetics; Health	Responsible for the development and delivery of the strategy of the relevant business area and its businesses, its financial performance, and the implementation of cross-Group opportunities and synergies.

Leadership continued

Matters reserved for the Board

Strategic decisions

- Review and approval of the long-term objectives and strategic direction of the Group
- Approval and monitoring of strategic and annual business plans and budget
- Approval of significant acquisitions, mergers, disposals and other transactions
- Approval of diversification into new business activities and new geographies

Reporting

- Approval of the Annual Report and Accounts and of the interim financial statements
- Oversight and approval of significant changes to reporting policies and practices

Regulatory matters

- Compliance with the AIM Rules for Companies, the UK Corporate Governance Code, procedures for regulating dealing in the Company's shares by its employees and Directors

Finance, governance and controls

- Review and approval of internal control and risk management systems
- Approval of significant projects, contracts and disputes
- Approval of financing policy, including the issue of shares and significant borrowings
- Appointment or removal of the auditor and determination of the audit fee
- Oversight and approval of Directors' conflicts of interests
- Approval of interim dividends and recommendation of final dividends
- Review of employee whistleblowing arrangements
- Oversight of workforce policies and practices
- Review of engagement mechanisms with Group's key stakeholders

Succession planning and reward

- Ensuring adequate succession planning is in place
- Appointment and removal of Directors on the Board and its Committees, and of the Company Secretary
- Approving and recommending to shareholders the terms of employee share schemes, and approving significant changes to pension schemes
- Approval of remuneration of senior management

Board attendance

During the year, the Board held nine scheduled Board meetings, one scheduled strategy day and 13 special Board meetings. Individual attendance at the scheduled Board meetings is set out below.

A Board dinner is usually held every three months following the Board meetings to allow for more informal discussion, and for the Board to spend time with the Group's senior management team. However, in light of Covid-19 and the travel restrictions the Board has reevaluated and resolved to hold three physical meetings per year in the future, once Covid-19 restrictions have been lifted, with the remainder held virtually.

Attendance	Appointment	Number of scheduled Board meetings attended in FY20	Maximum possible scheduled meetings in FY20	% of scheduled meetings attended
Peter George Chair	May 2018	9	9	100%
Susan Searle Senior Independent Director	December 2013	9	9	100%
Kevin Quinn Non-Executive Director	November 2016	9	9	100%
Hugo Wahnish Non-Executive Director	November 2017	9	9	100%
Yngve Myhre Non-Executive Director	November 2017	7	9	77.78%
Kristian Eikre Non-Executive Director	March 2019	9	9	100%
Trond Williksen, Chief Executive Officer	June 2020	3	3	100%
Septima Maguire Chief Financial Officer	December 2019	6	6	100%
Alex Raeber, Chief Scientific Officer	October 2018 – July 2020	8	8	100%
Mark Plampin, Chief Financial Officer	December 2013 – December 2019	3	3	100%
Malcolm Pye, Chief Executive Officer	December 2013 – December 2019	2	2	100%

Board activities in the year

At each scheduled Board meeting, the following standing items are considered:

Standing agenda items

Notice, quorum, Directors' duties and any **conflicts of interest** arising.

Approval of **minutes** of and reviews **action points** from previous meetings.

Review of **Management Information Pack and CFO Report** which includes Group management accounts, outlook, cash flow forecast, financial covenant forecast, share price performance, shareholder and trading report and headcount report.

Receipt of **update from the Chairman's Report** regarding strategic matters and significant developments (until June 2020).

Receipt of **update from the CEO** regarding strategic matters and significant developments since July 2020, including innovation matters since September 2020.

Review of **Capex Project Report**, tracking expenditure and progress with significant capital investments. In FY20 these reports included the Fellsmere site in Florida, CleanTreat®, the freshwater facility, slaughter facilities and broodstock farm in Iceland, the Thai facility fire safety plan, and the Hafnir lumpfish farm.

Review of the **CSO report**, with an overview of the Group products pipeline, their progression and timeline until Alex Raeber's departure in July 2020.

Consideration and approval of **Matters Reserved for the Board**.

Review of **Legal and Intellectual Property** report, regarding IP development and protection, transactions, key commercial arrangements and their terms, and disputes.

Review of **People Report**, with an overview of headcount, vacancies, management appointments, and updating on other people matters arising.

Review of the **Covid-19 Report**, with an overview of the effect across the business operations.

Review of **Health and Safety Report**, with an overview of accident and near miss reporting, initiatives, risk assessments, and health and safety performance.

Review of **Investor Relations Report**, summarising announcements, media coverage and other shareholder events.

In addition to the standing items, an overview of the principal matters considered by the Board in the year is set out below:

Strategy and operations

Received and discussed presentations from the **Heads of the Advanced Nutrition, Genetics and Health** business areas, regarding their five-year strategic plans, market trends and opportunities, KPIs, key growth areas and main risks.

Reviewed and approved the Group **budget** for FY20 and FY21.

Received regular updates on the **structural efficiencies** programme and review of progress throughout the year.

Received regular updates, reviewed and approved the Group's **placing and open offer.**

Received regular updates on progress with the Group's **next generation sea lice treatment and CleanTreat® technology**, including the results of commercial field trials.

Received report on **sustainability programme** update and the Group's ongoing strategy.

Approved the **Annual Report and Accounts** and **Interim Results**.

Received reports following **meetings with major shareholders** involving the Chairman of the Board, Senior Independent Director, and other Non-executive Directors, throughout the year.

Governance and risk

Appointment of Septima Maguire as **Chief Financial Officer** and Trond Williksen as **Chief Executive Officer**.

Received report from the Chair of the Audit Committee on the **FY19 audit process** and principal matters discussed with the auditor.

Received updates on **disputes and litigation**.

Received updates on **key regulatory developments**.

Reviewed the Group's **risk register**, which included an assessment of the Company's **emerging and principal risks**.

Conducted an internal **Board evaluation** which was reviewed and discussed by the Board in June 2020.

Nomination Committee Report

Peter George
Chairman of the Nomination Committee

Committee membership

Attendance	Appointment	Number of scheduled Nomination Committee meetings attended in FY20	Maximum possible scheduled meetings in FY20	% of scheduled meetings attended
Peter George, Chair	May 2018, appointed Chair of the Nomination Committee on 9 January 2019 until 19 August 2019, and returned as Chair on 1 August 2020	1	1	100%
Susan Searle, Chair	December 2013, member of Nomination Committee. August 2019, appointed interim chair until 1 August 2020	1	1	100%
Kevin Quinn	26 January 2018	1	1	100%

Effectiveness

The Nomination Committee is responsible for reviewing the composition and effectiveness of the Board. It regularly reviews the composition of the Board and is responsible for leading a rigorous and transparent process for the identification and appointment of new Directors.

Peter George returned to his position as Non-Executive Chair following the appointment of Trond Williksen as Chief Executive Officer and has been able to resume chairmanship of the Nomination Committee.

The composition of the Board was reviewed by the Nomination Committee early in 2020 financial year resulting in the following changes:

- Septima Maguire was appointed as Chief Financial Officer in December 2019. Septima joined Benchmark from a FTSE 250 international provider of specialist veterinary pharmaceuticals and related products, gaining experience in all aspects of acquisition activities, strategic projects, business development and investment initiatives.
- Trond Williksen was appointed as Chief Executive Officer in June 2020. Trond is highly experienced in the international aquaculture and seafood industries, having held senior executive positions in the sector for over 20 years.
- Alex Raeber stepped down as Chief Scientific Officer and left Benchmark on 31 July 2020.
- As noted in our previous Annual Report, Malcolm Pye resigned from the Board on 4 December 2019 and Mark Plampin resigned from his role as Chief Financial Officer with effect from 20 December 2019.
- On 18 November 2020, Hugo Wahnish announced his intention to resign from the Board with effect from 9 February 2021.

The current members of the Nomination Committee are:

- Peter George (member throughout the period, Chair from August 2020)
- Susan Searle (member throughout the period, and Interim Chair from 19 August 2019 until 1 August 2020)
- Kevin Quinn (member throughout the period)

Only the members of the Nomination Committee have the right to attend meetings. The Head of People, Executive Directors, other Board members and advisers may be invited to contribute on specific agenda items. The Company Secretary acts as secretary to the Nomination Committee. The Nomination Committee updates the Board following its meetings and invites contributions and views from the Board.

In addition to the formal Nomination Committee meetings, several ad hoc meetings and calls were held in the year between members of the Nomination Committee usually following full Board meetings, at times with contributions from other members of the Board. These addressed the appointment of Trond Williksen as Director as well as the reappointment of Peter George to his former position as Chair of the Committee as a consequence of Trond's appointment as Chief Executive Officer.

Responsibilities
The main responsibilities of the Nomination Committee are:
- To review the composition of the Board, having regard to its size, balance of skills, knowledge, experience and diversity.
- To lead the process for Board appointments and recommend the appointment of new Directors.
- To review the reappointment of Non-Executive Directors.
- To make recommendations on the composition of Board Committees.
- To consider succession for Board members and senior management.

The terms of reference for the Nomination Committee are regularly reviewed and the latest versions are available on the Corporate Governance section of the Company's website at www.benchmarkplc.com.

Actions undertaken during the year
At the start of the financial year, the Board finalised the appointment of Septima Maguire to the position of Chief Financial Officer. Septima brings significant experience, extensive strategic, investor and operational finance experience and proven expertise in driving improved business performance.

Additionally, Russell Reynolds was appointed to assist with the recruitment of a new Chief Executive Officer to replace Malcolm Pye following his resignation. Russell Reynolds are signatories to the Voluntary Code of Conduct for Executive Search Firms in Board Appointments, which is designed to enhance gender and wider diversity on boards. The Company set requirements relating to diversity in relation to the shortlist of candidates and consulted with the wider Board throughout the recruitment process. This resulted in the appointment of Trond Williksen as Chief Executive Officer with effect from 1 June 2020.

During the financial year, an internal evaluation with participation by the Board and the operations board was prepared by the Company Secretary and conducted by the Marketing Director using questionnaires to capture the views of each Director and senior manager. The evaluation was designed to bring about debate on relevant issues and assist in identifying potential areas of improvement in the Board's processes as well as ensuring the Board operates efficiently and effectively, with an appropriate mix of skills and experience in order to help deliver the Group's strategy.

The themes covered by the internal evaluation included:
- Board composition and skills
- Board functioning and material
- Objectives, strategy and risk management
- Culture and people
- Role of the Executive Chairman in lieu of the role of CEO
- Director self-evaluation
- Role of the Committees

The internal evaluation concluded that the Board, its Committees and each of its Directors continue to be effective.

The internal effectiveness review also identified some opportunities for the Board and the Board is currently reviewing and implementing the recommendations.

Actions for the coming year
Through FY21, the Nomination Committee will continue to monitor and receive reports on the implementation of the succession planning initiative within the Group. It will also continue to assess the size and composition of the Board to evaluate whether this is suitable for the Group's current stage of development, containing an appropriate balance of skills, knowledge, experience and skillsets.

Board composition
The Board currently comprises two Executive Directors, including the Chief Executive Officer and Chief Financial Officer, five Independent Non-Executive Directors, and one non-independent Non-Executive Director.

The Nomination Committee keeps the size and composition of the Board under review, to ensure that it is suitable for the Group and supports delivery of the strategy.

Diversity policy
The Company makes all Board appointments on individual merit, while recognising the benefits of Board diversity. Our diversity policy aims to ensure that we consider diversity in its broadest sense. A diverse Board has members with different skills, backgrounds, regional and industry experiences, races, genders and other qualities.

The Board, with the support of the Nomination Committee:
- considers all aspects of diversity when reviewing the Board's composition;
- encourages the development of high-calibre employees, to create a pipeline of potential Executive Directors;
- considers a wide pool of candidates for appointment as NEDs;
- ensures a significant portion of the long list for NED positions are women and candidates from different backgrounds;
- considers candidates against objective criteria and with regard to the benefits of Board diversity.

Gender balance at Board and Senior Management levels

	Board	Operations Board
End of FY19	Male: 7, Female: 1	Male: 7, Female: 5
End of FY20	Male: 6, Female: 2	Male: 6, Female: 6

Directors' roles and responsibilities
Biographical details for all members of the Board are found on pages 62 to 65 of this report.

There is ordinarily a clear separation between the roles of the Chairman and the Chief Executive Officer as set out in the table below. However, as a result of Malcolm Pye's resignation, Peter George was appointed to act as Executive Chairman with effect until the appointment of a new Chief Executive Officer. During this transition period, the Board and the Nomination Committee monitored this arrangement with a view to ensuring sufficient division of responsibilities of the role usually undertaken by the Chairman and the Chief Executive amongst the Executive Chairman, the Chief Financial Officer, the Non-Executive Directors and the Company's Senior Management Team.

Nomination Committee Report continued

Following a two-month handover to Trond Williksen as Chief Executive Officer, Peter resumed his role as a Non-Executive Chairman on 1 August 2020 and a clear separation between the roles of Chairman and Chief Executive Officer has been reinstated. The Chairman and Chief Executive Officer roles are defined below.

Chairman	Chief Executive Officer
Lead the Board to ensure effective functioning in all aspects of its role	Lead the development and delivery of strategy and budget, to enable the Group to meet the requirements of its shareholders
Promote an open culture of debate	Oversee operation of the day-to-day business of the Group
Ensure that the membership of the Board is appropriate for the needs of the business	Lead and oversee the executive management of the Group
Oversee Board committees as they carry out their duties, including reporting to the Board	Establish an environment which allows the recruitment, engagement, retention and development of the people needed to deliver the Group's strategy
Set and manage the agenda for Board meetings	
Ensure the provision of information necessary for Directors to take a full and constructive part in Board discussions	
Develop and maintain effective communications with shareholders	
Establish appropriate personal objectives for the Chief Executive Officer and Executive Directors	
Ensure the Directors are up to date and receive suitable training and development	

The Senior Independent Director, Susan Searle, provides a sounding Board for the Chairman and serves as an intermediary for the other Directors when necessary. The Non-Executive Directors regularly meet, both formally and informally, without the Executive Directors present.

Induction, business awareness and development

The Chairman is responsible for ensuring that new Directors receive a comprehensive induction which includes:

- An overview of the Group, its operations and governance framework.
- Briefings on Directors' responsibilities and compliance.
- Site visits to key locations.
- Detailed reviews of strategic projects and initiatives being pursued.
- One-to-one meetings with senior management.

The new Directors appointed during the year have received a formal induction and exposure to senior management. Following the Covid-19 lockdown and ban on international travel across the Group, members of the Board attended town halls on a rota system to encourage engagement with the workforce. Participants in the town hall were able to ask questions directly to the attending Board member.

During the year, the Board held a one-day strategy event with key Management Team members, which included presentations from and meetings with:

- The Chief Executive Officer, regarding the Group's strategic priorities.
- The Head of the Advanced Nutrition, Genetics and Health business areas, regarding their strategic priorities.
- The Chief Financial Officer, with respect to the business area and Group budgets (which also involved a Q&A session with the business area heads).

Business area heads attend Board meetings as appropriate for discussions that were relevant to their areas of business or for major initiatives which they are leading on.

Independence of Directors

The Board considered each Non-Executive Director's independence on appointment and concluded that they were independent with the exception of Kristian Eikre. The Board reviews independence on an annual basis and has concluded that except for Kristian, the Non-Executive Directors all remain independent. Following Peter George's return to his Non-Executive Chairman Role on 1 August 2020, the Board also considers Peter to be independent.

Non-Executive Directors are appointed for specified terms, subject to re-election by shareholders, and terms beyond six years are subject to rigorous review. Accordingly, Non-Executive Directors are appointed for a maximum of two terms of three years, and thereafter may serve for an additional period only at the invitation of the Board following scrutiny of their continued independence.

All Directors are subject to annual re-election at the Company's AGM.

The periods of service of our Non-Executive Directors are set out below.

Name	Date of appointment	Term
Peter George[1] Chair	8 May 2018	2 years, 7 months
Susan Searle Senior Independent Director	18 December 2013	7 years
Kevin Quinn Non-Executive Director	25 November 2016	4 years, 1 month
Hugo Wahnish Non-Executive Director	6 November 2017	3 years, 1 month
Yngve Myhre Non-Executive Director	6 November 2017	3 years, 1 month
Kristian Eikre Non-Executive Director (not independent)	14 March 2019	1 year, 9 months

1 Peter George was a Non-Executive Director except between 19 August 2019 and 1 August 2020 where he stood in as Executive Chairman until the appointment of and handover to Trond Williksen as Chief Executive Officer.

Conflicts of interest

Directors are obliged to seek authorisation from the Board before taking up any position which conflicts, or which may conflict, with the interests of the Company. The Board is empowered to authorise situations of potential conflict, where it sees fit, in order that a Director is not in breach of his/her duties. The interested Director is excluded from voting on the resolution to authorise the conflict. The Directors may resolve that any such transaction or arrangement be subject to such terms as they may determine.

All existing external appointments and other such situational conflicts of Directors have been considered and authorised by the Board, including in relation to the newly appointed Non-Executive Directors.

Audit Committee Report

Kevin Quinn
Chairman of the Audit Committee

Key objective

The Audit Committee acts on behalf of the Board and the shareholders to ensure the integrity of the Group's financial and narrative reporting, evaluate its systems of financial risk management and internal control and oversee the relationship and performance of the external auditor.

Membership, meetings and attendance

The composition of the Audit Committee during the year was:

- Kevin Quinn (Chair)
- Susan Searle
- Hugo Wahnish

All Committee members are independent Non-Executive Directors.

In addition to the Committee members, there are a number of regular attendees at each meeting. The Chief Financial Officer ('CFO') and lead external Group Audit Partner normally attend all scheduled Audit Committee meetings. The Audit Committee members regularly take time before or after a meeting, without any Executive Directors or senior management present, to raise any questions and discuss issues with the external auditor. The Chairman of the Audit Committee meets the CFO and the external auditor separately to review current issues and developments prior to each meeting of the Audit Committee, such meetings often taking place by telephone.

The Audit Committee met four times during the year with all members of the Committee in attendance at each.

Responsibilities

The main responsibilities of the Committee are:

- To review accounting policies and the integrity and content of the financial and narrative statements;
- To monitor disclosure controls around any formal announcements relating to the Company's financial performance and procedures and the Group's internal controls;
- To monitor the integrity of the financial and narrative statements of the Group, and to assist the Board in ensuring that the Annual Report and Accounts 2019/20, when taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- To consider the adequacy and scope of external audits;
- To review and monitor the objectivity, independence and effectiveness of the external auditor, including to develop and implement policy on the engagement of the external auditor to supply non-audit services, the scope and expenditure on non-audit work and approve the auditor remuneration and reporting to the Board as to how they have discharged these responsibilities. When appropriate to conduct the tender process for new auditor and make recommendations to the Board;
- To monitor and review the effectiveness of the Company's internal controls and in the absence of an internal audit function considering annually whether there is a need for one and make a recommendation associated with this to the Board;
- To review and recommend the statements to be included in the Annual Report on internal control and risk management;
- To review and report on the significant issues and judgements considered in relation to the financial and narrative statements and how they are addressed.

The Committee's terms of reference were reviewed in September 2020 and a summary of these are available on the Governance section of our website at www.benchmarkplc.com

Audit Committee Report continued

Judgements and significant risks considered by the Audit Committee with respect to the Interim and Annual Reports are set out below.

Going concern

The Committee was presented by management with an assessment of the Group's future cash forecasts and profit projections, available facilities, facility headroom, banking covenants and the results of a sensitivity analysis. Detailed discussions were held with management concerning the matters outlined in the basis of preparation in Note 1 to the financial statements, in particular the progress throughout the year on the structural efficiency programme and the timing and value of proceeds being realised, together with the impact on the business that Covid-19 has had. The Committee noted in particular the raising of £43m (gross) of equity in February 2020. The Committee discussed the assessment with management, including the uncertainty of the timing of recovery from the impact of Covid-19 particularly in the shrimp market and was satisfied that the going concern basis of preparation continues to be appropriate for the Group and advised the Board accordingly.

Valuation of goodwill and intangible assets

The Committee considered the carrying value of the Group's businesses, including goodwill and intangible assets. Management performed an annual impairment review on goodwill and other intangible assets held within the Group and that review included detailed consideration of the impact of Covid-19 on each of the cash generating units. The Committee reviewed management's recommendations, which were also reviewed by the external auditor, including an evaluation of the appropriateness of the identification of cash generating units and the assumptions applied in determining asset carrying values. The Committee was satisfied with the assumptions and judgements applied by management and agreed with the assessment that no impairments were necessary in FY20.

Presentation of results

At the request of the Board, the Committee reviewed both the presentation of the Group's unaudited results for the six months to 31 March 2020 and the audited results for the year to 30 September 2020 to ensure they were fair, balanced and understandable and provide sufficient information necessary for shareholders and other users of the accounts to assess the Group's position and performance, business model and strategy. In conducting these reviews, focus was given to the disclosure included in the basis of preparation in Note 1 to the financial statements in relation to the Group's financial projections and the suitability of the going concern assumption, particularly in light of the financial and economic implications of the global Covid-19 pandemic.

Particular attention continues to be paid to the presentation of the results in the income statement which uses alternative profit measures ('APM') as indicators of performance. The Board considers current treatment which retains reference to 'Adjusted EBITDA' and 'EBITDA' and whether the inclusion of the non-cash fair value uplift associated with biological assets under IAS 41 would be appropriate within the APM. It has been determined that the AEBITDA measure should be amended in future reporting to exclude this item to reflect a clearer view on trading. Work is underway to refine this measure and its reporting will commence in FY21. 'EBITDA' is 'earnings before interest, tax, depreciation and amortisation', and 'Adjusted EBITDA' is to be amended to 'EBITDA before exceptional items and acquisition related expenditure and excludes non-cash fair value uplift under IAS 41'. Reference has also been made in the Annual Report to a further alternative profit measure 'Adjusted Operating Profit/Loss', which adjusts Adjusted EBITDA to include depreciation and amortisation of capitalised development costs to reflect their part in the underlying performance of the Group. No amortisation of capitalised development costs has yet been incurred as those products to which the assets relate have not yet been commercially launched. The Board regards these measures as an appropriate way to present the underlying performance and development of the business as it reflects the continuing investment being made by the Group, particularly in relation to recent and future acquisition activity, and this is how the Board monitors progress of the existing Group businesses.

Management override of internal controls

The Committee considered the inherent risk of management override of internal controls as defined by auditing standards. In doing so the Committee continue to review the overall robustness of the control environment, including consideration of the Group's whistleblowing arrangements and the review by the external auditor.

Revenue recognition

The Committee considered the inherent risk of fraud in revenue recognition as defined by auditing standards and was satisfied that there were no issues arising.

Valuation of biological assets

The Group holds significant biological assets on the balance sheet at fair value less costs to sell, with the valuation dependent on a number of subjective assumptions, including some which relate to future egg sales prices and volumes and seasonal variations. The Committee considered the accounting policy employed by the Group for biological assets, the assumptions used in the valuation calculations and the disclosures provided in the financial statements. The Committee was satisfied with the accounting policy in force and with the estimates and judgements applied by management in employing this policy.

Risk management

Effective risk management and control is key to the delivery of the Group's business strategy and objectives. Risk management and control processes are designed to identify, assess, mitigate and monitor significant and emerging risks, and can only provide reasonable and not absolute assurance that the Group will be successful in delivering its objectives. The Board is responsible for the oversight of how the Group's strategic, operational, financial, human, legal and regulatory risks are managed and for assessing the effectiveness of the risk management and internal control framework but delegates the oversight for financial risk to the Audit Committee.

During the year a full risk review was performed for the Group which was presented to the Board for consideration in September 2020. This review considered risks both individually and also collectively where there were risks of a similar nature in different business areas. Within this risk review areas of emerging risk were identified, most notable of these are the risks associated with Covid-19 which is discussed separately within the Principal Risks and Uncertainties section on page 61.

A description of the Group's risk management procedures and the work completed in the year is provided in the Principal Risks and Uncertainties section on page 56-61.

Internal audit

The Committee continues to monitor whether an internal audit function would add significant value as a part of the integrated control environment currently in operation. Any decision to implement an internal audit function has not been made while the Group has been undertaking a restructuring exercise. With the structural efficiency programme now substantially complete, consideration is being given to the ongoing structure and control environment of the Group. Internal assurance around risk is achieved through review of the controls being performed by each business area. Additional internal controls reporting has been implemented during the year, with individual business areas now providing positive confirmation over the operation of internal controls within each area. Further thought will be given to the need for an internal audit function once the structural efficiency programme is fully complete.

Safeguards and effectiveness of the external auditor

The Committee recognises the importance of safeguarding auditor objectivity. The following safeguards are in place to ensure that auditor independence is not compromised.

- The Audit Committee carries out an annual review of the external auditor as to its independence from the Group in all material respects and that it is adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review the Audit Committee recommends to the Board the continuation, or removal and replacement, of the external auditor;
- A tax adviser separate from the external auditor is engaged to provide tax related services;
- The external auditor may provide audit-related services such as regulatory and statutory reporting as well as formalities relating to shareholder and other circulars;
- Non-audit services carried out by the external auditor are generally limited to work that is closely related to the annual audit or where the work is of such a nature that a detailed understanding of the business is beneficial;
- The Audit Committee reviews all fees paid for audit and consultancy services on a regular basis to assess the reasonableness of fees, value of delivery and any independence issues that may have arisen or may potentially arise in the future In particular, the committee discussed the increase in audit fees in FY20 and concluded that these were appropriate given the significant level of company activity in the year, including restructuring and disposals, the implementation of new accounting standards and requirements and the increased complexity of the audit process;
- The external auditor reports to the Directors and the Audit Committee regarding their independence in accordance with Auditing Standards. KPMG's policy, in line with best practice, is that audit partners are required to be rotated every fifth year;
- Different teams are used on all other assignments undertaken by the auditor;
- The Audit Committee monitors these costs in absolute terms and in the context of the audit fee for the year, to ensure that the potential to affect auditor independence and objectivity does not arise. The Committee does not adopt a formulaic approach to this assessment. The split between audit and non-audit fees for FY20 and information on the nature of the non-audit fees incurred is detailed in Note 6 accompanying the consolidated financial statements.
- The Committee reviewed the FRC's Audit Quality Review (AQR) of the Benchmark Holdings audit for the year ended 30 September 2019 . This report set out the AQR's confidential assessment of the quality of the audit work reviewed. The committee discussed the report and the review findings with KPMG, and were satisfied in relation to audit quality.

The Audit Committee monitors the effectiveness of the external audit. To comply with this requirement, the Committee reviews and comments on the external audit plans before it approves them. It then considers progress during the year by assessing the major findings of their work, the perceptiveness of observations, the implementation of recommendations and management feedback. At the request of the Board, the Committee also monitors the integrity of all financial and narrative statements in the Annual Report and half year results statements, and the significant financial and narrative reporting judgements contained in them. Further details of the Committee's procedures to review the effectiveness of the Group's systems of internal control during the year can be found in the section on effective risk management and internal control below.

The Committee recognises that all financial statements include estimates and judgements by management. The key audit areas are agreed with management and the external auditor as part of the year-end audit planning process. This includes an assessment by management both at business unit and at Group level of the significant areas requiring management judgement. These areas are reviewed with the auditor to ensure that appropriate levels of audit work are performed and the results of this work are reviewed by the Committee.

Effective risk management and internal control

One of the Board's key responsibilities is to ensure that management maintains a system of internal control which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. The Group's systems are designed to identify principal and emerging financial and other risks to the Group's business and reputation, and to ensure that appropriate controls are in place. Consideration is given to the relative costs and benefits of implementing specific controls.

Assurance

On behalf of the Board, the Audit Committee examines the effectiveness of:

- the systems of internal control, primarily through reviews of the financial controls for financial and narrative reporting of the annual, preliminary and half yearly financial statements and a review of the nature, scope and reports of external audit;
- the management of financial risk by reviewing evidence of risk assessment and management; and
- any action taken to manage these critical risks or to remedy any control failings or weaknesses identified, ensuring these are managed through to closure.

Where appropriate, the Audit Committee ensures that necessary actions have been, or are being taken to remedy or mitigate significant failings or weaknesses identified during the year either from internal review or from recommendations raised by the external auditor. The Group's internal controls over the financial and narrative reporting and consolidation processes are designed under the supervision of the CFO to provide reasonable assurance regarding the reliability of financial and narrative reporting and the preparation and fair presentation of the Group's published financial statements for external reporting purposes in accordance with IFRSs.

Because of its inherent limitations, internal control over financial and narrative reporting cannot provide absolute assurance and may not prevent or detect all misstatements whether caused by error or fraud. The Group's internal controls over financial and narrative reporting and the preparation of consolidated financial information include policies and procedures that provide reasonable assurance that transactions have been recorded and presented accurately.

Audit Committee Report continued

Management regularly conducts reviews of the internal controls in place in respect of the processes of preparing consolidated financial information and financial and narrative reporting. During the year there were no changes to the internal controls over these processes that have or are reasonably likely to materially affect the level of assurance provided over the reliability of the financial statements.

Risk management and internal control system features

Risk management control system

As well as the risks that management identify through the ongoing processes of reporting and performance analysis, the Audit Committee has additional risk identification processes, which include:

- risk and control process for identifying, evaluating and managing major business risks. A risk register is maintained defining each business risk identified and quantifying its likely impact to ensure adequate priority is given to each in turn;
- external audit reports, which comment on controls to manage identified risks and identify new ones; and
- a confidential whistleblowing helpline and an email address available for employees to contact the Non-Executive Directors in confidence.

Internal control system

The internal controls which provide assurance to the Committee of effective and efficient operations, internal financial controls and compliance with law and regulation include:

- a formal authorisation process for investments;
- an organisational structure where authorities and responsibilities for financial management and maintenance of financial controls are clearly defined;
- anti-bribery and corruption policies and procedures and a dedicated email hotline, designed to address the specific areas of risk of corruption faced by the Group; and
- a comprehensive financial review cycle where annual budgets and subsequent reforecasts are formally approved by the Board and monthly variances are reviewed against detailed financial and operating plans.

Remuneration Report
for year ended 30 September 2020

Susan Searle
Chairman of the Remuneration Committee

Statement from Susan Searle, Chairman of the Remuneration Committee

Introduction
This has been a year of significant change for the business as a result of our divestment activities and development of a clear road map to profitability. This positive progress has taken place despite the impact of Covid-19 that has been felt across the business. In response to the pandemic and with a view to mitigating its effect on the business:

- We have put the wellbeing of our staff first including those who were employed in the businesses which have been divested. In particular we were very pleased that the UK vaccines team were able to transfer to the Cell and Gene Therapy Catapult (in order to produce vaccines against Covid-19) on the disposal of our vaccines plant.
- We moved rapidly to support all parts of the business to ensure that our teams could work effectively and safely and gave additional focus to our wellbeing programme.
- Our leadership team including the Board (both Executive Directors and Non-Executive Directors) and the Operations Board took salary/fee cuts of 20% between 1 April and 30 September in order to preserve cash as we better understood the impact of Covid-19 on the business.
- Additionally, we sought to reduce employment costs through the use of government support schemes such as the Coronavirus Job Retention Scheme in the UK, and elsewhere we asked our people to accept reduced hours or periods of temporary unemployment.

During the year, the Executive Management Team, comprising the Executive Directors and business area heads, was established to focus on key strategic decision making for the Group. The Executive Management Team and Operations Board are now well established and focused on the delivery of our strategic priorities. This year has seen considerable change in the leadership of the Group with Philippe Léger retiring from his role supporting the Executive Chairman and Alex Raeber stepping down as Chief Scientific Officer in July 2020. Septima Maguire stepped up during the year to support the Executive Chairman and effectively take on some aspects of the former CEO's role in addition to her existing responsibilities. The Remuneration Committee decided to pay her a temporary salary uplift for the additional responsibilities which she took on for ten months. This is described on page 79. We are pleased to have recruited Trond Williksen as CEO who was appointed on 1 June 2020.

I reported last year on the planned implementation of a long-term incentive scheme for the start of FY20. The impact of Covid-19 and the significant divestment activity temporarily delayed this, but now, with new leadership in place, a new remuneration policy for the Group has been approved which helps the Remuneration Committee to review remuneration arrangements for all employees across Benchmark and to ensure strong alignment with our principles and culture. This policy is now being implemented and will be phased in during FY21 and FY22.

Performance outcomes
During this year the business has faced a number of market and performance challenges that have affected revenue growth and the rate of progress in some areas of the business. Whilst some recovery has been seen, the weak shrimp market and an oversupply of Artemia continues to impact revenues in Advanced Nutrition, whilst results in Health were driven primarily by sales of Salmosan® and the increased costs associated with the launch of BMK08 and CleanTreat®. There have been a number of areas where performance has been good, particularly the continued progress towards the commercial launch of CleanTreat® and BMK08 within Health with regulatory submissions on track and further optimisation of the CleanTreat®system. The team also completed the divestment of Fish Vet Group and the vaccine manufacturing facility. Genetics has done

Remuneration Report continued

particularly well in establishing local production of salmon eggs in the Chilean market and successful test market sales of SPR shrimp in China, Indonesia and Vietnam. In Advanced Nutrition the new SEP-Art tools for Artemia were successfully launched.

Despite this good work, the original financial performance metrics agreed at the start of the year with the Board were not met, in part due to the impact of Covid-19 although the team has delivered to the revised forecast agreed in the year. The structural efficiencies programme had been delivered and has met or, in some cases, exceeded expectations resulting in a total of up to £44m to the business. Operational performance has been solid and a focus on wellbeing and in-house training has helped the business to get through these difficult times. A number of employees trained as mental health first aiders and our employee assistance programme was extended across all countries. The share price has also been relatively resilient over the year.

As part of the measures taken in the year to reduce cost and navigate through the impact of Covid-19 and in parallel with the use of government support through the furlough scheme, the executive together with the Remuneration Committee decided it was not appropriate to pay bonuses for the financial year. This is the second successive year in which bonuses have not been paid to Executive Directors.

The Remuneration Committee has decided to make awards of nominal value share options as part of the new long-term incentive scheme. These awards will be made after the publication of the Annual Report, their purpose is retention and focus on increasing shareholder value and alignment. Awards will not vest for three years and vesting is subject to challenging performance targets being met. For many years we granted Executive Directors and other senior leaders in the Executive Management Team market-value share options which vested subject to continued service. The approach we are now taking aligns with Benchmark's business strategy and stage of development. The awards levels and the measures and targets for the 2020 awards are shown on page 80. This is a significant change of approach for Benchmark Holdings as we think it is the right approach to support the next phase of development of the Company.

Under the new leadership of Trond and Septima, the executive management and Operations Board is working very effectively.

The Remuneration Committee seeks to abide by the 2018 UK Corporate Governance Code and we continue to review and update our remuneration policy in the light of the Code.

We shall as usual be submitting the Directors' Remuneration Report, on a voluntary basis, for shareholder approval. This is an indication of the fact that we welcome the views of our shareholders on remuneration which the Remuneration Committee believes is key to the success of Benchmark Holdings.

Susan Searle
Chairman of the Remuneration Committee
27 November 2020

Annual Report on Remuneration for 2020

An overview of the Remuneration Committee's membership and work

The composition of the Remuneration Committee during the year was:

- Susan Searle (Chair)
- Kevin Quinn
- Peter George (from 1 August 2020)

The Committee membership comprises two independent Non-Executive Directors and the Chairman who was independent on his appointment to the Board with the Company Secretary acting as secretary and the Head of People attending committee meetings to provide advice on policies and practices. While Peter George served as Executive Chairman, he temporarily stepped down from the Remuneration Committee, and returned on 1 August 2020 when he resumed his role as Chairman. At appropriate times, the Committee has invited the views of the Chief Executive Officer and the Employee Representative. No individual is present when his or her own remuneration or fees are discussed. The Committee continues to seek professional, independent advice from FIT Remuneration Consultants LLP which has no other connection to the Company or its Directors.

Key objectives: The key objectives of the Remuneration Committee are to develop the Company's policy on executive remuneration and to determine the remuneration of the Executive Directors, Chairman of the Board and the Group's most senior managers.

Responsibilities: The main responsibilities of the Committee are to:

- monitor and develop the Group's remuneration policy;
- determine the remuneration of the Executive Directors;
- approve the service agreements of the Executive Directors;
- determine the remuneration of senior management;
- determine the fee of the Chairman;
- review the Group's annual bonus proposals (including performance measures and targets) and to approve bonus payments for the Executive Directors and senior managers;
- approve the design of and oversee all awards under the Group's share incentive plans and to approve performance measures and targets;
- consider the Group's engagement with employees and review remuneration policies for all employees in Benchmark;
- consider risks to the Group in light of its remuneration policies.

An overview of the Remuneration Committee's terms of reference, which were updated in light of the new 2018 UK Corporate Governance Code, is available on the governance section of our website at www.benchmarkplc.com/investors/corporate-governance/.

Actions undertaken during the year:

During the year and the period prior to publication of the Annual Report, the Committee:

- approved the terms for appointment of Trond Williksen as CEO; approved the award of share options to Executive Directors and senior management;
- approved the grant of share options to employees under the Group's share schemes, which sees 83.4% of employees holding shares or options in the Company;
- developed and approved a new remuneration policy reflecting the new responsibilities for remuneration committees;
- developed and adopted new terms of reference reflecting the new responsibilities for remuneration committees in light of the introduction of the 2018 UK Corporate Governance Code;
- invited the newly appointed Employee Representative to attend two Committee meetings to discuss culture and provide feedback on the new remuneration policy, with a view to encouraging engagement with the workforce;
- from Financial Year 2021 the Employee Representative has been invited to attend the Remuneration Committee meetings to build on transparency and to help broaden the agenda to include more discussion on areas like culture and employee feedback;
- considered the findings of the gender pay gap report

The Committee also continued to benchmark specific positions in the business.

This year, the Committee consulted with external adviser Russell Reynolds in benchmarking the remuneration package to be implemented for Trond Williksen in his role as Chief Executive. The Committee also considered the remuneration packages of the previous Chief Executive and the relevant wider workforce (and in particular, members of senior management) in determining the appropriate remuneration package to be offered to Trond. The Group produces a gender pay gap report annually as well as a report on the wider workforce remuneration policies for the information of the Committee to assist them in their consideration of appropriateness of remuneration packages of the executives and senior management on an ongoing basis.

Having established a policy of paying the living wage as described by the Living Wage Foundation to all employees in the UK we have ensured that similar base levels of pay are implemented in other jurisdictions.

A global review of benefits remained on hold as the business went through its restructuring programme and navigated through the impact of Covid-19, but will recommence during FY21. The Committee has continued to prioritise work on succession planning across the Group to ensure that we have the skills required to drive success in all our markets.

Voting history

The Directors' Remuneration Report for the year ended 30 September 2019 was subject to an advisory vote (on a voluntary basis) at the Annual General Meeting held on 12 March 2020. The report was approved by 96.95% of shareholders.

Single total figure of remuneration for the financial year ended 30 September 2020 – audited

The remuneration in respect of qualifying services of the Directors who served during the financial year ended 30 September 2020 is as set out below.

Executive Directors

	Salary	Bonus	Taxable benefits (a)	Payment in lieu of notice	Long-term incentive	Pension	**Total Fixed Remuneration (£) 2020***	**Total Variable Remuneration (£) 2020**	Total Fixed Remuneration (£) 2019	Total Variable Remuneration (£) 2019
Mark Plampin (CFO until 20 December 2019)	70,494	–	583	–	–	2,692	**73,769**	**–**	286,132	–
Malcolm Pye (CEO until 30 November 2019)	54,113	–	499		–	37,879	**92,491**	**–**	715,425	–
Alex Raeber (CSO until 31 July 2020)	198,500	–	6,511	182,750	–	24,100	**411,861**	**–**	281,877	–
Septima Maguire (CFO from 20 December 2019)	276,006**	–	1,189	–	–	19,685	**296,880**	**–**	–	–
Trond Williksen (CEO from 1 June 2020)	106,667	–	463	–	–	10,006***	**117,136**	**–**	–	–

* The Executive Directors voluntarily agreed to a 20% reduction in their remuneration between 1 April and 30 September 2020. The salaries shown reflect the reduction.

** Figure shows salary since commencement of employment. Septima Maguire was only an Executive Director from 20 December 2019. This figure also includes a temporary salary uplift of £75,000 for the 10 months in which, in addition to her responsibilities as CFO, she assumed some of the former CEO's responsibilities within the business as well as providing support to the Executive Chairman.

*** A Norwegian pension scheme is being arranged for the CEO and a backdated contribution will be made once this has been completed. This figure comprises £5,317 as the maximum amount payable to the pension scheme and £4,689 as a cash allowance to cover the difference between the pension contribution and the CEO's contractual entitlement.

(a) Benefits provided for all Executive Directors are medical insurance coverage for the Directors and their families, and death in service benefits. Also includes any taxable mileage reimbursed above the HMRC rate (up to April 2020).

Note 1: Peter George did not receive any additional remuneration during his time as Executive Chairman. An increase in remuneration was agreed to reflect this change in role but at the same time Peter George agreed to use the additional remuneration to launch a new company charity scheme and therefore received no personal benefit from the increase in remuneration.

Note 2: Malcolm Pye stepped down as CEO on 30 November 2019 and Mark Plampin stepped down as CFO on 20 December 2019 and left the business on 7 January 2020. Alex Raeber stepped down from his role as CSO on 31 July 2020.

Remuneration Report continued

The Chairman and the Non-Executive Directors

	Fees (£)	
	2020[1]	2019
Kristian Eikre	**0**	0
Susan Searle	**40,500**	45,000
Kevin Quinn	**40,500**	45,000
Yngve Myhre	**40,500**	45,000
Hugo Wahnish	**40,500**	45,000
Peter George	**108,000[2]**	120,000

1 The Chairman and the Non-Executive Directors agreed to a 20% reduction in their fees between 1 April and 30 September 2020.
2 This represents Peter George's fees as a Non-Executive Director.

Executive Directors' bonuses for the financial year ended 30 September 2020

At the beginning of FY20 bonuses were set against a range of objectives with 60% to be awarded against financial metrics and 40% non-financial. The financial metrics included adjusted EBITDA, a free cash flow metric, delivery of structural efficiency savings and revenue. Non-financial objectives included delivering the regulatory approval for BMK08 in Norway, preparing CleanTreat® for launch and the successful launch of SPR shrimp. Independently the non-financial targets were largely met and the structural efficiency financial metrics were achieved. A threshold level of financial performance underpinned the affordability of the bonus plan overall.

As the key financial metrics set at the start of the year were not met, the Remuneration Committee determined that no bonuses should be paid to the Executive Directors and senior team. The executive leadership team supported this decision given the impact of Covid-19 and the necessary savings needed by the business and taking account of the furloughing of employees and the need to seek support from the Government.

Defined contribution pension scheme

All Executive Directors participate in defined contribution pension schemes which are in alignment with those available to the workforce. Trond Williksen will participate in a Norwegian pension scheme.

In accordance with the policy set out on page 82, the Company contributes 10% of salary for each Executive Director.

LTIP awards

In 2020 market value share options were issued to Septima Maguire (February and June), Alex Raeber (February) and Trond Williksen (June). These options awards have a three-year vesting period and are subject only to continued service. This is expected to be the last grant of market value options that will be made to Executive Directors.

Executive Directors' external appointments

The Executive Directors who held non-executive directorships or external appointments with organisations other than the Company in the financial year ended 30 September 2020 are set out on pages 62 to 65.

Statement of implementation of our remuneration policy in 2021

Executive Directors' salaries

Salaries for the two current Executive Directors are detailed below.

	Salary (£) 2021	Salary (£) 2020	Increase in salary 2020 to 2021 (%) (a)
Trond Williksen	**405,480**	400,000	1.15
Septima Maguire	**257,933**	255,000	1.15

(a) In 2020, the average salary increase across the Group including senior management was 3.2%. These increases are in line with the standard inflationary increase applied to employees in the UK and are effective from 1 January 2021.

Bonus

The 2021 bonus will be implemented in line with the new remuneration policy framework, with a maximum of 100% of salary payable. The metrics used will comprise 70% financial and 30% non-financial objectives. Bonuses based on financial objectives are paid out with a trigger point at 95% of financial budget, with a scale to 110% of financial budget at which point 100% of the bonus based on financial targets is paid out. The financial measures for the 2021 financial year are directly linked to achievement of the budget and the non-financial measures relate to the strategic priorities at Group and business area level.

LTIP

After the publication of the Annual Report we will be making an award of performance shares under the new long term incentive scheme using nominal value share options to members of the Executive Management team, Operations Board and certain other employees. The shares will vest after three years and are subject to market-standard performance measures and targets as well as malus and clawback conditions. The performance measures are EPS growth, where 25% vests at threshold performance and 100% vests at maximum performance and Relative Total Shareholder Return measured against the FTSE AIM 100 index, where 25% vests at a ranking of median rising to 100% for a ranking of upper quartile or higher. In the case of Executive Directors, any vested shares will be subject to a two-year holding period. We continue to use a flat allocation of share options to ensure a more equitable distribution across the 11 members of the Executive Management Team and Operations Board.

The Remuneration Committee decided, following its review of long-term share-based arrangements, that nominal value share options provide a better alignment between the participants and shareholders. Value is attributable to these awards to the extent the participant remains employed until the end of the vesting period and that the performance targets are achieved. The use of nominal cost options is also less share dilutive than market value options.

The fees of the Chairman and the Non-Executive Directors for the financial year ended 30 September 2020

The Chairman's fee

The Chairman's fee was set by the Remuneration Committee on appointment at £120,000 per year and is increased in line with inflation to £121,380 for 2021.

The Non-Executive Directors' fees

The Non-Executive Directors' fees are determined by the Chairman and Executive Directors and were increased in line with inflation to £45,518 for 2021. In addition an allowance of £7,500 was agreed for Susan Searle and Kevin Quinn to reflect their additional responsibilities as chairs of the Remuneration and Audit Committees respectively.

Additional information on Directors' interests – audited

Directors' interests under the Company's employee share plans

Details of the Executive Directors' interests in share awards under the employee share plans during the financial year ended 30 September 2020 are set out below:

	Share option scheme	Options held at 30 September 2019	Options exercised in year	Options forfeited in year	Options granted in year	At 30 September 2020	Exercise price	Grant date	Date from which exercisable
Mark Plampin	CSOP II	67,647	(67,647)*	–	–	–	0.1p	9 March 2015	8 March 2018
Mark Plampin	CSOP II	56,938	(56,938)*	–	–	–	0.1p	6 March 2017	5 March 2020
Mark Plampin	CSOP I	43,165	–	(43,165)	–	–	69.5p	24 January 2018	23 January 2021
Mark Plampin	CSOP II	356,835	–	(356,835)	–	–	69.5p	24 January 2018	23 January 2021
Mark Plampin	CSOP II	447,600	–	(447,600)	–	–	58.5p	25 January 2019	24 January 2022
Malcolm Pye	CSOP I	43,165	–	(43,165)	–	–	69.5p	24 January 2018	23 January 2021
Malcolm Pye	CSOP II	456,835	–	(456,835)	–	–	69.5p	24 January 2018	23 January 2021
Malcolm Pye	CSOP II	555,100	–	(555,100)	–	–	58.5p	25 January 2019	24 January 2022
Alex Raeber	CSOP II	400,000	–	–	–	400,000	58.5p	25 January 2019	24 January 2022
Alex Raeber	CSOP II	–	–	(153,000)	275,000	122,000	42.5p	21 February 2020	20 February 2023
Septima Maguire	CSOP I	–	–	–	70,588	70,588	42.5p	21 February 2020	20 February 2023
Septima Maguire	CSOP II	–	–	–	329,412	329,412	42.5p	21 February 2020	20 February 2023
Septima Maguire	CSOP II	–	–	–	600,000	600,000	31.5p	2 June 2020	1 June 2023
Trond Williksen	CSOP II	–	–	–	1,500,000	1,500,000	31.5p	2 June 2020	1 June 2023

* The exercise of these options resulted in a total gain on exercise of £39,743.

Directors' interests in ordinary shares – audited

At 30 September 2020, the interests of the Directors and their connected persons in ordinary shares was as follows:

	Interests in ordinary shares at 30 September 2020	% of Company's issued share capital at 30 September 2020	Interests in ordinary shares at 30 September 2019
Trond Williksen	180,000	0.03	0
Septima Maguire	264,914	0.04	0
Peter George	3,001,219	0.45	1,000,000
Yngve Myhre	800,000	0.12	400,000
Susan Searle	198,125[a]	0.03	98,125
Kevin Quinn	85,929	0.01	60,929
Hugo Wahnish	350,000	0.05	275,000
Kristian Eikre	0	0	0

(a) Held through self-invested personal pension (SIPP).

Remuneration Report continued

A summary of the Directors' remuneration policy

The Group's new remuneration policy seeks to balance three key objectives:

- To pay competitively in the relevant talent markets to sustain motivation and commitment, recognising that Benchmark has a unique culture.
- To remunerate in a way that makes economic sense for the Company, ensuring there is a fair balance of return to the executive team, management, staff and shareholders for their contributions to the Company's success.
- To encourage the cooperative behaviours which promote business priorities and lead to high performance.

Remuneration policy

As previously noted, a new remuneration policy has been agreed. This is now being implemented and will be phased in during FY21 and FY22. The newly-appointed Employee Representative attended a Committee meeting during the FY20 year to discuss culture with a view to encouraging engagement with the workforce and providing feedback on the remuneration policy.

The 2018 UK Corporate Governance Code asks companies when determining their remuneration policies to have considered the following six factors:

1. Clarity
    a. Our policy has three clear key objectives as set out above.
    b. Each component of our policy (including its purpose, how it is operated, maximum potential and applicable performance measures) are set out in this report.
2. Simplicity
    a. Our policy reflects what we believe to be standard market practice with the operation of an annual potential bonus and long-term incentive share plan.
    b. All incentive payments made are either in the form of cash or Benchmark Holdings plc shares.
3. Risk
    a. The Committee has the ability to use its discretion to override formulaic outcomes if considered appropriate.
    b. Our policy includes malus and clawback provisions which enable the recovery and/or withholding of payments if considered appropriate.
4. Predictability
    a. Appropriate limits are set out in the policy and applicable share plan rules so that outcomes can be predicted.
5. Proportionality
    a. The outcomes of our incentive schemes are aligned to our financial and non-financial targets.
    b. Outcomes are assessed against a variety of metrics to ensure performance is measured on a balanced basis.
6. Alignment of culture
    a. Our policy objectives look to recognise the Group's unique culture and encourage cooperative behaviours which promote strategic priorities and lead to high performance.

Pursuant to the new remuneration policy, the Executive Directors' remuneration comprises fixed elements in the form of a base salary, benefits and pension contributions and a variable discretionary element in the form of a bonus, which may be satisfied in cash, deferred shares (or share options) or a combination of both.

Fixed elements of remuneration

The fixed elements of the Executive Directors' remuneration are designed to attract and retain Directors of the appropriate calibre, with the requisite knowledge, skills and experience, and to sustain motivation and commitment.

The Executive Directors may participate in defined contribution pension schemes with the Company contributing 10% of the Executive's salary. They may instead receive a cash allowance of up to 10% of salary or a combination. The Executive Directors also receive private medical insurance for themselves and their families and death in service benefits.

Variable elements of remuneration

Executive Directors are eligible for an annual performance bonus, part or all of which may be deferred for three years and paid in shares or share options. The maximum award, including any deferred element, is 100% of salary. The bonus is designed to reward and incentivise success leading to sustainable long-term growth and to recognise the Directors' commitment to the business. The new remuneration policy approved by the Remuneration Committee enables the use of discretion to override formulaic outcomes in line with the requirements of the new 2018 UK Corporate Governance Code. The performance period in respect of the nominal value share awards is usually three years and in the case of the Executive Directors and vested shares will be subject to a holding period of two years.

Statement of consideration of employment conditions elsewhere in the Group

Historically, the salaries across the Group have been increased annually by reference to the consumer price index ('CPI') in each country in which the Company operates. In 2020, the average salary increase across the Group including senior management was 3.2%. This percentage rise included adjustments made for additional responsibilities taken on by staff and promotions as the Group's activities expanded. Bonuses for all employees are determined in accordance with the new remuneration policy. No cash bonuses will be paid for 2020.

The Company believes it is important to invest in, develop and reward the workforce and aims to encourage everyone in the team to have an interest in the Company's shares in order to foster a culture of cooperation and shared participation in the Group's achievements and the remuneration policy supports this by issuing share options to certain employees at a level that reflects the strategic contribution of their role. In 2020, the Company issued 16,432,904 market value share options to 744 employees across the Group. Where we are unable to grant options a cash mirror scheme is operated to ensure consistent treatment of the teams globally.

Executive Directors' service contracts and remuneration on termination

The Company's policy is that the contracts of the Executive Directors are normally terminable by either party on 6 months' notice at any time, and by the Company at any time and without compensation in case of serious misconduct, breach of duty or in similar circumstances. In the event of termination by the Company without cause, the Executive Director is entitled to receive payment of salary for any unexpired notice period and any accrued holiday entitlement. This is the case for the Chief Financial Officer. In accordance with Norwegian law, however, Trond Williksen is entitled to receive an additional 3 months' salary in the event that his contract were to be terminated by the company. An additional payment of 3 months' salary will also be payable should the Board decide to enforce the non-compete and non-solicit clauses of his employment contract, again in accordance with Norwegian law and irrespective of whether his contract is terminated with or without cause. In the event of termination for cause, the Director is not entitled to compensation in respect of salary. In line with the new requirements of the 2018 UK

Corporate Governance Code, the Company's Articles of Association were amended at the Company's last AGM on 12 March 2020 to require annual re-election of all Directors.

At the AGM held on 12 March 2020, Septima Maguire was elected as a Director and Alex Raeber was re-elected as a Director.

The Executive Directors' bonuses are fully discretionary. In the event of termination during a bonus period, the Committee will consider payment of a bonus on a pro rata basis for the relevant portion of the year worked, having regard to the circumstances. Deferred bonuses which have been satisfied in share options remain exercisable where the Executive Director is a good leaver, including in case of death, incapacity, redundancy, retirement and where the Remuneration Committee so determines. In all other circumstances, deferred bonuses satisfied in share options cease to be exercisable on termination of employment and lapse.

Under the new remuneration policy, Executives will have an employment shareholding requirement of 100% of salary.

Alex Raeber resigned from his position as CSO on 20 April 2020 and worked a proportion of his notice until 31 July 2020 with the balance of his notice period, to 19 April 2021 being paid in equal instalments.

The terms of appointment of the Chairman and the Non-Executive Directors

The Chairman and the Non-Executive Directors hold office under letters of appointment. Each appointment is for a term of one year. No Non-Executive Director may serve more than nine years. Under the Non-Executive Directors' terms of appointment, they are all required to stand for re-election every year. Additionally, in line with the new requirements of the 2018 UK Corporate Governance Code, the Company's Articles of Association were amended at the Company's last AGM on 12 March 2020 to require annual re-election of all Directors.

At the Company's last AGM held on 12 March 2020, Kristian Eikre was elected as a Director, and each of Peter George, Kevin Quinn, Susan Searle, Yngve Myhre and Hugo Wahnish were re-elected as Directors.

Either the Company or the Non-Executive Director may terminate the appointment on three months' notice (except Kristian Eikre on one month's notice), and the appointments are subject to the Company's Articles of Association and to the Director being re-elected by shareholders upon retirement by rotation. On termination as a result of the Non-Executive Director not being re-elected by shareholders or under the Articles of Association for reasons connected with outside interests or independence, the appointment terminates immediately and the Non-Executive Director is not entitled to compensation. On termination in other circumstances, including on three months' notice (or one month's notice for Kristian Eikre), a Non-Executive Director is entitled to accrued but unpaid Directors' fees to the date of termination but no other compensation.

The dates of appointment of and length of service for each Non-Executive Director and the Chairman are shown in the table below.

	Date of appointment	Length of service at date of Annual Report publication
Peter George	8 May 2018	2 year 6 months
Susan Searle	18 December 2013	6 years 11 months
Kevin Quinn	25 November 2016	4 years
Hugo Wahnish	6 November 2017	3 years
Yngve Myhre	6 November 2017	3 years
Kristian Eikre	14 March 2019	1 year 8 months

Share dilution

The total number of ordinary shares issued and issuable in respect of options granted in any ten-year period under the Company's discretionary share option schemes (excluding pre-IPO options under the Enterprise Management Incentive ('EMI') scheme) is restricted to 10% of the Company's issued ordinary shares in any ten-year rolling period.

In the financial year ended 30 September 2020, the Company allocated 14,332,904 market value share options on 21 February 2020 (2.15% of issued share capital as at such date of grant) and 2,100,000 further market value share options on 2 June 2020 (0.31% of issued share capital as at such date of grant) to staff including senior management and Executive Directors as mentioned on page 82.

Susan Searle
Chairman of the Remuneration Committee
27 November 2020

Shareholders

Share capital and substantial shareholdings

The Company's issued share capital, together with details of movements during the year, are shown in Note 28 accompanying the financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company.

As at 23 November 2020 the Company has been notified of the following substantial shareholdings under Rule 5 of the UKLA's Disclosure and Transparency Rules:

Significant shareholders	% of issued share capital
Ferd AS	25.96
Kverva Finans AS	19.35
JNE Partners LLP	16.71
Lansdowne Partners	6.06

Engagement with shareholders

The Board recognises that it is vital for the Company's success that the shareholders understand the strategy and the means by which it will be delivered. All Directors welcome regular and open engagement with shareholders.

A focus of the Company during the financial year was strengthening its engagement and communication with shareholders. The appointment of Trond Williksen has resulted in a re-commencement of the review of the Group's strategy, with the various business areas and central functions within the Group identifying key strategic priorities and timelines for consideration by the Board.

During the financial year, the Company had a regular programme of physical and virtual meetings with institutional shareholders led by Peter George, Chairman and Septima Maguire, Chief Financial Officer, and also held ad hoc briefing sessions as requested. In addition, the Board reviewed and considered feedback collated by the Company's brokers and financial PR advisers. The Board is provided with summary reports which detail share price and share register movements and feedback from investor relations activity and approves all significant announcements. The Directors also attend the Annual General Meeting, at which formal and informal discussion is welcome.

The Chairman has primary responsibility for ensuring that major shareholders are able to engage with the Company and Board. The Chairman is also responsible for ensuring that the Board is aware of feedback from its shareholders and that these views are taken into account in the development of the Company's strategy. The Senior Independent Director is also available to shareholders, particularly where they have concerns which have not been resolved through other means, or for which other channels are inappropriate. Accordingly, shareholders are welcomed to contact the Chairman or Senior Independent Director.

Directors' Report

The Directors present their Annual Report and audited financial statements of the Company and of the Group for the year ended 30 September 2020.

Benchmark Holdings plc is a public limited company, incorporated and domiciled in England and Wales. Its shares are admitted to trading on AIM, London Stock Exchange's international market for smaller growing companies.

The disclosure requirements of the Companies Act 2006, and where the Directors have deemed it appropriate, the UK Disclosure and Transparency Rules, have been met by the contents of this Directors' Report, along with the Strategic Report, Corporate Governance Report, Nomination Committee Report, Audit Report and Remuneration Report, which should be read in conjunction with this report.

UK Corporate Governance Code

The Company assesses its corporate governance arrangements and practice against the UK Corporate Governance Code 2018 (the 'Code'). A copy of the Code is available from the website of the Financial Reporting Council ('FRC') at frc.org.uk. In accordance with the AIM Rules, we produce a statement setting out how Benchmark complies with the principles of the UK Corporate Governance Code, which is available on our website at benchmarkplc.com. The statements and table below set out how Benchmark complies with the Code, and where it elects to deviate from the Code.

The Nomination Committee evaluates the performance of the Board as a whole and in doing so evaluates the performance of each of the Directors. An internal evaluation of the performance of individual Directors was undertaken in March 2020 this year with the results reviewed in June 2020, further details of which can be found on page 70–72.

The Nomination Committee and Board determined, having regard to the expertise of the then current Directors, that the Board would benefit from the appointment of Trond Williksen as Chief Executive Officer due to his extensive, relevant aquaculture expertise and proven operational, strategic, M&A, and managerial experience spanning both producers and technology providers in the industry.

Overview of compliance with principles of UK Corporate Governance Code 2018

The Board considers that it has complied with the Code during the financial year covered by this Annual Report, except that:

- following the resignation of Malcolm Pye as Chief Executive Officer on 19 August 2019, Peter George maintained a temporary Executive Chairman role to ensure a smooth transition period and a successful handover of Malcolm's role and responsibilities. During this transition period, the Board and the Nomination Committee monitored this arrangement with a view to ensuring sufficient division of responsibilities of the roles usually undertaken by the Chairman and the Chief Executive amongst the Executive Chairman, the Chief Financial Officer, the Non-Executive Directors and the Company's Senior Management Team. He maintained this role until August 2020 when he reverted to his Non-Executive Chairman position following Trond Williksen's appointment as CEO and a two-month handover period; and

- The Company adopted new terms of reference for its remuneration, nomination and audit committees in November 2020 based on model terms published by the Chartered Governance Institute (formerly known as ICSA) which are designed for companies seeking to comply fully with the requirements of the Code. A revised list of board reserved matters has also been prepared to reflect the expanded remit of the Board under the Code (including the review of whistleblowing matters) and is expected to be approved and adopted in FY21. Currently, whistleblowing is addressed through a direct line to a non-executive director, with a regular review by the audit committee of any matters raising concern.

- The Company's new remuneration policy was adopted in November 2020 and will apply to remuneration and awards made from November 2020 onwards. While the Company's new remuneration policy has been introduced to ensure the Company's compliance with the new Code requirements relating to directors' remuneration, there are one element of the Code's recommendations which have not been fully reflected by the new remuneration policy:
  - the new remuneration policy includes a mandatory shareholding requirement which the Executive Directors will be required to achieve during their employment. For the time being the Company has not introduced a mandatory post-employment shareholding requirement, however a two-year holding period already applies to Executive Directors' vested share awards which prevents the Executive Directors from immediately disposing of all share awards post-employment.

Board leadership and Company purpose

The Board is collectively responsible for the long-term success of the Group and oversees the development and delivery of strategy and operations with a view to generating value for shareholders and operating in way that is supported by the right culture and behaviours.

It does this by exercising oversight and control over the performance of the Company through review of management financial information; agreeing budgetary targets; approving investment programmes and monitoring their execution against budget and returns on investment.

For further information on the Company's culture, purpose and values, see pages 1–3, 16 and 86.

Division of responsibilities

There is a clear division of responsibilities between Chairman and Chief Executive Officer which is described in the Nomination Committee report. However, note that for the period from the start of the financial year until August 2020, Peter George was appointed as an Executive Chairman in order to ensure a smooth transition period and a successful handover of Malcolm Pye's role and responsibilities. Peter George, following his transition back to a Non-Executive Chairman role, is considered by the Board to be independent for the following reasons:

- his role as Executive Chairman was always intended to be temporary, until the appointment of and handover to a new Chief Executive Officer, and this was always borne in mind during his tenure as Executive Chairman; and

- although the Company agreed an increased annual salary of £240,000 per annum payable to Peter while in this interim role, the Executive Chairman agreed to use the additional remuneration to launch a new Company charity scheme. He will therefore receive no personal benefit from the increase in remuneration.

The Chairman leads the Board, setting and managing the agenda, and promoting open and constructive discussion and challenge. The Board has a culture of transparency and open debate, and the Non-Executive Directors constructively challenge the Executive Directors regarding the strategy and its implementation.

Committee terms of reference determine the authority given to each of the Board's committees.

For further details on Board composition, leadership and role statements see pages 66 to 69.

Composition, succession and evaluation

The Nomination Committee reviews the skills, experience, independence and knowledge of the Directors as a whole, to ensure the composition of the Board is suitable for the Company as it grows. A total of two new appointments were made to the Board in FY20 to strengthen and broaden the range of skills, knowledge and experience represented. The Nomination Committee and the Board

Directors' Report continued

actively considers and discusses Board diversity, which remains a focus. The Company undertook an internal review of Board and individual Director performance during the financial year, the results of which are discussed in more detail on page 71.

The Nomination Committee leads the process for the appointment of new Directors, and follows a formal and rigorous process, with the assistance of independent external recruiters, and taking into account the Group's policies regarding diversity. This process was followed in respect of the two appointments made to the Board in the year.

For further details on Board effectiveness and the activities of the Nomination Committee, see pages 70 to 72.

Audit, risk and internal control

The Board is responsible to stakeholders for ensuring that the Company has in place effective procedures for the management of risk, and that the principal risks faced by the Group are identified, assessed, appropriately mitigated and monitored.

Responsibility for oversight of the Group's financial reporting procedures, internal controls and audit process is delegated to the Audit Committee, which also oversees the Group's risk management framework. The Audit Committee provides regular updates to the Board on such matters.

For further details on audit, risk management and internal control and the work of the Audit Committee, see pages 73 to 76.

Remuneration

The Board, supported by the Remuneration Committee, ensures that remuneration policies are designed to support the Company's strategy and promote long-term sustainable success. The Company's remuneration policy is set out in the Remuneration Report (see pages 77 to 83).

Further details demonstrating how the principles and provisions of the Code have been applied can be found throughout the Corporate Governance Report, the Directors' report, each of the Board Committee reports and the Strategic Report.

The Board considers that having effective corporate governance helps support the Group in the implementation of its strategy. In particular, the Board is supportive of the Code's focus on boards demonstrating how the views of stakeholders are captured and taken into account when making decisions. The Group has engaged with the Code framework and established several compliance methods in FY20:

- **Stakeholder engagement:** during the 2020 financial year, although members of the Board were inhibited from being able to conduct physical site visits across the business due to Covid-19, the Board has nonetheless continued to foster the Company's business relationships with suppliers, customers and others through other means, including through hosting customer webinars, attending meetings, conducting surveys, attending seminars and trade shows, and hosting workshops. We have a diverse community of stakeholders which includes shareholders, employees, customers and supplier partners, as well as the communities in which we operate. We continue to listen to these stakeholders and their insights help shape our strategy and the decisions we take. The Board also receives regular updates throughout the year on engagement with our stakeholders, including feedback from employee surveys and engagement forums, discussing customer and supplier surveys, and details of stakeholder meetings. During the financial year, as the Board made decisions implementing the Company's strategy, the different interests of our stakeholder groups, and the impact of key decisions upon them, were considered. Consideration of such stakeholders can be seen, for example, in the decisions made to transform our leadership through the appointments of Septima and Trond with a view to enhancing our ability to deliver sustainable growth for investors and colleagues, implementing the Group's structural efficiencies programme (which has driven operational and cost efficiencies and brought a sharper focus on the product pipeline) and undertaking the Company's placing and open offer (which was done to facilitate the scale-up of CleanTreat®, necessary for the commercialisation of BMK08 and for working capital purposes).
- **Workforce engagement:** during the 2020 financial year, the Company appointed an Employee Representative to its operations board to facilitate the Group's engagement with its workforce and strengthen the employee voice in the boardroom. Various employee champions have been identified throughout the sites where the Group operates, who report to the Employee Representative on key issues affecting the workforce. The Employee Representative will report to the Board twice-yearly going forward, and during the financial year attended two Remuneration Committee meetings to discuss culture and provide remuneration policy feedback. The Employee Representative's duties include:
  - gathering feedback from employees through various channels;
  - attending all Operations Board meetings and be expected to offer advice and opinions based on their knowledge;
  - reporting to the Operations Board quarterly on key workstreams;
  - cascading non-confidential messages; and
  - reporting to the Board on matters relevant to this role.

Additionally, the Company has continued its series of focus groups and introduced monthly town halls (with a Non-Executive Director participating in each town hall on a rota system) with the aim of establishing how informed people are about its strategy and developments at Benchmark; assess staff buy-in to the Company's philosophy and values; understand the extent to which employees feel informed and motivated by communications from different sources; capture ideas around new initiatives; identify training needs; give employees an opportunity to speak up and be heard; and promote employee engagement and collaboration.

- **Culture:** The Code emphasises the importance of strengthening the voice of employees and other stakeholders in the boardroom and assessing and monitoring culture so that policy, practices and behaviour throughout the business are aligned with the Company's purpose, values and strategy. In light of this, our People team have rolled out various initiatives throughout the 2020 financial year, including appointing the Employee Representative as mentioned above, holding regular town halls and Q&A sessions with senior management where the workforce is invited to attend and ask questions and make comments, commencing a 'Benchmark for Better' (B4B) initiative designed to make a positive impact on the communities in which we operate and introducing a new volunteering policy for employees wishing to dedicate time to a charity or community initiative of their choice.
- **Board composition:** The Board in its 2020 AGM amended its articles, requiring the annual re-election of all Directors by shareholders in line with the recommendations of the new Code.

Viability statement

The Board assesses the Group's going concern and viability based on its cash flows and business plans, combined with downside scenarios of the principal risks described on pages 58-61 and other financial and performance factors that could threaten the Group's plans, performance and financial position including the nature of the business and its investment and planning periods. The outcome of this analysis and the appropriateness of the period over which the Board decided to provide its viability statement are described on page 87.

Assessing our prospects

In order to reach a conclusion on both the appropriateness of adopting the going concern basis of accounting in preparing the Annual Report and on our viability, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The key factors affecting the groups prospects are the underlying conditions in our key markets, the timing of recovery from the impact of Covid-19, our ability to maintain our leading position in Genetics and Advanced Nutrition, and the commercial delivery of our main pipeline products, including BMK08 & CleanTreat® and SPR shrimp.

This assessment considered the following:

- Benchmark's current strategic plan, financial position and the financing facilities available to the Group together with forecast compliance with the related covenants. As outlined in the Basis of Preparation in Note 1 to the financial statements and within the financial review, the Group has key financial covenants within its borrowing facilities relating to minimum liquidity (cash plus undrawn facilities) of £10m and minimum equity ratio (the ratio of book equity to total assets) of 30%.
- A number of assumptions in relation to trading performance across the Group including the supply, demand and pricing of key raw materials, products and services, the timing of commercial launch for future products and the timing of market recovery following the Covid-19 pandemic. The Directors have considered reasonably possible downside sensitivity scenarios relating to these assumptions, together with mitigating actions within their control should these occur around deferring and reducing nonessential capital and revenue expenditure and redeployment or curtailment of R&D spend in the relevant areas. These forecast cash flows, considering the ability and intention of the Directors to implement mitigating actions should they need to, provide sufficient headroom in the forecast period.
- The uncertainty relating to the future impact on the Group of the Covid-19 pandemic. The positive preventative measures implemented by management 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 reasonably plausible impact of Covid-19 on the Group's trading and cashflow forecasts, modelling significant reductions in the revenues in the Advanced Nutrition and Animal Health business areas in the period to September 2025. The assumptions include a potential delay in launch of BMK08, delay in the expansion of SPR shrimp and a short-term further reduction in the demand for nutrition products. Mitigating measures within the control of management were implemented early in the pandemic and remain in place, including 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.

Assessment period

In their assessment of the Group's viability, the Directors have determined that a five-year time horizon, to September 2025, is an appropriate period to adopt. This is the period focused on by the Board during its strategic planning process. While the formal assessment period extends to September 2025, the Board considers that the Group's longer-term prospects are likely to be positive beyond this time horizon as a result of market growth, increasing market demand for its products and its strong competitive position derived from its technology platform and pipeline of products.

Going concern and viability statement

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.

Also, based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to September 2025.

The assessment process and key assumptions

The Group's prospects are assessed primarily through its strategic and financial planning processes over a five-year time period. The strategic plan is supported by a five-year financial plan, both of which are updated annually by the Operations Board and reviewed by the Board. The Board also reviews the Group's principal risks on a rolling basis throughout the year, based on updates from Operations Board members.

Directors' Report continued

The strategic planning process is conducted over a five-year time horizon and is updated annually. It:

- assesses market and environmental changes and the opportunities and threats such changes may present;
- considers risks to sales and cost forecasts for each part of the Group; and
- includes key assumptions to support longer-term projections.

The financial plans are reviewed to confirm that adequate financing facilities are in place or there is a reasonably likelihood that alternate replacement facilities will be available. The revolving credit facility is currently committed to December 2022 and the NOK Bond to June 2023.

Progress against financial budgets, forecasts and key business objectives are reviewed through monthly business performance reviews at both Group and business unit levels. Mitigating actions are taken to address underperformance. The latest updates to the plans were reviewed in September 2020 and considered the Group's current position, its future prospects and reaffirmed the Group's stated strategy. The Board has determined that a five-year period to 30 September 2025 is an appropriate period over which to provide its viability statement. This time period is supported by the Group's budget process, which includes detailed projections for the next two financial years, and broader projections from year three onwards of the five-year strategic planning process. The Board believes this provides a sound framework for providing reasonable assurance on the Group's viability given the inherent uncertainty associated with longer-term forecasts.

Annual General Meeting

The next AGM will be held on 9 February 2021 at Travers Smith LLP, 10 Snow Hill, London, EC1A 2AL. Details of the AGM will be set out in the Notice of AGM which will be made available to shareholders in due course. In light of current Government measures around Covid-19 the Directors expect that the AGM will be held as a closed meeting and, if that is the case, shareholders will not be permitted to attend in person. Details of how the Company will seek to ensure effective shareholder engagement at the AGM will be made available in due course.

Directors

The Directors who held office during the financial year 2020 were as follows:

- Trond Williksen (appointed 1 June 2020)
- Septima Maguire (appointed 20 December 2019)
- Peter George
- Hugo Wahnish
- Kevin Quinn
- Susan Searle
- Yngve Myhre
- Kristian Eikre
- Malcolm Pye (stepped down as CEO on 30 November 2019)
- Mark Plampin (stepped down as CFO on 20 December 2019)
- Alex Raeber (stepped down as CSO on 31 July 2020)

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

Re-election of Directors

At the AGM held in March 2020, in accordance with Provision 18 of the Code, the appointments and re-elections (as applicable) of all of Directors of the Company in situ at the time were approved.

In accordance with Provision 18 of the Code, at the AGM to be held on 9 February 2021, Trond Williksen will be standing for election, and the remaining Directors will be standing for re-election, except for Hugo Wahnish who notified the company on 19 November 2020 of his intention to resign as a non-executive with effect from 9 February 2021.

Power to allot shares

Each year at the AGM, the Directors seek authority to allot shares for the following year. At the last AGM held on 12 March 2020, shareholders authorised the Directors to allot relevant securities up to an aggregate nominal value of £433,945.52 representing approximately two thirds of the issued share capital following completion of the placing on 17 February 2020 (the 'Placing'), and £216,972.76 of this authority was reserved only for a fully pre-emptive rights issue, in accordance with ABI guidance. Directors were authorised to allot for cash equity securities having a nominal value not exceeding in aggregate £32,545.91 (being 5% of issued share capital following completion of the Placing), and to further allot for cash equity securities having a nominal value not exceeding in aggregate £32,545.91 for the purpose of financing acquisitions and capital investments, in each case without first offering the securities to existing shareholders. The authorities expire at the conclusion of the next AGM.

At the forthcoming AGM, authorities will be sought from shareholders similar to those sought at the 2020 AGM.

Authority for the Company to purchase its own shares

At the Company's 2020 AGM, shareholders renewed the Company's authorities to make market purchases of up to 55,991,828 ordinary shares, representing approximately 10% of the Company's issued share capital as at 10 February 2020. These authorities were not used in the year. At the 2021 Annual General Meeting, shareholders will be asked to renew these authorities for another year, and the resolution will once again propose a maximum aggregate number of ordinary shares which the Company can purchase equal to 10% of the Company's issued ordinary share capital. Details are set out in the Notice of AGM.

The Company held no treasury shares during the year, or at the date of this report.

Length of notice of general meetings

The Company has taken authority under the Companies Act 2006 to call general meetings of the Company, other than AGMs, on 14 days' notice. The 14 days' notice period will only be used where the flexibility is merited by the business of the meeting and is thought to be in the best interests of shareholders as a whole. The Company offers the facility for shareholders to vote by electronic means. This facility is open to all shareholders and would be available if the Company were to call a meeting on 14 clear days' notice.

Employee engagement

As the Group has grown, organically and through acquisition, with increasing geographical spread in order to access its markets, employee engagement has become more important and necessarily more structured.

The Company has continued its series of focus groups with the aim to establish how informed people are about our strategy and developments at Benchmark; assess staff buy-in to our philosophy and values; understand the extent to which employees feel informed and motivated by communications from different sources; capture ideas around new initiatives; identify training needs; give employees an opportunity to speak up and be heard; and promote employee engagement and collaboration.

Employees with disabilities

The Group values diversity and aims to make best use of everyone's skills and abilities. We are therefore committed to equal opportunities at every stage of our employees' careers. Our policy on employees with disabilities is to fully and fairly consider people with disabilities for all vacancies.

We interview and recruit people with disabilities and endeavour to retain employees if they become disabled while they work for us. Where possible, we will retrain employees who become disabled and adjust their working environment, so they can maximise their potential.

Employee share ownership

The Group has a policy of encouraging share ownership and 83.4% of the Group's employees hold shares or options in the Company.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the current or prior year.

Protecting the environment and greenhouse gas emissions

Overview

Our environmental programme is an element of the Group sustainability programme. It managed through a series of environmental representatives at each site reporting through the Group Heath Safety and Environmental Manager. Reporting is through the Sustainability Working Group into the Sustainability Committee chaired by Kevin Quinn, Non-Executive Director.

Streamlined Energy and Carbon Reporting Regulations (SECR)

Responsibility

The Group Health, Safety and Environment Manager is responsible for collating environmental data, on a monthly basis, and reporting to the Benchmark Board. Data collected for compiling this report is collected from each of our sites using a standard spreadsheet template and centrally collated. Wherever possible data are directly measured. Estimates have been made where a team is located in shared premises and direct measurements are not available. These estimates represent just 1% of our total emissions. Our Genetics site in Chile and Health sites in Chile and Inverness are not included in the scope as they were not fully operational during the year.

Methodology

The calculations are aligned with the Greenhouse Gas Protocol and the Global Reporting Initiative Disclosure Standards. The approach covers Scope 1 and Scope 2 emissions as well as Scope 3 emissions relating to air travel. Additionally, we are reporting on the amount of waste sent to landfill and the amount of potable water consumed by our sites.

The period 1 October 2019 – 30 September 2020 represents our baseline reporting year.

Data sources

For calculation of carbon equivalents, the data issued by the International Energy Agency has been used for the electricity related emissions and, for all other emissions, the UK Government GHG Conversion Factors 2020 spreadsheet has been used.

Energy consumption

During the year we consumed 35,675 MWh of energy which consisted of:

	UK	Global (excluding UK)
Gas	72 MWh	6,101 MWh
Electricity	174 MWh	26,019 MWh
Company vehicle transport	1.7 MWh	3,288 MWh
Personal vehicle transport (UK only)	13.8 MWh	

SECR intensity measures

The intensity measures we have chosen to use are MWh per £m of revenue and tonnes of carbon dioxide equivalent (tCO_2e) per £m of revenue.

$$\frac{\text{Total energy consumed}}{\text{Total revenue}} = \frac{35{,}675\text{ MWh}}{£120.4\text{m}} = 296\text{ MWh/£m revenue}$$

$$\frac{\text{Total carbon emissions}}{\text{Total revenue}} = \frac{7{,}336\ tCO_2e}{£120.4\text{m}} = 60.93\ tCO_2e/£\text{m of Revenue}$$

Environmental impacts

Our key environmental impacts have been identified as:

- Electricity consumption
- Air travel
- Vehicle travel
- Disposal of waste outputs
- Potable water consumption

Electricity

Electricity consumption is our biggest environmental impact and globally, the Company has consumed 26193 MWh of electricity; Of this, 70% has been obtained from renewable sources.

Electricity carbon equivalent = 3,410 tCO_2e

Travel

Our next largest impact after energy is travel and reducing our travel related footprint is a key aim of our environmental programme. The coronavirus pandemic brought an abrupt halt to all but essential air travel with negligible associated emissions since the end of March. We have found innovative ways of maintaining internal and external communications and as we move out of the pandemic and resume travel, our teams will be targeted with keeping travel significantly below previous levels.

Air travel

Air travel data has been taken from our travel agents or from travel submissions from those sites that do not use travel agents. During the reporting period our employees undertook 2,443,022 kilometres of air travel which has resulted in the following emissions:

Air travel carbon equivalent = 463 tCO_2e

Car fuel

The UK car fuel data are taken from mileage declarations, fuel records and business mileage expense claim records.

Carbon equivalent = 16.7 tCO_2e

For our operations outside of the UK, car fuel data are taken from mileage declarations. The resultant emissions are:

Carbon equivalent = 893 tCO_2e

Directors' Report continued

Next steps

All our sites have been challenged to reduce their carbon footprint however, over the coming year we will be working with specific sites to reduce our environmental impact in each of the key impact areas. Those sites that collectively contribute 80% or more to one of the impact areas will be developing an understanding of their impact and setting reduction targets.

Environmental protection
Net zero carbon by 2050

Establishing our emissions during this baseline year has given us a clear view of our carbon impacts. This year we have set out our ambition to be a net zero organisation for Scope 1 and 2 related emissions by 2030 and for all emissions by 2050.

Environmental compliance

Compliance with all relevant environmental legislation in countries where the Group operates is the baseline from which we drive our improvements. There have been no breaches of environmental legislation during the reporting period.

Waste

We aim to divert as much waste from landfill as possible by segregating waste streams where we can. Wherever possible waste is recycled, used in biodigestion processes or sent to waste incinerator sites to be burned to produce energy. It is our ambition to be a 'zero waste to landfill' company and will be setting out goals to achieve this aim.

	UK	Global (excluding UK)
Waste to landfill	21 tonnes	233 tonnes

As a result of a programme of donating out of specification product to communities local to our Thailand facility,126 tonnes of waste have been diverted from landfill.

Potable water

Water scarcity is impacting every continent and at Benchmark we want to be certain that our operations do not impact on people's ability to access potable water. We have conducted a risk assessment to establish whether we operate in water stressed areas and we measure potable water consumption at our sites. None of our sites is currently in a water stressed area. Our potable water consumption was 58,022m³.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Branches outside the UK

The Company has a branch in Switzerland for the purposes of engaging an employee who is resident in Switzerland.

Information elsewhere in the report

The information set out below is contained in other areas of this report.

		Pages of this report
Financial instruments	Details of the Group's financial risk management objectives and policies including the Group's policy for hedging, and the exposure of the Company and its subsidiaries to price risk, credit risk, liquidity risk and cashflow risk.	116 to 120
Important events	Particulars of important events affecting the Company or its subsidiaries.	2-3, 10-11, 20-21
Post-balance sheet events	Description of post-balance sheet events.	None
Future developments	Likely future developments in the business of the Company or its subsidiaries.	10-11, 20-21
R&D	Details of R&D activities of the Company and its subsidiaries.	31, 33, 35
Risk management	Details of the Company's risk management framework, activities in the year and principal risks and uncertainties.	56 to 61
Directors' remuneration and interests	Details of Directors' remuneration, interests in shares of the Company, share options and pension arrangements.	77 to 83
Principal activities and business review	Business review, details of 2020 results, key performance indicators, outlook for future years.	2 to 3, 4 to 55
Financial risk management	Objectives and policies for management of financial risk.	73 to 76
Share capital	Details of the issued share capital and movements during the year.	151

This report was approved by the Board on 27 November 2020 and signed on its behalf.

Jennifer Haddouk
Company Secretary
27 November 2020

Directors' Responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs as adopted by the EU') and applicable law and they have elected to prepare the Parent Company financial statements on the same basis.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

The Directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements applied to the Company. The Directors have also decided to prepare voluntarily a Corporate Governance Statement as if the Company were required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Signed on behalf of the Board.

Trond Williksen
Chief Executive Officer
27 November 2020

Independent Auditor's Report

to the members of Benchmark Holdings plc

1. Our opinion is unmodified

We have audited the financial statements of Benchmark Holdings plc ("the Company") for the year ended 30 September 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, and the related notes, including the accounting policies in Note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Overview

Materiality: group financial statements as a whole		£995,000 (2019: £1,070,000) 0.8% (2019: 0.7%) of group revenue
Coverage		83% (2019: 81%) of group revenue
Key audit matters		**vs 2019**
Recurring risks	Valuation of group goodwill, intangibles and recoverability of parent company's investment in subsidiaries and group debtor balances	◀▶
	Valuation of biological assets	◀▶
	Going concern	▼

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Valuation/recoverability of group goodwill, intangibles and of parent's investment in subsidiaries/ intercompany indebtedness Goodwill: £101,245,000 (2019: £108,582,000) Intangibles: £145,758,000 (2019: £167,162,000) Investments (parent company): £250,031,000 (2019: £257,059,000) Intercompany indebtedness: group entities (parent company): £124,047,000 (2019: £124,458,000) Refer to page 73 (Audit Committee Report), page 112 to 114 (accounting policy) and page 134 to 136, 141 to 142 and 144 (financial disclosures).	**Forecast based valuation:** The carrying value of goodwill and intangibles, and the recoverability of parent company investments in subsidiaries and intercompany indebtedness, depend on assumptions of future financial performance which inherently contain an element of estimation uncertainty. In addition, certain cash generating units of the group are at risk of impairment as they contain immature products or markets, or are not trading in line with expectations. Significant areas of judgement include sales growth rates, operating margins and the discount rate applied to future cash flows. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of certain of the CGUs, and the recoverability of the parent company investment in subsidiaries/intercompany indebtedness, have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (Note 17 and 19) disclose the sensitivity estimated by the Group.	Our procedures included: • **Data comparisons:** Assessing the Group's impairment model for mathematical accuracy as well as internal consistency with board approved budgets and forecast; • **Benchmarking assumptions:** With the assistance of our valuation specialists in respect of the discount rate applied to forecasts, we challenged the Group's assumptions in relation to key inputs such as projected growth and discount rates to externally derived data; • **Sensitivity analysis:** We performed analysis of changes in key assumptions, such as reducing forecasted revenue from the Group's latest sea lice treatment, limiting the forecasted recovery in the global shrimp market and assessing the impact of a change in discount rates used to understand the sensitivity of the value in use calculation to changes in these key assumptions; • **Historical comparison:** We compared the prior periods' prospective financial information against the prior periods' actual results and compared the current period's prospective financial information with the post-year end actual results to assess historical reliability of the forecasting; • **Comparing valuations:** Comparing the sum of the discounted cash flows for all CGUs and the parent company's net assets position to the group's market capitalisation to assess the reasonableness of those cash flows and their ability to support the carrying value of those assets; • **Assessing transparency:** We also assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill, intangibles and investments/ indebtedness.

Independent Auditor's Report (continued)

to the members of Benchmark Holdings plc

<table>
<tr><th></th><th>The risk</th><th>Our response</th></tr>
<tr><td>Valuation of biological assets; Broodstock, eggs and fingerlings

Broodstock, eggs and fingerlings: £31,702,000; (2019: £27,892,000)

Refer to page 73 (Audit Committee Report), page 114 (accounting policy) and page 142 and 143 (financial disclosures).</td><td>Subjective valuation:
The group holds significant biological assets, held mainly at Stofnfiskur in Iceland and Salmobreed Salten in Norway. Under relevant accounting standards these are required to be held at fair value less cost to sell. The calculations of fair value include a number of assumptions relating to the future (e.g. egg sales prices, sales volumes).

Significant areas of estimation uncertainty include the future yield from the broodstock, the future sales prices and volumes.

The effect of these matters is that, as part of our risk assessment, we determined that fair value of the biological assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (Note 21) disclose the sensitivity estimated by the Group.</td><td>Our procedures included:
Data comparisons: We assessed the group's valuation model for mathematical accuracy and internal consistency with board approved budgets and forecasts;
Benchmarking assumptions: We compared the group's assumptions in relation to key inputs such as selling price to externally derived data;
Assessing transparency: We considered the adequacy of the group's disclosures in respect of the valuation of biological assets;
Alternative methods: We considered an alternative valuation basis to that used by management to corroborate the reasonableness of the directors approach.</td></tr>
<tr><td>Going concern
Refer to page 73 (Audit Committee Report) and page 106 (accounting policy)</td><td>Disclosure quality:
The financial statements explain how the directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Parent company.

The judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.

The risk most likely to adversely affect the Group and Company's available financial resources over this period is:
The ability of the group to meet management forecasts given the impacts of the Covid-19 pandemic
There are also less predictable but realistic second order impacts, such as the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.</td><td>Our procedures included:
Our sector experience: With the assistance of our restructuring specialists we assessed and challenged the key assumptions in the prospective financial information prepared by the directors by reference to our knowledge of the business and general market conditions and assessed the potential risk of management bias in preparing the cash flow projections;
Funding assessment: We obtained and inspected the financing agreements to ascertain the committed level of financing, its duration and related covenant requirements;
Historical comparisons: We compared the prior periods' prospective financial information against the prior periods' actual results and compared the current period's prospective financial information with the post-year end actual results to assess historical reliability of the forecasting;
Sensitivity analysis: We performed analysis of changes in key assumptions. This included assuming a delay in the timing of the forecast recovery in the global shrimp market and pushing back the timing of obtaining the Marketing Authority for commercialisation of the Group's latest sea lice treatment to understand the sensitivity of the cash flow forecasts in relation to available facility headroom and covenant compliance;
Assessing transparency: We assessed the completeness and accuracy of the matters covered in the going concern disclosure by comparing them to the outcome of our procedures detailed above.</td></tr>
</table>

We continue to perform procedures over the impact of uncertainties due to UK exiting the European Union on our audit. However, following the business divestments made, which has resulted in the UK operations being less significant than in previous years, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

We also continue to perform procedures over the classification and measurement of discontinued operations and assets held for sale. Following the divestments made in the year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £995,000 (2019: £1,070,000), determined with reference to a benchmark of Group revenue, of which it represents 0.8% (2019: 0.7% of Group revenue). We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before tax.

Materiality for the parent company financial statements as a whole was set at £500,000 (2019: £500,000), determined with reference to a benchmark of company total assets, of which it represents 0.2% (2019: 0.2%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £50,000 (2019: £53,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

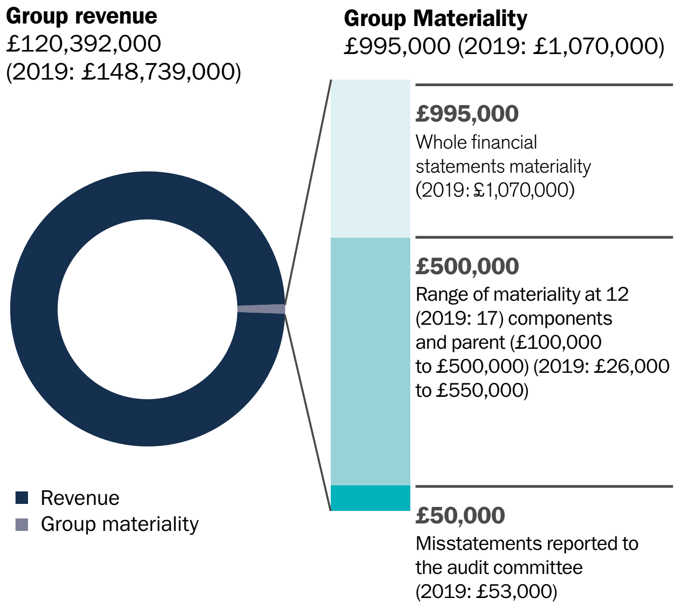
Of the group's 71 (2019: 71) reporting components, we subjected 10 (2019: 16) to full scope audits for group purposes and 2 (2019: 1) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

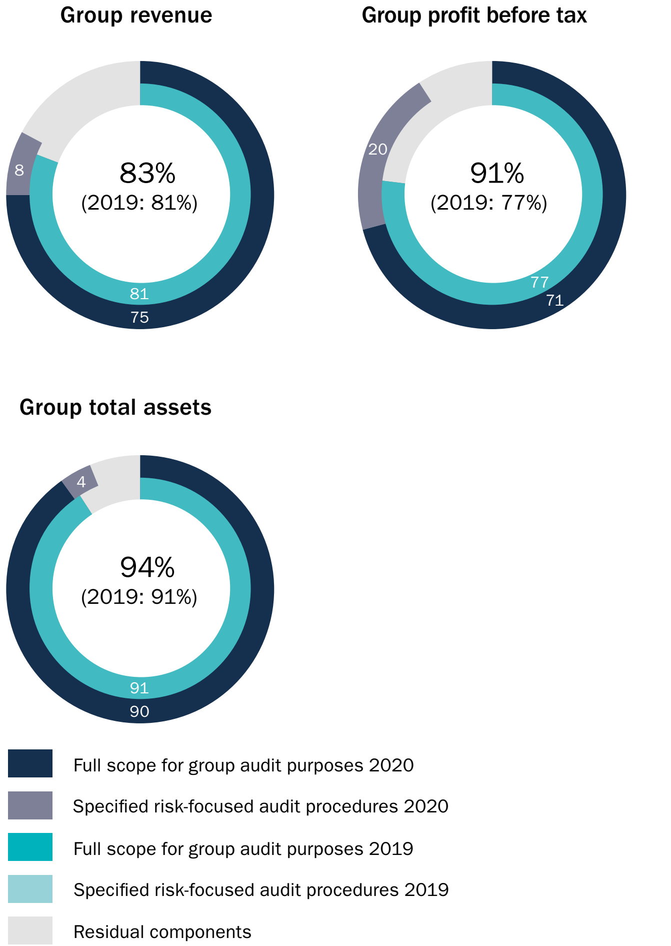
The components within the scope of our work accounted for the percentages illustrated opposite.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £100,000 to £500,000 (2019: £26,000 to £550,000), having regard to the mix of size and risk profile of the Group across the components. The work on 10 of the 12 components (2019: 9 of the 17 components) was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

The Group team held calls with all full scope component auditors to assess the audit risk and strategy as part of the planning process. During these, the audit approach to key risk areas were discussed.

The Group audit team had planned to visit component locations in Norway, Belgium and Iceland. However, these visits were prevented by movement restrictions relating to the COVID-19 pandemic. Instead, the Group team attended the clearance meetings held by all components in scope. During these, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor. The Group team reviewed the audit work papers covering the significant risk areas of all full scope component auditors.





Independent Auditor's Report (continued)

to the members of Benchmark Holdings plc

4. We have nothing to report on going concern

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

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- We have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

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

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability statement (page 86) that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 91, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

Johnathan Pass
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

27 November 2020

Consolidated Income Statement

for the year ended 30 September 2020

	Notes	2020 £000	2019 Restated* £000
Continuing operations			
Revenue	4	**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	10	**(2,114)**	(581)
EBITDA[1]		**12,379**	20,760
Depreciation and impairment	12	**(6,640)**	(5,054)
Amortisation and impairment	12	**(16,613)**	(62,133)
Operating loss		**(10,874)**	(46,427)
Finance cost	9	**(12,779)**	(12,422)
Finance income	9	**1,082**	368
Loss before taxation		**(22,571)**	(58,481)
Tax on loss	11	**(204)**	(640)
Loss from continuing operations		**(22,775)**	(59,121)
Discontinued operations			
Loss from discontinued operations, net of tax	12	**(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)	13	**(5.26)**	(15.03)
Diluted loss per share (pence)	13	**(5.26)**	(15.03)
Earnings per share – continuing operations			
Basic loss per share (pence)	13	**(3.80)**	(10.74)
Diluted loss per share (pence)	13	**(3.80)**	(10.74)

	£000	£000
Adjusted EBITDA from continuing operations	**14,493**	21,341
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 12).

The accompanying notes form part of the financial statements.

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 owners of the parent:		
– Continuing operations	**(50,604)**	(49,017)
– Discontinued operations*	**(7,928)**	(24,157)
	(58,532)	(73,174)

* 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).

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet

as at 30 September 2020

	Notes	2020 £000	2019 £000
Assets			
Property, plant and equipment	14	**65,601**	88,900
Right-of-use assets	15	**10,347**	–
Intangible assets	16	**247,003**	275,744
Equity-accounted investees	18	**3,690**	3,453
Other investments		**23**	25
Biological and agricultural assets	21	**16,621**	12,469
Non-current assets		**343,285**	380,591
Inventories	20	**18,926**	22,609
Biological and agricultural assets	21	**15,848**	16,024
Trade and other receivables	22	**39,371**	52,136
Cash and cash equivalents	37	**71,605**	16,051
		145,750	106,820
Assets held for sale	23	**–**	15,970
Current assets		**145,750**	122,790
Total assets		**489,035**	503,381
Liabilities			
Trade and other payables	24	**(45,692)**	(35,235)
Loans and borrowings	25	**(5,339)**	(3,231)
Corporation tax liability		**(4,344)**	(2,703)
Provisions	26	**–**	(404)
		(55,375)	(41,573)
Liabilities directly associated with the assets held for sale	23	**–**	(10,634)
Current liabilities		**(55,375)**	(52,207)
Loans and borrowings	25	**(103,819)**	(99,961)
Other payables	24	**(1,754)**	(2,004)
Deferred tax	27	**(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	28	**668**	559
Additional paid-in capital*	28	**399,601**	358,044
Capital redemption reserve	29	**5**	5
Retained earnings	29	**(142,170)**	(110,916)
Hedging reserve	29	**(9,651)**	(3,566)
Foreign exchange reserve	29	**40,678**	60,202
Equity attributable to owners of the parent		**289,131**	304,328
Non-controlling interest	30	**6,309**	6,138
Total equity and reserves		**295,440**	310,466

* See Note 29.

The financial statements on pages 98 to 158 were approved and authorised for issue by the Board of Directors on 27 November 2020 and were signed on its behalf by:

S Maguire
Chief Financial Officer

Company number: 04115910

The accompanying notes form part of the financial statements.

Company Balance Sheet
as at 30 September 2020

	Notes	2020 £000	2019 £000
Assets			
Non-current assets			
Property, plant and equipment	14	**784**	161
Right-of-use assets	15	**252**	–
Investments	19	**250,031**	257,059
Total non-current assets		**251,067**	257,220
Current assets			
Trade and other receivables	22	**163,794**	180,558
Cash and cash equivalents	37	**47,825**	840
Total current assets		**211,619**	181,398
Total assets		**462,686**	438,618
Liabilities			
Current liabilities			
Trade and other payables	24	**(52,047)**	(58,475)
Loans and borrowings	25	**(182)**	–
Total current liabilities		**(52,229)**	(58,475)
Non-current liabilities			
Loans and borrowings	25	**(75,563)**	(75,924)
Total non-current liabilities		**(75,563)**	(75,924)
Total liabilities		**(127,792)**	(134,399)
Net assets		**334,894**	304,219
Issued capital and reserves attributable to owners of the parent			
Share capital	28	**668**	559
Additional paid-in capital*	28	**399,601**	358,044
Capital redemption reserve	29	**5**	5
Hedging reserve	29	**(9,013)**	(3,333)
Retained earnings	29	**(56,367)**	(51,056)
Total equity and reserves		**334,894**	304,219

* See Note 29.

The financial statements on pages 98 to 158 were approved and authorised for issue by the Board of Directors on 27 November 2020 and were signed on its behalf by:

S Maguire
Chief Financial Officer

Company number: 04115910

The accompanying notes form part of the financial statements.

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**

* See Note 29.

The accompanying notes form part of the financial statements.

Company Statement of Changes in Equity
for the year ended 30 September 2020

	Share capital £000	Share premium reserve £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings* £000	Total attributable to equity holders £000
At 1 October 2018	557	357,894	5	–	(16,990)	341,466
Comprehensive income for the year						
Loss for the year	–	–	–	–	(35,247)	(35,247)
Other comprehensive income	–	–	–	(3,333)	–	(3,333)
Total comprehensive income for the year	–	–	–	(3,333)	(35,247)	(38,580)
Contributions by and distributions to owners						
Share-based payment	–	–	–	–	1,181	1,181
Share issue	2	150	–	–	–	152
Total contributions by and distributions to owners	2	150	–	–	1,181	1,333
At 30 September 2019	559	358,044	5	(3,333)	(51,056)	304,219
Comprehensive income for the year						
Loss for the year	**–**	**–**	**–**	**–**	**(6,980)**	**(6,980)**
Other comprehensive income	**–**	**–**	**–**	**(5,680)**	**–**	**(5,680)**
Total comprehensive income for the year	**–**	**–**	**–**	**(5,680)**	**(6,980)**	**(12,660)**
Contributions by and distributions to owners						
Share-based payment	**–**	**–**	**–**	**–**	**1,669**	**1,669**
Share issue	**109**	**42,869**	**–**	**–**	**–**	**42,978**
Share issue costs recognised though equity	**–**	**(1,312)**	**–**	**–**	**–**	**(1,312)**
Total contributions by and distributions to owners	**109**	**41,557**	**–**	**–**	**1,669**	**43,335**
At 30 September 2020	**668**	**399,601**	**5**	**(9,013)**	**(56,367)**	**334,894**

* See Note 29.

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 September 2020

	Notes	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	12	**9,138**	17,227
Amortisation and impairment of intangible fixed assets	12	**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	34	**1,669**	1,181
Tax credit	12	**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	37	**71,605**	16,051

The accompanying notes form part of the financial statements.

Company Statement of Cash Flows

for the year ended 30 September 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
(Loss) for the year		**(6,980)**	(35,247)
Adjustments for:			
Depreciation of property, plant and equipment		**259**	115
Provision for impairment of investments	19	**3,660**	8,338
Profit of disposal of subsidiaries		**(48)**	–
Loss on sale of property, plant and equipment		**–**	1
Finance income		**(3,755)**	(699)
Finance expense		**9,342**	8,433
Foreign exchange (gains)/losses		**(1,437)**	4,351
Share-based payment expense		**383**	255
		1,424	(14,453)
(Increase)/decrease in trade and other receivables		**(5,955)**	11,640
(Decrease)/increase in trade and other payables		**(1,095)**	1,786
Net cash flows from operating activities		**(5,626)**	(1,027)
Investing activities			
Proceeds from disposal of subsidiaries		**10,298**	–
Loans to subsidiary undertakings		**11,107**	(17,182)
Investment in subsidiary undertakings		**(6,535)**	–
Purchases of property, plant and equipment	14	**(718)**	(51)
Interest received		**5**	549
Dividends received		**3,226**	–
Net cash generated from/(used in) investing activities		**17,383**	(16,684)
Financing activities			
Proceeds of share issue		**42,978**	2
Share issue costs recognised through equity		**(1,312)**	–
Proceeds from bank borrowings		**7,733**	91,021
Payment of lease liabilities		**(156)**	–
Repayment of bank borrowings		**(8,060)**	(70,265)
Interest paid		**(5,932)**	(4,701)
Net cash flows generated from financing activities		**35,251**	16,057
Net increase/(decrease) in cash and cash equivalents		**47,008**	(1,654)
Cash and cash equivalents at beginning of period		**840**	2,309
Effect of movements in exchange rate		**(23)**	185
Cash and cash equivalents at end of period	37	**47,825**	840

The accompanying notes form part of the financial statements.

Notes Forming Part of the Financial Statements

for the year ended 30 September 2020

1 Accounting policies

Corporate information

Benchmark Holdings plc (the Company) is a public limited company, which is listed on the Alternative Investment Market ("AIM"), a sub-market of the London Stock Exchange. The Company is incorporated and domiciled in England and Wales. The registered company number is 04115910 and the registered office is at Benchmark House, 8 Smithy Wood Drive, Sheffield S35 1QN.

The Group is principally engaged in the provision of technical services, products and specialist knowledge that support the global development of sustainable food and farming industries.

Basis of preparation

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.

Going concern

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 on page 100. 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) as set out on the Company balance sheet on page 101. The Company made a loss for the year of £7.0m (2019: £35.2m).

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. 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.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively 'IFRSs') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('adopted IFRSs') and those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRSs. The Group reports earnings before interest, depreciation and amortisation ('EBITDA') and EBITDA before exceptional and acquisition related items ('Adjusted EBITDA') to enable a better understanding of the investment being made in the Group's future growth and provide a better measure of our underlying performance.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2.

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 30 September 2020. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date when such control ceases.

Where the Company has power, either directly or indirectly, over another entity or business and the ability to use this power to affect the amount of returns, as well as exposure or rights to variable returns from its involvement with the investee, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries (the 'Group') as if they formed a single entity. Inter-company transactions, balances, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Non-controlling interests, presented as part of equity, represent a proportion of a subsidiary's profit or loss and net assets that is not held by the Group. The total comprehensive income or loss of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their respective ownership interests.

A separate income statement for the Company is not presented, in accordance with section 408 of the Companies Act 2006. The loss for the year for the Company was £6,980,000 (2019: £35,247,000).

Standards issued but not effective

A number of new standards, amendments to standards and interpretations are not yet effective, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

At 31 December 2019, the following standards and interpretations were in issue but not yet effective (and in some cases have not been adopted by the EU):

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business and Reference to the Conceptual Framework
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendment to IFRS 16: Covid-19-Related Rent Concessions
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- IFRS 17: Insurance Contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 10 and IAS 2: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Directors do not expect that the adoption of the above standards and interpretations will have a material impact on the financial statements of the Group in future periods.

New standards and interpretations applied for the first time

The following standards which are effective for periods beginning on or after 1 January 2019 have been adopted and, with the exception of IFRS 16: Leases, without any significant impact on the amounts reported in these financial statements:

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatments
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS Standards 2015–2017 Cycle

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

1 Accounting policies (continued)

IFRS 16: Leases

The Group has adopted IFRS 16: Leases from 1 October 2019.

IFRS 16 superseded the previous lease guidance including IAS 17: Leases and related interpretations. It requires all leases to be recognised on the balance sheet, with certain exceptions for low-value leases and leases with a term of less than 12 months.

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

The impact of IFRS 16 on the Income Statement for the year ended 30 September 2020 for continuing operations has been an improvement to operating loss of £0.9m, an increase in finance costs of £0.6m, and in increase in depreciation of £1.2m and a £0.2m improvement in loss on discontinued operations.

For arrangements previously classified as finance leases, where the Group is a lessee, as the Group had already recognised an asset and a related finance lease liability for the lease arrangement, there has been no impact on the amounts recognised in the Group's consolidated financial statements, at 1 October 2019.

When measuring lease liabilities that were previously classified as operating leases, the Group discounted lease payments using relevant incremental borrowing rates at 1 October 2019. The weighted average applied is 5.6%.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review.
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4: Determining Whether an Arrangement contains a Lease.

Reconciliation of right-of-use assets and liabilities

All figures in £000s	
Operating lease commitments disclosed at 30 September 2019	11,754
Overstatement of commitments at 30 September 2019	(607)
Recognition exemption for leases of low-value assets	(57)
Recognition exemption for leases with less than 12 months of lease term remaining at transition	(891)
Break clauses reasonably certain to be exercised	(355)
New leases committed to but not started at transition date	(316)
Discounted using the incremental borrowing rate at 1 October 2019	(2,524)
Finance lease liabilities recognised at 30 September 2019	590
Recognised within liabilities directly associated with the assets held for sale	(2,517)
Lease liabilities recognised at 1 October 2019	5,077

Of which are:

All figures in £000s	
Current	1,284
Non-current	3,793
Total	5,077

The Group leases various properties, plant, equipment and vehicles with a wide range of rental periods.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

1 Accounting policies (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by the Group under residual value guarantees.
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee, which do not have recent third-party financing.
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets, such as IT equipment, are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific criteria must also be met before revenue is recognised:

Sale of goods

Within Genetics, revenue from the sale of eggs is recognised when the control of the goods has transferred to the customer or distributor, in line with the commercial terms governing the transaction, usually on despatch.

Within Advanced Nutrition, revenue of advanced nutrition and health products is recognised when the control of the goods has transferred to the customer or distributor, in line with the commercial terms of the transaction, usually on despatch.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

1 Accounting policies (continued)

Within Health, revenue from the sale of licensed veterinary vaccines and vaccine components is recognised when the control of the goods has transferred to the customer or distributor, usually on despatch. Where the buyer has a right of return, revenue and cost of sales are adjusted for the value of the expected returns based on historical results, taking into consideration the specifics of each arrangement.

Within Knowledge Services (all within discontinued operations), revenue from the sale of agricultural produce is recognised when the control of the goods has transferred to the customer or distributor, usually on delivery. Where the buyer has a right of return, revenue and cost of sales are adjusted for the value of the expected returns based on historical results, taking into consideration the specifics of each arrangement. Revenue from the sales of books and publications is recognised when the control of the goods has transferred to the customer or distributor, usually on despatch.

Rendering of services

Services including sustainable food production consultancy, technical consultancy and assurance services are provided by Genetics, Advanced Nutrition, Health and Knowledge Services. During the year, Knowledge Services also provided online news, marketing and technical publications, book publishing, online shops, online distance learning programs and other training courses. Genetics also licenses production of its genetic lines to certain salmon farmers and receives royalties based on the number of eggs produced by those farmers.

Within each contract, judgement is applied to determine the extent to which activities within the contract represent distinct performance obligations to be delivered. Judgement is applied to determine first whether control passes over time and if not, then the point in time at which control passes. Where control transfers over time, revenue is recognised based on the extent of progress towards completion of the performance obligation. Where control passes at a point in time then revenue is recognised at that point. For all the services currently provided by the Group, control passes at a point in time upon delivery of the service and revenue is recognised at that point. Royalty income from the licensed production of the Group's genetic lines is recognised at the point in time the farmer declares the number of eggs produced in the period.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Transaction costs, other than share and debt issue costs, are expensed as incurred. In accordance with IFRS 3: Business Combinations, the Group has a 12-month period in which to finalise the fair values allocated to assets and liabilities determined provisionally on acquisition.

Contingent consideration is measured at fair value based on an estimate of the expected future payments. Deferred consideration is measured at the present value of the obligation.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated income statement.

Foreign currency

The Group's consolidated financial statements are presented in UK Pounds Sterling, which is also the Parent Company's functional currency. The Group determines the functional currency of each of its subsidiaries and items included in the financial statements of each of those entities are measured using that functional currency.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in the income statement in the Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

1 Accounting policies (continued)

Financial assets

The Group has measured all of its financial assets (trade receivables and cash and cash equivalents), except for contingent consideration receivable, at amortised cost.

Financial assets fair value through profit and loss

Contingent consideration receivable is recognised at fair value with movements recognised in the consolidated income statement.

Financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for receivables, following the adoption of IFRS 9 for the previous financial year are calculated using an expected credit loss model. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within operating costs in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from inception, and for the purpose of the statements of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated balance sheet.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities which include the following items:

- Bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated balance sheet.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial liabilities fair value through profit and loss

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

For financial contracts which are designated as a fair value hedge, the ineffective portion of changes in the fair value of the derivative is recognised in the consolidated income statement.

Financial liabilities fair value through hedging reserve

For financial contracts which are designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in the Statement of Other Comprehensive Income (‘OCI’) and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Share capital

The Group’s ordinary shares are classified as equity instruments.

Retirement benefits: defined contribution schemes

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where equity settled share options are awarded to employees of subsidiaries, in the Company accounts a credit is made to equity which is equal to the expense that should be recognised in the relevant subsidiary’s (and Group’s) accounts and an equal increase in Investments in subsidiaries is made. The credit to equity in the parent will not be a realised profit and will not therefore be available for distribution.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

1 Accounting policies (continued)

Goodwill

Goodwill is initially measured at cost, being the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives as outlined below, on a straight-line basis from the time they are available for use.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

In-process research and development programmes acquired in such combinations are recognised as an asset, even if subsequent expenditure is written off because it does not meet the criteria specified in the policy for development costs below.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Websites	5 years	Assessment of estimated revenues and profits
Patents	2–5 years	Cost to acquire
Trademarks	2–5 years	Cost to acquire
Contracts	3–20 years	Assessment of estimated revenues and profits
Licences	3–20 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Intellectual property	Up to 20 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Customer lists	Up to 26 years	Assessment of estimated revenues and profits
Genetic material and breeding nuclei	10–40 years	Cost to acquire, or if not separately identifiable, assessment of estimated revenues and profits
Development costs	Up to 10 years	Cost to acquire

Impairment of non-financial assets (excluding inventories)

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash generating unit ('CGUs'), when there is an indication that the assets might be impaired. Additionally, goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its CGUs. Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the consolidated income statement, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

1 Accounting policies (continued)

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are recognised at cost, less accumulated amortisation and impairment losses and are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line in the consolidated income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated income statement as incurred.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Assets in the course of construction which have not yet been brought into use are not depreciated until fully commissioned and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold property	– 2%–10% per annum straight line
Long-term leasehold property improvements	– 2%–10% per annum straight line
Plant and machinery	– 15% per annum reducing balance
Motor vehicles	– 25% per annum reducing balance
E commerce infrastructure	– 10% per annum straight line
Other fixed assets	– 15%–33% per annum straight line

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The recoverability of the cost of inventories is assessed every reporting period, by considering the expected net realisable value of inventory compared to its carrying value. Management considers the nature and condition of the inventory and considers expected sales of work in progress, finished goods and goods for resale and future usage of raw materials. Where the net realisable value is lower than the carrying value, a provision is recorded.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

1 Accounting policies (continued)

Biological assets

Biological assets comprise two asset types: livestock, and fish, fish eggs and frozen milt.

Livestock is measured at fair value less costs to sell. The fair value of livestock is based on quoted prices of livestock and adjusted for age, breed, and genetic merit in the principal (or most advantageous) market for the livestock, and therefore is categorised within Level 2 of the fair value hierarchy set out in IFRS 13.

Fish, fish eggs and frozen milt are, in accordance with IAS 41: Agriculture, measured at fair value, unless the fair value cannot be measured reliably. These are categorised within Level 3 of the fair value hierarchy set out in IFRS 13. The principal components of fish, fish eggs and frozen milt within the business are:

- Salmon eggs, broodstock and milt
- Lumpfish
- Tilapia and shrimp

For any biological assets where fair value cannot be measured reliably, the assets shall be measured at cost less any accumulated depreciation and any accumulated impairment losses.

Non-current biological assets are those biological assets which will not produce saleable progeny within 12 months of the balance sheet date. Further details of the valuation of fish, fish eggs and frozen milt are given in Note 21.

Government grants

Government grants received on capital expenditure are included in the balance sheet as deferred income and released to the income statement over the life of the asset. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated income statement or netted against the asset purchased.

Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for leasehold dilapidations, sale or return obligations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for impairment.

Investments in equity-accounted investees

A joint venture is an entity over which the Group has joint control, under a contractual agreement. An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of joint ventures and associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures and associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture or associate, less any impairment in the value of the investment. Losses of a joint venture or associate in excess of the Group's interest in that entity are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture or associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting ('AGM').

1 Accounting policies (continued)

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

(a) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The key sources of estimation uncertainty in items the Group measures at fair value are in biological assets (Note 21), these are the estimation of sales volumes and sales prices for uncontracted future sales of salmon eggs. This applies to salmon eggs and broodstock with a fair value of £6,235,000.

(b) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in Note 17.

(c) Valuation of intangible assets

Where the cost of intangible assets acquired as part of business combinations is not separately identifiable or does not represent the fair value, the valuation is calculated based upon value in use which requires the use of a discount rate in order to calculate the present value of cash flows. Additionally, intangible assets arise from the capitalisation of development costs which are not yet ready for use. These intangibles are reviewed annually for impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The assumptions used in the assessment of the recoverable amount are consistent with those used in the impairment review for goodwill as outlined in Note 17. This applies to capitalised development costs with a carrying value of £15.3m in the Health business area (see Note 17).

Judgements

Recognition of deferred tax

Deferred tax is provided in full on temporary differences under the liability method using substantively enacted rates to the extent that they are expected to reverse. Provision is made in full where the temporary differences result in liabilities, but deferred tax assets are only recognised where the Directors believe it is probable that the assets will be recovered. Judgement is required to determine the likelihood of reversal of the temporary differences in establishing whether an asset should be recognised.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

3 Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Floating rate NOK Bond ('FRN')
- Cross-currency swap ('CCS')
- Contingent consideration

Following the issue of the FRN a CCS was entered which fully matches the timing and tenor of the underlying FRN.

The CCS will be carried at its fair value on the balance sheet. The effective portion of changes in fair value of the CCS will be taken directly to equity within the hedging reserve and recycled to profit or loss as the hedged FRN impacts the profit or loss. To the extent that any ineffectiveness results the ineffective portion of the gain or loss will be recognised in profit or loss within finance expense. To measure actual ineffectiveness the change in fair value of the hedged item is calculated using a hypothetical derivative method.

The main sources of ineffectiveness relating to interest rate risk hedges are differences in the critical terms, differences in repricing dates and credit risk.

The summary of the amounts relating to the hedging instruments and any related ineffectiveness in the period is presented in the table below.

As at 30 September 2020	Notional Value of contracts thousands	Average fixed rate	Change in fair value of hedging instrument during reporting period used for measuring ineffectiveness £000	Fair value recognised in balance sheet (Assets) £000	Fair value recognised in balance sheet (Liabilities) £000	Change in fair value of hedged item during reporting period used for measuring effectiveness £000	Ineffectiveness recognised in the period £000
Interest rate risk – NOK	**NOK 108,000**	**2.01%**	**(407)**	**–**	**(639)**	**407**	**–**
Cross-currency risk – GBP	**NOK 637,500**	**6.42%**	**(5,680)**	**–**	**(9,013)**	**5,680**	**–**
Cross-currency risk – USD	**NOK 212,500**	**7.28%**	**(1,339)**	**–**	**(3,035)**	**1,339**	**–**

As at 30 September 2019	Notional Value of contracts thousands	Average fixed rate	Change in fair value of hedging instrument during reporting period used for measuring ineffectiveness £000	Fair value recognised in balance sheet (Assets) £000	Fair value recognised in balance sheet (Liabilities) £000	Change in fair value of hedged item during reporting period used for measuring effectiveness £000	Ineffectiveness recognised in the period £000
Interest rate risk – NOK	NOK 108,000	2.01%	(232)	–	(232)	232	–
Cross-currency risk – GBP	NOK 637,500	6.42%	(3,333)	–	(3,333)	3,333	–
Cross-currency risk -–USD	NOK 212,500	7.28%	(1,696)	–	(1,696)	1,696	–

The line item in the balance sheet the above hedging instruments are included in is trade and other payables. The item in the profit and loss account that includes the recognised hedge ineffectiveness is finance cost.

Further information is shown in Note 24.

3 Financial instruments – risk management (continued)

The contingent consideration held within other payables is classified as financial liabilities at fair value through profit and loss. In accordance with IFRS 13: Fair Value Measurement, the measurement of the fair value of contingent consideration is categorised into Level 3 in the fair value hierarchy, as the inputs are primarily unobservable. The amounts payable for all of the outstanding amounts depend on sales volumes or sales revenue targets. Management uses the actual performance against these targets together with relevant budgets and forecasts to derive the fair value of the contingent consideration. Where the level of contingent consideration payable is known with a reasonable level of certainty, as the underlying performance against target levels is well established, the contingent consideration is adjusted accordingly. This has resulted in an income statement credit in the period as shown in Note 10. The contingent consideration for Akvaforsk Genetic Center Inc is dependent on a longer-term target and is recorded in these financial statements at management's best estimate. An increased level of performance for Akvaforsk Genetic Center Inc would increase the amount payable. A reduction in the level of performance would significantly reduce the amounts payable.

A summary of the financial instruments held by category is provided below:

Group

Financial assets

	2020 £000	2019 £000
Financial assets not measured at fair value		
Cash and cash equivalents (Note 37)	**71,605**	16,051
Trade and other receivables (Note 22)	**13,836**	37,637
	85,441	53,688
Financial assets at fair value through profit and loss		
Other receivables – contingent consideration (Note 22)	**1,028**	–
Total financial assets	**86,469**	53,688

Financial liabilities

	2020 £000	2019 £000
Financial liabilities measured at amortised cost		
Trade and other payables (Note 24)	**33,083**	29,970
Loans and borrowings (Note 25)	**109,158**	103,192
Financial liabilities at fair value through hedging reserve	**142,241**	133,162
Financial contracts – hedging instrument (Note 24)	**9,653**	3,565
	9,653	3,565
Financial liabilities at fair value through profit and loss		
Other payables – contingent consideration (Note 24)	**825**	895
Financial contracts – hedging instrument (Note 24)	**3,035**	1,696
Total financial liabilities	**155,754**	139,318

Company

Financial assets

	2020 £000	2019 £000
Financial assets not measured at fair value		
Cash and cash equivalents (Note 37)	**47,825**	840
Trade and other receivables (Note 22)	**162,148**	179,575
	209,973	180,415
Financial assets at fair value through profit and loss		
Other receivables – contingent consideration (Note 22)	**1,028**	–
Total financial assets	**211,001**	180,415

Financial liabilities

	2020 £000	2019 £000
Financial liabilities at amortised cost		
Trade and other payables (Note 24)	**39,766**	53,263
Loans and borrowings (Note 25)	**75,745**	75,924
	115,511	129,187
Financial liabilities at fair value through hedging reserve		
Finance contracts – hedging instrument (Note 24)	**9,013**	3,333
	9,013	3,333
Financial liabilities at fair value through profit and loss		
Financial contracts - hedging instrument (Note 24)	**3,035**	1,696
Total financial liabilities	**127,559**	134,216

There were no financial instruments classified as available for sale.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

3 Financial instruments – risk management (continued)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Group's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group for debts past due. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 September 2020 and the corresponding historical losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. During the year, there has been a change in the global economic environment as a result of the global Covid-19 pandemic and the Group has adjusted expected credit loss rate to reflect the increased credit risk.

The loss allowance provision as at 30 September 2020 and 30 September 2019 is determined as follows:

30 September 2020	**Not due £000**	**Past due (up to one month) £000**	**Past due (one to three months) £000**	**Past due (three to 12 months) £000**	**Past due (over 12 months) £000**	**Total £000**
Expected loss rate	**0.50%**	**1.72%**	**6.39%**	**22.42%**	**100.00%**	
Gross carrying amount – trade receivables	**10,041**	**1,833**	**1,510**	**1,267**	**2,401**	**17,052**
Loss allowance	**(50)**	**(31)**	**(97)**	**(284)**	**(2,401)**	**(2,863)**
Specific loss allowance	**–**	**–**	**–**	**(353)**	**–**	**(353)**
Total loss allowance	**(50)**	**(31)**	**(97)**	**(637)**	**(2,401)**	**(3,216)**

30 September 2019	Not due £000	Past due (up to one month) £000	Past due (one to three months) £000	Past due (three to 12 months) £000	Past due (over 12 months) £000	Total £000
Expected loss rate	0.29%	1.11%	3.39%	15.42%	100.00%	
Gross carrying amount – trade receivables	34,608	3,774	1,534	3,254	1,969	45,139
Loss allowance	(100)	(42)	(52)	(502)	(1,969)	(2,665)
Specific loss allowance	–	–	(10)	(857)	–	(867)
Total loss allowance	(100)	(42)	(62)	(1,359)	(1,969)	(3,532)

The above analysis for year ended 30 September 2019 includes £4,054,000 trade receivables and £84,000 loss allowances classified as assets held for sale.

The movement in Group provision for impairment of trade receivables is shown in Note 22.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating 'A' are accepted.

Fair value and cash flow interest rate risk

During the year the Group had borrowings denominated in Sterling, US Dollars and Norwegian Krone, if interest rates on Sterling, US Dollar and Norwegian Krone denominated borrowings had been 100 basis points higher/lower with all other variables held constant, loss after tax for the year ended 30 September 2020 would be £1,013,000 higher/lower (2019: £925,000 higher/lower). The Directors consider that 100 basis points is the maximum likely change in the relevant interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

3 Financial instruments – risk management (continued)

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates ('IBORs') with alternative rates. As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of foreign exchange and interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 30 September 2019. IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at 30 September 2019. The Group intends to carry out an impact assessment on the effect of IBOR transition in the current year.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency (principally Sterling, Norwegian Krone, Icelandic Krona, Euro, US Dollars and Danish Krone). The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The table below shows the impact of a 10% increase and reduction in Sterling against the relevant foreign currencies, with all other variables held constant, on the Group's profit before tax and equity. A greater or smaller change would have a pro rata effect. The movements in profit arise from retranslation of foreign currency denominated monetary items held at the year-end, including the foreign currency revolving credit facility, foreign currency bank accounts, trade receivables, trade and other payables. The movements in equity arise from the retranslation of the net assets of overseas subsidiaries and the intangible assets arising on consolidation in accordance with IFRS 10: Consolidated Financial Statements.

Foreign exchange risk

	£/$		£/€		£/NOK		£/ISK		£/THB	
Increase/(decrease)	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000
2020 10% increase in rate	**31**	**(18,069)**	**(168)**	**(2,241)**	**6,934**	**(452)**	**–**	**(2,182)**	**33**	**(1,973)**
2020 10% reduction in rate	**(37)**	**22,085**	**206**	**2,739**	**(8,475)**	**553**	**–**	**2,667**	**(40)**	**2,411**
2019 10% increase in rate	(128)	(21,019)	(420)	(2,161)	6,906	(3,295)	–	(4,430)	(616)	(1,982)
2019 10% reduction in rate	157	25,690	513	2,641	(8,441)	4,027	–	5,414	753	2,422

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group seeks to maintain cash balances (or agreed facilities) sufficient to meet expected requirements detailed in rolling three-month cash flow forecasts, and in longer-term cash flow forecasts.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Group

As at September 2020	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	**27,344**	**4,810**	**–**	**821**	**933**
Financial contracts - hedging instruments	**310**	**906**	**1,155**	**10,317**	**–**
Loan notes and bank borrowings	**1,571**	**5,962**	**6,246**	**90,246**	**2,178**
Lease liabilities	**690**	**1,874**	**1,987**	**5,975**	**1,418**
Total	**29,915**	**13,552**	**9,388**	**107,359**	**4,529**

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

3 Financial instruments – risk management (continued)

As at September 2019	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	25,073	3,786	–	895	1,109
Financial contracts – hedging instruments	69	207	274	4,711	–
Loan notes, bank borrowings and other loans	1,742	6,976	6,924	106,587	2,829
Lease liabilities	39	116	154	346	–
Total	26,923	11,085	7,352	112,539	3,938

Company

As at September 2020	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	**39,766**	**–**	**–**	**–**	**–**
Financial contracts	**310**	**906**	**1,155**	**9,678**	**–**
Loan notes	**1,179**	**3,498**	**4,677**	**73,627**	**–**
Lease liabilities	**47**	**140**	**50**	**20**	**–**
Total	**41,302**	**4,544**	**5,882**	**83,325**	**–**

As at September 2019	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	52,145	1,118	–	–	–
Financial contracts – hedging instruments	69	207	274	4,479	–
Loan notes and other loans	1,317	3,922	5,225	87,479	60
Total	53,532	5,247	5,499	91,958	60

Capital management

The capital structure of the Group consists of debt, as analysed in Note 25, and equity attributable to the equity holders of the Parent Company, comprising share capital, share premium, merger reserve, capital redemption reserve, hedging reserve, foreign exchange reserve, retained earnings, and share-based payment reserve, and non-controlling interest as shown in the consolidated statement of changes in equity. The Group manages its capital with the objective that all entities within the Group continue as going concerns while maintaining an efficient structure to minimise the cost of capital and ensuring that the Group complies with the banking covenants associated with the external borrowing facilities. These covenants are related to minimum liquidity, equity and borrowing ratios. The Group is not restricted by any externally imposed capital requirements.

4 Revenue

The Group's operations and main revenue streams are those described in Note 1. The Group's revenue is derived from contracts with customers.

Disaggregation of revenue

In the following tables, revenue is disaggregated by primary geographical market and by sales of goods and services. The table includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 8).

Sales of goods and provision of services

Year ended 30 September 2020	Genetics £000	Advanced Nutrition £000	Health £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000	Discontinued £000	Continuing £000
Sale of goods	**37,555**	**59,301**	**6,529**	**547**	**–**	**–**	**103,932**	**2,551**	**101,381**
Provision of services	**3,909**	**–**	**3,846**	**8,683**	**22**	**–**	**16,460**	**12,276**	**4,184**
Inter-segment sales	**40**	**61**	**424**	**27**	**4,917**	**(5,469)**	**–**	**–**	**–**
	41,504	**59,362**	**10,799**	**9,257**	**4,939**	**(5,469)**	**120,392**	**14,827**	**105,565**

Year ended 30 September 2019	Genetics £000	Advanced Nutrition £000	Health £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000	Discontinued Restated £000	Continuing Restated £000
Sale of goods	36,270	76,707	10,582	1,168	–	–	124,727	4,154	120,573
Provision of services	3,285	–	6,582	13,978	167	–	24,012	20,579	3,433
Inter-segment sales	141	69	578	735	6,367	(7,890)	–	–	–
	39,696	76,776	17,742	15,881	6,534	(7,890)	148,739	24,733	124,006

4 Revenue (continued)

Primary geographical markets

Year ended 30 September 2020	Genetics £000	Advanced Nutrition £000	Health £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000	Discontinued £000	Continuing £000
Norway	**19,709**	**633**	**1,608**	**–**	**–**	**–**	**21,950**	**1,145**	**20,805**
UK	**6,402**	**124**	**1,951**	**6,149**	**22**	–	**14,648**	**7,506**	**7,142**
Faroe Islands	**6,961**	**3**	**114**	**–**	**–**	**–**	**7,078**	**–**	**7,078**
Ecuador	**–**	**6,822**	**–**	**–**	**–**	**–**	**6,822**	**–**	**6,822**
India	**–**	**6,452**	**6**	**–**	**–**	**–**	**6,458**	**3**	**6,455**
Greece	**61**	**5,666**	–	**–**	**–**	**–**	**5,727**	**–**	**5,727**
Singapore	**–**	**5,356**	**7**	**–**	**–**	**–**	**5,363**	**7**	**5,356**
Chile	**119**	**21**	**4,083**	**–**	**–**	**–**	**4,223**	**1,159**	**3,064**
Rest of Europe	**5,421**	**4,554**	**1,566**	**2,549**	**–**	**–**	**14,090**	**4,071**	**10,019**
Rest of World	**2,791**	**29,670**	**1,040**	**532**	**–**	**–**	**34,033**	**936**	**33,097**
Inter-segment sales	**40**	**61**	**424**	**27**	**4,917**	**(5,469)**	**–**	**–**	**–**
	41,504	**59,362**	**10,799**	**9,257**	**4,939**	**(5,469)**	**120,392**	**14,827**	**105,565**

Year ended 30 September 2019	Genetics £000	Advanced Nutrition £000	Health £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000	Discontinued Restated £000	Continuing Restated £000
Norway	19,074	466	2,656	8	–	–	22,204	1,548	20,656
UK	3,397	255	2,831	8,544	167	–	15,194	10,735	4,459
Faroe Islands	8,248	2	126	–	–	–	8,376	–	8,376
Ecuador	–	9,555	–	–	–	–	9,555	–	9,555
India	–	12,798	–	–	–	–	12,798	–	12,798
Greece	114	7,214	20	4	–	–	7,352	3	7,349
Singapore	–	9,062	17	–	–	–	9,079	17	9,062
Chile	1,969	33	5,392	–	–	–	7,394	1,619	5,775
Rest of Europe	4,943	3,946	3,024	4,733	–	–	16,646	7,757	8,889
Rest of World	1,810	33,376	3,098	1,857	–	–	40,141	3,054	37,087
Inter-segment sales	141	69	578	735	6,367	(7,890)	–	–	–
	39,696	76,776	17,742	15,881	6,534	(7,890)	148,739	24,733	124,006

In 2019 and 2020 no customer accounted for more than 10% of revenue.

5 Expenses by nature

Continuing operations

	2020 £000	2019 Restated £000
Changes in inventories of finished goods and work in progress	**(492)**	(1,369)
Changes in biological assets	**(6,488)**	(9,506)
Write-down of inventory to net realisable value	**150**	243
Raw materials and consumables used	**44,217**	55,484
Transportation expenses	**3,105**	2,836
Staff costs (see Note 7)	**33,022**	33,013
Motor, travel and entertainment	**1,974**	4,268
Premises costs	**5,497**	7,565
Advertising and marketing	**770**	967
Professional fees	**5,154**	6,349
Losses on disposal of property, plant and equipment	**(18)**	(837)
Exceptional – restructuring/acquisition related items (see Note 10)	**2,114**	581
Other research and development costs	**1,145**	576
Depreciation and impairment of PPE (see Note 12)	**6,640**	5,054
Amortisation and impairment of intangible assets (see Note 12)	**16,613**	62,133
Other costs	**4,960**	4,489
	118,363	171,846
Other income – included within operating costs	**(1,774)**	(1,827)
Total cost of sales, operating costs, exceptional costs, depreciation, amortisation and impairment	**116,589**	170,019

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

5 Expenses by nature (continued)

Other income

	2020 £000	2019 Restated £000
Research and development expenditure credit	**468**	958
Grant	**188**	105
Royalties and compensation	**555**	529
Freight	**365**	203
Other	**198**	32
	1,774	1,827

6 Auditor's remuneration

	2020 £000	2019 £000
Audit of these financial statements	**364**	120
Additional charges relating to the audit of the FY19 financial statements	**184**	–
Amounts receivable by the auditor and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**413**	469
Audit related assurance services	**2**	49
All other services	**18**	40
	981	678

7 Staff costs

Continuing operations

	2020 £000	2019 Restated £000
Staff costs (including Directors) comprise:		
Wages and salaries	**26,334**	26,692
Social security contributions and similar taxes	**2,945**	3,039
Defined contribution pension cost	**2,696**	2,339
Share-based payment expense (Note 34)	**1,047**	943
	33,022	33,013

	2020 Number	2019 Number
The average monthly number of employees, including Directors, during the year was as follows:		
Production	**784**	777
Administration	**151**	164
Management	**95**	101
	1,030	1,042

This includes an average number of 203 (2019 restated: 301) employees within discontinued operations.

Directors' remuneration

	Salary £000	Bonus £000	Taxable benefits £000	Payment in lieu of notice £000	Long-term incentive £000	Pension £000	Fees £000	2020 £000	2019 £000
Trond Williksen	107	–	–	–	–	10	–	**117**	–
Septima Maguire	276	–	1	–	–	20	–	**297**	–
Alex Raeber	199	–	7	183	–	24	–	**413**	281
Mark Plampin	70	–	1	–	–	3	–	**74**	286
Malcolm Pye	54	–	–	–	–	38	–	**92**	716
Kristian Eikre	–	–	–	–	–	–	–	**–**	–
Susan Searle	–	–	–	–	–	–	41	**41**	45
Kevin Quinn	–	–	–	–	–	–	41	**41**	45
Peter George	–	–	–	–	–	–	108	**108**	120
Hugo Wahnish	–	–	–	–	–	–	41	**41**	45
Yngve Myhre	–	–	–	–	–	–	41	**41**	45
Total	706	–	9	183	–	95	272	**1,265**	1,583

7 Staff costs (continued)

In 2019 a settlement agreement was reached with Malcolm Pye as a result of him stepping down as CEO. The agreement provided for payment in lieu of his contractual notice period (£325,000) and pension contributions (£32,000) for that period. The Remuneration Committee approved that existing share options will be retained whilst he remains an officer of the Group and shall be exercisable for a period of six months after he ceases to hold office.

During the year retirement benefits were accruing to five Directors (2019: three) in respect of defined contribution pension schemes. The cost of employer National Insurance contributions in relation to the Directors was £90,000 (2019: £106,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £20,000 (2019: £65,000).

In addition to the above, there was an accounting charge for share-based payments in respect of the Directors £304,000 (2019: £95,000). During the year 124,585 options were exercised by the Directors (2019: nil).

Directors' interests under the Company's employee share plans

Director	Share option scheme	Options held at 30 September 2019	Options exercised in year	Options forfeited in year	Options granted in year	Options held at 30 September 2020	Exercise price	Grant date	Date from which exercisable
Mark Plampin	CSOP II	67,647	(67,647)*	–	–	–	0.1p	9 March 2015	8 March 2018
Mark Plampin	CSOP II	56,938	(56,938)*	–	–	–	0.1p	6 March 2017	5 March 2020
Mark Plampin	CSOP I	43,165	–	(43,165)	–	–	69.5p	24 January 2018	23 January 2021
Mark Plampin	CSOP II	356,835	–	(356,835)	–	–	69.5p	24 January 2018	23 January 2021
Mark Plampin	CSOP II	447,600	–	(447,600)	–	–	58.5p	25 January 2019	24 January 2022
Malcolm Pye	CSOP I	43,165	–	(43,165)	–	–	69.5p	24 January 2018	23 January 2021
Malcolm Pye	CSOP II	456,835	–	(456,835)	–	–	69.5p	24 January 2018	23 January 2021
Malcolm Pye	CSOP II	555,100	–	(555,100)	–	–	58.5p	25 January 2019	24 January 2022
Alex Raeber	CSOP II	400,000	–	–	–	400,000	58.5p	25 January 2019	24 January 2022
Alex Raeber	CSOP II	–	–	(153,000)	275,000	122,000	42.5p	21 February 2020	20 February 2023
Septima Maguire	CSOP I	–	–	–	70,588	70,588	42.5p	21 February 2020	20 February 2023
Septima Maguire	CSOP II	–	–	–	329,412	329,412	42.5p	21 February 2020	20 February 2023
Septima Maguire	CSOP II	–	–	–	600,000	600,000	31.5p	2 June 2020	1 June 2023
Trond Williksen	CSOP II	–	–	–	1,500,000	1,500,000	31.5p	2 June 2020	1 June 2023

* The exercise of these options resulted in a total gain on exercise of £39,743.

Further details of Directors' remuneration are provided in the Remuneration Report on pages 77 to 83.

The key management of the Group is deemed to be the Board of Directors who have authority and responsibility for planning and controlling all significant activities of the Group.

8 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.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

8 Segment information (continued)

Measurement of operating segment profit or loss

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

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)

8 Segment information (continued)

Non-current assets by location of assets

	2020 £000	2019 £000
Belgium	**186,956**	201,418
UK	**25,278**	40,663
Rest of Europe	**57,006**	121,783
Rest of world	**74,045**	16,727
	343,285	380,591

9 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)

10 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.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

11 Taxation

Amounts recognised in profit or loss

	2020 £000	2019 Restated £000
Current tax expense		
Analysis of charge in period		
Current tax:		
Current income tax expense on profits for the period	**3,141**	4,258
Adjustment in respect of prior periods	**836**	76
Total current tax	**3,977**	4,334
Deferred tax expense		
Origination and reversal of temporary differences	**(3,490)**	(4,499)
Deferred tax movements in respect of prior periods	**(283)**	805
Total deferred tax credit (Note 27)	**(3,773)**	(3,694)
Total tax charge on continuing operations	**204**	640

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2020 £000	2019 Restated £000
Accounting loss before income tax	**(22,571)**	(58,481)
Expected tax credit based on the standard rate of UK corporation tax at the domestic rate of 19.0% (2019: 19.0%)	**(4,289)**	(11,111)
Income not taxable	**(3,393)**	(135)
Expenses not deductible for tax purposes	**4,116**	8,748
Amounts chargeable on controlled foreign companies	**37**	213
Deferred tax not recognised	**4,150**	4,488
Adjustment to tax charge in respect of prior periods	**553**	881
Effects of changes in tax rates	**–**	(684)
Different tax rates in overseas jurisdictions	**(970)**	(1,760)
Total tax charge on continuing operations	**204**	640

Adjustment to tax charge in respect of prior periods, includes £283,000 credit (2019: tax charge £805,000) relating to deferred tax on intangible assets that should have been recognised at 30 September 2019.

The above excludes a current tax expense of £110,000 (2019: tax credit £529,000) from discontinued operations, this has been included in loss from discontinued operations, net of tax (Note 12).

Changes in tax rates and factors affecting the future tax charge

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly. The deferred tax liability at 30 September 2020 has been calculated at 19% (2019: 17%). Deferred tax is calculated at the substantively enacted rates, at which the temporary differences and tax losses are expected to reverse, in the territories in which they arose. Reductions in the corporation tax rate in Belgium were substantively enacted in the prior year. The main rate of corporation tax was reduced from 34% to 29.58% effective from 1 January 2018 and to 25% from 1 January 2020, this change is reflected in the 'Effects of changes in tax rates' item in 2019 in the above reconciliation.

There was no deferred tax recognised in other comprehensive income.

12 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.

12 Discontinued operations (continued)

Summary of restatement of FY19 results as reported in FY19 financial statements

	Continuing operations				Discontinued operations	
All figures in £000s	Revenue	Adjusted EBITDA	Loss from continuing operations	Loss from total comprehensive income	Loss from discontinued operations	Loss from total comprehensive income
As stated in financial year 2019 financial statements	127,343	12,051	(73,291)	(63,188)	(9,789)	(9,986)
Reclassified in financial year 2020	(3,337)	9,290	14,170	14,171	(14,170)	(14,171)
As restated in financial year 2020 financial statements	124,006	21,341	(59,121)	(49,017)	(23,959)	(24,157)

	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)

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.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

12 Discontinued operations (continued)

Cash flows from discontinued operations

	2020 £000	2019 Restated £000
Net cash flow from operating activities	**(16,887)**	(7,925)
Net cash flow from investing activities	**34,831**	(2,836)
Net cash flow from financing activities	**(581)**	–
Net cash flow from discontinued operations	**17,363**	(10,761)

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)
Operating (loss)/profit	**(394)**	**(11,914)**	**3,818**	**(437)**	**(8,927)**	(3,201)	(11,776)	(9,218)	(293)	(24,488)

Impact on the Group consolidated income statement for the year ended 30 September 2020

	2020 Continuing £000	2020 Discontinued £000	2020 Total £000
Revenue	**105,565**	**14,827**	**120,392**
Cost of sales	**(50,603)**	**(13,000)**	**(63,603)**
Gross profit	**54,962**	**1,827**	**56,789**
Research and development costs	**(7,282)**	**(2,725)**	**(10,007)**
Other operating costs	**(33,337)**	**(7,828)**	**(41,165)**
Share of profit of equity-accounted investees, net of tax	**150**	**–**	**150**
Adjusted EBITDA	**14,493**	**(8,726)**	**5,767**
Exceptional items	**(2,114)**	**5,086**	**2,972**
EBITDA	**12,379**	**(3,640)**	**8,739**
Depreciation and impairment (see below)	**(6,640)**	**(2,498)**	**(9,138)**
Amortisation and impairment (see below)	**(16,613)**	**(2,789)**	**(19,402)**
Operating loss	**(10,874)**	**(8,927)**	**(19,801)**
Net finance costs	**(11,697)**	**(137)**	**(11,834)**
Loss before taxation	**(22,571)**	**(9,064)**	**(31,635)**
Tax on loss	**(204)**	**(110)**	**(314)**
Loss after tax for the financial period	**(22,775)**	**(9,174)**	**(31,949)**

Impact on the Group consolidated income statement for the year ended 30 September 2019

	2019 Continuing Restated £000	2019 Discontinued Restated £000	2019 Total Restated £000
Revenue	124,006	24,733	148,739
Cost of sales	(55,064)	(17,864)	(72,928)
Gross profit	68,942	6,869	75,811
Research and development costs	(9,481)	(3,369)	(12,850)
Other operating costs	(37,706)	(11,116)	(48,822)
Share of profit of equity-accounted investees, net of tax	(414)	–	(414)
Adjusted EBITDA	21,341	(7,616)	13,725
Exceptional items	(581)	(745)	(1,326)
EBITDA	20,760	(8,361)	12,399
Depreciation and impairment (see below)	(5,054)	(12,173)	(17,227)
Amortisation and impairment (see below)	(62,133)	(3,954)	(66,087)
Operating loss	(46,427)	(24,488)	(70,915)
Net finance costs	(12,054)	–	(12,054)
Loss before taxation	(58,481)	(24,488)	(82,969)
Tax on loss	(640)	529	(111)
Loss after tax for the financial period	(59,121)	(23,959)	(83,080)

12 Discontinued operations (continued)

Depreciation and impairment of £9,138,000 (2019: £17,227,000) includes depreciation of £7,414,000 which comprises of £5,489,000 in Note 14 property, plant and equipment (2019: £8,557,000), £1,545,000 in Note 15 Leases for the IFRS 16 adjustment, and a lease adjustment of £380,000 in Note 23 assets and liabilities held for sale. Impairment totals £1,724,000 which comprises of £753,000 in Note 14 property, plant and equipment (2019: £8,097,000), £273,000 in Note 15 Leases for the IFRS 16 adjustment, and a fair value adjustment of £698,000 shown in Note 23 assets and liabilities held for sale (2019: £573,000).

Amortisation and impairment of £19,402,000 (2019: £66,087,000) includes amortisation of £16,891,000 (2019: £18,246,000) and impairment of £2,133,000 (2019: £47,555,000) in Note 16 intangible assets, and a fair value adjustment of £378,000 (2019: £286,000) in Note 23 assets and liabilities held for sale.

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.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

12 Discontinued operations (continued)

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.

13 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)

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)

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.

14 Property, plant and equipment

Group	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**	**–**	**–**	**–**
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.

Security over the assets is disclosed within Note 25.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

14 Property, plant and equipment (continued)

The previous table includes the following in respect of plant and machinery held under finance leases, now shown as right-of-use assets (Note 15):

	2020 £000	2019 £000
Cost	**–**	292
Accumulated depreciation	**–**	(14)
Net book value	**–**	278

Company

	Office equipment and fixtures £000
Cost	
Balance at 1 October 2018	571
Additions	51
Disposals	(2)
Balance at 1 October 2019	**620**
Additions	**718**
Disposals	**(12)**
Balance at 30 September 2020	**1,326**
Accumulated Depreciation	
Balance at 1 October 2018	346
Depreciation charge for the year	115
Disposals	(2)
Balance at 1 October 2019	**459**
Depreciation charge for the year	**95**
Disposals	**(12)**
Balance at 30 September 2020	**542**
Net book value	
At 30 September 2020	**784**
At 30 September 2019	161
At 1 October 2018	225

15 Leases

Group

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 (see Note 1). 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 October 2019 has been necessary along with no restatement of comparative information.

Company

Right-of-use assets	2020 £000	2019 £000
Leasehold property	**248**	–
Office equipment and fixtures	**4**	–
	252	–

Lease liabilities	2020 £000	2019 £000
Current	**182**	–
Non-current	**66**	–
	248	–
Depreciation charge of right-of-use assets		
Leasehold property	**163**	–
Office equipment and fixtures	**1**	–
	164	–
Additions to right-of-use assets	**295**	–
Interest expense	**16**	–
Expense relating to leases of low-value leases	**4**	–
Total cash outflow for leases	**178**	–

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

16 Intangible assets

	Websites £000	Goodwill £000	Patents and trademarks £000	Intellectual property £000	Customer lists £000	Contracts £000	Licences £000	Genetics £000	Develop-ment 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 17.

16 Intangible assets (continued)

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.

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.

17 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.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

17 Impairment testing of goodwill and other intangible assets (continued)

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.

18 Equity-accounted investees

	2020 £000	2019 £000
Interest in joint venture	**2,047**	1,947
Interest in associate	**1,643**	1,506
	3,690	3,453

Joint ventures

Salmar Genetics AS (SGA) is a joint venture in which the Group has joint control and a 50% ownership interest.

SGA is structured as a separate vehicle and the Group has a residual interest in the net assets of SGA. Accordingly, the Group has classified its interest in SGA as a joint venture. SGA is a provider of breeding and genetics services related to Atlantic Salmon and as such is strategically aligned to the Group.

18 Equity-accounted investees (continued)

The following table summarises the financial information of SGA as included in its own financial statements for the year ended 30 September 2020, adjusted for fair value adjustments and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in SGA.

	2020 £000	2019 £000
Percentage ownership interest	**50%**	50%
Non-current assets	**3,365**	3,458
Current assets	**718**	1,288
Cash and cash equivalents	**1,324**	385
Non-current liabilities	**(727)**	(381)
Current liabilities	**(174)**	(311)
Net assets (100%)	**4,506**	4,439
Group's share of net assets (50%)	**2,253**	2,220
Elimination of unrealised profit	**(206)**	(273)
Carrying amount of interest in joint venture	**2,047**	1,947
Revenue	**4,510**	3,069
Cost of sales and operating costs	**(3,267)**	(2,218)
Depreciation and amortisation	**(567)**	(553)
Finance costs	**(6)**	(9)
Taxation	**(108)**	(57)
Profit and total comprehensive income (100%)	**562**	232
Group's share of total comprehensive income (50%)	**281**	116

The company is registered in Norway and the registered address is 7266 Kverva, Frøya, Norway.

During the prior year the Group divested its interest in Benchmark Genetics Chile SpA ('BGCSPA'). BGCSPA was a joint venture in which the Group had joint control although only a 49% interest. The other partner in the joint venture was AquaChile.

In January 2019 Agrosuper completed the acquisition of AquaChile. As a consequence of the change of ownership of AquaChile, both parties agreed to dissolve the JV which allowed the Group to take control of a salmon breeding operation in Chile previously owned by the JV, allowing it to pursue an independent strategy.

Under the terms of the dissolution of the JV, the Group had returned to it the original USD 16.25m investment in the JV. Payment was made in two instalments, USD 7.5m payment in June 2019 and the balance of USD 8.75m in October 2019. The Group also had returned to it the IP licence held by the JV. Additionally, as settlement of the USD 5.4m working capital loan that the Group had advanced to the JV, ownership of the Ensenada facility (a highly biosecure hatchery) and Benchmark genetic material held by the JV was transferred to the Group.

During the period of ownership of the JV, the JV reported the following loss and total comprehensive income:

	2020 £000	2019 £000
Percentage ownership interest	**0%**	0%
Non-current assets	**–**	–
Current assets	**–**	–
Non-current liabilities	**–**	–
Current liabilities	**–**	–
Net assets (100%)	**–**	–
Group's share of net assets (49%)	**–**	–
Elimination of unrealised profit	**–**	–
Carrying amount of interest in joint venture	**–**	–
Revenue	**–**	3,030
Cost of sales and operating costs	**–**	(3,784)
Finance costs	**–**	(786)
Taxation	**–**	434
Loss and total comprehensive income (100%)	**–**	(1,106)
Group's share of total comprehensive income (49%)	**–**	(542)

The company is registered in Chile and the registered address is Cardonal S/N, Lote B- Barrio Industrial, Puerto Montt, Chile.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

18 Equity-accounted investees (continued)

Associate

The Group has a 22% interest in an associate Great Salt Lake Brine Shrimp Cooperative, Inc (the 'Cooperative'). The Cooperative is one of the Group's strategic suppliers and is an aquacultural cooperative organised for the purpose of harvesting, processing, manufacturing, and marketing Artemia cysts and Artemia feeds.

The Group's interest in the Cooperative represents 22% of the Cooperative's unallocated equity reserves.

The company is registered in USA and the registered address is 1750 West 2450 South, Ogden, Utah.

The Group also has a 44% interest in an associate Benchmark Genetics (Thailand) Limited ('BGTL'). BGTL engages in shrimp production in the form of a multiplication centre by selecting and growing marine shrimp species products (including broodstock, nauplii and post-larvae, based on Benchmark's and its Affiliates' genetic strains) which are locally optimised for Thailand.

The company is registered in Thailand and the registered address is No. 471, Bond Street Road, Bangpood Sub-district, Pakkred District, Nonthaburi Province, Thailand.

19 Subsidiary undertakings

The direct and indirect subsidiary undertakings of Benchmark Holdings plc, all of which have been included in these consolidated financial statements, are as follows:

Company name	Registered address	Country of Incorporation	Direct/Indirect Group Interest	Share class	% of share capital/ voting rights held by Group companies	Note
Genetics						
Benchmark Genetics Brasil Cultivo de Especies Aquaticas Ltda	Rua Doutor Ribamar Lobo, 451, Coco, Fortaleza, CEI	Brazil	Indirect	ordinary	80%	a/c
Akvaforsk Genetic Center Spring Mexico, SA de CV (dormant)	Caguama 3023, Zapopan, Loma Bonita, Jaalisco 45086	Mexico	Indirect	ordinary	80%	a
Benchmark Genetics USA Inc	25508 SW 169th Ave, Miami Florida 33031	USA	Indirect	ordinary	80%	a
Benchmark Genetics USA (Tilapia) LLC	21200 SW 177th Ave, Miami Florida 33187	USA	Indirect	ordinary	80%	a
Benchmark Chile SpA	Gertrudis Echeñique, No 30, 22 floor, Las Condes, Santiago	Chile	Indirect	shares	100%	
Benchmark Genetics Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
Benchmark Genetics Colombia SAS	Calle 32, 8a-33 Office 215	Colombia	Indirect	ordinary	100%	
Benchmark Genetics Norway AS	Sandviksboder 3A,5035 Bergen	Norway	Indirect	ordinary	100%	
Icecod A Islandi EHF (dormant)	Staðarberg 2-4, 221 Hafnarfjörður	Iceland	Indirect	ordinary	88.87%	
SalmoBreed Salten AS	Sørfjordmoen, Kobbelv, 8264 Engan	Norway	Indirect	ordinary	75%	
Spring Genetics SRL	Calle Los Alemanes, Condominium Condado de Baviera, Apt 703	Costa Rica	Indirect	ordinary	80%	
Stofnfiskur Chile Limitada (dormant)	Urmeneta 581, Of. 42, Puerto Montt, Reg. X	Chile	Indirect	ordinary	89.48%	
Stofnfiskur HF	(As Icecod address above)	Iceland	Indirect	ordinary	89.48%	
Stofngen EHF (dormant)	(As Icecod address above)	Iceland	Indirect	ordinary	89.48%	
Sudourlax EHF (dormant)	(As Icecod address above)	Iceland	Indirect	ordinary	89.48%	
Advanced Nutrition						
Fortune Ocean Americas, LLC	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	N/A	100%	
Fortune Ocean Technologies Ltd (dormant)	25/F., OTB Building 160 Gloucester Road, Wanchai	Hong Kong	Indirect	1 HKD ordinary	100%	
Golden West Artemia	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	$1 shares	100%	
Inland Sea Incorporated	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	shares	100%	

19 Subsidiary undertakings (continued)

Company name	Registered address	Country of Incorporation	Direct/Indirect Group Interest	Share class	% of share capital/ voting rights held by Group companies	Note
INVE (Thailand) Ltd.	No. 79/1 Moo 1, Nakhon Sawan-Phitsanulok Road, Tambon Nong Lum, Wachirabarami, Phichit, Thailand, 66220	Thailand	Indirect	THB 1,000 shares	100%	
Inve Animal Health, S.A.	Policarpo Sanz 12, 4º, 36202 Vigo, Pontevedra	Spain	Indirect	10€ shares	100%	
Inve Aquaculture Europe Holding B.V.	Verlengde Poolseweg 16,4818 CL Breda	Netherlands	Indirect	1€ shares	100%	
Benchmark Holding Europe B.V.	Verlengde Poolseweg 16, 4818 CL Breda	Netherlands	Direct	$1 shares	100%	
Inve Aquaculture México, S.A. de C.V.	Avenida Camaron Sabalo # 51, Local 6, Interior, Plaza Riviera, Zona Dorada, Mazatlán Sinaloa 82110	Mexico	Indirect	MXN $1,000 shares	100%	
Inve Aquaculture NV	Hoogveld 93, 9200 Dendermonde	Belgium	Indirect	shares	100%	
Inve Aquaculture Temp Holding B.V.	Verlengde Poolseweg 16, 4818 CL Breda	Netherlands	Indirect	1€ shares	100%	
INVE Aquaculture, Inc.	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	shares	100%	
Inve Asia Ltd	25/F., OTB Building, 160 Gloucester Road, Wanchai	Hong Kong	Indirect	$1 shares	100%	
INVE Asia Services Ltd.	471 Bond Street, Tambon Bangpood, Amphur Pakkred, Nonthaburi, Thailand, 11120	Thailand	Indirect	THB 100 shares	100%	
Inve do Brasil Ltda.	Rua Augusto Calheiros, nº 226, Messejana, Fortaleza, Ceará, Zip Code 60.863-290	Brazil	Indirect	BRL 1 shares	100%	
Inve Eurasia SA	Karacaoğlan Mahallesi 6170 Sokak No. 17/B Işikkent/Izmir	Turkey	Indirect	6.25 TL shares	100%	
Inve Hellas S.A.	93 Kiprou Str., 16451, Argyroupoli	Greece	Indirect	$29.35 shares	100%	
Inve Latin America B.V.	Verlengde Poolseweg 16, 4818 CL Breda	Netherlands	Indirect	10€ shares	100%	
Inve Technologies NV	Hoogveld 93, 9200 Dendermonde	Belgium	Indirect	shares	100%	
INVE USA Holdings, Inc.	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	$0.001 shares	100%	
Inve Vietnam Company Ltd	8Fl-19 Tan Canh, Ward 1, Tan Binh District, Ho Chi Minh City	Vietnam	Indirect	N/A	100%	
Invecuador S.A.	CDLA. Las Conchas, MZ A-11 No. Lot 8, Salinas, Santa Elena	Ecuador	Indirect	$1 shares	100%	
Inveservicios, S.A. de C.V.	Avenida Camaron Sabalo # 51, Local 6, Interior, Plaza Riviera, Zona Dorada, Mazatlán Sinaloa 82110	Mexico	Indirect	shares	100%	
Maricoltura di Rosignano Solvay S.r.l.	Rosignano Marittimo (LI), in via Pietro Gigli, 57013, Solvay Loc. Lillatro	Italy	Indirect	shares	100%	
PT. Inve Indonesia	Ruko Prominence Blok 38E No.7 Jl. Jalur Sutera Boulevard Panunggangan Timur Pinang 15143 Kota Tangerang Banten	Indonesia	Indirect	A shares & B shares	100%	
Salt Creek Holdings, Inc	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	$0.001 shares	100%	
Salt Creek, Inc.	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	$0.05 shares	100%	

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

19 Subsidiary undertakings (continued)

Company name	Registered address	Country of Incorporation	Direct/Indirect Group Interest	Share class	% of share capital/ voting rights held by Group companies	Note
Sanders Brine Shrimp Company, L.C.	3528 W 500 South, Salt Lake City, Utah 84104	USA	Indirect	N/A	100%	
Tianjin INVE Aquaculture Co., Ltd	Binhai Information Security Industrial Park, No.399 Huixiang Road, Tanggu Ocean Science and Technology Park, Binhai High-Tech Zone, Tianjin	China	Indirect	shares	100%	
United Aquaculture Technologies, LLC	3528 W 500 South, Salt Lake City, Utah 81404	USA	Indirect	N/A	100%	
Health						
Benchmark Animal Health Group Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
Benchmark Animal Health Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Indirect	£1 ordinary	100%	
Benchmark Vaccines Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Indirect	£1 ordinary	100%	
Benchmark R&D (Thailand) Limited	No.57/1 Moo 6, Samed Sub-District, Muang Chonburi District, Chonburi Province, 20000	Thailand	Indirect	THB 10 ordinary	100%	c
Benchmark Animal Health Inc	1600-3500 Boulevard De Maisonneuve, Ouest, Westmount, QC, H3Z 3Cl	Canada	Indirect	CAD 1 ordinary	100%	c
Benchmark Animal Health US, Inc	Gulf of Maine Research Institute, 350 Commercial Street, Portland, Maine 04101	USA	Indirect	$10 common stock	100%	c
Benchmark Animal Health Chile SpA	Avenida Apoquindo 3721, piso 22, comuna de Las Condes, Santiago	Chile	Indirect	$1.20 ordinary	100%	
Benchmark Animal Health Norway AS	Sandviksboder 3A,5035 Bergen	Norway	Indirect	NOK 100 ordinary	100%	
Knowledge Services						
Allan Environmental Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
Dust Collective Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
FAI Aquaculture Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
FAI do Brasil Criação Animal LTDA	Fazenda Santa Terezinha, S/N – Zona Rural, Jaboticabal/SP, CEP: 14870-000	Brazil	Indirect	R$1 ordinary	100%	
RL Consulting Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
Trie Benchmark Limited	The Field Station, Northfield Farmhouse, Wytham, Oxford, OX2 8QJ	United Kingdom	Direct	£1 ordinary	100%	
Viking Fish Farms Limited (dormant)	Benchmark House, 8 Smithy Wood, Sheffield, S35 1QN	United Kingdom	Indirect	£1 ordinary	100%	
Woodland Limited (dormant)	Benchmark House, 8 Smithy Wood, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
5M Enterprises Inc	CBoT, 141 West Jackson Boulevard, Chicago, IL 60604-2900	USA	Indirect	ordinary shares	100%	

19 Subsidiary undertakings (continued)

Company name	Registered address	Country of Incorporation	Direct/Indirect Group Interest	Share class	% of share capital/ voting rights held by Group companies	Note
5M Enterprises Limited	Benchmark House, Smithy Wood, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
AquacultureUK Limited (dormant)	Benchmark House, Smithy Wood, Sheffield, S35 1QN	United Kingdom	Direct	£5 ordinary	100%	
Curriculo Limited (dormant)	Benchmark House, Smithy Wood, Sheffield, S35 1QN	United Kingdom	Indirect	£1 ordinary	100%	
Bark SPV	Benchmark House, Smithy Wood, Sheffield, S35 1QN	United Kingdom	Direct	N/A	100%	b/c
Bark NewCo Limited	Benchmark House, Smithy Wood, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	

Notes

a A put and call option agreement is in place to acquire the remaining 20% of Benchmark Genetics USA Inc, so the Group controls 100% of that company and its wholly owned subsidiaries despite having an 80% equity holding.

b Bark SPV is a company limited by guarantee and although the Group has no equity holding in the company, its results are consolidated into this Annual Report by virtue of control exercised under the provisions of IFRS 10: Consolidated Financial Statements.

c During the year there have been some company name changes. In Genetics, Benchmark Genetics Brasil Cultivo de Especies Aquaticas Ltda was formerly known as Benchmark Do Brasil Cultivo De Especies Aquaticas LTDA. In Health, Benchmark R&D (Thailand) Limited was formerly known as Fish Vet Group Asia Limited, Benchmark Animal Health Inc was formerly known as FVG Canada Inc, Benchmark Animal Health US, Inc was formerly known as FVG Inc. In the Knowledge Services, Bark SPV was formerly known as European School of Veterinary Post-Graduate Studies Ltd.

Company	Investments in subsidiary companies £000
Cost or valuation	
Balance at 1 October 2018	265,322
Additions	925
Balance at 1 October 2019	**266,247**
Additions	**7,822**
Disposals	**(18,350)**
Balance at 30 September 2020	**255,719**
Provisions	
Balance at 1 October 2018	(850)
Provision against investment in subsidiary company	(8,338)
Balance at 1 October 2019	**(9,188)**
Provision against investment in subsidiary company	**(3,660)**
Disposals	**7,160**
Balance at 30 September 2020	**(5,688)**
Net book value	
At 30 September 2020	**250,031**
At 30 September 2019	257,059
At 1 October 2018	264,472

During 2020 £1,286,000 (2019: £925,000) of the charge associated with share options relates to employees of subsidiary companies, and so this amount has been treated as an investment by the Company. Other additions in the year related to capitalisation of a loan with FAI Farms Limited for £4,584,000 and a loan with TomAlgae C.V.B.A. for £1,952,000.

During 2020 provisions against investments of £3,660,000 were made, £1,951,000 related to an investment in Tom Algae C.V.B.A and £1,709,000 related to various investments in subsidiaries related to charges for share options.

Disposals in the year related to Improve International Limited £6,665,000, TomAlgae C.V.B.A. £4,989,000, which was fully impaired, FVG Limited £767,000, which was fully impaired, and FAI Farms £5,930,000 of which £1,296,000 was impaired. Proceeds of these disposals are detailed in Note 12.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

19 Subsidiary undertakings (continued)

Management have performed an impairment review of the investments in subsidiaries at the period end taking into account both net assets of the subsidiaries and value in use calculations using assumptions consistent with those disclosed in Note 17. As a consequence of the ongoing disposal programme a provision of £3,660,000 (2019: £8,338,000) was made against the carrying value of investments held by the Company.

20 Inventories

Group	2020 £000	2019 £000
Raw materials	**3,646**	5,271
Work in progress	**1,470**	2,323
Finished goods and goods for resale	**13,810**	15,015
Total inventories at the lower of cost and net realisable value	**18,926**	22,609

During 2020, £44,367,000 (2019 restated: £55,727,000) was recognised as an expense in continuing operations for inventories carried at net realisable value. This is recognised in cost of sales. For discontinued operations £2,727,000 was recognised as an expense (2019 restated: £3,856,000). The cost of inventories recognised as an expense includes £1,183,000 (2019: £572,000) in respect of write-downs of inventory to net realisable value.

The Company did not have any inventories at the year-end (2019: £nil).

21 Biological assets

Group **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.

21 Biological assets (continued)

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

The Company did not hold any biological assets at the year-end (2019: £nil).

22 Trade and other receivables

Group	**2020 £000**	2019 £000
Trade receivables	**17,052**	41,085
Less: provision for impairment of trade receivables	**(3,216)**	(3,448)
Trade receivables – net	**13,836**	37,637
Total financial assets other than cash and cash equivalents measured at amortised cost	**13,836**	37,637
Other receivables - contingent consideration	**1,028**	–
Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss	**1,028**	–
Prepayments	**9,917**	2,842
Other receivables	**14,590**	11,657
Total trade and other receivables	**39,371**	52,136

All non-current receivables are due within five years from the end of the reporting period.

The financial asset at fair value through profit and loss relates to contingent consideration outstanding from the disposal of Improve International Limited (Note 12). This relates to deferred cash consideration dependent on the delivery of certain future revenues in financial years ended 30 September 2021 and 30 September 2022 and the fair value is derived from the likely receivable amount based on current expectations of performance against the targets.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

22 Trade and other receivables (continued)

The fair values of trade and other receivables measured at amortised cost are not materially different to their carrying values. As at 30 September 2020 trade receivables of £3,871,000 (2019: £6,523,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2020 £000	2019 £000
Up to 3 months overdue	**3,244**	4,778
3 to 6 months overdue	**569**	1,313
6 to 12 months overdue	**58**	432
	3,871	6,523

Movements on the Group provision for impairment of trade receivables are as follows:

	2020 £000	2019 £000
At 1 October	**3,448**	3,309
Provided during the year	**954**	668
Receivable written off during the year as uncollectable	**(823)**	(541)
Foreign exchange movements	**(276)**	96
Disposals through sale of subsidiary	**(87)**	–
Transferred to assets held for sale	**–**	(84)
At 30 September	**3,216**	3,448

The movement on the provision for impaired receivables has been included in the administrative expenses line in the consolidated income statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

Company	2020 £000	2019 £000
Receivables from related parties	**161,911**	174,915
Loan provided to subsidiary company	**237**	4,660
Total financial assets other than cash and cash equivalents measured at amortised costs	**162,148**	179,575
Other receivables – contingent consideration	**1,028**	–
Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss	**1,028**	–
Prepayments	**359**	530
Other receivables	**259**	453
Total trade and other receivables	**163,794**	180,558

The balance of receivables from related parties include a provision for impairment of £15,198,000 (2019: £21,089,000). During 2020 £6,033,000 of these provisions were released due to disposals of the companies, £1,935,000 relating to TomAlgae C.V.B.A. and £4,098,000 relating to FAI Farms Limited.

In 2019 a provision of £11,806,000 was made during the year following a review of the individual subsidiaries' net assets.

23 Assets and liabilities held for sale

As stated in Note 12, during the previous year, management committed to a plan to sell or close certain businesses. Where for the businesses concerned, the applicable criteria for inclusion as held for sale was met the assets and liabilities of these businesses have been presented as held for sale.

During the year property, plant and equipment valued at £698,000 and included in assets held for sale at 30 September 2020 was fair valued to £nil and subsequently transferred back to property, plant and equipment as it was not sold. There was a fair value adjustment relating to leases in the year of £380,000.

During the year in intangible assets the goodwill relating to 5M Enterprises Ltd valued at £378,000 and included in assets held for sale at 30 September 2020 was fair valued to £nil prior to the disposal of trade and assets.

No assets are recognised as held for sale at 30 September 2020.

23 Assets and liabilities held for sale (continued)

Assets held for sale at 30 September 2019	Transferred to held for sale £000	Fair value adjustment £000	Total assets transferred £000
Property, plant and equipment	3,775	(573)	3,202
Intangible assets	5,365	(286)	5,079
Deferred tax asset	302	–	302
Inventories	577	–	577
Biological and agricultural assets	242	–	242
Trade and other receivables	6,568	–	6,568
Total assets held for sale	16,829	(859)	15,970

Liabilities directly associated with the assets held for sale	£000
Trade and other payables	(10,413)
Corporation tax liability	(34)
Deferred tax liability	(172)
Provisions	(15)
Total liabilities directly associated with the assets held for sale	(10,634)

No cash or loans and borrowings were transferred to held for sale.

Measurement of fair values

Fair value hierarchy – The fair value measurement for the disposal group has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs – A market approach valuation technique was applied in measuring the fair value of the assets and liabilities held for sale as adjusted for inter-company and cash balances.

24 Trade and other payables

Group	**2020 £000**	2019 £000
Trade payables	**19,269**	17,132
Other payables	**3,010**	4,583
Accruals	**10,804**	8,255
Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**33,083**	29,970
Other payables – contingent consideration	**825**	895
Financial contracts – hedging instrument	**3,035**	1,696
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss	**3,860**	2,591
Financial contracts – hedging instrument	**9,653**	3,565
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through hedging reserve	**9,653**	3,565
Other payables – tax and social security payments	**850**	747
Deferred income	**–**	366
Total trade and other payables	**47,446**	37,239
Less: non-current portion of other payables (including contingent consideration)	**(1,754)**	(2,004)
Current portion	**45,692**	35,235

Book values approximate to fair value at 30 September 2020 and 2019.

	Contingent consideration £000
Balance at 30 September 2019	895
Net change in fair value (unrealised)	(70)
Balance at 30 September 2020	**825**

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

24 Trade and other payables (continued)

The financial liability at fair value through profit and loss relates to contingent consideration outstanding from business combinations. The majority of this relates to deferred cash consideration dependent on the performance of the acquired businesses and the fair value is derived from the likely liabilities based on current performance against the targets at each reporting date. The contingent consideration relates to a put/call agreement exercisable and payable in 2022 to acquire the remaining 20% stake in Akvaforsk Genetics Center Inc for a sum determined by future performance. The minimum consideration is NOK 1 (one Krone) payable in the event the business underperforms the minimum target set and the maximum consideration is capped at NOK 60m. If Akvaforsk Genetics Center Inc achieves the projections provided by the vendors, payment will be NOK 10m and this assumption has been used in calculating the fair value of the liability.

In 2019 there was a release of £86,000 of the amount provided, as disclosed in Note 10, and a balance of £472,000 that was in contingent consideration relating to Genetica Spring S.A.S. was transferred to other payables measured at amortised cost as the relevant milestones had been achieved and the consideration, due in December 2019, was no longer contingent.

Of the financial contracts £12,048,000 (2019: £5,029,000) relates to a CCS which was entered to fully match the timing and tenor of the underlying new senior secured floating rate listed bond issue of NOK 850m. The first part of the CCS exchanged NOK 637.5m from NOK to GBP and has been designated as a cash flow hedge and any changes in the effective portion of changes in its fair value will be taken directly to equity within the hedging reserve and recycled to profit or loss as the bond impacts the profit or loss. The second part exchanged NOK 212.5m from NOK to USD. This element has not been designated as a cash flow hedge and is posted to profit or loss as a fair value hedge.

Company	2020 £000	2019 £000
Trade payables	380	666
Payables to related parties	37,864	50,457
Accruals	1,522	2,140
Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**39,766**	53,263
Financial contracts – hedging instrument	3,035	1,696
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss	**3,035**	1,696
Financial contracts – hedging instrument	9,013	3,333
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through hedging reserve	**9,013**	3,333
Other payables – tax and social security payments	233	183
Total trade and other payables	**52,047**	58,475

None of the above trade and other payables are non-current.

Book values approximate to fair value at 30 September 2020 and 2019.

25 Loans and borrowings

Group

	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 15)	7,956	461
	103,819	99,961
Current		
Bank borrowings	2,856	3,102
Lease liabilities (Note 15)	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.

25 Loans and borrowings (continued)

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.

The currency profile of the Group's loans and borrowings is as follows:

	2020 £000	2019 £000
Sterling	**1,652**	60
Norwegian Krone	**99,125**	102,542
Thai Baht	**1,524**	590
Euro	**564**	–
US Dollar	**5,810**	–
Other	**483**	–
	109,158	103,192

Company

The book value and fair value of loans and borrowings are as follows:

	2020 £000	2019 £000
Non-current		
2023 850m NOK loan notes	**75,497**	75,864
Other loans	**–**	60
Lease liabilities (Note 15)	**66**	–
	75,563	75,924
Current		
Lease liabilities (Note 15)	**182**	–
	182	–
Total loans and borrowings	**75,745**	75,924

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

The currency profile of the Company's loans and borrowings is as follows:

	2020 £000	2019 £000
Sterling	**248**	60
Norwegian Krone	**75,497**	75,864
	75,745	75,924

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

25 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group

Year ended 30 September 2020

	Liabilities loans and borrowings £000	Held for sale lease liabilities £000	Equity share capital/additional paid-in capital £000	Total £000
Balance at 1 October 2019	**103,192**	**–**	**358,603**	
Changes from financing cash flows				
Proceeds of share issues	**–**	**–**	**41,666**	**41,666**
Proceeds from bank or other borrowings	**8,387**	**–**	**–**	**8,387**
Repayment of bank or other borrowings	**(10,141)**	**–**	**–**	**(10,141)**
Interest and finance charges paid	**(7,580)**	**(79)**	**–**	**(7,659)**
Repayments of lease liabilities	**(1,812)**	**(308)**	**–**	**(2,120)**
Total changes from financing cash flows	**(11,146)**	**(387)**	**41,666**	**30,133**
The effect of changes in foreign exchange rates	**(3,361)**	**(119)**	**–**	
Other changes – liability-related				
Adoption of IFRS 16 Leases at 1 October 2019	**4,487**	**2,517**	**–**	
New lease liabilities	**8,285**	**27**	**–**	
Leases disposed of in sales of assets	**(694)**	**(2,117)**	**–**	
Interest expense	**7,040**	**79**	**–**	
Capitalised borrowing fees	**864**	**–**	**–**	
Interest accrual movement	**491**	**–**	**–**	
Total liability-related other changes	**20,473**	**506**	**–**	
Total equity-related other changes	**–**	**–**	**–**	
Balance at 30 September 2020	**109,158**	**–**	**400,269**	

Year ended 30 September 2019

	Liabilities loans and borrowings £000	Equity share capital/additional paid-in capital £000	Total £000
Balance at 1 October 2018	79,766	358,451	
Changes from financing cash flows			
Proceeds of share issues	–	2	2
Proceeds from bank or other borrowings	92,578	–	92,578
Repayment of bank or other borrowings	(71,224)	–	(71,224)
Interest and finance charges paid	(5,366)	–	(5,366)
Payments to finance lease creditors	(5)	–	(5)
Total changes from financing cash flows	15,983	2	15,985
The effect of changes in foreign exchange rates	271	–	
Other changes – liability-related			
Interest expense	4,939	–	
Capitalised borrowing fees	1,234	–	
New finance leases	572	–	
Interest accrual movement	427	–	
Total liability-related other changes	7,172	–	
Total asset-related other changes	–	150	
Balance at 30 September 2019	103,192	358,603	

25 Loans and borrowings (continued)

Company

Year ended 30 September 2020

	Liabilities loans and borrowings £000	Equity share capital/additional paid-in capital £000	Total £000
Balance at 1 October 2019	**75,924**	**358,603**	
Changes from financing cash flows			
Proceeds of share issues	**–**	**41,666**	**41,666**
Proceeds from bank or other borrowings	**7,733**	**–**	**7,733**
Repayment of bank borrowings	**(8,060)**	**–**	**(8,060)**
Interest and finance charges paid	**(5,932)**	**–**	**(5,932)**
Repayments of lease liabilities	**(156)**	**–**	**(156)**
Total changes from financing cash flows	**(6,415)**	**41,666**	**35,251**
The effect of changes in foreign exchange rates	**(965)**	**–**	
Other changes – liability-related			
Adoption of IFRS 16 Leases at 1 October 2019	**121**	**–**	
New lease liabilities	**284**	**–**	
Interest expense	**5,930**	**–**	
Capitalised borrowing fees	**864**	**–**	
Interest accrual movement	**2**	**–**	
Total liability-related other changes	**7,201**	**–**	
Balance at 30 September 2020	**75,745**	**400,269**	

Year ended 30 September 2019

	Liabilities loans and borrowings £000	Equity share capital/additional paid-in capital £000	Total £000
Balance at 1 October 2018	52,291	358,451	
Changes from financing cash flows			
Proceeds of share issues	–	2	2
Proceeds from bank or other borrowings	91,021	–	91,021
Repayment of bank or other borrowings	(70,265)	–	(70,265)
Interest and finance charges paid	(4,701)	–	(4,701)
Total changes from financing cash flows	16,055	2	16,057
The effect of changes in foreign exchange rates	1,643	–	
Other changes – liability-related			
Interest expense	3,927	–	
Capitalised borrowing fees	1,234	–	
Interest accrual movement	774	–	
Total liability-related other changes	5,935	–	
Total equity-related other changes	–	150	
Balance at 30 September 2019	75,924	358,603	

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

26 Provisions

	Repairs provision £000	Other provisions £000	Total £000
At 1 October 2018	70	–	70
Charged to profit or loss	–	349	349
Transferred to liabilities directly associated with the assets held for sale	(15)	–	(15)
At 1 October 2019	**55**	**349**	**404**
Transferred to liabilities for right-of-use assets	**–**	**(349)**	**(349)**
Unused provisions reversed	**(55)**	**–**	**(55)**
At 30 September 2020	**–**	**–**	**–**
Current	55	349	404
Non-current	–	–	–
At 30 September 2019	55	349	404

Repairs provision

During the year Benchmark Vaccines Limited released the repairs provision in respect of its Braintree premises as it was no longer required (2019: £55,000).

Other provisions

During the year provisions of £349,000 relating to onerous leases have been transferred to liabilities for right-of-use assets in accordance with IFRS 16.

In 2019 provisions of £349,000 were made relating to onerous leases of FAI Aquaculture Limited (£107,000) following the closure of a site in Shetland Isles and of FAI do Brasil Criação Animal LTDA (£242,000) following a decision before the year-end to close the business.

No provisions were held by the Company at the year-end (2019: £nil).

27 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the substantively enacted rates in the relevant territories in which the temporary differences and tax losses are expected to reverse.

The movement on the net deferred tax account is as shown below:

Group	**2020 £000**	2019 Restated £000
At 1 October	**(38,743)**	(41,637)
Recognised in income statement		
Tax credit on continuing activities (Note 11)	**3,773**	3,694
Tax credit on discontinued activities	**–**	729
Total tax credit	**3,773**	4,423
Exchange differences	**2,323**	(1,399)
Transferred to liabilities directly associated with assets held for sale	**–**	(130)
At 30 September	**(32,647)**	(38,743)

The Company did not have a deferred tax balance at the year-end (2019: £nil).

There was no deferred tax recognised in other comprehensive income.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered. The Directors believe there is sufficient evidence that the amounts recognised will be recovered against future taxable profits in the relevant tax jurisdiction. The Group did not recognise deferred tax assets of £24,030,000 (2019: £19,743,000) in respect of losses amounting to £96,540,000 (2019: £94,550,000) and temporary differences of £13,839,000 (2019: £6,743,000), where there was insufficient evidence that the amounts will be recovered.

The Group did not recognise deferred tax assets relating to movements on hedging instruments of £1,712,000 (2019: £633,000).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. As the earnings are continually reinvested by the Group and there is no intention for these entities to pay dividends, no tax is expected to be payable on them in the foreseeable future.

27 Deferred tax (continued)

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period, together with amounts recognised in the consolidated income statement and amounts recognised in other comprehensive income are as follows:

Group	Asset 2020 £000	Liability 2020 £000	Net 2020 £000	(Charged)/ credited to profit or loss 2020 £000	(Charged)/ credited to equity 2020 £000
Accelerated capital allowances	**–**	**(30,251)**	**(30,251)**	**6,660**	**–**
Biological assets	**–**	**(2,518)**	**(2,518)**	**(170)**	**–**
Other temporary and deductible differences	**–**	**(12)**	**(12)**	**(178)**	**–**
Available losses	**101**	**–**	**101**	**(2,549)**	**–**
Fair value of share options	**33**	**–**	**33**	**10**	**–**
Net tax assets/(liabilities)	**134**	**(32,781)**	**(32,647)**	**3,773**	**–**

Group	Asset 2019 £000	Liability 2019 £000	Net 2019 £000	(Charged)/ credited to profit or loss 2019 £000	(Charged)/ credited to equity 2019 £000
Accelerated capital allowances	–	(39,233)	(39,233)	1,973	–
Biological assets	–	(2,348)	(2,348)	(754)	–
Other temporary and deductible differences	166	–	166	140	–
Available losses	2,650	–	2,650	2,313	–
Fair value of share options	22	–	22	22	–
Net tax assets/(liabilities)	2,838	(41,581)	(38,743)	3,694	–

The Company did not have any deferred tax in the profit or loss or balance sheet at the year-end (2019: £nil).

28 Share capital and additional paid-in capital

Allotted, called up and fully paid	Number	Share Capital £000	Additional paid-in share capital £000
Ordinary shares of 0.1p each			
Balance at 30 September 2018	557,200,791	557	357,894
Exercise of share options	1,293,948	1	–
Shares issued as consideration for the acquisition of Videntis SA	246,700	1	150
Balance at 30 September 2019	**558,741,439**	**559**	**358,044**
Exercise of share options	**1,503,407**	**2**	**–**
Shares issued through placing and open offer	**107,440,766**	**107**	**41,557**
Balance at 30 September 2020	**667,685,612**	**668**	**399,601**

During the year ended 30 September 2019, the Company issued a total of 1,293,948 shares of 0.1p each to certain employees of the Group relating to share options granted in 2015 and 2016.

On 2 October 2018, the Company issued 246,700 shares of 0.1p each at a price of 60.8p per share as part consideration for the acquisition of Videntis AS.

During the year ended 30 September 2020, the Company issued a total of 1,503,407 shares of 0.1p each to certain employees of the Group relating to share options granted in 2015, 2016 and 2017.

On 19 February 2020, the Company issued 91,000,000 new ordinary shares by way of a placing and 16,440,766 new ordinary shares by way of an open offer to qualifying shareholders, both at an issue price of 40p. Gross proceeds of £36.4m for the placing shares and £6.6m for the open offer shares were received 19 and 20 February 2020 respectively. Non-recurring costs of £1.3m were incurred in relation to the share issues and this has been charged to the share premium account.

Employee share option scheme

The Company introduced an employee share option scheme in 2010. The options existing immediately before admission to trading on AIM on 18 December 2013 were subdivided into equivalent options over the new 0.1p ordinary shares. At the year-end, options exist over 34,967,145 (2019: 24,866,271) 0.1p ordinary shares in the Company. Exercise prices and movements in the share options are disclosed in Note 34.

Members of the scheme can exercise the options at any point from the third anniversary of the option grant date until the options lapse on the tenth anniversary of the option grant date. Options cannot be exercised after the option holder ceases to hold employment with any member of the Group.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

29 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium reserve	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Under merger relief, the amount in excess of nominal value attributed to shares issued as consideration in an acquisition where the Group has secured at least a 90% equity holding in the other company.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into Sterling.
Hedging reserve	Comprises the effective portion of the cumulative net change in fair value of hedging instruments used in cash flow hedges pending subsequent recognition on profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere. To simplify presentation, the share-based payment reserve has been combined with the retained earnings reserve. The share-based payment reserve recognised the value of equity settled share-based payment transactions provided to employees, including management personnel, as part of their remuneration. Refer to Note 34 for further details of these plans.

The balance of additional paid-in share capital includes the merger reserve balance of £33,188,000, the balance being the share premium reserve. The merger reserve arose due to the Company issuing 38,635,671 shares of 0.1p each at 86p as part consideration for the acquisition of INVE Aquaculture Holdings B.V. on 30 December 2015.

30 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest ('NCI'), before any intra-group eliminations.

Year ended 30 September 2020	Stofnfiskur HF £000	SalmoBreed Salten AS £000	Total £000
NCI percentage	**10%**	**25%**	
Non-current assets	**14,941**	**38,611**	
Current assets	**20,393**	**7,731**	
Non-current liabilities	**(2,361)**	**(20,365)**	
Current liabilities	**(4,420)**	**(12,773)**	
Net assets	**28,553**	**13,204**	
Net assets attributable to NCI	**3,004**	**3,305**	**6,309**
Revenue	**22,744**	**8,769**	
Profit	**6,668**	**1,090**	
OCI	**(4,171)**	**(1,453)**	
Total comprehensive income	**2,497**	**(363)**	
Profit allocated to NCI	**701**	**273**	**974**
OCI allocated to NCI	**(439)**	**(364)**	**(803)**
Cash flows from operating activities	**6,972**	**2,024**	
Cash flows used in investment activities	**(2,211)**	**(363)**	
Cash flows used in financing activities (dividends to NCI: £nil)	**(4,445)**	**(2,068)**	
Net increase/(decrease) in cash and cash equivalents	**316**	**(407)**	

30 Non-controlling interest (continued)

Year ended 30 September 2019	Stofnfiskur HF £000	SalmoBreed Salten AS £000	Other individually immaterial subsidiaries £000	Total £000
NCI percentage	10%	25%		
Non-current assets	21,577	40,933		
Current assets	16,051	7,068		
Non-current liabilities	(2,768)	(25,275)		
Current liabilities	(8,792)	(9,160)		
Net assets	26,068	13,566		
Net assets attributable to NCI	2,742	3,396	–	6,138
Revenue	21,901	2,680		
Profit	7,553	(412)		
OCI	(940)	(739)		
Total comprehensive income	6,613	(1,151)		
Profit allocated to NCI	795	(103)	85	777
OCI allocated to NCI	(99)	(185)	(46)	(330)
Cash flows from operating activities	7,586	(4,135)		
Cash flows used in investment activities	(3,783)	(1,521)		
Cash flows (used in)/from financing activities (dividends to NCI: £nil)	(2,654)	339		
Net increase/(decrease) in cash and cash equivalents	1,149	(5,317)		

31 Operating leases

The Group leases adopted IFRS 16 on 1 October 2019. Comparative information for operating leases previously reported is here.

The Group has entered into commercial leases on certain items of property, plant and equipment. These leases have an average life of greater than five years. There are no restrictions placed on the Group by entering into these leases.

The total future value of minimum lease payments under non-cancellable operating leases for property, plant and equipment are as follows:

	2020 £000	2019 £000
Not later than one year	**–**	3,114
Later than one year and not later than five years	**–**	5,148
Later than five years	**–**	3,492
	–	11,754

32 Retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group and amounted to £3,112,000 (2019: £2,862,000). Contributions totalling £1,142,000 (2019: £1,268,000) were payable to the fund at the balance sheet date and are included in other payables.

33 Capital commitments

At 30 September 2020, the Group and Company had capital commitments as follows:

	Group 2020 £000	Group 2019 £000	**Company 2020 £000**	Company 2019 £000
Contracted for but not provided within these financial statements	**1,987**	822	**–**	–

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

34 Share-based payment

Share options

The Group operates equity settled share option schemes for certain employees. Options are exercisable at a price equal to the nominal value of the Parent Company's shares. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited, other than in limited circumstances, if the employee leaves the Group before the end of the vesting period. In these limited circumstances options will be exercisable in a specified period following termination of employment after which they will lapse.

The share options under the scheme are as follows:

Year ended 30 September 2020:

	Number of options						
Year	As at 1 October 2019	Granted in 2020	Exercised in 2020	Forfeited in 2020	As at 30 September 2020	Option Price[1]	Exercise period
2013	**222,000**	**–**	**(10,000)**	**–**	**212,000**	**0.10p**	**August 2016 to July 2023**
2015	**365,788**	**–**	**(118,534)**	**(11,414)**	**235,840**	**0.10p**	**March 2018 to February 2025**
2015	**64,140**	**–**	**(1,522)**	**(12,655)**	**49,963**	**0.10p**	**July 2018 to June 2025**
2016	**1,752,218**	**–**	**(1,191,886)**	**(36,331)**	**524,001**	**0.10p**	**March 2019 to February 2026**
2017	**417,767**	**–**	**(180,865)**	**(14,366)**	**222,536**	**0.10p**	**March 2020 to February 2027**
2018	**9,661,358**	**–**	**–**	**(1,740,482)**	**7,920,876**	**69.5p**	**January 2021 to January 2028**
2019	**12,383,000**	**–**	**(600)**	**(2,355,800)**	**10,026,600**	**58.5p**	**January 2022 to January 2029**
2020	**–**	**14,174,831**	**–**	**(499,502)**	**13,675,329**	**42.5p**	**February 2023 to February 2030**
2020	**–**	**2,100,000**	**–**	**–**	**2,100,000**	**31.5p**	**June 2023 to June 2030**

1 The option price is the nominal value of the Parent Company's shares for options issued except for the options issued in 2018, 2019 and 2020 for which the option price is the market price of the share on the date the options were granted.

Of the total number of options outstanding at 30 September 2020, 9,216,428 (2019: 2,404,146) were exercisable. In addition to all of the outstanding share options from 2013 to 2017, the balance of options exercisable also included 2,006,648 options from 2018, 3,522,100 options from 2019 and 2,443,340 options from 2020 which had vested early, not been exercised and had not lapsed. The early vests were due to employees leaving the Group as part of the structural efficiencies programme and the restructuring of management.

Options exercised in 2020 resulted in 1,503,407 shares being issued at a weighted average price of 0.1p. The related weighted average share price at the time of exercise was 43.0p per share.

Year ended 30 September 2019:

	Number of options						
Year	As at 1 October 2018	Granted in 2019	Exercised in 2019	Forfeited in 2019	As at 30 September 2019	Option Price[1]	Exercise period
2013	222,000	–	–	–	222,000	0.10p	August 2016 to July 2023
2015	505,600	–	(136,239)	(3,573)	365,788	0.10p	March 2018 to February 2025
2015	81,315	–	(13,173)	(4,002)	64,140	0.10p	July 2018 to June 2025
2016	2,915,538	–	(1,144,536)	(18,784)	1,752,218	0.10p	March 2019 to February 2026
2017	438,734	–	–	(20,967)	417,767	0.10p	March 2020 to February 2027
2018	10,386,769	–	–	(725,411)	9,661,358	69.5p	January 2021 to January 2028
2019	–	12,961,400	–	(578,400)	12,383,000	58.5p	January 2022 to January 2029

1 The option price is the nominal value of the Parent Company's shares for options issued except for the options issued in 2018 and 2019 for which the option price is the market price of the share on the date the options were granted.

Options exercised in 2019 resulted in 1,293,948 shares being issued at a weighted average price of 0.1p. The related weighted average share price at the time of exercise was 49.3p per share.

Share options issued in August 2013

Share options outstanding at the year-end had a weighted average exercise price of 0.1p and a weighted average remaining contractual life of three years. The fair value of the equity settled share options granted is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted. The expense recognised for these options during the year was £nil (2019: £nil).

Share options issued in March 2015 and July 2015

Share options outstanding at the year-end had a weighted average exercise price of 0.1p and a weighted average remaining contractual life of four years. The fair value of the equity settled share options granted is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted.

34 Share-based payment (continued)
The expense recognised for these options during the year was £nil (2019: £nil). This has been reflected in the income statement and included within operating costs.

Share options issued in March 2016
Share options outstanding at the year-end had a weighted average exercise price of 0.1p and a weighted average remaining contractual life of five years. The fair value of the equity settled share options granted is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted.

The expense recognised for these options during the year was £nil (2019: £252,000). This has been reflected in the income statement and included within operating costs.

Share options issued in March 2017
Share options outstanding at the year-end had a weighted average exercise price of 0.1p and a weighted average remaining contractual life of six years. The fair value of the equity settled share options granted is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted.

The credit recognised for these options during the year was £5,000 (2019: £147,000 expense). This has been reflected in the income statement and included within operating costs.

Share options issued in January 2018
In 2017 a decision was made to replace an element of cash bonuses for the year with an award of share options to be granted after the year-end this resulted in share options being issued in January 2018. Share options outstanding at the year-end had a weighted average exercise price of 69.5p and a weighted average remaining contractual life of seven years. The fair value of the equity settled share options granted is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted.

The expense recognised for these options during the year was £359,000 (2019: £414,000). This has been reflected in the income statement and included within operating costs.

Share options issued in January 2019
Share options outstanding at the year-end had a weighted average exercise price of 58.5p and a weighted average remaining contractual life of eight years. The fair value of the equity settled share options granted is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted.

The expense recognised for these options during the year was £819,000 (2019: £367,000). This has been reflected in the income statement and included within operating costs.

Share options issued in February 2020
Share options outstanding at the year-end had a weighted average exercise price of 42.5p and a weighted average remaining contractual life of nine years. The fair value of the equity settled share options granted is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted.

The expense recognised for these options during the year was £486,000 (2019: £nil). This has been reflected in the income statement and included within operating costs.

Share options issued in June 2020
Share options outstanding at the year-end had a weighted average exercise price of 31.5p and a weighted average remaining contractual life of nine years. The fair value of the equity settled share options granted is estimated at the date of grant using the Black-Scholes Merton model taking into account the terms and conditions on which the options were granted.

The expense recognised for these options during the year was £15,000 (2019: £nil). This has been reflected in the income statement and included within operating costs.

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

The total charge reflected in the consolidated income statement in relation to all of the above share-based transactions, and included within continuing operating costs was £1,047,000 (2019 restated: £943,000) and within discontinuing operating costs was £622,000 (2019 restated: £238,000). The share-based payment expense comprises:

	2020 £000	2019 £000
Equity settled schemes	**1,669**	1,181
Total share-based payment charge	**1,669**	1,181

The total charge reflected in the Company's income statement was £383,000 (2019: £243,000), all charged to operating costs in both years.

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

35 Related party transactions

Transactions between the Company and its subsidiary undertakings (see Note 19), which are related parties, amounted to £4,897,600 in the year (2019: £5,878,800). These transactions related to inter-company recharges. Balances with subsidiary undertakings are shown in notes 22 and 24. Details of transactions between the Group and other related parties are disclosed in the following note.

Included within trade and other payables due after more than one year are the following loans from related parties:

	Group 2020 £000	Group 2019 £000	**Company 2020 £000**	Company 2019 £000
Director	**–**	(60)	**–**	(60)
Total	**–**	(60)	**–**	(60)

The loan from Malcolm Pye, the former Chief Executive Officer, was repaid in December 2019.

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	Transaction values for the year ended 30 September		Balance outstanding as at 30 September	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Sales of goods and services				
Salmar Genetics AS[1]	**552**	118	**–**	–
Benchmark Genetics (Thailand) Limited[2]	**39**	–	**15**	–
Benchmark Genetics Chile S.A.[1]	**–**	1,667	**–**	–
Great Salt Lake Brine Shrimp Cooperative, Inc[2]	**351**	268	**57**	17
Andromeda S.A.[3]	**2,745**	155	**319**	30
Purchases				
Benchmark Holdings Limited Executive Pension scheme[4]	**6**	54	**–**	–
Great Salt Lake Brine Shrimp Cooperative, Inc[2]	**26,021**	23,338	**8,671**	6,335

1 Joint venture
2 Associate
3 A Director is a director of the parent undertaking of Andromeda S.A.
4 Pension scheme of a Director

Remuneration for key management personnel is included within Note 7.

The Company is controlled by the shareholders. There is no single controlling party.

36 Contingent liabilities

There is a full cross guarantee in respect of certain borrowings of other Group undertakings. Total such borrowings of other Group undertakings at 30 September 2020 were £nil (2019: £nil).

37 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2020 £000	2019 £000
Group		
Cash at bank and in hand	**71,605**	16,051
Cash and cash equivalents	**71,605**	16,051
Company		
Cash at bank and in hand	**47,825**	840
Cash and cash equivalents	**47,825**	840

38 Alternative profit measures and other metrics

Alternative profit measures

Management has presented the performance measures Adjusted EBITDA, Adjusted Operating Profit and Adjusted Profit Before Tax because it monitors performance at a consolidated level and believes that these measures are relevant to an understanding of the Group's financial performance.

Adjusted EBITDA which reflects underlying profitability, is earnings before interest, tax, depreciation, amortisation, impairment, exceptional items and acquisition related expenditure and is shown on the income statement.

Adjusted operating profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs as reconciled below.

Adjusted profit before tax is earnings before tax, amortisation and impairment of acquired intangibles, exceptional items and acquisition related expenditure as reconciled below. These measures are not defined performance measure in IFRS. The Group's definition of these measures may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted operating profit to operating loss

Continuing operations	2020 £000	2019 Restated £000
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)
Depreciation and impairment	**(6,640)**	(5,054)
Amortisation of capitalised development costs	**–**	–
Share of profit of equity accounted investees net of tax	**150**	(414)
Adjusted operating profit	**7,853**	16,287
Exceptional including acquisition related items	**(2,114)**	(581)
Amortisation and impairment of intangible assets excluding development costs	**(16,613)**	(62,133)
Operating loss	**(10,874)**	(46,427)

Reconciliation of adjusted profit before tax to adjusted operating profit

Continuing operations	2020 £000	2019 Restated £000
Loss before taxation	**(22,571)**	(58,481)
Exceptional including acquisition related items	**2,114**	581
Amortisation and impairment of intangible assets excluding amortisation of development costs	**16,613**	62,133
Adjusted (loss)/profit before tax	**(3,844)**	4,233

Other metrics

Total R&D investment	2020 £000	2019 £000
Research and Development costs		
– Continuing operations	**7,282**	9,481
– Discontinued operations	**2,725**	3,369
	10,007	12,850
Internal capitalised development costs (Note 16)	**4,583**	7,673
Total R&D investment	**14,590**	20,523

Notes Forming Part of the Financial Statements (continued)

for the year ended 30 September 2020

38 Alternative profit measures and other metrics (continued)

Segmental

Genetics	Year ended 30 September 2020 Discontinued £000	Year ended 30 September 2020 Continuing £000	Year ended 30 September 2020 Total £000	Year ended 30 September 2019 Discontinued £000	Year ended 30 September 2019 Continuing £000	Year ended 30 September 2019 Total £000
Revenue	**–**	**41,504**	**41,504**	–	39,696	39,696
Adjusted EBITDA	**–**	**14,442**	**14,442**	–	10,075	10,075
Operating profit	**–**	**9,607**	**9,607**	–	5,131	5,131

Advanced Nutrition	Year ended 30 September 2020 Discontinued £000	Year ended 30 September 2020 Continuing £000	Year ended 30 September 2020 Total £000	Year ended 30 September 2019 Discontinued £000	Year ended 30 September 2019 Continuing £000	Year ended 30 September 2019 Total £000
Revenue	**2**	**59,360**	**59,362**	400	76,376	76,776
Adjusted EBITDA	**(143)**	**6,409**	**6,266**	(609)	16,015	15,406
Operating loss	**(394)**	**(10,947)**	**(11,341)**	(3,202)	(45,229)	(48,431)

Health	Year ended 30 September 2020 Discontinued £000	Year ended 30 September 2020 Continuing £000	Year ended 30 September 2020 Total £000	Year ended 30 September 2019 Discontinued £000	Year ended 30 September 2019 Continuing £000	Year ended 30 September 2019 Total £000
Revenue	**5,573**	**5,226**	**10,799**	9,025	8,717	17,742
Adjusted EBITDA	**(9,151)**	**(3,735)**	**(12,886)**	(8,102)	(2,095)	(10,197)
Operating profit/(loss)	**(11,914)**	**(5,683)**	**(17,597)**	(11,776)	(3,037)	(14,813)

Liquidity

Following the refinancing in June 2019 (see Note 25) a key financial covenant is a minimum liquidity of £10m as cash plus undrawn facilities.

	2020 £000
Cash and cash equivalents	**71,605**
Undrawn bank facility	**11,612**
Liquidity	**83,217**

The undrawn bank facility is the RCF facility (Note 25) which at 30 September amounts to USD 15m, none of which has been drawn.

39 Net debt

Net debt is cash and cash equivalents less loans and borrowings.

	2020 £000	2019 £000
Cash and cash equivalents	**71,605**	16,051
Loans and borrowings – current	**(5,339)**	(3,231)
Loans and borrowings – non-current	**(103,819)**	(99,961)
	(37,553)	(87,141)

Glossary

AAN	Advanced Animal Nutrition
Adjusted EBITDA	EBITDA before exceptional and acquisition costs (see income statement)
Adjusted Operating Profit	Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation and impairment of intangible assets excluding development costs (see Note 38)
AGM	Annual General Meeting
AIM	Alternative Investment Market
ASC	Aquaculture Stewardship Council
BMK08	Benchmark's next generation sea lice treatment
Breeders	Broodstock shrimp
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMS	Cardiomyopathy syndrome, a severe cardiac disease affecting Atlantic salmon
CSO	Chief Scientific Officer
CGU	Cash Generating Unit
CleanTreat®	Benchmark's water purification system CleanTreat®, a system designed to eliminate medicine residues and reduce environmental impact in the salmon farming industry.
Constant currency	2020 figures in GBP converted using average foreign exchange rates prevalent in 2019
CVMP	Committee For Medicinal Products for Veterinary Use. The European Medicines Agency committee responsible for veterinary medicines
EBITDA	Earnings before interest, tax, depreciation and amortisation (see income statement)
EMI scheme	Enterprise Management Incentive scheme
ESG	Environmental, Social, Governance
FAO	Food and Agriculture Organisation
Fry	Fry refers to shrimp or fish larvae
FY	Financial Year
Genomic Selection	Targeted breeding by selecting individuals based on their genome
IFRS	International Financial Reporting Standards
Investing Activities	Investing Activities are those activities which have no associated income stream in the current period, but which are intended to provide the Group with income generating operations in future periods. Includes exceptional items, R&D expenditure, pre-operational expenses for new ventures and costs of acquiring new businesses
IP	Intellectual Property
IPO	Initial Public Offering
Liquidity	Undrawn bank facilities plus cash and cash equivalents (see Note 38)
LTIP	Long-term Incentive Plan
M&A	Mergers & Acquisitions
MRL	maximum residue limit
Net Debt	see Note 39
Organic growth	Organic growth, as it applies to financial information, is the growth arising year on year in any part of the business eliminating the impact of the different ownership periods of any acquisitions made in either the current or prior year as appropriate
QCA Code	Quoted Companies Alliance Code — outlining best practice for quoted companies
QTL	Quantitative Trait Loci — DNA containing/linked to genes that underlie a quantitative trait
RAS	Recirculating aquaculture system
R&D	Research & Development
Salten	Benchmark's new land-based salmon egg and broodstock production facility in Norway

Glossary (continued)

Salmosan®	Benchmark's sea lice bath treatment
Sea lice	Parasite in salmon farming causing significant economic loss and welfare issues
SEP-Art	Benchmark's Advanced Nutrition Artemia technology that consists of cysts covered with iron particles which are attracted to magnets leaving nauplii in the solution
SIP	Share Incentive Plan
SPR	Specific Pathogen Resistant
Total Adjusted EBITDA	Adjusted EBITDA for continuing and discontinued operations (see income statement)
Total investment in R&D	R&D expensed costs plus capitalised development costs
Trading Activities	Trading Activities are those operations which generate earnings in the current period excluding Investing Activities
Vibrio	Water-borne bacterium

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C022913

Made from FSC® certified and traceable pulp sources.

Manufactured in accordance with ISO certified standards for environmental, quality and energy management.

BRC certified storage and distribution.

Designed and produced by emperor
Visit us at emperor.works

Benchmark®

Benchmark Holdings plc
Benchmark House
8 Smithy Wood Drive
Sheffield
S35 1QN
t. +44 (0)114 240 9939
w. benchmarkplc.com
e. info@benchmarkplc.com

Benchmark Holdings plc Annual Report and Accounts 2020