



Benchmark®



Driving sustainability in aquaculture

Benchmark Holdings plc
Annual Report and Accounts 2021



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

Strategic report	01–61
2020/21 Highlights	01
Benchmark at a Glance	02
Driving sustainability in aquaculture	04
Business Model	06
Chairman's Statement	08
Market Overview	10
Chief Executive Officer's Review	16
Business Area Review	18
Strategic framework and priorities	24
Strategy in Action	26
Investment Case	32
Financial Review	34
ESG Report	40
Section 172 Companies Act 2006 Statement	52
Principal Risks and Uncertainties	55
Governance	62–101
Board of Directors	62
Our Leadership	66
Corporate Governance	68
Corporate Governance Statement	72
Nomination Committee Report	80
Audit Committee Report	82
Sustainability Report	86
Remuneration Report	88
Directors' Report	94
Directors Responsibilities	100
Financial Statements	101–166
Independent Auditor's Report	101
Consolidated Income Statement	109
Consolidated Statement of Comprehensive Income	110
Consolidated Balance Sheet	111
Company Balance Sheet	112
Consolidated Statement of Changes in Equity	113
Company Statement of Changes in Equity	114
Consolidated Statement of Cash Flows	115
Company Statement of Cash Flows	116
Notes Forming Part of the Financial Statements	117
Additional Information	168–169
Glossary	168

Benchmark® is a leading aquaculture biotechnology Company. We deliver products and solutions in Genetics, Advanced Nutrition and Health to help aquaculture producers improve their yield, quality and animal welfare.

Guided by our values



Innovative



Passionate



Collaborative



Commercial

We contribute to a sustainable aquaculture future in ways that feed the world without harm.

 See pages 40-51 for Sustainability Report

* Front Cover Image provided by Happy Prawns AS

2020/21 Highlights

Financial highlights⁴

- Revenue 18% ahead of FY20
- Adjusted EBITDA from continuing operations 34% above FY20
- Operating loss significantly narrowed to £5.4m (FY20: £10.9m loss)
- Significant investment in the year; tangible capex of £18.0m (FY20: £5.9m)

Revenue from continuing operations (£m)

£125.1m



Gross margin from continuing operations (%)

52%



Adjusted EBITDA¹ from continuing operations (£m)

£19.4m



Adjusted EBITDA¹ margin from continuing operations (%)

16%



Operating loss from continuing operations (£m)

£5.4m



Total loss after tax (£m)

£11.6m



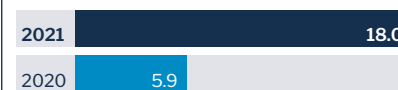
Total invested in R&D² (£m) (expensed and capitalised – continuing and discontinued operations)

£11.8m



Tangible capex (£m)

£18.0m



Net debt³ (£m)

£(80.9)m



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

2 See Note 36.

3 See Note 37.

4 Continuing operations unless otherwise noted.

Operational highlights

Genetics

Salmon: We continued the ramp-up of our facility in Salten, completed the first local salmon egg production and sales in Chile and constructed a new biosecure incubation centre in Iceland to meet periods of peak demand.

SPR shrimp: We prepared for the commercial launch by continuing test market sales in Asia and by expanding our breeding facility in Fellsmere, US, increasing our capacity to 100,000 shrimp breeders.

Tilapia: We commenced investment to increase the production capacity at our facility in Miami, allowing us to serve the local US market and deliver tilapia fingerlings year round.

Sustainability: We invested in energy-efficient systems in our shrimp facility in Fellsmere, which are expected to reduce current energy consumption by 50%, contributing towards our net zero targets.

Advanced Nutrition

Commercial focus: We strengthened our commercial team under new leadership, implemented processes that bring us closer to our customers and developed new digital tools. Together, this translated into an excellent performance in the year and good momentum going forward.

Investing in our facilities: We made a significant investment in our largest manufacturing plant located in Thailand, improving its safety, resilience, and energy efficiency. We are proud to have maintained excellent supply and customer service levels throughout the construction works.

Driving sustainability in our supply chain: We continued to drive sustainability in our supply chain by working with our existing and new suppliers to increasingly source ingredients from sustainable certified sources.

Health

Innovation: With the commercial launch and delivery of the first **Ectosan® Vet** and **CleanTreat®** treatments to our customers, we brought a solution to one of the industry's biggest challenges while protecting fish welfare and the oceans.

Sustainability: **CleanTreat®** received the highest level of recognition for environmental protection and sustainability by the Aquaculture Stewardship Council ("ASC"), the world's leading certification scheme for farmed aquaculture.

Benchmark at a Glance

Driving sustainability in aquaculture

The challenge:

Aquaculture plays a crucial role in global food security. To feed a human population expected to reach almost ten billion people by 2050, aquaculture needs to continue to grow sustainably.

Benchmark's mission:


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

Our business is powered by committed people driven by the desire to make a difference. Guided by our values – innovative, passionate, collaborative and commercial – we contribute to a sustainable aquaculture future in ways that feed the world without harm.

 See pages 40-51 for ESG report




Responsible Operator

 See pages 30-31 for case study



Proactive Industry Leader

 See pages 28-29 for case study



Real Impact Across the Value Chain

How do we achieve this?

We focus on three complementary business areas that are critical to the productivity and sustainability of aquaculture across the production cycle.



Genetics

Professional genetics provide a crucial starting point in aquaculture.

Through Benchmark's specialist genetics, fish and shrimp grow faster and live healthier lives using less resources – thus improving sustainability across the value chain, from egg to plate.

We apply the latest genomic tools in our salmon, shrimp and tilapia breeding programmes to deliver genetic traits that drive growth, quality and disease resistance.

Through our team of world-class geneticists we are the leading provider of aquaculture genetics services, building experience with 20 species in 16 countries.

Revenue from continuing operations

£46.8m

2020: £41.5m

See pages 18–19 for the Genetics Business Area Review



Advanced Nutrition

Early stage nutrition plays a critical role in the development of fish and shrimp up until the time of harvest.

We specialise in the early stages of production. We have a broad portfolio of nutritional, health and environmental solutions based on our proprietary technology which,

together with our expert technical support, enable our customers to optimise their production. We are the leading provider of Advanced Nutrition solutions to hatcheries worldwide.

Revenue from continuing operations

£70.5m

2020: £59.4m

See pages 20–21 for the Advanced Nutrition Business Area Review



Health

Sea lice is one of the biggest sustainability challenges in salmon farming, affecting yield and animal welfare whilst constraining growth.

In FY21, we launched our breakthrough solution Ectosan® Vet and CleanTreat® in Norway, adding to Salmosan® Vet, our existing solution for sea lice.

Ectosan® Vet and CleanTreat® is highly efficacious, has an environmental profile and improves animal welfare.

We are working on expanding the use of CleanTreat®, our innovative purification system, more broadly in the industry to purify water from medicinal bath treatments before it is returned to the ocean.

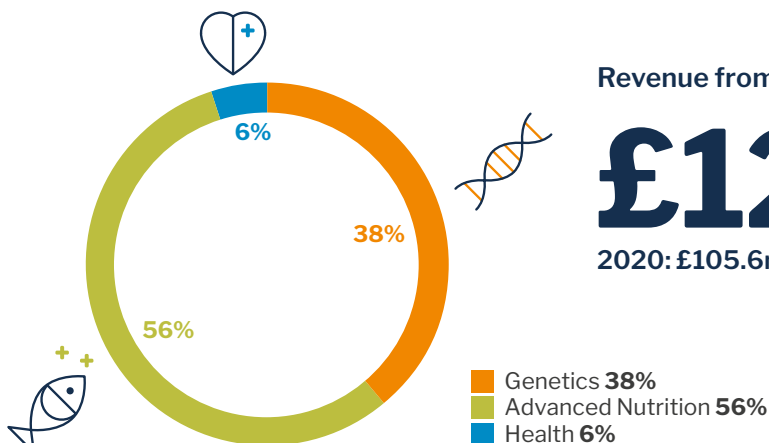
Revenue from continuing operations

£7.8m

2020: £5.2m

See pages 22–23 for the Health Business Area Review

Group revenue by business area



Revenue from continuing operations

£125.1m

2020: £105.6m

See pages 06–07 for Business Model

Driving sustainability in aquaculture

Global footprint with capacity for growth

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



Capacity (year operational for Benchmark)

Salten, Norway

Land based Salmon Ova Production ("JV")

- 150m eggs/200t broodstock



Sundalsøra, Norway

Genetics Centre and Breeding Programmes

- Expert team of geneticists



Lønningdal, Norway

Salmon Breeding Nucleus

- 350 salmon families/ 0.5 smolt



Dendermonde, Belgium

R&D Facility

- Experimental laboratories, Artemia



Phichit, Thailand Production Facility

- Artemia products and probiotics
- Compound feeds




Chonburi, Thailand R&D Facility

- Shrimp (larvae) culture trials



Nonthaburi, Thailand SPR Shrimp Multiplication centre ("JV")

- 40k shrimp broodstock



-  **Production Sites and R&D – Genetics**
-  **Production Sites and R&D – Nutrition**
-  **Commercial Offices**

Business Model

Our aim is to be the leading aquaculture biotechnology Company driving sustainability

What sets us apart

Expertise and insights

Our industry knowledge, customer relationships and experienced commercial teams in key aquaculture markets provide us with deep insight into the needs and sustainability challenges faced by aquaculture producers.

Intellectual property and innovation

We have a world-class team of scientists who develop innovative products and solutions for our customers. Our portfolio of products has robust intellectual property ("IP"), including 15 patent families and 136 patents.

People

Our people sit at the core of our organisation and drive everything we do. We have an accomplished management team with extensive experience, leading a team of more than 700 committed people working together towards the same goals.

Purpose and values

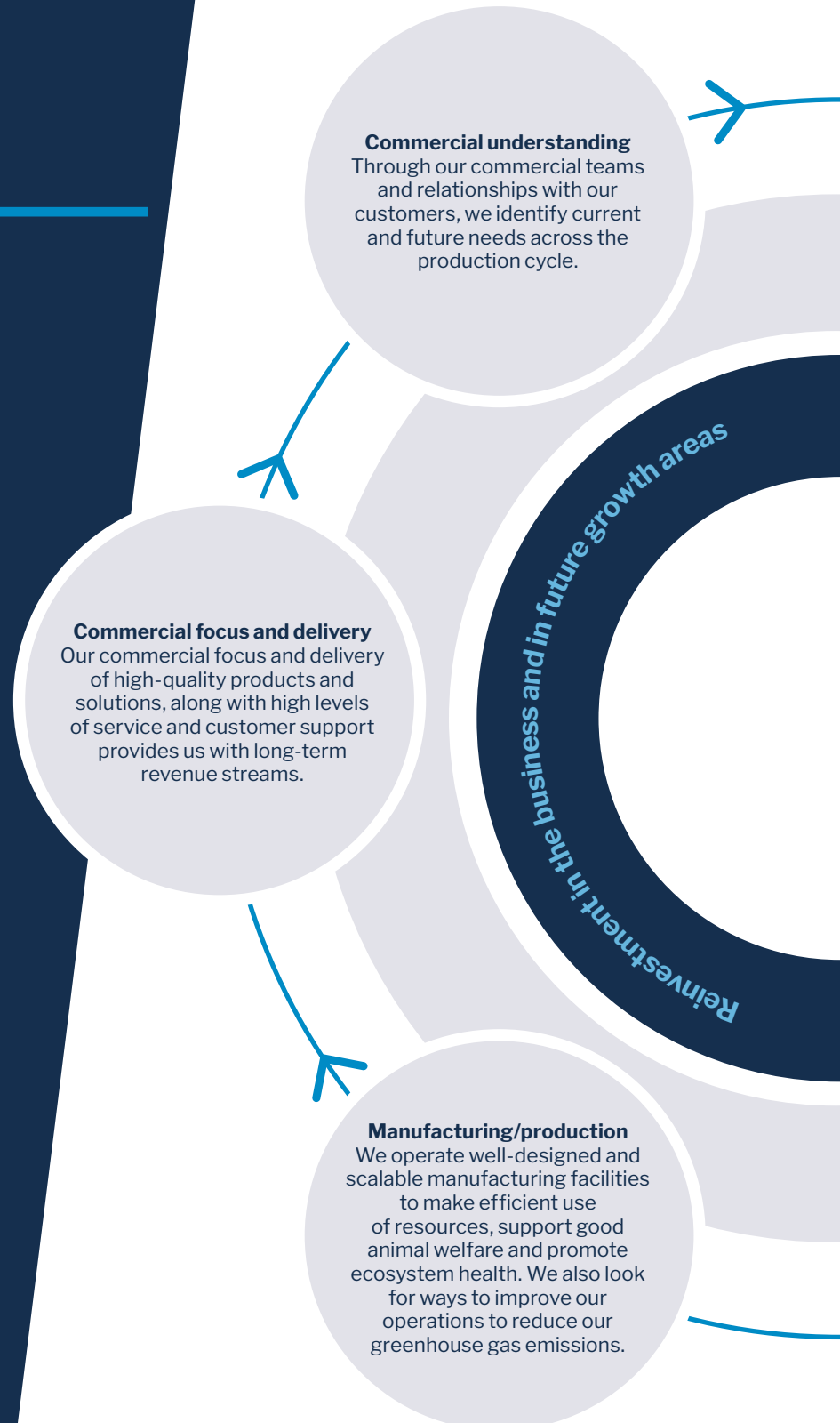
Our people are committed to our sustainability purpose and guided by our values – innovative, passionate, collaborative and commercial.

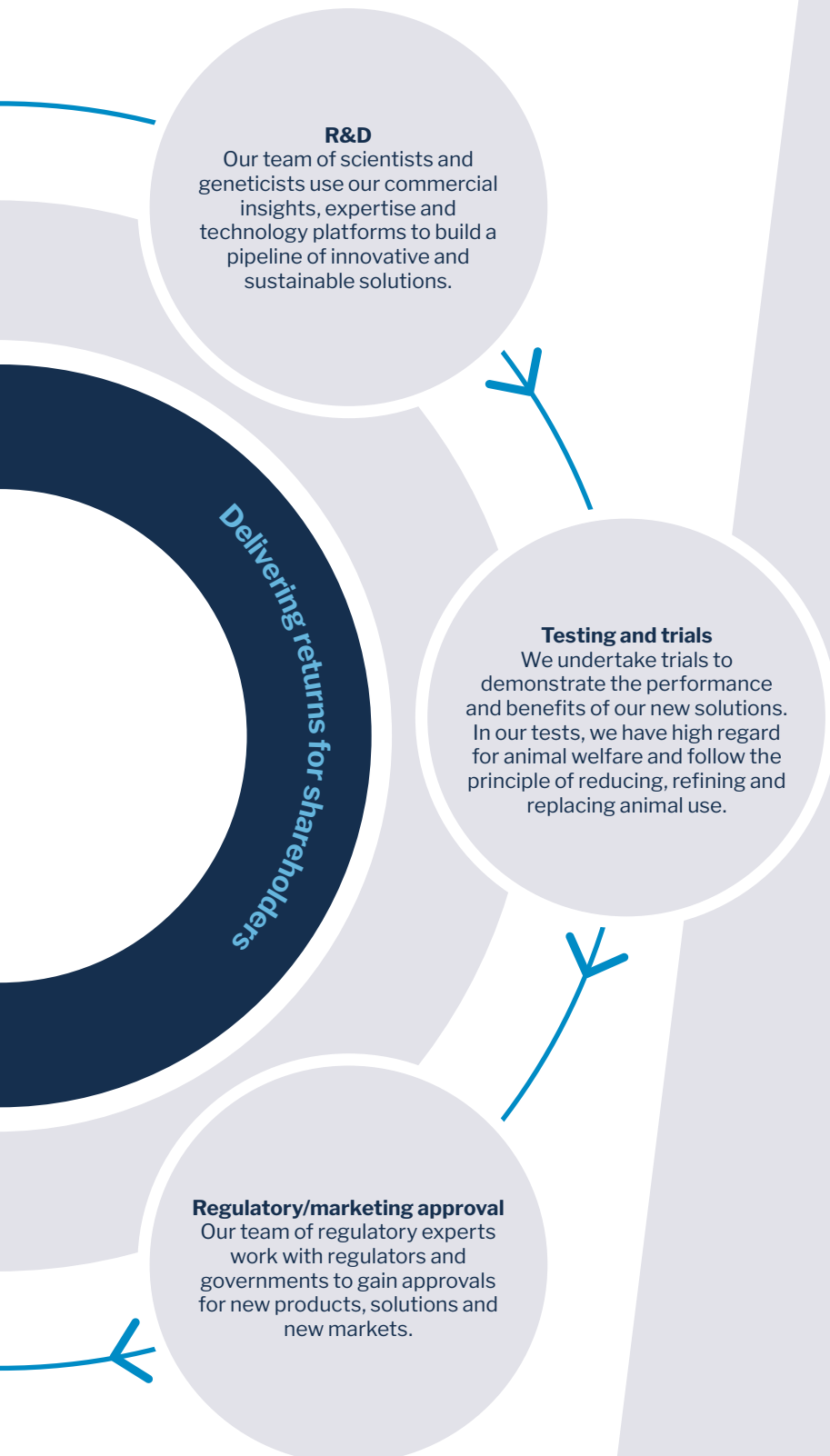
Collaborative approach

Through our collaborative approach with customers, suppliers, innovators and industry associations, we support and develop initiatives that promote sustainability across the aquaculture food chain.

What we do

We deliver products and solutions that enable aquaculture producers to improve their productivity and sustainability, helping address the need for sustainable aquatic food to feed a growing population.





The value we create for our stakeholders

The products and solutions we develop play an important role in meeting the needs of aquaculture producers and consumers for an ethical, reliable and nutritious source of animal protein in fish and shrimp.

For food producers

We make an important contribution to worldwide sustainable food production, delivering products and solutions that improve sustainability and performance for aquaculture producers through better yield, quality and animal health and welfare.

For consumers

Our products and solutions enable consumers to enjoy affordable, ethically sourced, high-quality food of high provenance.

For employees


We offer rewarding careers in a purpose-driven business with a culture of inclusiveness, where employees are motivated and inspired to make a difference.

For society

We contribute through job creation and training, investment in infrastructure, local sourcing and the taxes we pay. We also advance environmental stewardship in aquaculture.

For shareholders

We are committed to delivering long-term growth and returns for our shareholders.

 See pages 52-54 for Stakeholder engagement

Chairman's Statement

A year of delivery



I am proud of Benchmark's performance in this financial year which is a reflection on our renewed commercial focus, the significant culture change undertaken by our new management team, and the commitment and dedication of our 796 people around the world.

Peter George
Chairman

Adjusted EBITDA

£19.4m

2020: £14.5m

See pages 34-39
for Financial Review

Performance

2021 was a very successful year for Benchmark with much accomplished financially, operationally and strategically. The Group delivered a strong financial performance across its three business areas with Revenue and Adjusted EBITDA 18% and 34% above last year respectively, reflecting our renewed commercial focus and supported by improving conditions in our core shrimp market. We reported a loss before tax of £9.2m which narrowed significantly from £22.6m in 2020, taking us a step closer to becoming profitable.

The COVID-19 pandemic remained a predominant feature throughout the year, presenting challenges including regional lockdowns, significant supply chain disruptions and increases in the cost of logistics. This called for continuous operational flexibility, the dedication and focus of our teams around the world, and a sustained effort to support the health, safety and well-being of our people. We remained resilient and able to serve our customers in the face of significant logistical challenges affecting many sectors of the global economy.

Strategically, we achieved an important milestone for the Group and for the aquaculture industry with the launch of our sea lice treatment Ectosan® Vet and CleanTreat®, a solution that addresses one of the largest sustainability challenges in salmon production as well as an important environmental challenge by avoiding ocean contamination. We continued to invest with discipline to grow organically in our core established areas including salmon genetics and Advanced Nutrition, as well as in new growth markets such as SPR shrimp and tilapia genetics.

Strategy

The Board continues to review the near and longer term opportunities available to the Group, and the means and resources required to realise these. Our strategy is unchanged. We remain focused on our goals to become the leading aquaculture biotechnology Company driving sustainability and to deliver profitable growth for our shareholders. We will continue to focus on our three business areas – Genetics, Advanced Nutrition and Health – which all play a critical role in the aquaculture value chain and represent attractive growing markets. The importance of an integrated sustainability approach across the aquaculture value chain is increasingly recognised, and this represents an important opportunity for Benchmark through our positioning in genetics, specialist nutrition and health, three critical areas for our customers.

We will continue to invest with discipline in our established businesses to grow from our core, building on our strong market positions. Projects in this area include the expansion of our facility in Iceland and investment in our tilapia facility in the US. We will also continue to invest in the new areas of growth which we are currently pursuing, including the roll-out of Ectosan® Vet and CleanTreat® and SPR shrimp, and continue to develop further growth opportunities.

Having an optimal capital structure will be a critical enabler of our strategy creating flexibility for the business, and this year the Board commenced a review of our capital structure in the context of the approaching maturity of the NOK 850m bond in 2023 and funding in the short term for investment opportunities to accelerate business area growth.

Going concern

The Board has reviewed the Group's forecast for the period to September 2023 and while there is material uncertainty surrounding renewal or replacement of the Group's financing facilities in 2023, the Directors are confident that these can be renewed or replaced before they expire, with trading going well despite the headwinds of the pandemic and relationships with finance providers strong. The Board therefore concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Our people and our culture

Our talented, diverse team is one of our most important assets and an area of focus for the Board this year. Following the significant reorganisation in 2020, it was essential to realign our culture to our new strategic goals. Core elements of this effort included redefining our corporate values and implementing a new performance management framework and remuneration policy across the organisation. Our people embraced the change, demonstrated in excellent results in the employee engagement survey conducted during the year. We are proud of our inclusive culture which promotes diversity at all levels of the organisation - an important ESG factor for our business.

Board

Hugo Wahnish retired from the Board on 9 February 2021. A Board review conducted during the year shows there is a good balance of skills amongst Board members, and each is performing both their fiduciary and other Board roles to a high standard. The Board culture is good, supportive but challenging of management, steering the Company to a sustainable future.

Sustainability

Benchmark is a business with a purpose – to drive sustainability in aquaculture. Aquaculture plays an increasingly important role in safeguarding the world's food supply in a way that contributes to sustainable development. Driven by committed people with a desire to make a difference, our solutions make the aquaculture industry more efficient and sustainable by improving yield, resource efficiency and animal welfare, while mitigating the environmental impact. ESG considerations are embedded in our strategy and decision-making, and in our governance structure through our Board's sustainability committee. We operate responsibly, aiming for continuous improvement, and are committed to report on our ESG progress in a transparent way. A tangible example of our work this year is the development of a roadmap towards achieving our net zero goals leading to investments in several of our facilities in this area and commencing a climate risk assessment for the Group in alignment with TCFD recommendations ("Task Force for Climate-Related Financial Disclosures").

Outlook

We have laid solid foundations for our business with a clear strategy, financial discipline, culture and operational focus. Together with the good momentum we are seeing in each of our business areas and the growing need in our markets for sustainable aquaculture solutions, this creates a positive outlook in the near and the long term. We remain focused on becoming profitable and on delivering profitable growth for our shareholders through disciplined investment.

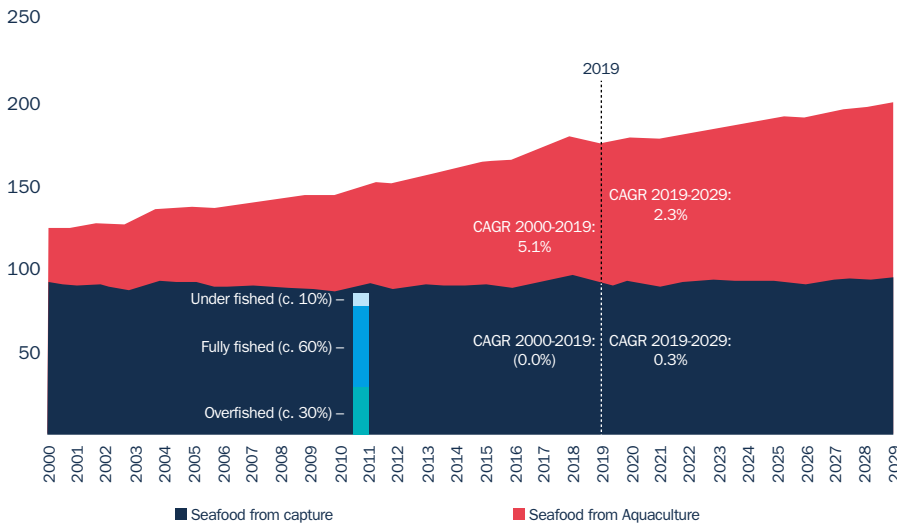
On behalf of the Board I would like to congratulate our management team and all our employees for an excellent performance and to thank our customers and shareholders for their continued support.

Peter George
Chairman

Market Overview

Attractive growing markets

Global Seafood production in million metric tonnes



Source Rabobank, adapted from OECD-FAO Agricultural Outlook (2021-2030)

+527%

Rise in global aquaculture production from 1990 to 2018

+122%

Rise in total food fish consumption from 1990 to 2018



Despite the short-term impact from COVID-19, total aquaculture production is projected to reach 109 million tonnes in 2030 – an increase of 32% (26 million tonnes) over 2018¹.

Fish provides about 3.3 billion people with almost 20% of their average per capita intake of animal protein. In 2017, fish accounted for about 17% of total animal protein consumed globally¹.

In per capita terms, food fish consumption rose from 9.0kg (live weight equivalent) in 1961 to 20.3kg in 2017. The latest available estimates for 2018 currently stand at 20.5kg¹.

Today, aquaculture accounts for approximately 52% of the world's fish consumed for food, and this is expected to continue to increase.

What is driving this increase?

- Rising population.
- Growing middle class.
- Adoption of new technologies and production systems.
- Increased awareness of health benefits.
- Increased awareness of sustainability challenges.

There is growing recognition of the role that aquaculture can play in achieving the UN Sustainable Development Goals ("SDGs"). Farmed fish and shrimp are increasingly recognised not only as some of the healthiest foods, but also as some of the least impactful farmed animal protein for environment. For these reasons, they play a big part in future food security and nutrition strategies worldwide, and it is critical to maximise its benefits by implementing sustainable solutions that support growth.

Where is the growth coming from?

By species, aquaculture growth is mainly driven by crustacean and freshwater fish farming in developing economies – particularly in Asia – and by Atlantic salmon in the west².

Looking forward, a shift from dominant freshwater species, such as carp, to shrimp, tilapia and new species is expected, alongside continuous steady growth in salmon.

Geographically, Asia will continue to be the dominant region of production but significant growth is anticipated in Africa and Latin America¹.

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.

Production¹:

Volume: 2.7 million tonnes
 Value: \$14 billion
 Market growth: 5% (2021e)

¹ Kontali, Pareto Securities, Company (2021)
² Kontali 2019

Atlantic salmon represents the technical, operational and financial frontier of aquaculture. It is a semi-consolidated industry with expected global growth of 3 to 7% per annum. Coastal farming is the dominating paradigm, with land and ocean farming developing as new vectors. Growth in the industry is highly regulated due to environmental concerns; this limits the growth in supply, while growth in demand is expected to continue. This market dynamic highlights the importance of solutions to increase yield and sustainability.

COVID-19 impact

The salmon industry proved resilient through the COVID-19 pandemic. The industry was supported by its low dependence on the catering sector (30%), a long production cycle and strong industry players. In some countries, the sector benefited from an increase in home consumption.

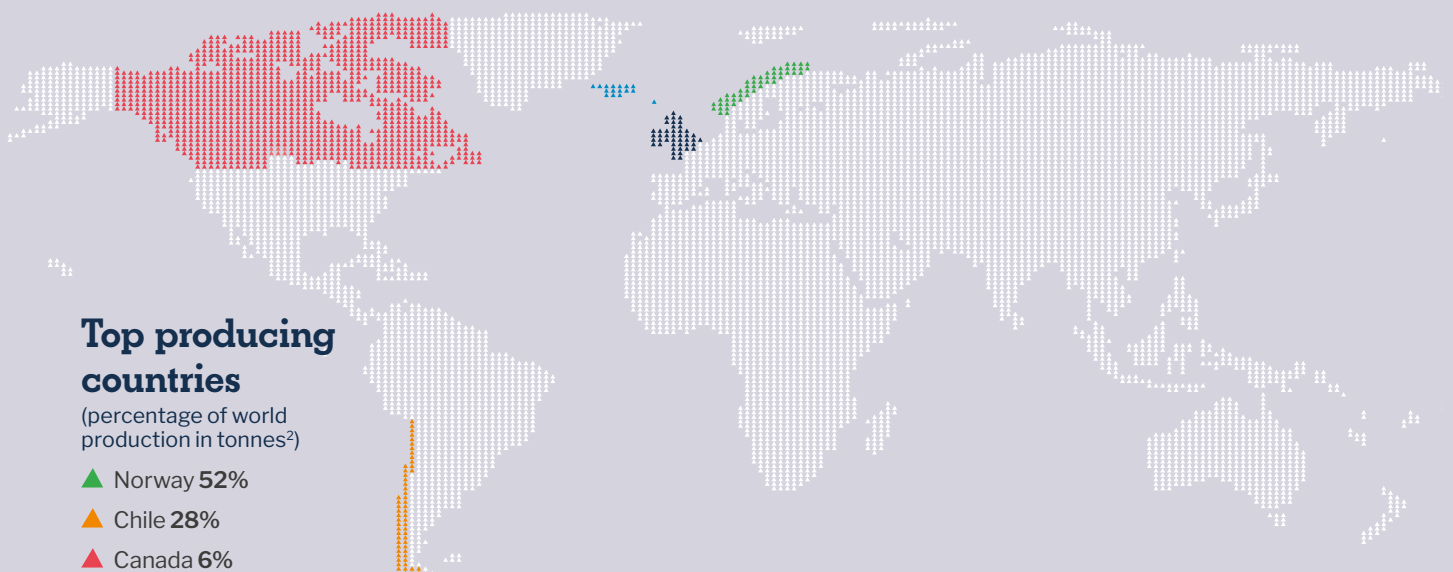
Trends

- Continued strong emphasis on genetically robust salmon means that innovation in genetics will continue to play an important role in the industry.
- Increased focus on biosecurity, disease control, and the identification of effective solutions will remain a core focus.
- Development of land-based and recirculating aquaculture systems ("RAS") will open up new opportunities for future production growth.

- Increasing environmental challenges due to climate change; sea temperature changes can lead to new diseases and algal blooms.
- Development of novel feed ingredients.
- Increased awareness of the role of probiotics and health products in antimicrobial management and general fish health, as well as growing interest on organic production.
- Pressure is increasing from consumers/retailers for traceability of food back through the value chain supported by trusted certification.

Outlook

Growth is expected to continue. By 2040, production is expected to increase to 5.8 to 6.5 million tonnes across production paradigms (coastal, ocean and land-based) driven by demand growth and continued innovation across the value chain.



Top producing countries

(percentage of world production in tonnes²)

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

Market Overview *continued*

Species at a glance

Mediterranean sea bass and sea 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.

Production¹:

Volume sea bass:	194,000 tonnes
Volume sea bream:	223,000 tonnes
Total value:	\$2.5 billion
Market growth:	2% (2021e)

¹ BMK Hatchery Production MI data (2021)

² Rabobank, Kontaly (2021)

Overview

The Mediterranean sea bass and sea bream industry is semi-consolidated and partly integrated. There is a high level of standardisation in some aspects of the industry, such as feeding protocols, and we have seen an increased focus on breeding programmes to produce robust fry. Sustainability initiatives such as reducing antibiotic use and regulating the supply chain are also considered increasingly important.

COVID-19 impact

Like with shrimp, the Mediterranean sea bass and bream industry is closely tied to food services, but benefits from a longer production cycle and, therefore, suffered fewer adverse consequences as a result of the COVID-19 pandemic and has recovered well.

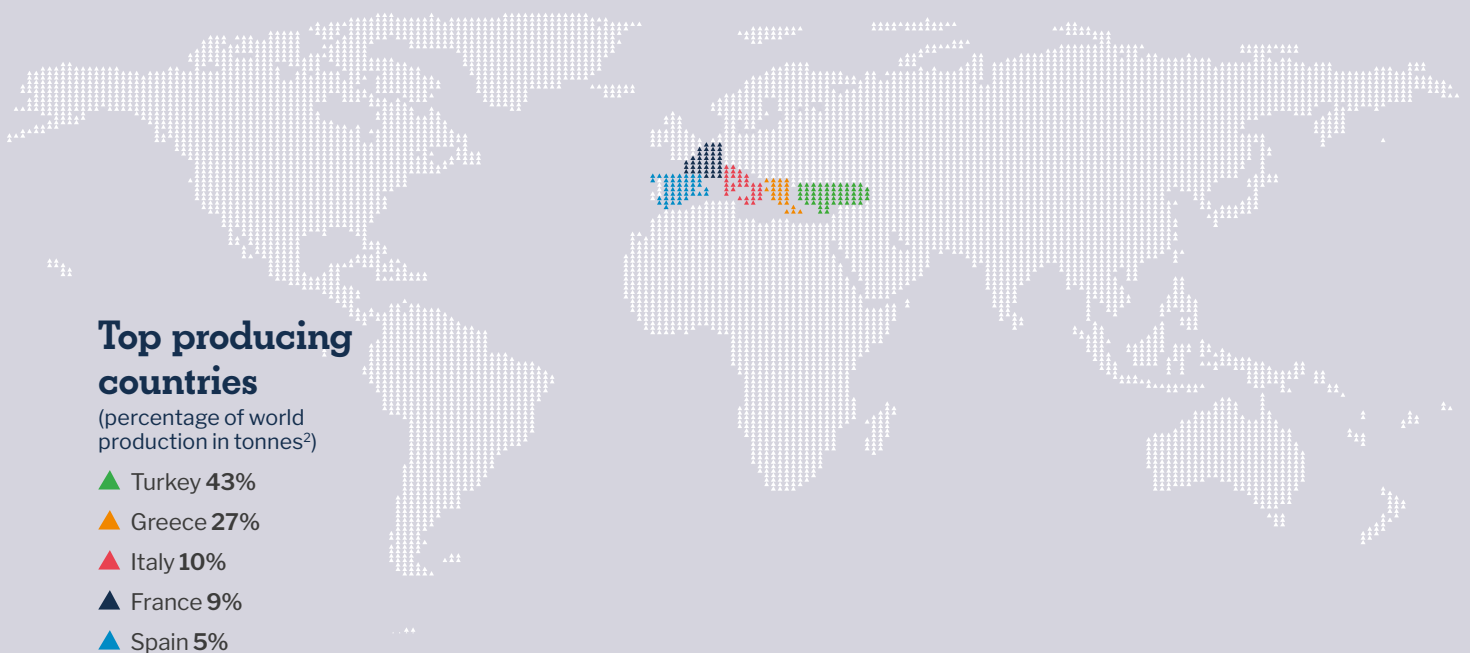
Trends

- Automation and standardisation are increasing across the industry.
- Data management across the supply chain is coming into focus to improve efficiency, health management and traceability.
- There is an increasing focus on breeding programmes to produce robust fry.

- Ongoing consolidation of producers and supply chain participants is driving efficiency.
- Certification is likely to become increasingly important throughout the supply chain as consumer awareness of sustainability grows.
- Opportunities are arising for product innovation and marketing to drive demand.
- Some producers are considering new warm water species such as Corvina, Seriola and Pagrus.

Outlook

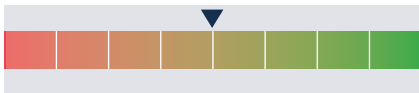
The industry is expected to grow following the easing of national restrictions from the COVID-19 pandemic. The trend for consolidation into larger professional farms is likely to continue due to the need to increase efficiency throughout the industry.



Species at a glance

Shrimp

Maturity level: medium



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

Production¹: est.

Volume:	2.8 million tonnes
Value:	\$14 billion
Market growth:	6% (2021e)

1 Rabobank
2 FAO

Overview

The shrimp industry consists of a large and diverse range of players with different production systems and degrees of integration. Geographically, the sector is spread primarily across Asia and the Americas. The main producing countries include China, Ecuador, India, Vietnam and Indonesia. The industry is facing increasing sustainability issues because of environmental and disease-related concerns, leading to more demand for certification and traceability, as well as holistic solutions. This trend highlights opportunities for the integration of sustainable solutions and technologies.

COVID-19 impact

Shrimp aquaculture was significantly affected by COVID-19 due to its reliance on the hospitality sector. After an estimated supply drop of 10% in 2020, growth returned in 2021 and is expected to continue.

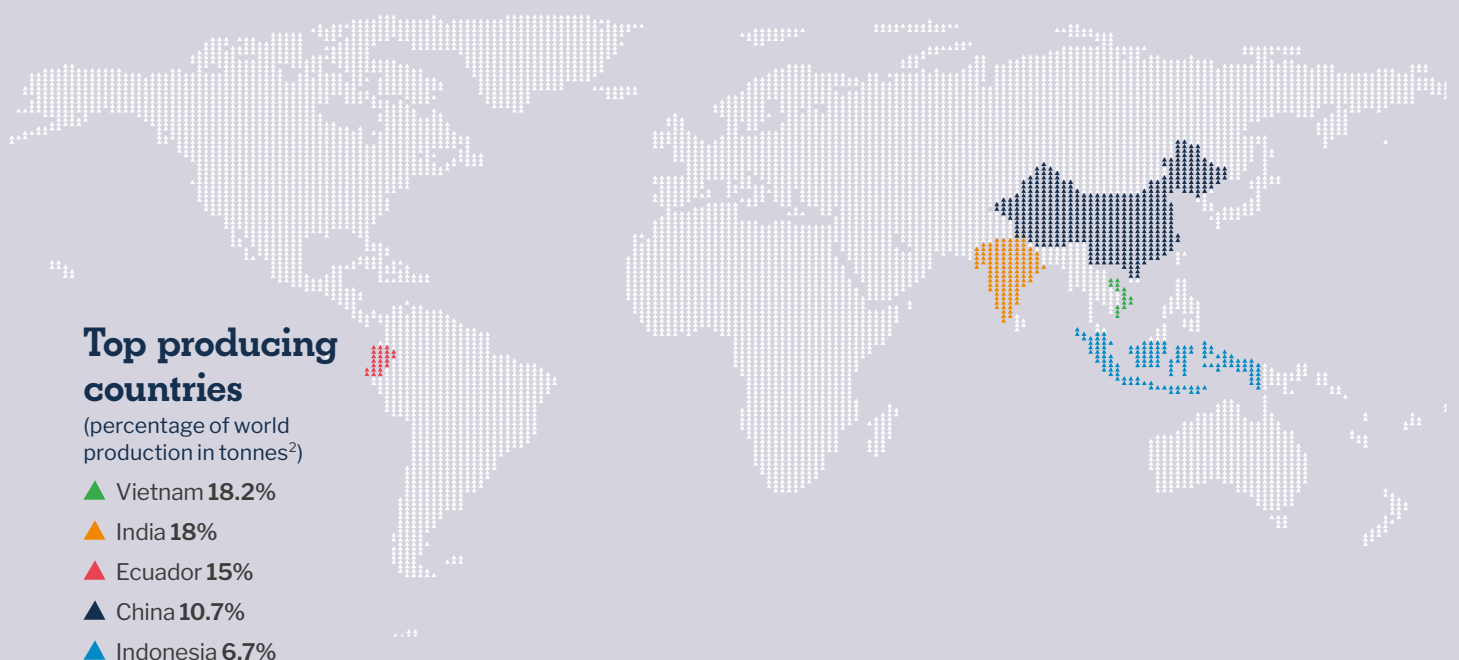
Trends

- Innovation in the supply chain is growing: technologies including probiotics, bioflocs and genetics are increasingly being adopted by the sector to improve yield, reduce mortality and address environmental concerns.
- Intensification and new availability of land is driving growth in all key producing countries.

- There is an increasing interest in new shrimp species.
- Sustainability considerations are growing across the market, leading to increased certification and traceability and a global move towards shorter supply chains for environmental reasons.
- There is a growing focus on how artificial intelligence and technology can benefit the whole value chain.
- There is a general push to reduce fish meal and fish oil in aquafeeds.

Outlook

The industry is recovering as we emerge from the COVID-19 pandemic. Demand and prices are rising, leading producers to increase their stocking levels. Innovation, including enhanced breeding and deep biosecure ponds, will continue to drive future growth.



Market Overview *continued*

Species at a glance

Tilapia

Maturity level: low



Tilapia aquaculture is a large, fragmented industry with significant potential to benefit from solutions that reduce mortality and increase yield.

Production¹:

Volume:	6.3 million tonnes
Value:	\$6.3 billion
Est. market access:	30%
Market growth:	3% (2021)

Overview

The tilapia aquaculture industry is large and early in its development. It is highly fragmented with producers ranging in size and level of industrialisation. This, in turn, has led to variability in production conditions and output. Historically, it has been an industry with low margins; however, it is seeing increasing integration to create efficiency and increase profitability.

COVID-19 impact

The tilapia industry experienced a fall in growth as a result of the COVID-19 pandemic. As we re-emerge from the pandemic, growth is expected to resume. Given the fragmented nature of the industry, the rate of recovery will vary across markets and producers.

Trends

- Increase in professionalism in some markets (for example, Brazil), but other large markets have not seen the same adoption of technologies.
- High mortality levels and the emergence of new disease challenges, imposing cost pressures on suppliers, producers and processors.
- Consumers are increasingly concerned about the use of hormones, antibiotics and non-sustainable farming practices.

- Trade barriers and protectionism are increasing due to a growing desire for local production coupled with policy decisions.
- Although consumer prices are low, the US tilapia market is seeing some initiatives to add premium qualities to retail shelves, such as organic or Made-in-US products.
- Consumer habits are driving an increase in the commercial importance of fillet yield, resulting in a higher proportion of tilapia harvested for fillets.
- Increasing investment is being made in West and Sub-Saharan African production regions.

Outlook

The tilapia industry is in the early stages of development with significant potential. It is expected to resume its growth following the COVID-19 pandemic. However, there are challenges that need to be overcome to realise its potential – such as high mortality levels, disease challenges and low margins.

¹ BMK Company estimates (2021)
² Anuario Peixe BR da Piscicultura 2021

Top producing countries

(percentage of world production in tonnes²)

- ▲ China 32%
- ▲ Indonesia 22%
- ▲ Egypt 16%
- ▲ Brazil 8%
- ▲ Thailand 5.7%
- ▲ Philippines 5.6%
- ▲ Bangladesh 4%
- ▲ Vietnam 3.7%



Chief Executive Officer's Review

A year of financial and strategic delivery



FY21 was a year of establishing firm foundations with a new strategic identity and commercial focus contributing to our strong results. There is good momentum in the business and positive dynamics in our industry creating significant opportunities to deliver value for all our stakeholders.

Trond Williksen
Chief Executive Officer

Group Revenue

£125.1m

2020: £105.6m



See pages 18-23
for Business Area Review

FY21 was a year of laying firm foundations following a substantial reorganisation. We have reached our targets, establishing the base from which we can realise the potential Benchmark has with its unique position in the market.

In FY21, we embedded a new strategic identity and undertook a significant culture transformation. We developed new corporate values and a performance management framework aligned to our strategy, creating a shift towards a more commercial and focused organisation. With the benefit of a streamlined Group and increased management focus as well as recovery in our core shrimp markets, we delivered revenues of £125.1m and Adjusted EBITDA of £19.4m, 18% and 34% above last year respectively. On a constant currency basis, revenue grew by 24% and Adjusted EBITDA increased by 43%. Loss before tax improved from £22.6m in 2020 to £9.2m in 2021.

Our strategic priorities framework enabled us to direct management time and resources, and as a result we made significant progress across the board. A top priority this year was the launch of our innovative sea lice treatment Ectosan®Vet and CleanTreat® in Norway and this was achieved in August 2021. The launch was the culmination of a rigorous regulatory process including the ratification of the Maximum Residue Limit ("MRL") and a Marketing Authorisation in Norway. We are now in a position where we can look forward to benefit from a new income stream and earnings in our Health business – which

has been an area of consistent investment over the years.

A second priority in FY21 was to strengthen our position in the shrimp hatchery market, particularly in Artemia. Under new leadership, we implemented a new commercial model focused on performance, increasing the use of digital channels, technical services and specialist education to engage with our customers. This resulted in an increase in Artemia revenues of 22%, significantly offsetting the impact of a tactical price reduction implemented in FY20.

The integration of the Group continues to be a priority in order to realise the potential that our unique strategic positioning provides. During the year, we made good progress bringing together our innovation, strategy development and sustainability efforts across our three business areas. In addition, we simplified our corporate structure and co-located activities in a number of countries in which we are present.

We made progress towards the launch of our SPR shrimp, continuing our test market sales and building the infrastructure required to support a commercial launch in FY22.

Looking forward to FY22 and beyond, we have significant opportunities which will make Benchmark a cash-generative, profitable, and growing Group. We will keep our focus on the execution of our near-term growth opportunities, while maintaining our strong position in our established markets supported by disciplined investment and cost control. This will enable us to achieve our goal to become profitable and deliver value for all of our stakeholders.

Business area reviews

Genetics

Genetics reported revenue from continuing operations of £46.8m, 13% above last year, driven primarily by higher salmon egg sales. Adjusted EBITDA of £11.5m was 20% below FY20. The Adjusted EBITDA result primarily reflects costs in our new genetics growth areas and normalised R&D investment.

Strategically, we continued to invest to build on our stronghold in salmon to cover all production paradigms including land-based and ocean farming. To this end, we built a new incubation centre in Iceland in the year which will allow us to meet periods of peak demand, and represents the first step to increase capacity in Iceland to meet the demand from the emerging land-based sector

where we have built a dominant position. We continued with the test market for our shrimp genetics while we increased capacity in our Fellsmere facility to 100,000 breeders and commenced seeding of JV multiplication centre in Thailand in preparation for a gradual commercial launch in FY22. We revisited our strategy in tilapia with the goal of maintaining a small but profitable presence in key tilapia markets and growing as the market matures. Our genetics consultancy services play an important role in maintaining our competitive position, giving us visibility and access to state-of-the-art technologies as well as strongly positioning the Group to enter new aquaculture species in the future.

Advanced Nutrition

Advanced Nutrition reported revenue from continuing operations of £70.5m, 19% ahead of FY20 driven by increased sales in the three product areas – Artemia, Health and Diets – with significant growth in Asia, India and Indonesia in particular, offsetting a drop in the Americas due to poor market conditions, particularly in Ecuador. Adjusted EBITDA of £13.8m more than doubled (FY21: £6.4m) as a result of higher sales and margins and continued cost control.

Our strategy in Advanced Nutrition is to stay highly specialised, addressing areas where our technology-rich solutions can have significant impact for our customers. By focusing on the early stages of aquaculture production with specialised nutrition and health solutions we can increase the productivity and sustainability throughout the production cycle, creating value for our customers. We will build on our unique competencies – our leading market position and distribution infrastructure – through a stronger commercial drive and ongoing investment in innovation. We will also invest selectively in our facilities to support our growth and align the energy efficiency in our operations towards achieving our net zero goals.

Health

In Health, we reported revenue from continuing operations of £7.8m, 50% ahead of the prior year reflecting the Group's first Ectosan®Vet and CleanTreat® sales and higher sales of Salmosan® Vet. Adjusted EBITDA loss was £2.7m (FY20: £3.7m) with the improvement resulting from higher sales and lower R&D investment which offset higher operating costs relating to the launch of Ectosan®Vet and CleanTreat®.

The roll-out in Norway of Ectosan®Vet and CleanTreat® will continue to be our main priority. It is fair to say that we are still in the early stages of commercialisation, working with existing and potential customers to help them integrate the solution into their sea lice treatment strategy. As expected, this takes both effort and time. The good news is that the interest for the solution is good and that the experience so far confirms the excellent efficacy of the medicine and the technical performance of the CleanTreat® system.

We are also pursuing an extension of the Marketing Authorisation in Norway which will allow us to achieve higher margins in the coming years. We have completed the first step in the process which is making a regulatory submission.

In addition, we are working on developing the potential for CleanTreat® as a platform for sustainable bath treatments which would represent an important development for the aquaculture industry as a whole. Post period end, CleanTreat® received the highest level of recognition for environmental protection and sustainability by the Aquaculture Stewardship Council, a significant achievement.

Outlook

There is good momentum in our business supported by positive conditions in our markets. The salmon markets are stable with positive outlook for continuous growth, while the shrimp markets experienced significant recovery in FY21 and are expected to continue to grow.

More broadly, aquaculture is one of the fastest growing areas in food production owing to a rise in population and wealth as well as health and climate change awareness. In order for the industry to grow sustainably and meet the increasing demand, sustainable solutions are required that address fish health and welfare, resource efficiency, antimicrobial resistance, environment and biodiversity. There is increasing recognition of the importance of an integrated approach to sustainability across the aquaculture value chain, and Benchmark is uniquely positioned through our solutions positioned in the critical stages of production.

Trond Williksen
Chief Executive Officer

Business Area Review:

Genetics

Delivering continued genetic improvement to aquaculture worldwide.

We are a leader in aquaculture genetics with in-house, family-based breeding programmes in salmon, shrimp and tilapia. Our strategy is innovation-led and customer-focused, using modern breeding techniques such as quantitative trait loci ("QTL") in genomic selection. Our long-standing collaborations and partnerships with leading aquaculture producers are as important as technology when working on genetic improvements and developing new products and services. Our technical support team of experts is critical to ensuring that our customers take full advantage of the potential of our genetics.

Overview

Strategic progress

Salmon

- We continued the successful ramp-up of our land-based salmon egg facility in Salten, Norway, which has a capacity to produce 150 million eggs. In FY21, 110 million eggs were sold – up from 90 million eggs in 2020.
- We celebrated the first local salmon egg production and sales of our SagaChile strain in Chile, in line with our strategy to deliver a tailor-made, fully adapted range of products at the highest level of biosecurity in each of our markets.
- We commenced the construction of a new biosecure incubation centre in Iceland in the first step towards expanding our production capacity. The new incubation facility will allow us to meet periods of peak demand within the existing capacity and grow market share.
- We established a leading position in the emerging land-based salmon segment, winning multiple new contracts for future delivery as our customers' facilities currently under construction come into production.

Shrimp

- We continued to test market sales of our shrimp breeders in Asia, focusing on Vietnam, Thailand, Indonesia and China. The results from our test market inform the development of our tailored offering ahead of a commercial launch. Our goal is to develop a portfolio of products adapted to the individual environmental conditions and needs of our customers in different countries.
- We expanded our breeding facility in Fellsmere, US, in preparation for the commercial launch of our shrimp genetics. The development increased our capacity to 100,000 shrimp breeders per year.

- The construction of the multiplication centre in Thailand under our joint venture was impacted by delays caused by COVID-19 but has resumed. Shrimp production at the facility, which will have a capacity of 30,000 breeders per year, commenced in October 2021, with the first deliveries in April 2022.
- We obtained an import licence for our shrimp broodstock from Florida to India – the second largest shrimp breeder market globally.

Tilapia

- We commenced investment to increase the production capacity of tilapia fingerlings at our facility in Miami, Florida. The increase in capacity will allow us to serve the local US market and to supply fingerlings on broodstock contracts. The investment will also enable us to deliver fingerlings all year round – an important enhancement to our current offering.
- This summer, we produced the tenth generation of genetically improved tilapia since the start of our programme. Since the first generation, we have achieved significant advances in production efficiency and delivery of disease resistance traits.

COVID-19

- Our salmon business remained stable and resilient throughout the pandemic, although activities in Chile were temporarily affected.
- The shrimp market showed a recovering trend as the hospitality sector reopened improving the outlook for the commercial roll-out of our SPR shrimp.

Sustainability

Our genetics products have a positive impact on the sustainability of aquaculture. Genetics are the very starting point of the production chain. Every improvement in efficiency or survivability contributes to a more sustainable end product.

In addition, we aim to continuously improve the sustainability of our operations. During the year, we reached some important milestones:

- We invested in energy-efficient heating systems in our shrimp facility in Fellsmere, which are expected to reduce current energy consumption by 50%, contributing towards our net zero targets
- Our facility in Salten, which has been recognised for its energy efficiency, minimises its environmental footprint by using close to 100% renewable energy as well as sending fish and sludge waste for biodigestion.
- We expanded our animal health and welfare activities, identifying ways to improve our protocols, conducting awareness raising workshops and developing a new training programme focused on shrimp.



"In a demanding year with the world impacted by COVID-19, we have managed to continue developing our business and are well-positioned to further grow our market shares in salmon, shrimp and tilapia genetics in the years to come."

Jan-Emil Johannessen
Head of Benchmark
Genetics

Revenue from continuing operations¹

£46.8m

2020: £41.5m

¹ See Note 36.



Business Area Review:

Advanced Nutrition

Adding value at key points in the production cycle.

Larvae quality is one of the main drivers for successful and sustainable fish and shrimp farming. This is why we develop sustainable solutions that help larvae, fry and postlarvae exploit their full potential throughout the production cycle.

Our nutritional solutions, including our range of Artemia products and technologies, specialist diets, antimicrobial solutions, such as probiotics; and our environmental products such as water and soil treatments, all of which contribute to more successful, consistent and sustainable production. To complement our range of products and solutions, our technical support team work closely with our customers to develop nutritional and environmental protocols that are tailored to a specific production system and specific environmental conditions to achieve optimal results. Our expert technical team have many decades of combined experience across geographies and production systems which differentiates us in the market.

Overview Strategic progress

Commercial focus

We made significant steps towards our goal of getting closer to our customers – the real users of our products and services.

- We strengthened our commercial team under new leadership, implementing processes and methodologies that focus on performance and impact, driving excellent performance in the year.
- We launched new, information-rich websites and increased our use of digital channels to communicate globally. Going forward, these advances will continue to be an important pillar of our customer engagement complementing our face-to-face activities.
- We enhanced our specialist education to customers developing content and delivering webinars in local languages.

Investing in our facilities

- Throughout the year we invested £3.2 million to improve safety, fire resilience and energy efficiency at our manufacturing plant in Thailand. The Thailand plant is our largest facility, responsible for the production of our Artemia-enriched products and specialist diets, and runs at close to capacity. We are proud to have maintained excellent supply and service levels throughout the construction works.



"Over the past 12 months we have made significant progress in focusing on our customers' needs to help drive growth. The whole organisation has come together to meet and achieve expectations and position ourselves for further growth."

Phil Doyle
Commercial Director

Revenue from continuing operation¹

£70.5m

2020: £59.4m

¹ See Note 36.

Innovation and collaboration

- Our collaboration with the Center for Microbial Ecology and Technology (CMET, Ghent University) culminated in the publication of research in microbial management, revealing potential for improvements in farming efficiency. In aquaculture, the presence of bacteria in farming water influences nutrient cycles, metabolic waste degradation, digestion and health, so managing microbes – including through the use of Benchmark's products and future innovation – is important for the industry.
- As part of our ongoing relationships with university and research institutions, we opened our virtual doors to students from the Rotterdam School of Management to develop a sustainability scorecard for our products, bringing a new independent perspective. This work is also part of our effort to share knowledge and create awareness of the importance of sustainability amongst the future generation of professionals.

COVID-19

- Challenges ranged from changes in consumer end markets, to the restrictions in movements impacting inventory, to reduced operations or temporary closure of processing and packaging facilities in some countries.
- Significant challenges existed around logistics; securing container routes and countering delays in departure and arrival in key ports. We've mitigated impacts by working closely with them and logistic companies to ensure delivery.

Sustainability

- This year we have focused on driving sustainability in our supply chain. We initiated an effort within our procurement team to further increase the proportion of marine and plant ingredients from sustainable certified sources by selecting new suppliers or working with existing ones. The long-lasting benefits of this ongoing effort will become evident in the years to come.
- We have progressed further towards our goal of net zero. Our facility in Thailand is responsible for a significant proportion of the Group's GHG emissions and as such is an area of focus in our environmental programme. During the year, we commissioned an independent energy efficiency review to identify opportunities to reduce our carbon footprint. While the review suffered some delays as a result of constraints in the region due to COVID-19, it is now progressing and we expect to consider the recommendations in H1 FY22.



Business Area Review:

Health

Delivering sustainable solutions to some of aquaculture's most pressing challenges in animal health.

Following the reprioritisation that took place in 2020, Benchmark Health's near-term focus is on the commercial roll-out of Ectosan® Vet and CleanTreat® in Norway and on expanding the use of CleanTreat® to bring to the industry a solution to purify treatment water from other medicinal bath treatments before it is returned to the ocean.

Overview

Strategic progress

Ectosan® Vet and CleanTreat®

While the ultimate achievement in the year was the commercial launch and delivery of the first Ectosan® Vet and CleanTreat® treatments to our customers, there were many significant milestones achieved during the year, each worth mentioning as they show the stringent review process that was carried out to ensure the safety of our breakthrough solution for our customers, the consumer, the fish and the environment.

- In March 2021, we signed the first customer contract for CleanTreat®, confirming the need in the market for our solution.
- In April 2021, the MRL ("Maximum Residue Limit") was ratified under European Law. The MRL confirms the safety of Ectosan® Vet for consumers and represented a significant milestone in the regulatory approval process towards the commercial launch in Norway.
- On 2 July 2021, we received the Marketing Authorisation ("MA") for Ectosan® Vet from the Norwegian Medicines Agency.
- On 15 July 2021, the MRL ("Maximum Residue Limit") was ratified under Norwegian Law.
- On 11 August 2021, we successfully conducted the first commercial Ectosan® Vet treatments and CleanTreat® water purification in Norway.
- In September 2021, we received the highest level of recognition for environmental protection and sustainability, by the Aquaculture Stewardship Council ("ASC") for CleanTreat®.

CleanTreat®

- Completed a development plan for use of CleanTreat® with Salmosan® Vet treatments.
- Awarded Scottish project funding for Salmosan® Vet and CleanTreat® development project with industry partners (customers and academia) to progress in the new financial year.
- Increased the efficiency of CleanTreat® in order to optimise working hours.

Sustainability

- As mentioned above CleanTreat® received the highest level of recognition for environmental protection and sustainability, by the ASC. The ASC is the world's leading certification scheme for farmed aquaculture. Following an extensive review, the ASC have included CleanTreat® as a mitigation tool in their current 'Weighted Number of Medicinal Treatments'. ASC concluded that any treatments performed in a closed contained system, that then applies water purification steps via CleanTreat® to remove the veterinary medicine, will receive a score of 'zero' – the best score possible.
- We will continue to optimise our CleanTreat® operation as part of our commitment to continuously improve the environmental footprint of our activities and increase the efficiency of our customers. We are passionate in helping our customers and the wider industry take a responsible approach to medicine use and meet the highest standards of sustainability.



"2021 was a milestone year for Benchmark Health with the commercial launch of Ectosan® Vet and CleanTreat®. The launch is the culmination of more than a decade of innovation, research and extensive trials to bring to the industry a sustainable solution that addresses one of the main biological challenges – sea lice. I am proud of the talented and committed multidisciplinary team who worked together to achieve this."

John Marshall
Head of Health

Revenue from continuing operations¹

£7.8m

2020: £5.2m

¹ See Note 36.



Strategic Framework and Priorities

Driving growth and performance

Having completed an extensive restructuring in 2020, it was time to evaluate our strategic framework and priorities, and align them to our goals of reaching profitability and creating long-term value for our stakeholders.

Therefore, in FY21 we implemented a new strategic framework which enables us to identify the Group's top priorities and focus our time and resources accordingly.

Strategic principles

True to core

- Focused on our three business areas
- Leveraging existing competencies
- Developing our technology base
- Maintaining a well-invested footprint



Financial discipline

- Cost and cash management
- Disciplined investment
- Capital allocation aligned to strategy



Execution

- Culture of delivery
- Aligned incentives and performance management
- Strategic priority framework



Profitable growth

- Organic development in existing and new areas
- Leverage Group capabilities
- Complementary partnerships and add-on acquisition
- Disciplined opportunism

Delivery and progress

Strategic priorities

Aligned to these strategic principles, we have set strategic priorities for each of our business areas and support functions. By identifying the most important priorities for the Group, we have focused our efforts and aligned our resources towards achieving our objectives.

Strategic Pillars	2021 Strategic Priority	2021 Delivery	2022 Strategic Priority
Maintain and grow our leadership position in each of our established markets	Maintain our leadership in the shrimp hatchery segment by regaining Artemia market share and through continuing innovation	Through a new commercial focus and strategy and the relaunch of our technologies, we regained market share in Artemia delivering a significant (22%) increase in sales	We will build on the positive momentum in our Advanced Nutrition business to grow our market share across all our product areas with the objective of achieving a leading position in each of our product areas and markets. We will do this through a continuation of the commercial strategies and processes being implemented together with our ongoing innovation effort.
	Launch of Ectosan Vet® and CleanTreat® in Norway	We obtained Marketing Authorisation in Norway and commenced commercial operations. Our first phase of the roll-out is progressing well showing excellent efficacy and customer satisfaction	We will continue the roll-out of our sea lice solution in Norway, working closely with our customers to optimise the use of our solution for their specific requirements based on their production systems, schedules and environmental conditions. We will continue to progress our regulatory work to obtain a label extension to our existing Marketing Authorisation which will enable us to achieve higher margins in the future.
Grow organically through the launch of new products and entry into new markets	Launch of SPR shrimp	We continued our test market sales in Asia which have informed our product strategy ahead of the commercial launch. In addition, we expanded our facility in Fellsmere, US, increasing capacity to achieve commercial readiness. Construction of our JV multiplication centre in Thailand completed	Commercial launch of SPR shrimp. First production at JV multiplication centre in Thailand.
	Implement simplified corporate and organisational structure	We simplified our corporate structure and co-located operations in Norway and Chile	Our FY22 objective is to deliver an integrated Groupwide ESG programme aligned to Benchmark's commitment as a responsible operator and industry leader driving sustainability.
'One Benchmark' – continue to integrate the Group and embed our new culture aligned to our strategic goals	Align People processes towards delivery of Strategic Priorities and One Benchmark	As part of our effort to transform our culture, we developed and launched new corporate values, remuneration policy and performance management framework	Deliver a People Agenda that continues to build the 'One Benchmark' Culture and makes the company a 'Great Place to Work'.

Strategy in Action: Creating a One Benchmark culture

Following the Company's reorganisation in 2020, we set a clear priority: to create a One Benchmark culture aligned with our new strategic identity and goals. We are promoting an environment in which our people are engaged; where they can develop, feel motivated and contribute their time and talents effectively towards our goals.

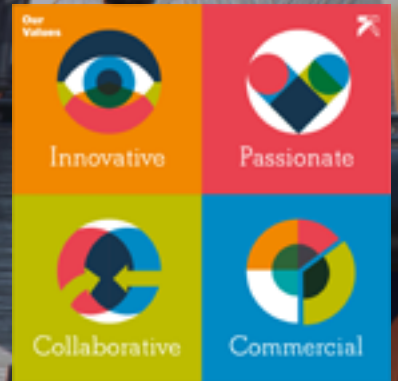
In 2021, we implemented a new **strategic priorities framework**, aligning the Group's efforts towards the same goals. We reset our **values**, recognising our new commercial identity, and developed new **remuneration and performance management frameworks**. In addition, we created **cross-Group initiatives** in strategic areas, including innovation and sustainability.

Our values underpin who we are at Benchmark, how we interact and how we make decisions. To establish values that truly resonate with people across our diverse Group, we sought input from Benchmark's teams around the globe. Employee champions in 18 countries shaped the values proposed by the leadership team, incorporating suggestions from people in all areas of the business. In an approach carefully designed to strengthen the One Benchmark community, the final set of values was introduced to teams through 35 local, highly interactive workshops.

We have already seen improvements since introducing the One Benchmark culture. The overwhelmingly positive responses to our employee engagement survey, for example, demonstrates progress in several important areas. Some highlights from the survey results include:

- An overall score of 88% puts us in the top quartile of companies for employee engagement.
- 85% of our people confirmed that Benchmark's purpose made them feel good about the work they do.
- 80% of our people believe that our leadership provides a clear vision of Benchmark's direction; this was 16% higher than in the 2019 survey, before our restructuring and management changes.

One Benchmark



Top quartile of companies for employee engagement

88%

"I have been extremely impressed with the high level of engagement and enthusiasm that all our people have shown in embracing new global initiatives and programmes which are all key in driving our journey towards a true One Benchmark culture."

Corina Holmes
Group Head of People

Strategy in Action: Proactive Industry Leader

Ectosan[®] Vet and CleanTreat[®]: a transformative solution

In 2021, Benchmark reached a momentous milestone. The launch of Ectosan[®] Vet and CleanTreat[®] was the culmination of more than ten years of research, development, innovation and rigorous trials, as well as substantial investment. Ectosan[®] Vet is the first veterinary medicinal sea lice treatment introduced to the Norwegian salmon market in over a decade and – together with CleanTreat[®], our water purification system – it represents a transformative solution for the industry.

The next generation of sea lice treatment

Ectosan[®] Vet is a bath treatment for pre-adult and adult sea lice on Atlantic salmon and rainbow trout and meets the highest standards of efficacy, safety and fish welfare.

Environmental stewardship

The treatment is applied exclusively in a contained environment on wellboats and used solely with our water purification system, CleanTreat[®]. This ensures that all treatment water is retained in the wellboat and the medicine is removed from the treatment water before safely returning clean water to the sea. The system also removes organic material from the treatment water, including sea lice – an essential step in combating parasitic resistance to medicines.

The Aquaculture Stewardship Council (“ASC”) have included CleanTreat[®] as a mitigation tool in their ‘Weighted Number of Medicinal Treatments’, awarding it a score of ‘zero’ – the best score possible. CleanTreat[®] supports farmers in meeting key ASC criteria, providing

a valuable tool which does not increase the ‘Weighted Number of Medicinal Treatments’. Importantly, this supports farmers to use Integrated Pest Management strategies, which are crucial for effective and robust sea lice management.

Commercial launch in Norway in partnership with our customers

In July 2021, Benchmark received Marketing Authorisation for Ectosan[®] Vet in Norway and we successfully conducted our first treatments with market-leading Norwegian salmon producers in August. By providing insight into their needs and participating in commercial trials, our customers have been instrumental in the development of this breakthrough solution.

We continue to work closely with our customers throughout all treatment stages, assisting in treatment optimisation and in the development of best practices. With this collaborative approach, we will continue to drive sustainability in the salmon industry.

Proactive industry leader



Crew in front of our Platform Supply Vessel during the installation phase of our CleanTreat® system



Technician adjusting the valve orientation on the CleanTreat® system

"We have been delighted with the positive response from the industry to the approved use of this cutting-edge treatment in Norway. We have added a significant tool to the industry to enable predictable health management and therefore growth of the industry for years to come. The team and I are looking forward to the months and years ahead, supporting the sustainable growth of the aquaculture industry."

John Marshall
Head of Health

Strategy in Action: Being a responsible operator

2021 was a year of significant investment across our facilities globally. Benchmark is committed to operating well-designed, safe facilities that make efficient use of resources, support good animal health and welfare and promote ecosystem health. We continually look for ways to improve our operations to reduce our GHG emissions and overall environmental footprint.

In 2021, we invested a total of £18.0m in expansion and maintenance projects in our facilities around the world to support our growth and meet our ESG commitments as a responsible operator:

- In Thailand, we invested £3.2 million to improve our safety, fire resilience and environmental impact of our facility. Our plant in Phichit, Thailand is our largest manufacturing site in Advanced Nutrition and runs at close to capacity; we are proud of our team who were able to maintain supply and customer service levels throughout the construction works.
- In Fellsmere, US, we invested £0.9 million in the first phase of a 40% capacity expansion project to produce around 100,000 shrimp breeders per year. In line with our environmental goals, we are installing energy efficient heating systems, which are expected to reduce current energy consumption by 50% – an improvement that will make a significant contribution towards our net zero targets.
- In Iceland, we invested £4.0 million in a new biosecure salmon egg incubation centre to meet periods of peak demand within our existing facility. The new facility will use 100% renewable energy.
- In Chile, we invested £0.8 million in a new salmon genetics broodstock unit equipped with the highest standards of biosecurity and technology. We are seeking, on a voluntary basis, a disease-free certification as part of our commitment to animal health and welfare. We have received the first selected breeders to produce new generations from our SagaChile strain.

Investing in our facilities



Our Fellsmere Team



Curacalco and Ensenada Chile – the new Salmon Broodstock Unit

"The new incubation centre in Iceland is based on Benchmark's production philosophy: to ensure the highest levels of biosecurity and supply of high-quality, genetically improved eggs year round."

Jonas Jonasson
Head of Production in Benchmark Genetics

Investment Case

We are a leading
aquaculture
biotechnology
Company uniquely
positioned to address
the need for
sustainable aquatic
food production

 More information on our ESG strategy
can be found on pages 40-51

Our on-board analytical team
work 24/7 to monitor the
CleanTreat® process and
confirm the purification of the
treatment water



An important and
growing industry
with attractive
market dynamics
and clear opportunities
for growth



Leading market positions
and competitive
advantages in three
complementary
areas with high
barriers to entry



International, multi-
species, commercial
business model



Underpinned by
proprietary technology
and expertise of our
people and partners



Clear strategy and capital
allocation to deliver
profitability, growth and
long-term value



We are a purpose-
driven business
powered by an
experienced and
committed team

Aquaculture plays a crucial role in global food security, meeting the needs of a growing population for healthy, nutritious food. Today, aquaculture accounts for around 50% of the fish for human consumption and is the fastest growing animal protein production sector. This growth is set to continue, driven by a rising middle class, shift in consumer habits, increase in production base, technological innovation and improvements along the value chain.

As the sector grows to feed a human population expected to reach almost 10 billion by 2050, it is imperative that it does so sustainably, creating a need for solutions that improve sustainability through resource efficiency, reduced environmental impact and improved animal welfare. This is where Benchmark's solutions positioned in key stages of the aquaculture production cycle come in.

Benchmark has a unique position in the sector with leading market positions and a well-established commercial footprint in three complementary areas with significant entry barriers.

Benchmark is:

- The market leader in salmon genetics across all production paradigms, underpinned by a world-class

team of geneticists, 20+ year breeding programmes and biosecure facilities.

- The number one specialist nutrition provider to the global shrimp hatchery market, supported by proprietary technology, expert technical services and local presence in every important shrimp market.
- A ground breaker in bringing a sustainable solution to sea lice: the biggest biological challenge in salmon production.

We are present in every major aquaculture market and cover the main aquaculture species – salmon, shrimp, Mediterranean sea bass/sea bream and tilapia. This enables us to leverage our knowledge, customer insights and footprint to grow and develop new solutions for the benefit of all of our stakeholders.

Our broad coverage and collaborative culture enables us to have a bigger impact on the aquaculture industry in our mission to drive sustainability.

We have leading proprietary technology and know-how in each of our three business areas, as well as a team of world-leading scientists in all the fields in which we operate. Our innovation board brings together our R&D efforts across the Group to develop a focused pipeline of solutions.

Our technology and know-how can be applied across multiple aquaculture species, leveraging our capabilities and investment. We have a collaborative approach and work together with universities and research institutions to develop new solutions.

Following a substantial restructuring, our goal is to become cash generative and sustainably profitable. We have put in place financial and commercial disciplines, which – together with a new, clear strategy – are delivering results. This year, we delivered excellent trading performance and achieved a major strategic milestone with the successful launch of our flagship sea lice solution: Ectosan® Vet and CleanTreat®.

We have significant opportunities in each of our three business areas which, supported by disciplined investment, will generate growth and create value for our stakeholders for many years to come.

We act with purpose and we are committed to operating in a responsible and sustainable way. We safely and ethically conduct our activities in ways that respect and support our people, neighbouring communities, suppliers, customers and the environment. We set targets in areas that matter to our stakeholders and are committed to delivering on them.

We have an experienced management team with a strong track record and a dedicated, capable team of over 700 individuals powering our business.

Financial Review

Strong and positive performance in the year



I am delighted to deliver very strong trading results along with significant progress on our strategic objectives in a year focused on investing for growth.

Septima Maguire
Chief Financial Officer

Continuing revenue

£125.1m

2020: £105.6m

Continuing AEBITDA²

£19.4m

2020: £14.5m

 See pages 101-167 for Financial Statements

Introduction

Strong operational delivery together with progress on strategic objectives

I am pleased that we have been able to deliver a strong set of results based on clear commercial focus in all business areas while progressing our strategic objectives. We made significant investments in the year across our three business areas, both to maintain our strong position in our well-established businesses as well as to develop new areas of growth. We made capital investments totalling £23.0m in the year of which £11.3m related to our established businesses, mainly improvements to our Advanced Nutrition facility in Thailand and a new incubation centre in Iceland. Looking forward, we will leverage off this year's investment to grow and progress our in path to profitability and cash generation which we remain committed to.

Financial highlights

- Revenues from continuing operations were 18% above the prior year resulting from:
 - 19% increase in Advanced Nutrition revenues (+27% in constant currency) showing good signs of recovery and strong commercial focus.
 - Good performance in Genetics with revenues 13% above the prior year (+15% in constant currency).
 - Higher revenues in Health due to the first sales of Ectosan[®]Vet and CleanTreat[®].
- Adjusted EBITDA² from continuing operations was £19.4m against £14.5m the prior year reflecting strong revenues in Advanced Nutrition, with a strong second half for Genetics and first sales from Ectosan[®]Vet and CleanTreat[®] in Health.

- Liquidity and net debt
Liquidity⁶ (cash and available facility) decreased to £50.6m (2020: £83.2m) and cash at year end of £39.5m (2020: £71.6m).
 - Net debt increased to £80.9m (2020: £37.6m) reflecting a programme of investments in the year and working capital to support momentum in the business.
- Loss before tax decreased from £22.6m to £9.2m.

Overview of reported financial results

During 2021, the Group's focus was on delivering a strong commercial result and advancing the strategic priorities of the Group.

Advanced Nutrition returned to growth in 2021 despite continuing challenging conditions in some key shrimp markets. Genetics also experienced strong sales in the year resulting in an increase in Group revenue from continuing

operations of 18% to £125.1m in the year (2020: £105.6m). This increase in sales meant that Gross Profit from continuing operations increased to £65.6m (2020: £55.0m). Gross Margin was flat at 52% (2020: 52%). Using the same foreign exchange rates experienced in 2020 (constant currency⁵) revenue from continuing operations increased by 24%.

As Reported (£m unless otherwise stated)	2021	2020	% AER	% CER ⁵
All figures are from continuing operations unless stated				
Total revenue – including discontinued operations	125.1	120.4	4%	9%
Revenue	125.1	105.6	18%	24%
Operating loss	(5.4)	(10.9)	50%	60%
Loss before tax	(9.2)	(22.6)	59%	65%
Loss for the period – including discontinued operations	(11.6)	(31.9)	64%	67%
Basic loss per share (p)	(1.93)	(5.26)	63%	–
Adjusted Measures (£m unless otherwise stated)				
Gross profit	65.6	55.0	19%	24%
Gross profit %	52%	52%	–	–
Adjusted EBITDA ²	19.4	14.5	34%	43%
Total Adjusted EBITDA ²	19.4	5.8	234%	259%
Adjusted EBITDA ² margin %	16%	14%	–	–
Adjusted Operating Profit ³	10.8	7.9	37%	52%
Net debt ⁴	(80.9)	(37.6)	(115%)	–

Business area performance

Continuing Operations Revenue (£m)	Revenue				AEBITDA ²				AEBITDA margin % 2021	AEBITDA margin % 2020
	Actual 2021	Actual 2020	% AER	% CER ⁵	Actual 2021	Actual 2020	% AER	% CER ⁵		
Genetics	46.8	41.5	13%	15%	11.5	14.4	(20%)	(20%)	25%	35%
Advanced Nutrition	70.5	59.4	19%	27%	13.8	6.4	116%	132%	20%	11%
Health	7.8	5.2	50%	50%	(2.7)	(3.7)	27%	30%	(35%)	(71%)
All other segments	–	–	–	–	–	(0.5)	100%	100%	–	–
Corporate	4.8	4.9	(2%)	(2%)	(3.2)	(2.1)	(52%)	(52%)	–	–
Inter-segment sales	(4.8)	(5.4)	(11%)	(11%)	–	–	–	–	–	–
Total Group	125.1	105.6	18%	24%	19.4	14.5	34%	43%	16%	14%
Genetics excluding FV uplift	46.8	41.5	13%	15%	8.2	11.1	(26%)	(26%)	18%	27%
Group Exc FV uplift	125.1	105.6	18%	24%	16.1	11.2	44%	54%	13%	11%

We continued to manage costs across the Group very closely during the year. Operating costs from continuing operations increased by 15% to £38.2m (2020: £33.3m) due to the investment in new growth areas, mainly the ramp up of activities for the launch of Ectosan[®]Vet and CleanTreat[®]. Expensed R&D from continuing operations decreased by 4% to £7.0m (2020: £7.3m).

Adjusted EBITDA from continuing operations increased by 34% to £19.4m (2020: £14.5m) driven by increased sales in Advanced Nutrition and first sales for Ectosan[®]Vet and CleanTreat[®] in Health as well as ongoing cost control.

1 EBITDA is earnings/(loss) before interest, tax, depreciation and amortisation and impairment. See income statement.

2 Adjusted EBITDA is EBITDA¹, 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. See Note 36

4 Net debt is cash and cash equivalents less loans, borrowings and lease obligations. Net debt includes £24.0m (FY20: £10.5m) relating to lease obligations. See Note 37.

5 % CER is the change year on year translating current figures using last year's foreign exchange rates.

6 Alternative performance measures and other metrics are included in Note 36 of the financial statements.

Continuing Gross Profit

£65.6m

2020: £55.0m

Net Debt⁴

(£80.9)m

2020: (£37.6)m

Financial Review **continued**

Adjusted measures (see Note 36)

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. In addition, in line with the Salmon industry, we also report AEBITDA excluding fair value uplift under IAS 41. 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.

Genetics

Genetics delivered good growth in revenue driven by sales of salmon eggs where volumes increased by 14% to 242 million eggs. Revenues of £46.8m were up 13% (2020: £41.5m), +15% in constant currency.

Demand for eggs in Norway increased significantly by 42% during the year, this increase was partly offset by the expected decrease of demand for eggs from Scotland where we had benefitted in 2020 from the loss of infectious salmon anaemia ("ISA") free status in Norway which constrained exports. This resulted in revenue from salmon eggs of 14% to £30.9m (2020: £27.0m). Within these numbers, our Chilean salmon eggs facility also commenced Sales in 2021 with revenue of £0.5m.

In non-product based revenue streams, Genetics Services performed

extremely well in the year reflecting the strength and depth of expertise of our Genetics team and our IP in the business, contributing £1.3m (2020: £1.3m). Revenues from harvested fish were aided by increased sales of fish from our broodstock licence in the first full year of operation, producing harvest income in the year of £6.2m (2020: £3.9m). Royalties earned from use of our genetic IP fell in the year, with sales down to £1.0m (2020: £1.8m) due to the expected unwinding of contracts which will continue for the next two years. Sales of other products such as lumpfish recorded slightly lower volumes in the year, with revenues of £7.4m (2020: £7.5m).

Gross profit decreased by 2.6% in 2021 to £25.9m (2020: £26.6m) due to increased costs of £0.8m from our Chilean salmon eggs facility as it continues to ramp up and lower gross profit from our harvest income of £0.8m as margins fell due to lower salmon prices and higher costs. This was offset by a combination of higher volumes from our core salmon business of £0.4m and improved gross profit from tilapia by £0.5m. The non-cash fair value increase in biological assets remained flat at £3.3m. This resulted in gross margin % falling by 9% to 55% (2020: 64%).

Whilst demand for salmon remained relatively solid through the COVID-19 related turmoil, as noted previously, shrimp demand was significantly affected. As a result, in 2020 we decided to postpone the planned commercial launch of our specific pathogen resistant ("SPR") shrimp. Therefore, in FY21, we focused our efforts on developing the next generation of breeders by running additional market trials. We also continued our test market sales in tandem. As our SPR shrimp programme and facility remain in development phase, some of the costs associated with it are capitalised. In 2021, we capitalised £1.9m of development costs in intangibles and reported an AEBITDA loss of £0.9m in the shrimp business. 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 higher than 2020 by £1.0m and £0.4m respectively as in H2 2020 Genetics had paused all discretionary spend, resuming spend (particularly in R&D) in 2021. R&D activities in this business area are focused on developing the traits of growth, disease resistance and sea lice resistance by selecting the best performing animals from each generation. The search for markers

for new traits that can be included in the breeding programme continues.

The share of profits/losses from the equity accounted investees relates primarily to the joint venture with Salmar Genetics AS which delivered a share of loss of £0.5m (2020: Profit of £0.3m). This loss was due to a disease outbreak which resulted in a year-on-year reduction in earnings of £0.8m.

Shrimp and tilapia, both of which are areas of investment, delivered combined losses in the period of £1.4m (2020: £1.7m).

All these factors contributed to reduced AEBITDA of £11.5m (2020: £14.4m) and AEBITDA margin of 25% (2020: 35%). AEBITDA excluding fair value dropped by 26% to £8.2m, an AEBITDA margin of 18% (2020: 27%).

Genetics has continued to establish its facility in Chile and with overall AEBITDA losses of £2.6m and £1.3m invested in capex in this new facility in 2021. The facility has potential production capacity of 50 million eggs and is currently utilising capacity of around 30 million eggs. In addition, we have invested in expanding capacity in our Fellsmere facility in Florida which houses our shrimp breeder operations and have added significant additional incubation capacity in Iceland.

Advanced Nutrition

Throughout 2021, Advanced Nutrition delivered a strong performance driven by renewed commercial focus. As a result, revenues in Advanced Nutrition increased by 19% in the year (27% at CER). This is notable as some key markets continued to be impacted by COVID-19 and the business faced significant logistic challenges as a result of the pandemic. The strategic price cuts put in place in 2020 have allowed us to regain market share and the continued focus of the commercial team has created good sales momentum in this business area.

In 2021, 25% of our revenues derived from the Mediterranean sea bass and sea bream sector, which grew by 26% in the year.

By product area, we regained market share in all product areas. Artemia grew revenues by 22% (at CER) to £32.6m, followed by diets up 33% (at CER) to £30.6m. Health which covers our probiotic and environmental pond management portfolio grew revenues by 18% (at CER) to £7.2m.

The increase in sales of £11.1m resulted in an increase in gross margin of £8.8m and drove the gross margin up from 46% to 51%. This increase in margin was offset in part by a small cost increase in operating costs, but there continued to be good cost control throughout this year. This led to Advanced Nutrition reporting AEBITDA from continuing operations of £13.8m (2020: £6.4m) and an increase in AEBITDA margin from 11% to 20%.

Health

Health reported continuing revenue of £7.8m (2020: £5.2m) reflecting the first sales of Ectosan®Vet and CleanTreat® of £2.5m of which £0.7m relates to revenue for vessel-related costs and a marginal increase in sales of our existing sea lice treatment, Salmosan® of £5.3m (2020: £5.2m). FY21 Salmosan® revenues reflect increased sales to Norway, Canada, UK and Faroes offset by a decrease in sales to Chile.

Gross margin increased by £2.5m to £3.7m with the launch of Ectosan®Vet and CleanTreat® combined with increased margins from Salmosan®.

During the year, the focus of this business area was to obtain the Marketing Authorisation for Ectosan®Vet and launch the product along with the CleanTreat® environmental system in Norway. The MA was granted in

July 2021 and the first vessel was launched in August 2021. £2.6m (2020: £2.1m) of development costs were capitalised in the year. The second vessel was launched post period-end in October 2021 and will commence treatments in December 2021. These activities drove an increase in operating costs to £6.2m (2020: £3.0m) Adjusted EBITDA loss for the business area was £2.7m (2020: £3.7m).

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 2020 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 £0.2m include costs in relation to disposals in FY20 of £0.6m and management restructuring of £0.5m (2020: £2.1m - £0.6m related to aborted acquisition items and £1.5m from management restructuring) being offset against a release of contingent consideration

of £0.9m related to the purchase of Benchmark Genetics (USA) Inc.

In 2020 exceptional gains within discontinued operations of £5.1m included 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 of £8.4m (2020 continuing: £6.6m), with depreciation charge of £8.5m (2020 continuing: £5.8m) and impairment reversal of £0.1m (2020 continuing: £0.8m charge). The depreciation charge in the year has increased due to the launch of CleanTreat® where the vessels are right-of-use assets held under lease agreements. In total depreciation charges on leased assets under IFRS 16 is £3.3m (2020 continuing: £1.2m). In 2020 depreciation and impairment of £2.5m was included in discontinued operations.

Amortisation and impairments of intangible assets totalled £16.3m (2020: £16.6m continuing and £2.8m discontinued). The amortisation charge includes £0.3m (2020: £nil) relating to capitalised development following commercialisation of Ectosan®Vet and CleanTreat®.

Research and development

£m Continuing	Expenses				Total expensed and capitalised			
	2021	As % of sales	2020	As % of sales	2021	As % of sales	2020	As % of sales
Expensed R&D by business area								
Genetics	4.9	10%	3.8	9%	6.8	15%	5.4	13%
Advanced Nutrition	1.9	3%	1.5	3%	2.2	3%	2.1	4%
Health	0.2	3%	2.0	38%	2.8	36%	4.4	85%
Total research and development	7.0	6%	7.3	7%	11.8	9%	11.9	11%

Expensed R&D activities in the continuing business decreased in the year by £0.3m with Genetics increasing their activities on the main focus of their spending, their breeding nucleus. This was against a backdrop of reduced spending in 2020 as we paused discretionary spending. This increase was offset by reduced Health spending due to their significantly reduced R&D programmes. 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 Rotifer replacement diet which is being launched in Q1 FY22. Health's research was mainly focused around the Ectosan®Vet and CleanTreat® development programme.

Financial Review *continued*

Other operating costs

£m Continuing	Expenses			
	2021	As % of sales	2020	As % of sales
Operating Expenses by Business Area				
Genetics	8.9	19%	8.5	20%
Advanced Nutrition	19.9	28%	19.3	32%
Health	6.2	79%	3.0	58%
Corporate (net)	3.2		2.5	
Total operating expenses	38.2	31%	33.3	32%

Other operating costs for the continuing business increased from £33.3m in 2020 to £38.2m in 2021. The increase in costs was primarily due to increased costs in Health as we moved toward and executed the commercial launch of Ectosan®Vet and CleanTreat® during the year.

Discontinued operations

All operations in the Knowledge Services business area and certain areas of the Health business were discontinued in 2019 and 2020 and either disposed or ceased during 2020. This resulted in net profit from the disposals of £12.0m, a loss from discontinued operations of £9.2m and £8.7m AEBITDA loss being reported as discontinued operations, all in 2020. More detail on this can be found in Note 12 of the financial statements.

Net finance costs

The Group incurred net finance costs from continuing operations of £3.8m during the year (2020: £11.7m). Included within this was interest charged on the Group's interest-bearing debt facilities of £6.9m (2020: £7.9m). Further, net foreign exchange gains of £2.8m (2020: net loss of £2.2m) arose due to the movement in exchange rates and there was a gain of £1.3m (2020: £1.2m charge) 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 £9.2m is lower than the prior year (2020: loss of £22.6m) as a result of the positive trading result and lower net finance costs partially offset by the increased depreciation on right-of-use assets.

Taxation

There was a tax charge on the loss for the year of £2.4m (2020: charge of £0.2m), 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 £11.6m (2020: loss of £31.9m). 2020 included an after tax loss from discontinued operations of £9.2m.

Earnings per share

Basic loss and diluted loss per share were both -1.93p (2020: loss per share -5.26p). The movement year on year is due to the movement in the result as well as the increase in the weighted average number of shares in issue of 44m.

Dividends

No dividends have been paid or proposed in either 2021 or 2020 and the Board is not recommending a final dividend in respect of the year ended 30 September 2021.

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 2021, the carrying value of biological assets was £38.4m (2020: £32.5m). This increase is due principally to the increase in the biomass of broodstock as we continue to expand production at Salten and Chile. The fair value uplift on biological assets included in cost of goods for the year was £3.3m (2020: £3.3m).

Intangibles

Additions to intangibles were £5.0m (2020: £5.6m) with the main area of investment being capitalised R&D which in the year increased by £0.2m to £4.8m (2020: £4.6m). R&D costs related to products that are close to commercial launch have to be capitalised when they meet the requirements set out under IAS 38. In this financial year, the main development projects capitalised were as follows:

- Ectosan®Vet/CleanTreat® (£2.6m)
- SPR shrimp (£1.9m)
- Live food alternative diets (£0.3m)

In 2020, the majority of the amounts capitalised related to Ectosan®Vet/ CleanTreat® as we moved towards obtaining the Marketing Authorisation for Ectosan®Vet and the continued development of the CleanTreat® environmental solution.

Capital expenditure

During 2021, we have invested in a number of growth initiatives as discussed before in the Business Area Performance review. The Group incurred tangible fixed asset additions of £18.0m (2020: £5.9m) of which £4.9m related to our investment in CleanTreat® and mobilisation of the vessels on which CleanTreat® is situated. The remaining capex was associated with our Genetics business (£8.4m) where we are investing in a new incubation house for our Icelandic facility (£4.0m), expanding our SPR shrimp facility to support more capacity (£0.9m) and have completed work in our Chilean facility (£0.8m) and our Advanced Nutrition business (£4.7m) in which we invested £3.2m to improve the fire safety of our Thailand manufacturing facility.

Cash flow, liquidity and net debt

Movement in net debt

Movement in net debt	£m
Net debt at 30 September 2020	(37.6)
Cash generated from operations	22.0
Movement in working capital	(11.6)
Investment in associates	(0.6)
Interest and taxes	(12.2)
Capital expenditure	(22.6)
Own shares issued	0.8
New leases (IFRS 16)	(18.6)
Other non-cash movements	(1.0)
Foreign exchange on cash and debt	0.5
Net debt at 30 September 2021	(80.9)

Cash flow

Better than expected trading in Nutrition along with first revenues from the launch of Ectosan®Vet with CleanTreat® drove positive cash flow from operations which has resulted in a cash inflow from operations in the year of £22.0m (2020: outflow of £7.2m); this also drove higher working capital levels resulting in an outflow of £11.6m (2020: inflow of £5.2m). Capital expenditure, both intangible and tangible in 2021 showed a significant increase of £10.8m at £22.6m (2020: £11.8m).

Borrowing facilities

The Group has a NOK850m senior secured floating rate listed bond which matures in June 2023 with a coupon of 5.25% above three months Norwegian Interbank Offered Rate ("NIBOR"). The Group also has a USD 15m Revolving Credit Facility ("RCF") which matures in December 2022 and was undrawn at 30 September 2021. The interest rate on the facility is between 3% and 3.5% above LIBOR depending on leverage.

There are other borrowing facilities held within Benchmark Genetics Salten AS (formerly SalmoBreed Salten AS) which were put in place to fund the building of the new salmon eggs facility totalling NOK246m (£20.9m) (2020: NOK281m (£23.2m)), 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. In addition, a working capital facility of NOK20m is in place for use solely by Benchmark Genetics Salten AS. This facility is undrawn (2020: drawn NOK15m).

During the year, the Board commenced a review of our capital structure in the context of the approaching maturity of the main facilities as noted above and with regard to funding in the short term for investment opportunities to accelerate business area growth.

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 2021 is £50.6m (2020: £83.2m). The equity ratio, defined as 'the ratio of Book Equity to Total Assets' must always exceed 30%. The equity ratio at 30 September 2021 was 58% (2020 60%). In addition, an equity to asset

ratio covenant exist for the Benchmark Genetics Salten AS with a target threshold of 40% (2021 Actual 46.2%).

Cash and total debt

	£m	
Net debt	2021	2020
Cash	39.5	71.6
NOK850m bond	(75.5)	(75.5)
Other borrowings	(20.9)	(23.2)
Lease liabilities	(24.0)	(10.5)
Net debt	(80.9)	(37.6)

The RCF facility combined with the year-end cash balance of £39.5m (2020: £71.6m) means the Group had total liquidity of £50.6m (2020: £83.2m). This, whilst utilising tight cost and cash control, is expected by the Directors to provide the Group with sufficient liquidity to fund the investment and working capital to crystallise the growth opportunities which are part of the strategic priorities of the Group and provide adequate headroom.

Going concern

As noted in the Strategic Report, after a good year of trading and the start of recovery in our end markets as the COVID-19 vaccine programmes across the world were rolled out and the hospitality sector reopened, there is cause of optimism. The ultimate lasting impact of the pandemic on the economy, Benchmark's markets and its businesses remains to some extent uncertain, and the Directors recognise that full recovery could take time and remain cautious of the possibility of a return of restrictions. Available market analysis continues to be monitored to ensure appropriate mitigating actions can be taken as necessary.

The Directors have prepared cash flow projections covering the period to September 2023 to assess the Group's trading and cash flow forecasts as well as compliance with the covenants included within the Group's financing arrangements.

Cash resources, whilst reduced, are still strong after investment in growth opportunities during the year.

The RCF and Bond facilities both expire within the next 24 months, the RCF in Dec 2022 and the NOK Bond in June 2023, the Board does not believe that renewing or refinancing these facilities would not be achievable given our good trading record since the restructuring and the positive momentum in the business. In the downside scenario

analysis performed, the Directors have considered the severe but plausible impacts of market downturns on the Group's trading and cash flow forecasts, modelling reductions in the revenues and cash flows in Advanced Nutrition and Genetics, alongside modelling delays to uptake of the sale of Ectosan®Vet and CleanTreat® in the Health business area.

It is difficult to predict the overall outcome and impact of the pandemic, however, 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.

However, it should be noted that the Group's main borrowing facilities are set to expire within the next 19 months – the \$15m RCF is set to expire in December 2022, and the NOK 850m bond is due to expire in June 2023. The cashflow forecasts reviewed rely on these borrowing facilities being in place. As noted above, the Directors have commenced a review of the capital structure, including certain short term actions and also longer term financing options, and are confident that these facilities can be renewed or replaced before they expire, with trading going well despite the headwinds of the pandemic and relationships with finance providers strong. Cash resources continue to remain strong with the group managing discretionary spend closely as recovery from the pandemic progresses.

Based on their assessment, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, while the Directors remain confident that the current facilities will be renewed or replaced in the next 19 months, the requirement to do so represents a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern and therefore to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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

ESG Report

Driving sustainability in aquaculture

At Benchmark, we recognise that the future of aquaculture lies in sustainability. As a proactive industry leader, we acknowledge both the need to feed a growing global population and to preserve and protect the planet's resources. Bridging this gap is what motivates us and, driven by committed people with a desire to make a difference, our products and solutions are designed to align the aquaculture industry towards a more efficient and sustainable future.

Egg sorting at our Salten site



Today, aquaculture produces more than half of the fish used for human consumption and has the potential to be a sustainable way of safeguarding the world's food supply with healthy and protein-rich food into the future.

With the continued growth of aquaculture, our vision is to enable a more sustainable and adaptable industry that can meet its challenges. This requires a deep understanding of its emerging needs and adoption of new technologies and innovations across the value chain, which is where we come in.

Our aim is to be a proactive industry leader and a responsible operator with real impact across the value chain.

We make important contributions to the sustainability of the industry through the way we manage our operations, our collaborative industry approach to develop solutions and improved standards and through our broad range of products and solutions in Genetics, Advanced Nutrition and Health:

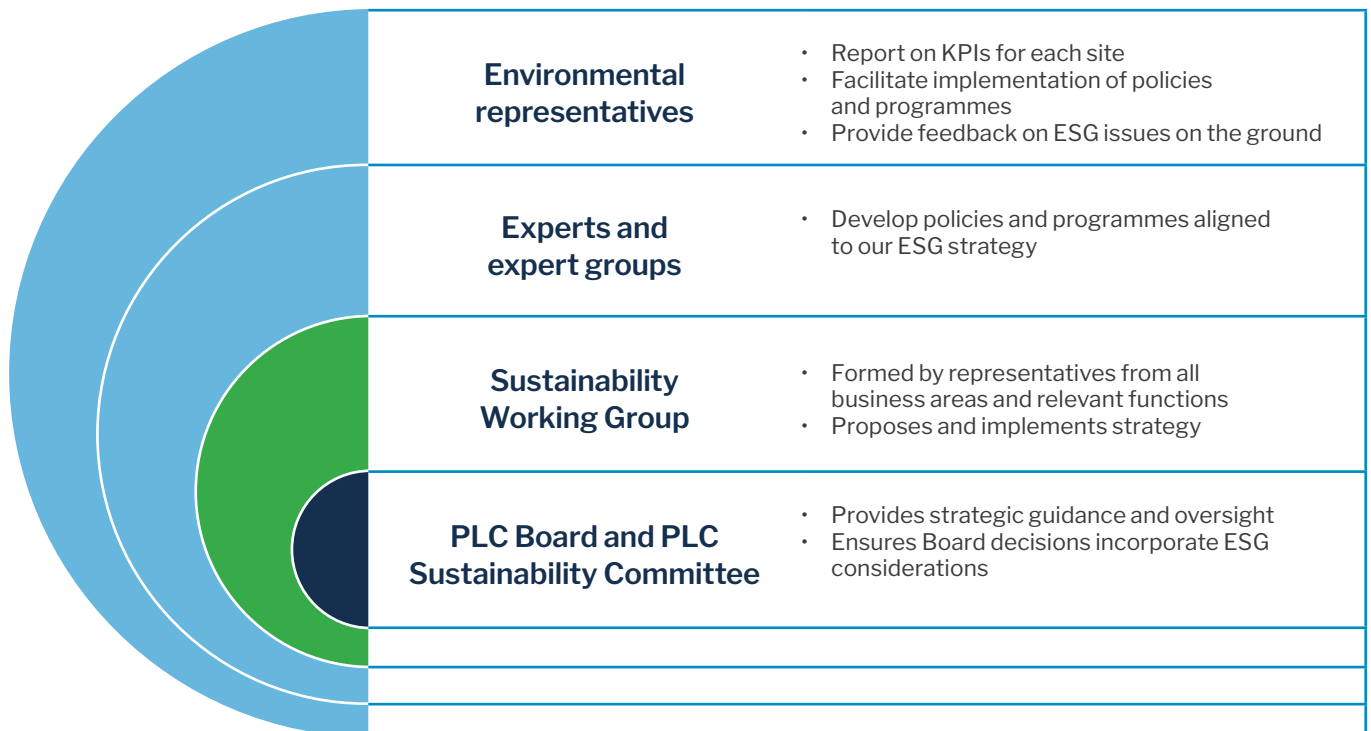
- **Genetics** is the very starting point of the production chain in aquaculture. Good genetics have a material impact on efficiency, incidence of disease and survivability across the whole production cycle.
- In **Advanced Nutrition** we focus on the early stages of production, which greatly influence growth and health in the later stages, compounding the positive impact of our solutions.
- In **Health** we focus on addressing one of the biggest sustainability challenges in salmon production: sea lice.

How we implement our sustainability strategy

Sustainability is embedded throughout our operations, from the way we make strategic decisions, to how we handle animals in our facilities and source raw materials. To enable this we have a governance framework which originates at the Board level and runs across the organisation.

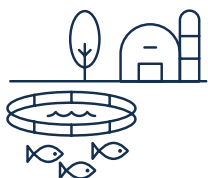
- The Board’s **sustainability committee**, comprising two Directors, the head of the Sustainability Working Group and the Company Secretary meets quarterly and is responsible for providing guidance, overseeing the Company’s sustainability programme and considering emerging issues and risks. The committee also ensures that the Board takes into account sustainability considerations when making strategic and operational decisions.
- The **Sustainability Working Group**, which includes representatives from our three business areas as well as from key functions, is responsible for developing and implementing the Company’s sustainability strategy and working programme. Through its members, the Sustainability Working Group engages with our key stakeholders including customers, suppliers, employees and shareholders to inform its assessment of material ESG issues and its strategy.
- A network of **environmental representatives** at each of our sites enables the implementation of policies and programmes across all our operations, allowing us to identify risks and opportunities and set appropriate targets at a local level.

Our ESG operating structure



Animal Health and Welfare

See pages 45-47 in ESG section



Environment

See pages 48-50 in ESG section



People and Communities

See pages 50-51 in ESG section



ESG Report *continued*

Our Work in line with the UN Sustainable Development Goals

Benchmark supports the 17 UN Sustainable Development Goals ("SDGs") and acknowledges their importance as a foundational basis. Through our core values and mission to contribute to a sustainable aquaculture future, with every action we aim to support one or more of the 17 SDGs. While we contribute to many of the SDGs directly or indirectly, those to which we make the most significant contributions are highlighted below.



By improving food productivity, the availability of nutritious food for a growing global population increases. Our solutions thus contribute to safeguarding global food supply.



By producing a range of species, the needs of different markets can be met with nutritious food. We also support a diverse workforce and local communities, ensuring the well-being of our people is a priority.



Our solutions improve resource efficiency in aquaculture, which already has a lower environmental impact than other animal proteins, reducing the carbon footprint. We are also committed to reducing our own footprint and integrating climate considerations into our decision-making. Additionally, since we are positioned at the start of the value chain, these trickle through into our customer's environmental footprint.



We promote decent economic work and growth through our collaboration with our clients and suppliers, as well as through our internal operations and employees. We have policies and processes in place, such as an anti-slavery policy, which we take extremely seriously as a responsible operator. As a global operator, we are both an employer as well as a supplier to an industry which feeds developing regions, encouraging both decent work and economic growth.



We recognise our diverse community and workforce, and are committed to ensuring the inclusion and support for all. We have processes in place to support these goals, and are continuously looking to initiate dialogue and action in regards to how we can do more.

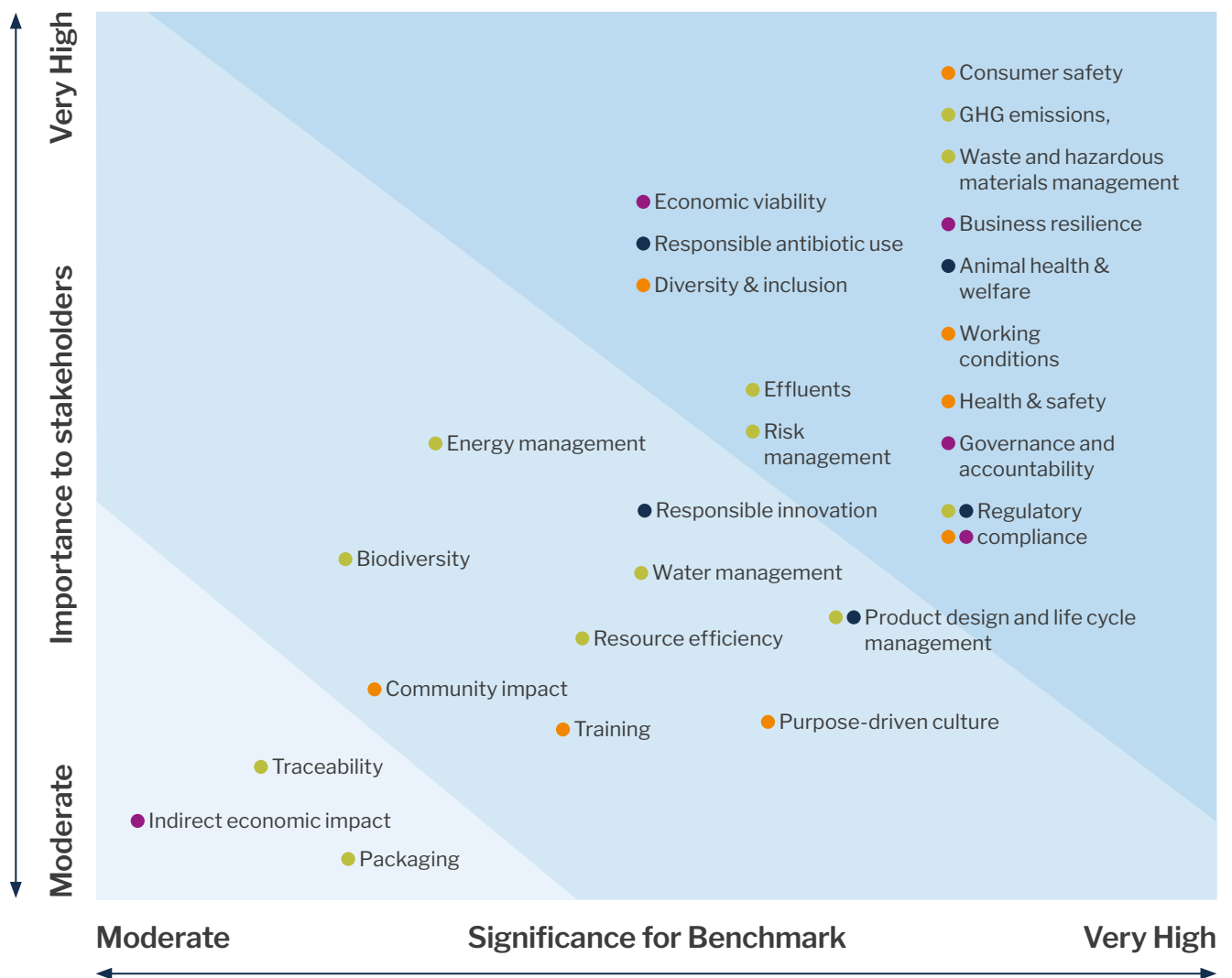


Our solutions and operations promote animal health and welfare as well as the reduced use of antibiotics. We source sustainable certified marine ingredients to minimise our impact, and develop solutions – such as CleanTreat®, which prevents medicines from being released into the sea – to ensure we are contributing to a healthier life below water.

Materiality assessment - Defining our focus areas

Every year we conduct a materiality assessment to identify and prioritise ESG issues that affect our business and our stakeholders. In FY21 we applied the GRI materiality analysis recommendations and SASB's Materiality Map in our assessment. As part of our review we obtained feedback from internal and external stakeholders. Internally, this meant examining our operations through discussions within our Sustainability Working Group and Sustainability Committee. Externally, we obtained input from key shareholders as well as an external ESG consultant and looked at material factors affecting our customers. More information on how we engage with our key stakeholders can be found on pages 52-54.

Through our materiality assessment we defined the three focus areas in our sustainability programme: animal health and welfare, environment and people and communities. Governance, accountability and compliance are incorporated in our governance framework and policies. Business resilience covers many aspects of our business from finance to operations and our people programmes. Within our ESG programme we focus on climate change risk and resilience.



Key

- Animal Health & Welfare
- Environment
- People & Community
- Financial Report

ESG Report continued

FY21 progress

We are pleased with the progress made in FY21 in our ESG programme overall and in each of our three programme areas. A focus of our effort this year was to conduct a review of our policies and disclosures to ensure that these are aligned with best practice and meet the interests of our stakeholders. As a result, we adopted a new environmental policy and updated our whistleblowing, antibribery and corruption, and fair competition policies. We have also enhanced our disclosure of metrics and KPI's which will allow our stakeholders to follow our progress.

Another topic of focus this year was climate risk. In FY21, we commenced the work towards a comprehensive Group-wide climate risk assessment in line with The Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations, which are designed to enhance the clarity and reliability of climate-related disclosures.

We began the process by performing a qualitative assessment considering acute and chronic physical climate-related risks to the business, including the availability and condition of water due to its importance as a key input for Benchmark's operations and potential impact through water-related extreme weather events. As a next step, we completed a preliminary quantitative analysis of this risk, using the WRI Aqueduct framework to look at groundwater table depletion, drought, coastal flooding, and riverine flooding risks across the Group. This has informed our water policy and has flagged up potentially vulnerable parts of our operations which we will continue to monitor. Where relevant, we have taken precautionary actions, such as with our Thailand facility for which we have developed a business interruption plan due to the predicted prevalence of flood events.

Our climate risk assessment will continue to be an important input in our decision making, and, moving forward, we will complete our work to identify all physical and transitional risks and their potential financial and physical impacts. We will develop mitigating actions and stress-test our resilience by using scenario-based analysis.

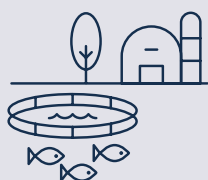
2021 Highlights

Animal health and welfare

Our Animal Welfare Committee carried out a review of our protocols across all our species and made regular training a priority to drive improvement.

During the year we delivered animal welfare training to all of our employees who handle fish and shrimp.

As an industry leader, we bring animal health and welfare to the forefront. In 2021 we issued Insights 2: Animal Health and Welfare – a publication bringing together the views and insights of a broad range of industry participants. The publication is available at: <https://www.benchmarkplc.com/media/brochures>.



Environment

Having set out an ambition to achieve net zero Scope 1 and 2 emissions by 2030 and net zero Scope 1, 2 and 3 by 2050, we developed specific targets and priorities, establishing a yearly roadmap to achieve our goals.

Our CleanTreat® purification system received the highest environmental score by the Aquaculture Sustainability Council ("ASC"), the world's leading independent certification scheme for aquaculture. More information can be found on pages 28-29.

We made improvements in our facilities in Iceland, Fellsmere and Thailand which will increase our energy efficiency and reduce our environmental footprint.

Our factory in Thailand achieved the ECO Factory Award, which is granted when a strong commitment is shown towards responsible operations.



Our people and communities

We delivered a wellness programme to support remote workers through the COVID-19 pandemic and increased our number of mental health first aiders.

We established a new committee to develop a new policy on Diversity and Inclusion that reflects our current organisation and our stakeholders' interests.



Animal health and welfare

Animal health and welfare is present throughout our operations - from the impact of our products, to the way we do R&D, to our breeding programmes and the technical support we provide.

Animal health and welfare plays a dual role: contributing to sustainability and driving productivity for our customers. These two dimensions are not mutually exclusive; rather, they complement each other. Healthier fish lead to a more profitable business. A sustainable farming system with good animal welfare is not only a benefit for the animals and the environment, but an essential contributor to the success of our customers.

How we promote animal welfare

- We use operative animal welfare indicators, which form part of our **Health Plans** tailored to each species. This ensures that animal health and welfare is continuously observed and measured and remains as a guiding focus in our fish-handling operations.
- When conducting **animal testing**, we apply the principles of the three R's (reduce, refine, replace) to each test to ensure that our testing is as limited as possible, and re-evaluate this process to continuously improve our methods.
- Our Animal Welfare Committee, composed of veterinary professionals from our different business areas, exchanges ideas on new practices to improve our protocols.

- Our **Antibiotic Use Policy** outlines a clear, principled approach to antibiotic use within Benchmark, supporting the 3Rs framework of 'reduce, replace and refine' for antibiotic stewardship in animals. Furthermore, we conduct our operations in line with regulatory frameworks where applicable, such as the European Medicines Agency ("EMA") guidance on antibiotic use, to ensure that we are engaging in prudent and responsible use of antibiotics.
- We continue **to collaborate** on co-funding award-winning research proving the benefits of eliminating the commonly used shrimp ablation practice. This research has been given the Aquaculture Alliance Innovation Award and works towards establishing a new norm of shrimp handling in the aquaculture industry. We do not do ablation in our operations.
- During the course of this year, we have made it a priority to **develop Group-wide welfare training for all employees working with fish and shrimp**. This initiative has acted as a project of collaboration and communication with employees in all areas of our business and has allowed our values of animal health and welfare to be practised from start to finish.

2021 highlights from our Group-wide animal health and welfare training:

- **Iceland:** We extended the content of our training course on fish health and welfare with participation of an external expert veterinarian, achieving an average attendance of 93%.
- **Norway:** 100% of employees trained in animal health and welfare.
- **Chile:** 100% of employees trained in animal health and welfare.
- **Thailand:** Animal health and welfare training began in October.
- **Colombia:** Animal health and welfare training commenced.
- **United States:** Animal training commenced in Miami, and has continued in Fellsmere.

The Shanghai Declaration

This year, Benchmark pledged its support for the Shanghai Declaration, a key output from the Global Conference on Aquaculture Millennium +20, which outlines a road map to optimise aquaculture's role in achieving the 2030 Agenda for Sustainable Development. Benchmark's statement of support for the declaration, along with 24 other leading organisations, sets out our commitments and priorities towards a common vision for the industry.

Read the Shanghai Declaration, and our accompanying Statement of Support, by scanning the QR code or at the following link:



<https://aquaculture2020.org/declaration/>



Animal Health and Welfare KPIs

	FY21
% of sites which have begun implementing or fully implemented internal animal health and welfare training	100
Number of disease outbreaks recorded in all production sites (OIE-listed)	0

ESG Report continued

Animal health and welfare is one of the sustainability drivers that motivated the creation of Benchmark 20 years ago. Animal health and welfare remains at the heart of the Company and is an increasingly important consideration for our stakeholders.

As a proactive industry leader, further improvements were driven across the business in 2021 as we:

- Established a Group Animal Welfare Committee with representatives from our three business areas – genetics, health and advanced nutrition – to share best practices, implement Group standards across our locations and species and identify opportunities for improvement.
- Conducted a Group-wide review of our animal welfare practices across our facilities with standard data collection for all species and operations, from research to production, and conducted a Group survey to identify ways in which we can improve animal health and welfare in our operations.
- As a result of our review, we launched a number of new initiatives, including modified sampling protocols to improve animal welfare.
- Developed Group training for all Benchmark employees who have fish and shrimp under their care.
- Our co-funded research on the benefits of eliminating ablation practices in shrimp hatcheries won the 2021 Global Aquaculture Alliance Innovation Award.
- Published a second edition of Benchmark Insights, entitled, *Animal Welfare – Drivers, Trends and Best Practice*. The publication brought together scientists, academics, customers and investors to share their views on the development and improvement of fish and shrimp welfare, with the goal of connecting industry participants to drive improvements across the value chain.

Animal health and welfare is in our DNA



Animal Welfare – Drivers, Trends and Best Practice

"Our mission is for all our employees to be welfare ambassadors – for them to have welfare in their minds when working to ensure all our animals are safe and healthy, and for them to transfer this knowledge and best practice to our customers globally."

Dr Marcela Salazar
Chair of Animal Welfare Committee

ESG Report continued

Environment

As a responsible operator, Benchmark is committed to a programme of continuous improvement to minimise our environmental footprint. This means focusing our efforts on energy consumption, greenhouse gas emissions, waste reduction and resource management in all aspects of our operations. We do this through our Group environmental policy, and we report on our progress in compliance with the Streamlined Energy and Carbon Reporting ("SECR").

Our environmental footprint and SECR are managed through:

- **Governance:** we have an environmental programme in place led by the Group Health, Safety and Environmental ("HSE") Manager and managed locally through Environmental Representatives at each site. Performance and progress are reported through the Sustainability Working Group to the Sustainability Committee chaired by Kevin Quinn, Non-Executive Director.
- **Responsibility:** the Group Health, Safety and Environmental Manager is responsible for collating

environmental data on a monthly basis. Data is collected from each site using a standard spreadsheet template and centrally collated. Wherever possible, data is directly measured, with estimates made where a team is located in shared premises and direct measurements are not available. These estimates represent less than 1% of our total emissions.

- **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 and 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 at our sites.

For calculations 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 2021 spreadsheet has been used. The reporting period is from 1 October 2020 to 30 September 2021.

Intensity measurement - We have chosen the metrics gross scope 1 and 2 emissions in tonnes of CO₂e per £million revenue and gross scope 1 and 2 energy use in MWh per £million revenue. These are commonly used intensity metrics and enable benchmarking with similar organisations. Our FY21 revenue of £125.1m was used for intensity measurements.

Our KPIs and SECR disclosures

Our key environmental impacts have been identified as: electricity consumption, gas consumption, vehicle travel, disposable water outputs, and potable water consumption.

To enable a valid year-on-year comparison, FY20 has been recalculated to exclude any emissions related to divested companies and to include historic data obtained for our Genetics site in Chile. The Health business area offices in the UK and Chile are included in the current year calculations but were not operable throughout the previous financial year.

Our KPIs

	FY21			FY20		
	UK	Global (excl UK)	Group Total	UK	Global (excl UK)	Group Total
Emissions (tCO₂e)						
Scope 1 (tCO ₂ e)	4	2,424	2,428	15	2,525	2,540
Scope 2 - location based (tCO ₂ e)	6	4,213	4,219	19	3,710	3,729
Total scope 1 & 2 (location) (tCO₂e)	10	6,637	6,647	34	6,235	6,269
Intensity ratio (per £m Revenue)			52.84			64.51
Energy (MWh)						
Total renewable electricity consumption (MWh)	0	20,882	20,882	0	20,643	20,643
Total non-renewable electricity consumption (MWh)	31	9,827	9,858	72	8,847	8,919
Total gas consumption	20	5,650	5,670	100	6,042	6,142
Vehicle transport	24	2,433	2,457	4	2,416	2,420
Emissions related to other fuels	0	560	560	20	905	925
Total energy consumption (MWh)	75	39,352	39,427	196	38,853	39,049
Energy intensity ratio (per £m Revenue)			313			326

Electricity consumption is our biggest environmental impact and, globally, the Company has consumed 30,740MWh of electricity; of this, 68% has been obtained from renewable sources.

Our drive to achieve net zero emissions is based on a science-based targets approach of absolute contraction following the 1.5°C scenario, with our policies being centred around the UN Sustainable Development Goals and the Paris Agreement. We have adopted the following definition of net zero: 'A net

zero organisation will set and pursue an ambitious 1.5°C aligned science-based target for its full value-chain emissions. Any remaining hard-to-decarbonise emissions can be compensated using certified greenhouse gas removal.'

In FY21, we observed a slight absolute increase in scope 1 & 2 CO₂e emissions. This is due to the scaling up of our operations in Chile, Iceland, and the United States, making it a reflection of business growth. We are aware of these increases and are implementing

solutions to continue our journey towards being net zero, such as through the installation of a hybrid thermal energy system for our Fellsmere site (United States) which was completed at the end of the year and will significantly reduce the facility's gas consumption into the future. Our scope 1 emissions stem from use of gas and other fuels and Company-operated vehicles. Our scope 2 emissions relate to our electricity consumption. Our target is to reduce our gross scope 1 and 2 emissions by 42% from the FY20 baseline year to 2030.

Similarly, we have observed an absolute increase in our energy consumption accounted for by the increased size of operations. We have a roadmap to reduce our energy consumption, and have begun projects to achieve this, such as through the onboarding of an external consultant to produce an energy study for our Thailand factory, which accounts for the majority of our GHG footprint.

This project was delayed by six months due to the COVID-19 pandemic which restricted activities in Thailand, but will be completed in FY22 and will further inform our pathway to absolute contraction.

Looking forward to FY22, we will roll-out our updated environmental policy through local workshops, with the output

being implementation plans to achieve our net zero targets. As part of this, we will define relevant metrics and targets for each site, routinely monitoring them and using the data as a springboard for identifying and prioritising improvements.

	Water (m ³)				
	Financial Year	UK/Europe	Americas	Asia	Group Total
Freshwater usage (m ³)	FY20	7,325	6,507	50,529	64,361
	FY21	21,586	4,002	39,103	64,691
	FY21	FY20			
	Group Total	Group Total			
Freshwater usage (m ³) intensity ratio (per £m Revenue)	514	538			

The increase in freshwater usage in UK/Europe is attributable to our Genetics facility in Iceland which has initiated a research project involving salmon fingerlings requiring mains water. In Asia, the drop in freshwater usage is linked to a three month temporary halt in the use of a spray dryer (the site's main consumer of water) due to replacement of the spray dryer and the installation of new fire prevention measures. Of our total freshwater usage, only 0.06% accounts for drinking water.

We have conducted a water risk assessment in line with the WRI Aqueduct Tool to ascertain that our operations do not impact on water access in our communities. The results showed that of our four locations in high water stressed areas (Turkey, Mexico, Belgium and Italy), three are office spaces with minimal water consumption. In Italy, we have a research centre where we only use seawater thus safeguard access to potable water for local communities. These four locations consumed 115m³ water in FY21, representing 0.1% of our total potable water use. Additionally, we have a water policy in place to ensure responsible management at each of our sites and to guide future actions.

Air travel benefitted from the travel restrictions from COVID-19. As we emerge from the pandemic, we have adopted a policy aimed at reducing air travel, including using digital tools instead of physical meetings where possible and combining business trips that require air travel to reduce the number of trips made.

The UK car fuel data is taken from mileage declarations, fuel records and business mileage expense records. For operations outside the UK, car fuel data is taken from mileage declarations. We are implementing a vehicle policy to transition our existing fleet to electric vehicles where these are available and within their replacement cycle.

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 incinerated at authorised waste incinerator sites to produce energy.

Throughout the year, our Thailand factory has continued to donate out-of-specification product to communities local to the facility, diverting 113 tonnes of waste from landfill. Additionally, their investigations into how to avoid sending to landfill waste from the effluent treatment plan has diverted a further 69 tonnes.

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.

	Air travel emissions (tCO ₂ e)			
	FY21	FY20		
	Group Total	Group Total		
Air travel (tCO ₂ e)	86	464		
Vehicle emissions (tCO ₂ e)				
	FY21	FY20		
	Group Total	Group Total		
UK car fuel (tCO ₂ e)	6	17		
Total Group Vehicle emissions (tCO ₂ e)	988	893		
Landfill (tonnes)				
	FY21	FY20		
	Group Total	Group Total		
Landfill waste (tonnes)	160	233		
Environmental fines (£)				
	FY21	FY20	FY19	FY18
Total cost of environmental fines (£)	0	0	0	0

ESG Report *continued*

How we promote environmental considerations (2021 highlights)

- In 2021, we updated our **environmental policy** to better align it to our ESG materiality assessment, stakeholder input and best practice. Our new policy also allows us to increase transparency by setting KPIs based on GRI standards. In the policy, we outline our stance on climate change, biodiversity, energy management, water resources management, sustainable materials management, waste management, Company-operated vehicles and business travels. The policy can be found at <https://www.benchmarkplc.com/sustainability/esg-download-centre/>
- Commercial use of our CleanTreat® technology in Norway began in 2021. This cutting-edge water purification system removes medicine from treatment water before safely returning cleaned water to the sea. CleanTreat® received the highest recognition for environmental protection and sustainability offered by the ASC – the world’s leading certification scheme for farmed aquaculture.
- We are working towards **increasing certified sourcing for raw materials** to ensure that environmental considerations are present at all stages of our production cycle.
- In line with our targets to **reduce GHG** emissions across our business, we have made progress towards encouraging the use of electric vehicles with the first installation of a charging point at one of our sites, and adding electric vehicles to our fleet as vehicles get replaced.
- This year, we have commenced the work towards a comprehensive Group-wide **climate risk assessment** which will be completed in 2022. This will enable us to identify, evaluate and mitigate the climate risks that exist for us, as well as giving us the environmental context necessary to identify opportunities to improve our operations from a climate perspective.



Our people and communities

Our people – well-being

Benchmark is powered by committed people driven by the desire to make a difference. Everything we do is guided by our values – innovative, passionate, collaborative and commercial – and is brought to life by our colleagues, partners and the local communities in which we operate. Shaping a sustainable future for aquaculture would be impossible without the ambitious and motivated individuals who make Benchmark what it is, and take it to where it can go.

As such, our people play a huge role in how sustainability is carried out at Benchmark. As an employer, producer and supplier, we want to make sure that we contribute positively to local value creation and knowledge cultivation and allow each employee to reach their full potential whilst feeling encouraged. As a

global Company that touches many cultures and countries, we acknowledge our responsibility in ensuring a safe and harmonious working environment for all, with no exceptions to that rule. We take this responsibility extremely seriously; upholding an ethical business practice is a key principle for Benchmark.

With a good working environment, good results are generated in every aspect – whether environmentally, socially or financially – which is what we always strive for.

How we ensure a healthy environment for our people and communities

- Throughout COVID-19, with various national restrictions and lockdowns in place, we made sure to support our community through their home-working experience and organised a number of collective online activities to maintain a spirit of connection and inclusion.

Gender balance within Benchmark

Workforce Segment	Number of Females	Number of Males	Total Employees	Total % of Segment Occupied by Females	Total % of Segment Occupied by Males
Executive Directors	1	1	2	50	50
Operations Board	4	4	8	50	50
Senior managers	20	41	61	33	67
Managers/tech experts	79	133	212	37	63
Employees	206	307	513	40	60
Total workforce	310	486	796	39	61

Nutrition team

Wachirabarami Kindergarten and Wat Bua Bang School, Pichit Province



- We have now introduced a **'Future of Work' policy** embracing the best of the new working arrangements forced upon us by COVID-19, allowing our people more flexibility with how they perform their work. This policy aims to contribute towards a healthy work-life balance.
- This year, we conducted our second **Employee Engagement Survey** to understand how our employees view and relate to five key metrics: purpose (what Benchmark stands for), enablement (the conditions that enable individuals to do their job well), autonomy (the influences of positive work and health), reward (intrinsic and extrinsic rewards for workplace effort) and leadership (examining the way in which leaders listen, support and enable positive change). This survey is run by a third party to ensure complete anonymity and allows us to keep track of our working environment and how our peers are feeling, enabling progress and change in the areas that are identified as needing additional focus.
- In 2021, we launched our new **Performance Framework**. This new framework came from our recognition that managing employee performance should be an everyday activity based on frequent, open and honest conversations. This is replacing our previous annual performance evaluation to transform it into a four-stage process, with a different focus to the conversation each quarter: objective-setting to give focus and goals for the year ahead, development discussions to give the support needed to fulfil these objectives and grow in the Company, check-in sessions and an end of year review. We are very proud that in our first year of introduction, the performance reviews have been embraced with great success with all people in the Company receiving feedback.
- We have begun the process of putting together a **Diversity and Inclusion Working Group**, which will act to establish how to best continue our efforts in diversity and inclusion within Benchmark. The Working Group will bring forth ideas, projects and feedback on our efforts, as well as a varied perspective through its members, to best represent Benchmark and pave the way for a tailored strategy that is representative of Benchmark and its people. The Working Group will also focus on defining diversity and inclusion KPIs that are relevant and can be captured within the context of Benchmark.
- Our employee turnover statistics at 13.63% are healthy, demonstrating

the engagement of our people with Benchmark's mission, values and work. We see this as a reflection of the positive and encouraging work environment which is created as part of our One Benchmark culture and carried forward by all of the incredible and passionate individuals that are a part of it.

Health and safety

We take the health and safety of our employees very seriously and have a health and safety management system in place that covers 100 percent of our operations. Every employee expects to return home from work unharmed and we believe that this responsibility is down to all of us as a responsible operator. We ask every employee to sign up to our health and safety commitment:

- Nothing is more important than health and safety.**
- Nothing we do is worth being hurt for.**
- Nothing is so important we cannot take time to do it safely.**
- We will never witness an unsafe act or condition without taking action.**

We operate mandatory health and safety training for all new employees and have not had any fatalities for employees and contractors. The well-being of our people will always be a top priority within the Group, and we are committed to upholding this.

Benchmark for Better

Through the Benchmark for Better initiative, we support community-level projects in three key areas: education, environment and animal welfare in aquaculture.

We do this by allocating charitable donations to projects put forward by our people and designed to deliver positive change for people and the environment

in the communities surrounding Benchmark's operations across the globe. Additionally, our volunteering policy grants our employees two days per year to devote to these activities. There are many examples of our work across the world.

As part of the initiative, our team in Wachirabarami, Thailand, organised a project to support sustainability and safety in the region. They planted 170 trees at a local primary school and donated fire extinguishers, sports and medical equipment and waste bins, amongst other resources. The team also painted the school and provided training on fire extinguisher use and waste separation.

Through our support of the Mama Magda Aquaculture Fund, run by Ghent University, we continue to contribute to educating the next generation of aquaculture researchers, farmers, producers and specialists in developing countries.

In the UK, members of our team volunteered at City Harvest, contributing to food security by distributing surplus food from retailers and the catering sector to those in need. Elsewhere, our tilapia team in Miami donates fish with an estimated market value of more US\$25,000 every year to local communities of low-income immigrants.

Benchmark for Better also provides support to our colleagues. For example, when two Benchmark employees in India were struggling to get medical support for family members who had COVID-19 during the peak of the pandemic, we sourced two oxygen concentrators and delivered them from the UK. Once the families had used them, they were donated to the local community.



Phichit Factory is in Industrial Estate Authority of Thailand (IEAT-Phichit Province) area which has 'Laman Canal' to support rainwater, adjacent to the community in Village Moo 7 and Village Moo 8. Advanced Nutrition join with neighbourhood-community to remove sewage and weeds from the canals every year to facilitate the flow of water to prevent flooding within community in line with the ECO Factory project on biodiversity.



Section 172 Companies Act 2006 Statement

Engaging with our stakeholders

The Board continued to focus on its duties under section 172 of the Companies Act 2006 towards its shareholders as well as having regard to the impact on the Group's other stakeholders.

The Board made its key decisions in the 2021 financial year having regard to the provisions of section 172. This requires the Board to act in the way most likely to promote the success of the Group for its shareholders' benefit and to have regard to matters set out in the table below.

Number	Relevant factors for the Board to consider:	How the Board had regard to these factors
1	the likely consequences of any decision in the long term,	When evaluating new projects and initiatives the Board assesses the long-term strategic, commercial and financial impacts. Projects considered by the Board in the year included capacity expansion projects, the development of new products and the entry into new markets.
2	the interests of the Company's employees,	An all-employee survey was completed and the results were presented to and discussed with the Board. The Company has an Employee Representative who participates in all meetings of the Operations Board. They lead a group of employee champions who represent all employees in all countries. They meet monthly to discuss issues, challenges, ideas and strategic projects such as The Future of Work, Employee Satisfaction, Performance Management, Internal Communications and their feedback is presented to the Board.
3	the need to foster the Company's business relationships with suppliers, customers and others,	 See page 32-33 for table  See page 28-29 for case study
4	the impact of the Company's operations on the community and the environment,	The Board's Sustainability Committee is responsible for overseeing the work carried out by the Company's Sustainability Working Group. This includes developing policies aligned with the Company's aim to minimise the impact on the environment and the communities in the regions where it operates.
5	the desirability of the Company, maintaining a reputation for high standards of business conduct, and	The Company has compliance and conduct policies, which it regularly updates, on topics including the prevention of modern slavery, bribery and money laundering, and encourages its employees to report any concerns anonymously using its whistleblowing channel. Employees also receive training on the Company rules and procedures for these matters.
6	the need to act fairly as between members of the Company.	While COVID-19 necessitated a reduced shareholders presence at the Company's AGM, the Company ensured the ability of all shareholders to vote online. The Company maintained active communication with shareholders including through quarterly webinars for institutional and retail shareholders. The Company also complied with applicable market and disclosure rules to ensure all shareholders received equal information.

The Board is also conscious that the Group cannot grow and succeed without the support of our stakeholders, from customers and suppliers to shareholders and employees, and positive engagement with the communities in which we operate.

The table on page 53 to 54 sets out our key stakeholder groups and how we engaged with them during the year.

Benchmark's engagement with our key stakeholders:

Stakeholder

Engagement

Customers



Who led the Group's engagement?

- CEO, business area heads.

Why do we engage?

- Our customers help us develop and refine our products.
- Building trust-based long-term relationships enables us to deliver innovative high quality products and services that help both Benchmark and our customers succeed.

What were the key actions and topics?

- Regular meetings and requests for feedback from key customers in each business area.
- The Board receives regular updates from the CEO and the Executive Management Team.

What were the key outcomes?

- Deepening of our understanding of Benchmark's perception and position in key markets.
- Refinement of our Ectosan®Vet and Cleantreat® business model and strategy in co-operation with key customers.
- Planning with regard to global shipping and travel difficulties caused by COVID-19.

Suppliers



Who led the Group's engagement?

- CEO, CFO and business area heads.

Why do we engage?

- Without suppliers that can deliver quality components to the right place at the right time in our chain, Benchmark cannot fulfil its potential.
- As Benchmark operates across the globe, we want to ensure that all of our suppliers adhere to ethical business standards and treat their workers and communities with respect and fairness.

What were the key actions and topics?

- Regular meetings with key suppliers, for example the Salt Lake Artemia Co-operative, which supplies our Nutrition business area with high-quality brine shrimp.
- Improved compliance checks that enable us to ensure that we work with ethical suppliers.
- Engagement with existing and potential new suppliers to explore ways to improve the sustainability of the Company's raw materials and packaging.

What were the key outcomes?

- Learnings about the impact of COVID-19 on global supply chains and corresponding adjustment in our planning.
- A better understanding of trends in our sector.
- Establishment of new relationships which will help Benchmark deliver its strategy.

Employees



Who led the Group's engagement?

- Chairman, CEO, CFO, People team.

Why do we engage?

- Our team members across the globe are critical to Benchmark's success.
- COVID-19 presented unprecedented challenges for our working and personal lives and we wanted to ensure that every colleague was supported.
- Our colleagues have brilliant ideas and we want to hear them.

What were the key actions and topics?



- Employee survey across all areas of the Group.
- Regular town halls on a Group and business area level.
- Development of new working practices in light of COVID-19.
- Relaunch of Benchmark values.

What were the key outcomes?

- Appointment of new Group Head of People, Corina Holmes (see profile on page 66).
- Appointment of new employee representative (see page 67).
- In our employee survey, the Company had an excellent participation rate of 88%, and with an overall engagement score of 88% the Company is very well-positioned in top quartile of companies globally for employee engagement.
- The launch of our Values was well received with all our people having the opportunity to participate in a highly interactive workshop focusing on how the values are relevant to them and how they can live them every day.

Section 172 Companies Act 2006 Statement continued

Benchmark's engagement with our key stakeholders: continued

Stakeholder	Engagement
<p>Communities</p> 	<p>Who led the Group's engagement?</p> <ul style="list-style-type: none"> • The Company's Sustainability Working Group which is overseen by the Board's Sustainability Committee. <p>Why do we engage?</p> <ul style="list-style-type: none"> • We want to contribute positively to the communities in which we operate. • We can learn from our diverse communities and play our part as a global and responsible business. <p>What were the key actions and topics?</p> <ul style="list-style-type: none"> • Charitable and volunteering activities around the world. <p>What were the key outcomes?</p> <ul style="list-style-type: none"> • COVID-19 relief donations in local communities in Thailand, India and Latin America. • Environmental clean-ups.
<p>Shareholders</p> 	<p>Who led the Group's engagement?</p> <ul style="list-style-type: none"> • Chairman, CEO, CFO. <p>Why do we engage?</p> <ul style="list-style-type: none"> • Our shareholders are the owners of our business and we manage it on their behalf. • Our shareholders provide financial support and stewardship. <p>What were the key actions and topics?</p> <ul style="list-style-type: none"> • Shareholders General Meeting. • Regular investor calls with the CEO and CFO. • Chairman and NED calls with all major shareholders. • Webcast presentations with Q&A. • Soliciting feedback through the Company's advisers. <p>What were the key outcomes?</p> <ul style="list-style-type: none"> • Feedback received from shareholders was incorporated in the Company's annual strategy development.

For any decision related to the stakeholder please refer to the key activities of the Board.

Principal Risks and Uncertainties

Risk Management

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.

Identification

Bottom-up risk review

Risks are identified in a bottom-up process involving local management, resulting in a risk register for each business.

PLC risk register

Risks capable of having an effect at Group level are identified and prioritised.

Assessment and evaluation

Risk weighting

Risks are assessed to give a gross risk weighting, taking into account likelihood of occurrence and severity of impact, and a net risk weighting, which also takes into account existing mitigating factors and controls.

Risk exposure

The risk exposure (net risk weighting) is evaluated and it is determined whether the relevant risk is within the Group's risk appetite.

Risk appetite

The Group's risk appetite, which varies depending on the type of risk, is determined. The risk tolerance limit, which allows for a level of deviation from risk appetite where warranted to achieve objectives, and risk capacity, which is the level of risk that the Group is able to handle, are also evaluated.

Mitigation

Actions

Where risk exposure is outside risk appetite, actions are agreed and implemented, with priority given to risks capable of having an effect at Group level and risks outside risk tolerance.

Monitoring

Ongoing monitoring and review

There is a continual process of updating risk registers, incorporating newly acquired businesses into the process, reviewing risk appetite, and monitoring the implementation of mitigation strategies.

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

Principal Risks and Uncertainties *continued*

operations. Risks capable of having an effect at Group level are prioritised and reported on to the Board.

During FY21, 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. The Chief Financial Officer also met on a quarterly basis with the Business Area Heads and Financial Directors to discuss and monitor risks relating to each Business Area.

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 covering food safety, animal welfare and environmental responsibility. The Company has a very low tolerance to risks of breaching legal, regulatory or ethical standards or anything which could negatively impact on our people’s health, safety and wellbeing, the communities where we are present, our reputation or that of our customers.

The nature of our business means that we are exposed to biological and climatic risks that are beyond our influence but where possible, we take steps to mitigate the impact of these risks on the business.

As an aquaculture biotechnology company, we develop solutions that tackle unsolved problems often by applying new technology. The technology risk we assume takes into consideration our stakeholders’ interests and is commensurate with the potential returns from our product pipeline and intellectual property’s assets.

The Group recognises the importance of its supply chain to serve its customers and to meet its ESG goals and seeks to minimise risks within its supply chain which would compromise quality and service for its customer.

The Group has a measured approach to projects and acquisitions and will take an appropriate level of risk commensurate with the potential returns and availability of capital.”

Principal risks and uncertainties

Throughout the year the Audit Committee and the Board monitored

responses to the principal and emerging risks identified, and in particular the recovery in the Advanced Nutrition business area where, after the downturn in global shrimp markets in 2020 brought on by COVID-19, the Group has regained market share, although some of the production markets still remain impacted. 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 FY22 and as reported elsewhere in this report.

We have included in the risk tables below, a cross reference to our Strategic Priorities: 1 Growth of Ectosan Vet® and Cleantreat® in Norway; 2 Commercial launch of SPR shrimp; 3 Reinstate BAN as a global leader in Artemia ; 4 Deliver an integrated Groupwise ESG programme aligned to Benchmark commitment as a responsible operator and industry leader driving sustainability ; and 5 Deliver a people agenda that continue to build the “One Benchmark” Culture. These are described in more detail on page 25.

Strategic risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Competition and loss of competitive advantage	<ul style="list-style-type: none"> Falling behind competitors with the development and commercialisation of new, innovative products Threat to market share and revenues 	<ul style="list-style-type: none"> Innovative development focus and strong pipeline of products Intellectual Property (“IP”) protection including patents Strong customer relationships with key account structure 	Advanced Nutrition, Health and Genetics	1, 2, 3
Reliance on continued success of existing products	<ul style="list-style-type: none"> 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 Failure to gain additional claims on the labels for certain Group products which could result in reduced revenue from such products 	<ul style="list-style-type: none"> 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 employee competency and stringent processes related to regulatory affairs 	Advanced Nutrition, Health and Genetics	1, 2, 3

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Delivery of cross Group synergies	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5
New product commercialisation	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Close dialogue with regulators • Experienced Head of Group Innovation monitors the R&D projects across the Group • Experienced Group regulatory affairs team, commercial team and Marketing team • Close dialogue with customers regarding their product and service satisfaction to enable efficient and appropriate reaction to their feedback and needs. 	Advanced Nutrition, Health and Genetics	1, 2, 3, 5

Operational risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Environmental risk and crisis management	<ul style="list-style-type: none"> • The nature of certain of the Group's operating activities exposes us to certain significant risks to the environment, such as incidents associated with releases of chemicals or hazardous substances when conducting our operations, which could result in liability, fines, risk to our product permissions and reputational damage • There is a risk that natural disasters could lead to damage to infrastructure, loss of resources, products or containment of hazardous substances • Our business activities could be disrupted if we do not respond, or are perceived not to respond, in an appropriate manner to any major crisis or if we are not able to restore or replace critical operational capacity 	<ul style="list-style-type: none"> • We have implemented standards and requirements which govern key risk management activities such as inspection, maintenance, testing, business continuity and crisis response 	Advanced Nutrition, Health and Genetics	1, 2, 3, 4, 5

Principal Risks and Uncertainties *continued*

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Biological and climatic risks	<ul style="list-style-type: none"> The Group is exposed to the risk of disease within the Group's own operations and disease in the market resulting in possible border closures 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 	<ul style="list-style-type: none"> The Group operates the highest levels of biosecurity The Group holds genetic stock at multiple sites; increasingly sources from its own land-based salmon breeding facilities The Group operates containment zones which mitigates the risk of border closures affecting its ability to import or export The Group has placed increased focus on insuring its biological stock The Group's product diversity across business areas offers some mitigation 	Advanced Nutrition, Genetics, Health,	1, 2, 3
Volatility of end markets (salmon, sea bass and shrimp markets) and market and regulatory trends	<ul style="list-style-type: none"> Market fluctuations in shrimp production volumes and pricing, often influenced by disease, drive customer and food services demand for shrimp Market and regulatory trends for tackling sea lice have an influence on customer demand for the Group's sea lice products 	<ul style="list-style-type: none"> The geographic diversity of the business area's customer base offers some mitigation The Group's product diversity across business areas offers some mitigation 	Advanced Nutrition, Genetics, Health	1, 2, 3
Threats to the supply chain	<ul style="list-style-type: none"> Benchmark is reliant on a small number of key raw materials and suppliers 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 Benchmark relies on third parties for importation authorisations required in certain jurisdictions for certain products 	<ul style="list-style-type: none"> Dual supplies of raw materials where possible Supplies secured with contractual arrangements, and import authorisations in the process of being applied for where deemed material for the Group Seek long-term tenure of sites 	Advanced Nutrition, Genetics, Health	1, 2, 3
Health and well-being of employees	<ul style="list-style-type: none"> Poor health or well-being impacts employees lives and reduces productivity Some aquaculture activities have inherent operational risks 	<ul style="list-style-type: none"> Well-developed health and safety management regime in place across the Group Senior level commitment to ESG programme Group-wide 	Advanced Nutrition, Genetics, Health	1, 2, 3, 4, 5
Recruitment and retention of high-calibre people	<ul style="list-style-type: none"> To maintain market leadership it is essential that the Group has and keeps people with key skills 	<ul style="list-style-type: none"> Centralised people team delivering people strategy Succession planning process Remuneration policy designed to encourage retention 	Advanced Nutrition, Genetics, Health	1, 2, 3, 4, 5
Loss of key IT system	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Internal experienced IT team Increasing integration of software platforms to improve security and reliability 	Advanced Nutrition, Genetics, Health	1, 2, 3, 4, 5

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Geopolitical risk	<ul style="list-style-type: none"> The diverse locations of our operations around the world expose us to a wide range of political developments and consequent changes to the economic and operating environment. Geopolitical risk is inherent to many regions in which we operate, and heightened political or social tensions or changes in key relationships could adversely affect the Group 	<ul style="list-style-type: none"> We seek to manage this risk through development and maintenance of relationships with governments and stakeholders. We closely monitor events and implement risk mitigation plans where appropriate 	Advanced Nutrition, Genetics, Health	1, 2, 3
Application of appropriate standards of governance	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	Advanced Nutrition, Genetics, Health	1, 2, 3, 4, 5
Brexit	<ul style="list-style-type: none"> Primary risk to 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 There may be potential tariffs on UK cross-border supply of products and ongoing changes to the regulatory framework Requirement for manufacturing import authorities to be obtained for certain products to be imported into target jurisdictions 	<ul style="list-style-type: none"> 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 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 We will monitor the impact on workforce and global mobility to maintain an effective system for resource planning The Group has undertaken transfer of 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 	Health	1

Principal Risks and Uncertainties *continued*

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Brexit continued		<ul style="list-style-type: none"> The Group has undertaken various mitigation actions in response to Brexit 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 The Group has implemented interim measures using third party service providers to continue uninterrupted importation of Animal Health products while manufacturing import authorisations are in the process of being obtained 		

Financial risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
Maintain liquidity and manage leverage	<ul style="list-style-type: none"> Failure to identify and maintain sufficient liquidity headroom Risk to funding of key growth strategies 	<ul style="list-style-type: none"> Close control of cash flows with regular update of short- and long-term projections The refinanced facilities provide greater covenant flexibility and headroom Group Treasury Manager oversees cash flow management 	Advanced Nutrition, Genetics, Health	1, 2, 3
Growth in trading results in higher investment in working capital	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	Advanced Nutrition, Genetics, Health	1, 2, 3
Currency exchange	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> The Group reduces its exposure to its principal foreign currency risks through the use of hedging instruments 	Advanced Nutrition, Genetics, Health	1, 2, 3

Emerging risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected	Strategic objectives
COVID-19	<ul style="list-style-type: none"> Given the current global economic uncertainty, the Group has identified COVID-19 as an emerging risk 	<ul style="list-style-type: none"> Introduced distancing and hygiene measures in office space and facilities Executive Management Team and Operations Board met at an increased frequency throughout the crisis, monitoring and responding to events as they occur Implemented home working for employees and shift work Took decisive action to reduce our cost base, capital expenditure and cash commitments in FY20. In FY21 as end markets gradually recovered the Group began moving towards allowing discretionary spend where it created value for the business and where the resources were available to do so. 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 Encouraged workforce uptake of vaccinations where available 	Advanced Nutrition, Genetics, Health	5
Climate change	<ul style="list-style-type: none"> Climate change and the evolving regulatory environment may expose the Group to regulatory breaches, significant disruption, reputational risk or a reduction in demand for certain products or services 	<ul style="list-style-type: none"> The Group's Sustainability Committee reports to the Board regularly and its mandate is to ensure the Group's strategy and operations are carried out within the framework of caring for the environment, people, and animals. Its work aligns with major frameworks including the London Stock Exchange Guidance for Environmental, Social and Governance reporting and the UN Sustainable Development Goals New ESG strategy approved Plan adopted for reduction in the Group's carbon emissions 	Advanced Nutrition, Genetics, Health	1, 2, 3, 4
Environmental, Social and Governance responsibilities	<ul style="list-style-type: none"> Increasingly our stakeholders are requiring reassurance that we are overseeing and responding to ethical and environmental issues across the Group's business 	<ul style="list-style-type: none"> Code of Conduct in place New ESG strategy approved Plan adopted for reduction in the Group's carbon emissions 	Advanced Nutrition, Genetics, Health	4

The Strategic Report was approved by the Board on 29 November 2021 and signed on its behalf by

Trond Williksen
Chief Executive Officer

Board of Directors

Diverse leadership



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 served as Executive Chairman.

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 chairman of Oxford Quantum Circuits, non-executive director of Osler Diagnostics and a Health Sciences adviser at Oxford Science Enterprises and Gresham House. 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) and member of the Audit and Nomination Committees

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 Salmar, 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 as group financial controller, acting group finance director and 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.

Prior to Dechra, 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. As part of that role Susan was ultimately responsible for risk assessment regarding investee companies and business continuity management.

She was previously chair of Mercia Technologies PLC, a regional technology and biotech investor and holds an MA in Chemistry from Exeter College, Oxford. She was also non executive and remuneration chair of Horizon Discovery plc, a gene-editing biotech company, prior to its sale to Perkin Elmer. Susan was formerly chair of Schroders UK public private plc, which invested in a wide range of technology companies with a key focus on biotech and sustainability.

Susan brings to Benchmark a wealth of experience, including in relation to financial risk management, having served on a variety of company boards and audit committees.

Trond is Chairman at Holding Cage AS (Mørenot AS), a leading technology provider to fisheries and aquaculture internationally, as well as an executive advisor for FSN Capital, a Nordic PE fund. He is also Chairman at Ivan Ulsund Rederi AS (including Trønderbas AS, Brusøykjær AS, Ivan Ulsund Eiendom AS), an ocean fisheries company.

He is a board member at SinkabergHansen AS, a leading Norwegian salmon farming company, and a board member of Williksen Export AS, a Norwegian salmon export company. Trond also owns an investment company, KRING AS.

At the time of Trond's appointment, the Board reviewed Trond's other roles and were comfortable that these would still allow sufficient time to discharge his responsibilities effectively. The Board agreed that each role was not deemed to be significant and will continue to monitor such appointments.

Non-executive director and remuneration chair of QinetiQ Group plc.

Board of Directors *continued*



Kevin Quinn
Non-Executive Director



Yngve Myhre
Non-Executive Director



Committee membership	Audit and Sustainability Committees (Chair) and member of the Remuneration, Nomination and Disclosure Committees.	Audit Committee (since February 2021)
Appointment	November 2016	November 2017
Independent	Yes	Yes
Skills, competence and experience	<p>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. Previously, Kevin was chief financial officer at Berendsen plc, the leading FTSE 250 European textile service business, where he was directly responsible for finance risk management, until the takeover of Berendsen by Elis SA in September 2017. In his role at Berendsen Kevin was also responsible for providing assurance on mitigating actions relating to operational risks. 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.</p>	<p>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. In both these roles Yngve was involved in evaluation of operational risk management strategies. 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.</p>
Other roles	<p>Kevin is also the chair of Marlowe Plc, a leading UK services business providing testing, inspection and maintenance of critical building systems.</p>	<p>Yngve is a member of the board of Kime Akva, Aqua Site AS and other seafood related companies. He is also chairman of Broodstock Capital and Chilean salmon producer Nova Austral. Yngve also acts as a strategic adviser to investors in the aquaculture sector.</p>



Kristian Eikre
Non-Executive Director



Jennifer Haddouk
Company Secretary
and Group Legal Counsel



March 2019

May 2019

No

No

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 25.86% 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 and Aibel AS.

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'.

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, as well as a Non-executive for Seagust AS.

Our Leadership Team

Trond Williksen

Chief Executive Officer

Septima Maguire

Chief Financial Officer

Jennifer Haddouk

Group Legal Counsel and Company Secretary

Biographies for the above individuals can be found on pages 63 and 65.



Corina Holmes
Group Head of People



John Marshall
Head of Health



Jan-Emil Johannessen
Head of Genetics



Patrick Waty
Head of Advanced Nutrition



Corina is a global HR leader with over 25 years' experience living and working extensively across EMEA, Asia and the Americas. She has worked for both large and complex companies in technology, pharmaceuticals, and financial services as well as smaller entrepreneurial start-up businesses.

Throughout her career Corina has led global HR teams in creating values-based company cultures, creating and leading employee engagement and development programs, and implementing reward and talent management strategies that support the achievement of business goals and objectives, together with acting as coach and mentor to senior leadership teams.

Corina joined Benchmark in January 2021 from Hyve Group Plc where she was chief people officer.

John joined Benchmark from Novartis Animal Health in 2011 where he was their head of European Business unit Aquaculture and head of Global Technical Services – Aquaculture.

John has a degree in Agricultural and Environmental Science (honours in Crop Protection) from Newcastle University and an MBA from Open University with Business Finance and Acquisition Strategy from Harvard University.

John has 20 years of experience in the animal health industry working in R&D, sales and marketing, business development, business unit leadership and leads Benchmark's Animal Health.

Jan-Emil is Head of Benchmark Genetics and joined SalmoBreed – today part of Benchmark Genetics - as Chairman of the Board in 2011 and Managing Director in 2013. Prior to this he was working for 10 years with the Norwegian branded food company Rieber (Toro) and for 15 years in the family-owned company Fossen AS (today Lerøy Fossen AS).

Fossen was one of the pioneers in Norwegian fish farming with a particular focus on trout and value-added products. Jan-Emil holds a MSc in Business Administration and Economics as well as university courses in Aquaculture.

Patrick is an experienced aquaculture leader and expert who had his first exposure to the sector in 2005, upon purchasing and growing Seagull NV, the Belgium-based fish processing company.

Patrick joined in November 2021 from SyAqua Group, an industry leader in early-stage nutrition and genetics for shrimp and tilapia, where he was chief executive officer pushing forward Asian market development. Prior to this Patrick spent 6 years in several key global leadership roles within BernAqua, Epicore Bionetworks, steering the company through a period of mergers, acquisitions, and integration, which significantly and strategically developed Neovia/ ADM business as a global aquaculture director.

Patrick joins the Executive Management Team and will play a key role in developing and growing our Advanced Nutrition business as well as contributing strategically to the evolution of Benchmark over the coming years.



Ivonne Cantu
 Director of Investor
 Relations and
 Corporate Development



Ivonne joined Benchmark in 2017 after 20 years as corporate finance adviser at Cenkos Securities and Merrill Lynch. Throughout her career Ivonne has advised UK and international companies across sectors on a broad range of corporate finance transactions including IPOs, fundraisings and M&A as well as on investor communications, corporate governance and regulatory matters.

Ivonne chairs the Sustainability Working Group and is a member of the Sustainability Committee. In early FY22, Ivonne became a member of the Executive Management Team.

Ivonne holds a BSc in Engineering and an MBA from the Wharton School of Business.



Simon Hill
 Head of Business
 Development



Simon joined Benchmark in 2014 after 20 years working as a business adviser within Arthur Andersen and a leading UK regional advisory practice. An economics graduate with an interest in international trade, Simon qualified as a chartered accountant in 1996 and then specialised in supporting clients through M&A and business change projects, both as an external adviser and through strategic corporate secondments.

Since joining Benchmark, Simon has assisted the Board in the key acquisitions which have driven the establishment and growth of the Genetics and Nutrition business areas, and plays a leading role in acquisition, investment, refocusing and divestment projects throughout the Benchmark Group.



Morten Rye
 Director of R&D and
 Innovation



Morten joined Benchmark in 2015 when Akvaforsk Genetics Center ("AFGC") was acquired. He currently holds a dual role, as Director of Genetics in Benchmark Genetics, and newly appointed head of the cross-business area Benchmark Innovation Board.

Morten earned his PhD in Animal Breeding at the Norwegian University of Life Sciences. Following a scientific career in aquaculture genetics, he spent 15 years building AFGC into a major provider of genetic improvement services to aquaculture industries worldwide. He has authored or co-authored more than 60 scientific publications on quantitative genetics and selection applied to aquaculture species. After joining Benchmark he has been working to coordinate technical genetics services and R&D priorities across Benchmark Genetics.



Barbara Hostins
 Employee
 Representative



Barbara joined Benchmark in 2017 as part of the Innovations department of Advanced Nutrition. She works as an R&D scientist, contributing to product development in Health & Environment group. Barbara was appointed as Benchmark's Employee Representative in June 2021, giving continuity to the role and strengthening the employee voice in the board room, in line with the new Corporate Governance guidelines.

Barbara holds a PhD in Aquaculture from the Federal University of Rio Grande in Brazil, and the University of Ghent in Belgium.

Corporate Governance



Peter George
Chairman

Chairman's governance statement

"The Board has made progress during the year to develop its corporate governance framework in light of new developments and best practice."

Peter George
Chairman

I am pleased to report that Benchmark has continued to deliver on its strategy this year despite the ongoing uncertainty resulting from the COVID-19 pandemic.

Compliance with the UK Corporate Governance Code

The Board has made progress during the year to develop its corporate governance framework in light of new developments and best practice. Although we are an AIM-listed Company, and follow the AIM Rules, we have chosen to voluntarily comply with the UK Code of Corporate Governance 2018 (the "Code") and the Guidance on Board Effectiveness. An analysis was conducted during the financial year ended 30 September 2020 to review the Group's current governance framework and practices against the Code and we have since adopted those recommendations.

Board changes and composition

In February 2021, Hugo Wahnish stepped down as a Non-Executive Director. Hugo joined Benchmark in November 2017 bringing over 35 years of experience in the animal health and pharmaceuticals industry and played a significant role in Benchmark's transformative period. On behalf of the Board I would like to thank Hugo for his contribution to Benchmark, in particular his support during our restructuring to focus on our core aquaculture areas. Yngve Myhre was appointed as a member of the Audit Committee following Hugo's departure.

Another key step taken in light of our commitment to follow the Code was the amendment of our Articles of Association to introduce a requirement for annual re-election of Directors at each of our Annual General Meetings ("AGM"). At our 2021 AGM this year all Directors proposed for re-election were approved.

Board evaluation

During the financial year we conducted an extensive internal individual Board evaluation which was followed by delivery of the results in June 2021. It included a thorough internal evaluation of the Board and its Committees, with the aim of ensuring that they operate efficiently and effectively, with an appropriate mix of skills and experience in order to help deliver the Group's strategy within an appropriate risk framework. The anonymous evaluation allowed the Board to consider their composition, diversity and failures and successes. I am pleased to report that the conclusions of this evaluation were positive and confirmed that the Board, its Committees and each of its Directors continue to be effective. The Board has since acted on a number of recommendations to ensure that it is working effectively and acting on areas where opportunities for improvement were identified. Results and further information on this survey can be found on page 79 of this report.

Culture, ESG and stakeholder engagement

The Board is supportive of the Code and in particular, its focus on boards demonstrating how the views of stakeholders are captured and considered when making decisions.

The Group's culture is a strategic focus area, and we believe that the right culture and values, supported by effective leadership and a consistent tone from the top, are crucial to the success of the Group. This year, the Board engaged closely with a review of the Company values and made various efforts to monitor Group culture as described in more detail on page 26 of this report.

I am pleased to note that this financial year, in light of the importance of managing ethical and environmental issues across the Group, the Group approved a new Environmental, Social and Governance ("ESG") strategy and a plan for the reduction of the Group's carbon emissions.

Engaging with stakeholders and understanding their views is crucial to the Board and its decision-making. The Board receives regular updates throughout the year on engagement with our stakeholders, including feedback from colleague surveys and town halls, and shareholder meetings. During the year our Employee Representative regularly attended Plc and Operations Board meetings, to act as a voice from within the workforce. Additionally, further Employee Champions have been appointed across the business globally to voice the opinions and concerns of the workforce and report to the Employee Representative. Further information on this key role can be found on page 96 of this report.

Looking forward

We will continue to review our governance framework with a view to building on our strong foundations.

Peter George

29 November 2021

"During the financial year we conducted an extensive internal individual Board evaluation which was followed by delivery of the results in June 2021."

Peter George
Chairman

Kristian, Yngve and Trond – Oslo



Kevin, Susan, Jennifer, Peter and Septima – London



Corporate Governance continued

Governance Framework

The Group's governance framework supports the Board in the delivery of the Group's strategy and long-term sustainable success in various ways as detailed below.

The Board

The Board is responsible for establishing the Company's purpose, values and strategy, promoting its culture, overseeing its conduct and affairs, and for promoting the success of the Company for the benefit of its members and stakeholders. It discharges some of its responsibilities directly and others with the support of its Committees. Terms of reference for the Board and its Committees are available on the Group's website. Execution of the strategy and day-to-day management of the Company's business is delegated to the Executive Management Team and the Operations Board, with the Board retaining responsibility for overseeing, guiding and holding management to account.



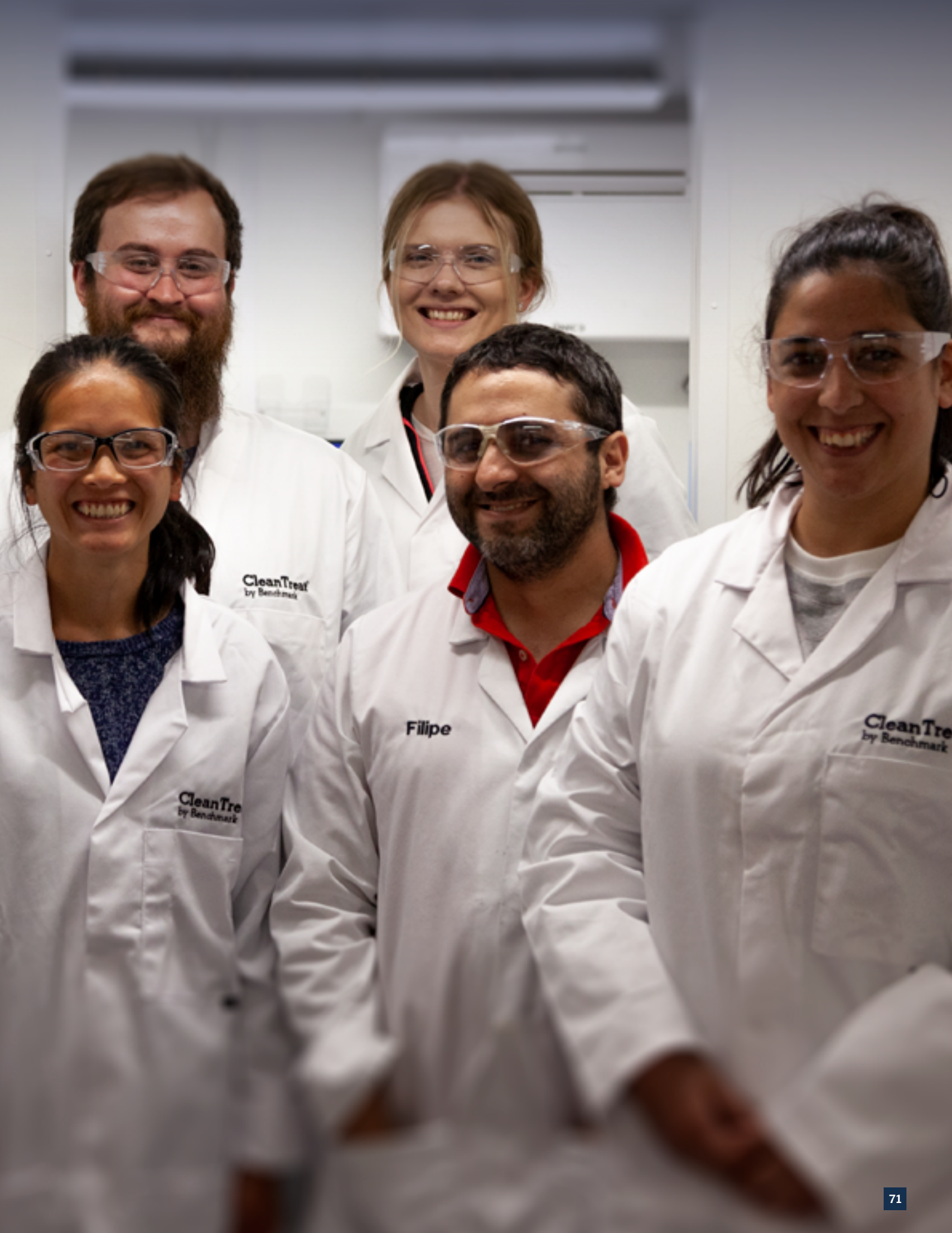
The Board delegates certain matters to its committees

Nomination Committee	Audit Committee	Remuneration Committee	Sustainability Committee	Disclosure Committee
The Nomination Committee leads the process for and makes recommendations to the Board regarding the appointment of new Directors to the Board, reviews composition and structure of the Board, evaluates the balance of skills, knowledge and experience of the Directors and oversees the Board's annual evaluation. In addition, the Nomination Committee supports the Board with the succession planning process.	The Audit Committee assists the Board in fulfilling its corporate governance obligations in relation to the Group's financial reporting, internal control and risk management systems.	The Remuneration Committee reviews and recommends the policy on remuneration of the Chairman, Executives and senior management team. In addition, it monitors the implementation of the Remuneration Policy and approves awards under the Group's Long-Term Incentive Plan.	The role of the Board's Sustainability Committee is to oversee the Company's ESG strategy and its implementation, ensuring alignment with the Company's commitment to act as a responsible operator driving sustainability. This includes setting and reporting on targets and KPI's, and developing ESG Group policies. The Committee is also responsible for ensuring that the Board takes into account relevant ESG factors in its decision making.	The Disclosure Committee ensures the legal and regulatory disclosure obligations and requirements arising from the listing of the Company's securities and bonds on the London and Oslo Stock Exchanges are met. This includes the timely and accurate disclosure to the market of all relevant information. The Disclosure Committee meets at such times as is necessary or appropriate.



Executive Management Team and Operations Board

The Board delegates the execution of the Group's strategy and the day-to-day management of the business to the Executive Management Team and Operation Board who are 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.



Corporate Governance Statement

The Company is listed on AIM and is subject to the AIM Rules. The Board has voluntarily chosen to comply with the UK Corporate Governance Code 2018 ('the Code'). An overview of the Company's compliance with the Code, and an explanation of the Code provisions it has not implemented and why, is set out in the Directors' Report on pages 95 to 99.

The Company's Corporate Governance Statement sets out how it complies with the Code and the following sections highlight how the Board has applied the principles of corporate governance in a manner that is appropriate for the size and circumstances of the Company.

Board leadership and Company purpose

The Board's primary role is to ensure the Company's long-term success by setting the Group's strategic direction, ensuring that strategy is aligned with the Group's purpose and culture, and promoting and protecting the Group's interests for the benefit of all our stakeholders. The Board is composed of highly experienced individuals who bring a range of skills, perspective and knowledge of the industry in which the Group operates.

The Board has delegated customary responsibilities to its five principal committees in order to enable the Board as a whole to dedicate time to the Group's key priorities and manage its time effectively. At each Board meeting (when required), the agenda includes sufficient time for each committee chair to report to the Board on such committee's activities and to provide recommendations.

In September 2021, the Board held its annual strategy day during which the Board held strategy discussions with senior management and conducted a thorough review of the Group's strategy. The discussions provided insight to the Board on the progress made on strategy so far, and allowed an assessment and review of the objectives set as well as giving management and each Board member (especially the Non-Executive Directors) an opportunity to challenge and provide input on the Group's strategy.

How governance supports our strategy

The Board recognises that it is responsible for promoting the long-term sustainable success of the Group and for delivering long-term value for stakeholders. The Board does this by providing effective leadership and by ensuring that the Group's business is conducted with high standards of ethical behaviour in a manner which contributes positively to wider society, having regard to the interests of its different stakeholders. To enable the business to meet its strategic priorities, the Board oversees the development of the Group's strategy and provides strong leadership and support to the Group. The Board continues to benefit from a strong mix of complementary skills and experiences, as well as dynamics that allow for open debate, challenge of existing assumptions and asking difficult questions.

For further information, please refer to our Strategic Report on page 52 and for an outline of how the Board's activities in FY21 contributed to the Group's strategic priorities please see page 74.

Culture

The Company's vision is to be the leading aquaculture biotechnology company and drive sustainability in aquaculture. In order to achieve this, we want to invest generously in our people and business partners. The Group's culture is a strategic focus area and the Board believes that the right culture and values, supported by effective leadership and a consistent tone from the top, are crucial to the success of the Group. This year, the Board engaged closely with a review of the Company values and approved the new Company's values. The integration of the Group's values and culture has been monitored closely by the Group Head of People and also the Employee Representative, who met with the Board twice to review the Group's culture and the implementation of the Group's values.

How the Board monitors culture

In FY21, the Board monitored culture by:

- **Engaging with and listening to our people:** The Group conducted a global employee engagement survey. It allowed employees to share their views on key topics, which provides valuable insight into employee engagement and the Group's culture. The survey was conducted in March 2021 and the key findings were presented to the Board. Action plans have been prepared by the business to address the priority issues raised by this survey. In addition, Non-Executive Directors attended virtual town halls on a rota system to encourage engagement with the Group's employees and employees were able to ask questions directly to the attending Board member. As part of the annual Board evaluation, the Board asked the Group's employees how the Board performed through a range of selected questions and the feedback from the employees was very positive. The key findings are reported on page 79.
- **Leading by example:** The Group's Directors and senior management act with integrity and lead by example, promoting the Group's culture to the workforce by living the Group's values.
- **Reviewing cultural indicators:** The Board regularly receives updates on health and safety metrics (including a COVID-19 update) and employee turnover numbers, with a breakdown of the reasons given why employees have left the Group. This allows trends and changes in the culture of the Group to be monitored.
- **Monitoring ethics, whistleblowing, fraud and anti-bribery:** Mechanisms are in place to facilitate employees reporting incidents of wrongdoing on a named or anonymous basis through a direct line to a Non-Executive Director in line with the Code's requirements. The Board with the support of Group Legal Counsel, regularly monitors and reviews the Company's policies, incidents and trends arising from any such incidents and provides the Board with updates.

Board and Committee attendance

The Board has a comprehensive annual agenda to monitor and review strategy across the Group and its business areas. Board agendas are carefully planned to ensure that sufficient time and consideration are given to the Group's strategic priorities and key monitoring activities as well as reviews of strategic issues. In advance of each meeting, papers and relevant materials are provided to Directors via a secure cloud platform which also provides access to a library of relevant information about the Company and Board procedures.

During the year, the Board held seven scheduled Board meetings, one scheduled strategy day and six additional Board meetings. The Chairman ensures that regular meetings are also held with the Non-Executive Directors without the presence of the Executive Directors. All Directors are expected to attend all Board and relevant Committee meetings unless prevented from doing so by illness or conflict of interest. The senior management team below Board level are invited, when appropriate, to attend Board meetings to make presentations on their strategic priorities and progress. All Directors recognise the requirement to commit sufficient time to fulfil their duties as included in each Letter of Appointment.

Since the outbreak of the COVID-19 pandemic, the majority of Board and Committee meetings took place using secure virtual meeting technology. In September 2021, the Board held physical meetings in two hubs (UK and Norway) where the Directors and senior management based in these two countries were able to meet in person.

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Scheduled Meetings held during the year*	7	3	5	2	2
Peter George	7/7 (C)	N/A	5/5	2/2 (C)	N/A
Susan Searle	7/7	3/3	5/5 (C)	2/2	N/A
Kevin Quinn	7/7	3/3 (C)	5/5	2/2	2/2 (C)
Yngve Myhre	7/7	2/3**	N/A	N/A	N/A
Trond Williksen	7/7	N/A	N/A	N/A	2/2
Septima Maguire	7/7	N/A	N/A	N/A	N/A
Hugo Wahnish***	2/7	1/3	N/A	N/A	N/A

(C) Chair of the Committee

* Additional Board meetings were held during the year.

** Yngve was appointed as member of the Audit Committee on 10 February 2021 following the retirement of Hugo Wahnish from the Board.

*** Hugo Wahnish retired from the Board on 9 February 2021.

Trond Williksen, CEO, visiting our customer Happy Prawns AS



Corporate Governance Statement *continued*

Key activities of the Board in FY21








What the Board and Committees achieved in FY21











The Board met throughout FY21 with an agreed agenda in advance of each meeting. Each Board meeting has standing agenda items such as financial update on performance.

The Company Secretary provides Board papers in advance of each meeting and ensures that Board feedback on such documentation is fed back to management for improvement. The Company Secretary provides minutes of each meeting. The Board continues to work closely with its AIM Nominated Adviser, Numis, to ensure compliance with AIM best practices.

Topic	Specific actions undertaken
Leadership and effectiveness	<ul style="list-style-type: none"> Approved the appointment of Yngve Myhre as a member of the Audit Committee following Hugo Wahnish's retirement from the Board. Performed an internal evaluation of the Board and its committees and agreed on the actions.
Legal, compliance and governance	<ul style="list-style-type: none"> Approved the FY21 Annual Report and Accounts and interim results. Received regular legal, IP and compliance updates from the Group Legal Counsel and Company Secretary. Continued to review the conflict of interest and other significant principal activities of the Directors of the Group, monitoring changes and developments.
Business development and strategy	<ul style="list-style-type: none"> Received ongoing updates throughout the year from the CEO and business area heads on the implementation of the Group's strategy. Reviewed and approved the Group's strategic priorities presented by the Executive Directors, the head of each business area, Group Head of People and Head of Investor Relations. Approved the new values which are in alignment with the strategic identity of the Group and driving change in culture across the Group. Reviewed and approved entry into the first customer agreement for the Group's CleanTreat® system. Reviewed the Group's new sustainability targets and overall ESG strategy which was presented by the Head of Investor Relations. Reviewed and discussed the Group's IP strategy.

Board and Committee activity FY21 timeline

Meeting	Key	Number of Meetings in FY21	Meeting	Key	Number of Meetings in FY21
Audit		3	AGM		1
Nominations		2	PLC Board meeting		7
Remuneration		5	Strategy day		1
Sustainability		2			

2020	2021
Oct 	Jan 
Nov   	Feb   
Dec 	Mar 

Topic	Specific actions undertaken
Employees	<ul style="list-style-type: none"> Reviewed the succession planning of the Executive Directors and senior management team. Received bi-annual updates from the Employee Representative on employee engagement to continue successful promotion of the employee voice across the Group and the boardroom. Received and discussed the results of the employee surveys. Received verbal updates from the Remuneration Committee Chair on the key areas discussed and actions agreed.
Communicating with shareholders/ other stakeholders	<ul style="list-style-type: none"> Organised quarterly webinars for institutional and retail shareholders. Attended meetings with shareholders in April 2021. Monitored investor engagement and received reports following meetings with major shareholders involving the Chairman of the Board, Senior Independent Director, and other Non-Executive Directors, throughout the year. Reviewed investor relations reports.
Monitoring business performance	<ul style="list-style-type: none"> Approved the FY22 budget. Received regular updates on the Group's financial performance and cash flow position. Reviewed the Capital Expenditure pipeline for the next five years and tracked expenditure and progress with significant capital investments.
Overseeing culture	<ul style="list-style-type: none"> Approved the launch of the new Group values. Various Directors attended town halls with employees throughout the year. Supported Benchmark 4 Better initiatives across the Group supporting communities, including donations to Indian Orphanage, relief efforts regarding the Afghan refugee crisis, City Harvest and canal clean-ups.
Risk Management	<ul style="list-style-type: none"> Received regular updates on health and safety, including on COVID-19. Reviewed the Group's risk register which included an assessment of the Group's emerging and principal risks. Received updates from the Senior IT manager on the Group's IT strategy and cyber security.

Apr

B

May

R A

Jun

B

Jul

A

Aug

B

Sep

B T R N S

Corporate Governance Statement *continued*

Division of responsibilities

Roles within the Board

Role	Name	Responsibilities
Chairman	Peter George	<ul style="list-style-type: none"> • Lead the effective operation and governance of the Board. • Set agendas which support efficient and balanced decision-making. • Ensure effective Board relationships and a culture that supports constructive discussion, challenge and debate. • Understand the views of key stakeholders and seek assurance that they have been considered. • Oversee the annual Board evaluation and identify any actions required. • Lead initiatives to assess the culture across the Group and ensuring the Board set the correct tone.
CEO	Trond Williksen	<ul style="list-style-type: none"> • Lead the development and delivery of strategy and budget, to enable the Group to meet the requirements of its shareholders. • Oversee operation of the day-to-day business of the Group. • Lead and oversee the executive management team of the Group. • Establish an environment which allows the recruitment, engagement, retention and development of the people needed to deliver the Group's strategy.
CFO	Septima Maguire	<ul style="list-style-type: none"> • Support the CEO in developing and implementing strategy. • Provide financial leadership to the Group and align the Group's business and financial strategy. • Responsible for financial planning and analysis, treasury and tax functions. • Responsible for presenting and reporting accurate and timely historical financial information. • Manage the capital structure of the Group. • Investor relation activities, including communications with investors, alongside the CEO.
Senior Independent Non-Executive Director	Susan Searle	<ul style="list-style-type: none"> • Provide a 'sounding board' for the Chairman in matters of governance or the performance of the Board. • Be available to shareholders and other stakeholders if they have concerns which have not been resolved through the normal channels of communication with the Company. • To act as an intermediary for Non-Executive Directors when necessary and act as Chairman if the Chairman is conflicted.
Non-Executive Directors	Kevin Quinn Yngve Myhre Kristian Eikre	<ul style="list-style-type: none"> • Provide constructive challenge to the executives, help to develop proposals on strategy and monitor its execution. • Ensure that no individual or group dominates the Board's decision making. • Promote the highest standards of integrity and corporate governance throughout the Company and particularly at Board level. • Review the integrity of financial reporting and those financial controls and systems of risk management are robust.
Group Legal Counsel & Company Secretary	Jennifer Haddouk	<ul style="list-style-type: none"> • Ensure compliance with Board procedures and support the Chairman. • Secretary to the Board and its Committees. • Ensure the Board has high quality information, adequate time and the appropriate resources. • Advise and keeping the Board updated on corporate governance developments. • Consider Board effectiveness in conjunction with the Chairman. • Provide advice, services and support to all Directors as and when required.

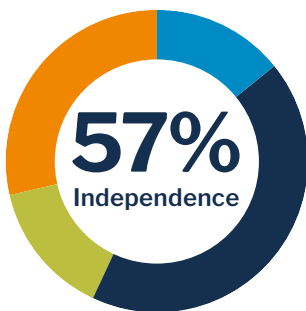
Independence Independence of the Board

Board composition as at 30 September 2021



- Chairman 1
- Non-Executive Directors 4
- Executive Directors 2

Board independence/roles as at 30 September 2021



- Independent Chairman 1
- Independent Non-Executive Directors 3
- Non-independent Non-Executive Director 1
- Executive Directors 2

Board tenure as at 30 September 2021



- 1-3 years 3
- 3-6 years 3
- 6-9 years 1

The Board considered each Non-Executive Director's independence on appointment and concluded that they were independent, with the exception of Kristian Eikre who is representing the Company's largest shareholder, FERD, on the Board. 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.

Other external appointments

The Board takes into account a Director's other external commitments when considering them for appointment to satisfy itself that the individual can dedicate sufficient time to the Board and assess any potential conflicts of interest. Our Directors are required to notify the Chairman of any changes to their external commitments.

Executive Directors may accept a non-executive role at another company with the approval of the Board. Currently, Trond Williksen (CEO) has other roles outside of the Company. The Board reviewed these positions at the time of Trond's appointment and was comfortable that these would still allow sufficient time for Trond to discharge his responsibilities as CEO effectively. The Board agreed that each role was not deemed to be significant and will continue to monitor such appointments.

When assessing additional directorships, the Board considers the number of public directorships held by the individual already and their expected time commitment for those roles (see biographies on pages 62-65). The Board takes into account guidance published by institutional investors and proxy advisers as to the maximum number of public appointments which can be managed efficiently.

Conflict 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.

Corporate Governance Statement *continued*

Composition and Evaluation Composition

Directors' appointment

Non-Executive Directors are engaged under the terms of a Letter of Appointment. For further details of Executive Directors' service contracts and termination arrangements, please refer to the Remuneration Report on pages 88 to 94.

Non-Executive Directors are appointed for specified term, 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 additional 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. However, Kristian Eikre is subject to a one year term and any renewal of his term is subject to Board review. All Directors are subject to annual re-election at the Company's AGM. Details of the Directors' length of service are set out on page 81.

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.

On appointment, Directors receive a formal induction and meet the senior management team as part of the induction process. 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.

Each year, Non-Executive Directors receive additional training and presentations from across the businesses to update their knowledge and develop their understanding of the Group. This year the Board received updates from:

- 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).
- The Group Head of People regarding the Group's people strategy and relaunch of the new values.
- The senior IT manager to provide update on the Group's IT strategy.

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

Key strengths

The table below shows the range of our Board's key strengths. In addition, further detailed biographies of each of the Group's Directors are shown on pages 62 to 65:

Directors	Aquaculture	Biotechnology	Sustainability	Financial	Governance, Risk Management and Control	People	Strategy	International	Capital Markets
Peter George		✓		✓	✓	✓	✓	✓	✓
Susan Searle		✓	✓	✓	✓	✓	✓	✓	✓
Kevin Quinn		✓	✓	✓	✓	✓	✓	✓	✓
Yngve Myhre	✓			✓	✓	✓	✓	✓	✓
Kristian Eikre				✓	✓		✓		✓
Trond Williksen	✓			✓		✓	✓	✓	✓
Septima Maguire		✓		✓	✓		✓	✓	✓

Annual Board evaluation

The 2021 Board evaluation process was undertaken in three phases

Phase 1	Phase 2	Phase 3
<p>The Chairman and Company Secretary created a comprehensive online Board evaluation questionnaire seeking the Directors' views on a number of topics. The questionnaire was designed to allow members of the Board to provide improvement suggestions.</p> <p>The themes covered by the internal evaluation included:</p> <ul style="list-style-type: none"> • Board composition, diversity, skills and performance • Financial reporting and controls • Succession planning • Board functioning and material • Objectives, strategy and risk management • Culture and people • Director self-evaluation • Role of the Committees <p>The questionnaire also included questions to be answered by the Operations Board, the employees and Company's advisers, as the Board wanted to receive feedback on its performance from these stakeholders. The questionnaire was reviewed and approved by the Nomination Committee. Respondents completed the questionnaires confidentially and the results were collated and reported anonymously.</p> <p>A complementary questionnaire drafted by the Senior Independent Director covering the Chairman's performance was also issued.</p>	<p>Responses to all questions were sent to the Chairman and responses on the effectiveness of the Committees were also submitted to the respective Committee Chairs.</p> <p>A report on the evaluation process was prepared by the Company Secretary. The results of the evaluation process were reviewed by the Board and the Committees at their respective meetings in June 2021.</p> <p>The Chairman also provided individual feedback to each Director on their individual performance.</p> <p>The Senior Independent Director led the review of the Chairman's performance, and the results of the review were discussed during the Board meeting with the Chairman.</p>	<p>The output from this review was presented to the Board by the Group Head of People, who acted as a facilitator at the Board's June meeting. The Board evaluation also identified some opportunities for the Board to adapt its procedures and the Board is currently reviewing and implementing the recommendations.</p> <p>In addition, each Board Committee reviewed and discussed the key findings of this review.</p>

Findings

The conclusions of the 2021 Board evaluation were positive and confirmed that the Board, its Committees and each of its Directors continue to be effective. The Board benefits from positive dynamics and a collegiate boardroom culture that allows for open discussion and constructive challenge. The Chairman continues to provide robust, effective and considerate leadership to the Board. The key recommendations and actions are set out below:

Recommendation	Status
<p>Board composition and skills: The Board acknowledged a gap of knowledge in the shrimp industry, Asian and LATAM markets.</p>	<p>The Board agreed that in making future appointments its should consider the set of skills and experience relevant to the shrimp and Asian & LATAM markets. In the meantime, the Board will continue to receive bi-annual updates from the Head of Nutrition to further increase the Board's knowledge of these markets.</p>
<p>Objectives, strategy and risk management: The Board recommended receiving an update on IT systems and security to ensure cyber risks are understood and sufficient safeguards are in place.</p>	<p>The senior IT manager provided an update to the Board on IT security and the progress made on the IT integration of the Group's different legacy systems. The Board will receive an annual update from the senior IT manager going forward.</p> <p>The Chair and the Company Secretary will also organise additional Board updates from other functions.</p>
<p>Culture and people: The Board felt that there were opportunities to allocate more time to interacting with the workforce.</p>	<p>The Board discussed site visits and agreed that these should recommence as soon as it was feasible to travel again.</p> <p>In the meantime, the Board received bi-annual updates from the Group Head of People and also from the Employee Representative on culture and engagement, and the results of the employee surveys were presented to the Board.</p> <p>The Board recognised that the Employee Representative enabled the Board to expand its engagement with the workforce and agreed to reflect more on how to best support this role.</p>
<p>Nomination Committee: The Board recommended having a greater focus on succession planning for the Executive Directors and leadership team.</p>	<p>This year, the Nomination Committee, with the support of the Group Head of People, performed a thorough review of the succession planning for the Executive Directors and the leadership team.</p>

Nomination Committee Report



Peter George
 Chair of the Nomination Committee

Composition as at 30 September 2021

The members of the Nomination Committee are:

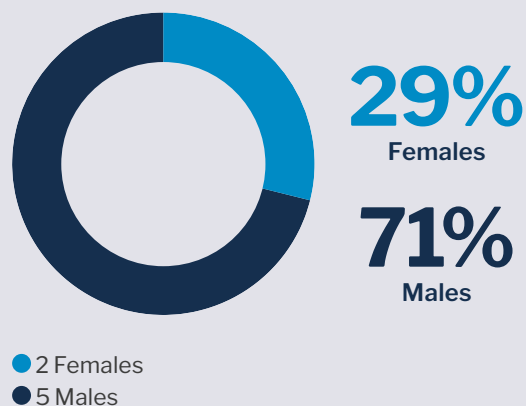
Member	Number of meetings attended	Committee tenure
Peter George (Chair)	2/2	3 years
Susan Searle	2/2	7 years
Kevin Quinn	2/2	3 years

Only the members of the Nomination Committee have the right to attend committee meetings. The Group Head of People, Executive Directors, other Board members and advisers may be invited to attend and 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.

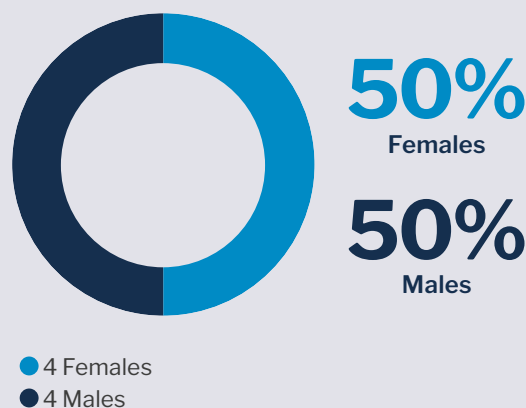
Achievements:

Reviewed the size, structure and composition of the Board

Board gender diversity as at 30 September 2021



Leadership Team gender diversity as at 30 September 2021



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 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.

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

Activities during FY21:

The Nomination Committee:

- Reviewed the composition of the Board, having regard to its size, balance of skills, knowledge, experience and diversity;
- Developed a broader experience and understanding of our stakeholder groups;
- Recommended the appointment of Yngve Myhre as member of the Audit Committee following the retirement of Hugo Wahnish on 9 February 2021;
- Considered and recommended to the Board the re-election of all Directors at the 2021 Annual General Meeting; and
- Reviewed and assessed the annual Board evaluation process.

Committee evaluation

The 2021 evaluation of the Board, its committees and individual Directors was internally facilitated by Corina Holmes, Group Head of people and there were no significant matters raised.

Succession planning for the Executive Director and leadership team

In FY21, the Nomination Committee reviewed and considered the succession planning of the Executive Directors and leadership team. This exercise was performed with the support of the CEO and Group Head of People. The Group has emergency succession plans in place with respect to its Executive Directors and leadership team, as well as developing medium and long-term plans where internal talent pools have been identified for development and progression opportunities. As part of our Board evaluation process, gaps in knowledge have been identified as priority areas for focus when recruiting Board members in the future.

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 a wide range of skills, social and ethnic backgrounds, regional and industry experiences, and genders.

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 diversity

Benchmark is mindful of the importance of gender diversity at all levels of the Group and welcomes the targets introduced by the Hampton-Alexander Review, which include a 33% target for female representation on boards and in senior management. Benchmark is committed to working toward achieving this target and to attracting the very best diverse talent to our Board and senior management. As at 30 September 2021, the percentage of female Directors on our Board stood at 29%, and the percentage of females in the leadership team stood at 50%. We are pleased with the steps we are taking with respect to gender diversity within the Group's talent pipeline and will continue to prioritise diversity as an important factor in Board composition as and when natural succession changes arise.

Actions for the coming year

Through FY22, 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.

Peter George

Chair of the Nomination Committee
29 November 2021

Non-Executive Director tenure

The periods of service of our Non-Executive Directors are set out below as at 30 September 2021.

Name	Date of appointment	Term
Peter George¹ Chairman	8 May 2018	3 years, 4 months
Susan Searle Senior Independent Director	18 December 2013	7 years and 11 months
Kevin Quinn Non-Executive Director	25 November 2016	4 years, 10 months
Yngve Myhre Non-Executive Director	6 November 2017	3 years, 10 months
Kristian Eikre Non-Executive Director (not independent)	14 March 2019	2 years, 6 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.

Audit Committee Report



Kevin Quinn
Chair 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 reporting, evaluate its systems of risk management and internal control and oversee the relationship and performance of the external auditors.

Membership, meetings and attendance

The composition of the Audit Committee during the year was:

Member	Number of meetings attended	Committee tenure
Kevin Quinn (Chair)	3/3	4 years
Susan Searle	3/3	3 years
Yngve Myhre*	2/2	<1 year

* Yngve Myhre was appointed a member of the Audit Committee on 10 February 2021 following the retirement of Hugo Wahnish from the Audit Committee on 9 February 2021.

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 three times during the year with all members of the Committee in attendance at each.

Responsibilities

The main roles and 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 2020/21, 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 a 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.

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

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 any lasting impact on the business that COVID-19 has had and the speed of recovery as global pandemic restrictions are gradually lifted. Furthermore, the expected replacement of the Group's USD 15m revolving credit facility and the NOK 850m bond which are due to expire in December 2022 and June 2023 respectively has been discussed with management. No active steps have yet been made to refinance these facilities and this therefore represents a material uncertainty as disclosed in Note 1. However, current trading of the Group and good relationships with existing relationships with funding providers give the Directors confidence about the ability to successfully renew or replace this facility. The Committee discussed the assessment with management and was satisfied that the going concern basis of preparation continues to be appropriate for the Group and that adequate disclosure has been provided in Note 1.

Valuation of goodwill and intangible assets

The Committee considered the carrying value within the accounts 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 any lasting 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 FY21.

Presentation of results

At the request of the Board, the Committee reviewed the presentation of the Group's unaudited results for the six months to 31 March 2021 and the audited results for the year to 30 September 2021 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 this review, 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 performance measures as indicators of performance. The Board considers current treatment which retains reference to "Adjusted EBITDA" and "EBITDA" to remain appropriate. "EBITDA" is "earnings before interest, tax, depreciation and amortisation, and "Adjusted EBITDA" is "EBITDA before exceptional items and acquisition related expenditure". Reference has also been made in the Annual Report to a further alternative performance 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. Amortisation of capitalised development costs has commenced during the year with the launch of the new sea lice treatment. Finally, mention has been made in the current year of Adjusted EBITDA excluding fair value movement in biological assets, which adjusts Adjusted EBITDA by removing the change in value of biological assets related to fair value assumptions. The Board regards these measures as an appropriate way to present the underlying performance and development of the business, reflecting 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 some 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 which remains consistent with previous years.

Enquiry into 2020 Annual Report from the Financial Reporting Council ("FRC")

In July 2021, the Company received a letter from the Corporate Reporting Review Operating Procedures Team of the FRC as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Group's 2020 Annual Report and Accounts. The letter focused on the following principal areas:

- Biological assets;
- Current vs non-current classification of assets;
- Consolidated Statement of Cash Flows;
- Deferred tax assets;
- Other receivables; and
- Dissolution of the joint venture in Chile in 2019.

Audit Committee Report *continued*

Following the review, the Directors have included in these financial statements enhanced disclosures in several of the areas highlighted above.

When reviewing the Company's 2020 Annual Report and Accounts, the FRC requested we make clear the limitations of its review are as follows: its review is based on the 2020 Annual Report and Accounts only and does not benefit from a detailed knowledge of the Group's business or an understanding of the underlying transactions entered into; communications from the FRC provide no assurance that the Group's 2020 Annual Report and Accounts are correct in all material respects and are made on the basis that the FRC (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders; and the FRC's role is not to verify information provided but to consider compliance with reporting requirements.

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 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.

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 pages 55 to 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. Following the completion of the restructuring exercise in 2020, work has recently commenced to assess the value and scope of a Group internal audit function with an intention to introduce this later in 2022. In the meantime, internal assurance around risk is achieved through review of the controls being performed by each business area.

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.
- 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 2021 and information on the nature of the non-audit fees incurred is detailed in Note 6 accompanying the consolidated financial statements.

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 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 auditors 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 auditors 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 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 risk by reviewing evidence of risk assessment and management; and
- Any action taken to manage 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.

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 whistle-blowing 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.

Kevin Quinn

Chair of the Audit Committee
29 November 2021

Sustainability Committee Report



Kevin Quinn
Chair of the Sustainability Committee

Composition as at 30 September 2021

The members of the Sustainability Committee are:

Member	Number of meetings attended	Committee tenure
Kevin Quinn (Chair)	3/3	3 years
Trond Williksen	3/3	1 year
Ivonne Cantu	3/3	3 years

Sustainability Committee Report

As the Chair of the Sustainability Committee, I am pleased to present the Committee's FY21 report which demonstrates Benchmark's continued dedication to sustainability, having embedded Environment, Social, and Governance ("ESG") factors throughout our operations and decision-making over the year.

Responsibilities

The Committee, established in June 2018, is responsible for providing guidance and overseeing Benchmark's sustainability work. Acting on behalf of the Board, the Committee ensures that the focus and governance of the Company's sustainability work is aligned to its ESG principles and mission of driving sustainability in aquaculture. This is achieved through quarterly meetings where strategic priorities, ongoing projects and emerging issues are reviewed. The Committee is also responsible for maintaining a dialogue with the Company's stakeholders on ESG matters, which then informs the Company's ESG materiality assessment and priorities.

This year, we were pleased to see a significant interest from stakeholders in sustainability areas, with these discussions mostly centring around climate risk, water management and animal welfare. We welcome this increasing engagement and interest, which reinforces the confidence that we have in our vision to address the

sustainability challenges and opportunities in the aquaculture industry.

Progress in FY21

We are committed to driving sustainability in aquaculture and as such, our aim is to be a responsible operator and proactive industry leader having a real impact across the aquaculture value chain. This is underpinned by our portfolio of products and solutions and the way we conduct our operations through our sustainability efforts.

FY21 was a successful year for Benchmark's sustainability efforts with significant progress made. Through a collaborative approach across the Group, the priorities which had been laid out were either fully achieved or saw important developments materialise. This was made possible in part due to the visible culture transformation which Benchmark undertook in the year, which has strengthened the commitment to the Company's sustainability mission in every person within the organisation.

Highlights in the year include:

- **Reaffirming our net zero targets and developing a roadmap to achieve them.** FY21 saw us conduct a review to understand which aspects of the Group hold the greatest opportunity to reduce our environmental impact, including through increased renewable use, decreased energy consumption or investment. One of the outcomes of this initiative was the identification of electricity consumption in our facility in Thailand as being one the Group's main contributors to our GHG footprint, leading to the engagement of an external energy consultant to identify ways to reduce our footprint. Although this project was delayed due to restrictions associated with the COVID-19 pandemic, the work has resumed and will be completed in FY22. Furthermore, FY21 saw an increase in scope 1 and 2 emissions due to the scaling up of operations in Chile, Iceland and the United States, which is countered by the progress in reducing our intensity measures. As a growing business, this absolute increase was anticipated, and we are likely to continue to see an increase in our absolute energy consumption as we grow in the short term. However, we are working in parallel to improve our energy efficiency, adopt sustainable technologies and access renewable energy sources, and we remain committed to our targets of becoming net zero through a science-based targets pathway.
- **Conducting a review of our ESG policies and disclosures** in order to

align them to best practice, increasing transparency for our stakeholders. As a result of our review, we issued a revised environmental policy, which is now broader in scope and depth. Additionally, it now addresses the Company's position on key environmental and climate-change considerations, such as water, waste, and biodiversity, amongst others. Along with this, the Company's whistleblowing, antibribery and corruption, and fair competition policies were also updated. These updates are significant as they allow Benchmark to more accurately communicate its stance on ESG-related matters and act on it as the business continues to grow and develop.

- **Aligning Group-wide efforts on animal health and welfare**, which is a critical driver of sustainability in the aquaculture industry. Late in FY20, an Animal Welfare Committee was established, composed of experts from all three business areas. During FY21, the Committee conducted a review of the Company's practices and standards across different geographies and species to identify areas of opportunity, share knowledge, and suggest points of improvement. The key action which was taken from this was the development of a new Group-wide animal health and welfare training program. This initiative has been successful, with impressive numbers being seen across the Company, such as in Norway where 100% of employees are trained in animal health and welfare. Progress-driven initiatives have also been undertaken, such as in Iceland where the content of the animal health and welfare course was extended through the launch of a new programme tailored for our shrimp operations.
- **The commencement of a Group-wide climate risk assessment** as a foundation towards Task Force on Climate-related Financial Disclosures ("TCFD") reporting. This began in FY21 with a preliminary qualitative assessment of physical and transitional climate risks to the Company, and will continue throughout FY22 to integrate a quantitative, scenario-based analysis. This is an important step to ensure that the Company's priorities and strategies are aligned to its climate risks and will also serve to inform the Group on climate opportunities that can be seized. As part of this project, a full assessment of Water risk was conducted according to the WRI Aqueduct Tool. The results of this were encouraging, showcasing that of

our four locations in high water-stressed areas, three are office spaces with minimal consumption, and total water consumption of these four locations combined amounts to 115m³, representing 0.1% of the Group's total potable water use.

Looking Forward

At Benchmark, sustainability is a process of continuous improvement. Looking forward to FY22, we will continue to work towards our stated objectives underpinned by improvement in our KPIs. In addition, the projects underway to identify opportunities for improvement, including energy efficiency studies and our climate risk assessment, will continue to inform future strategic decisions of the Group.

I would like to thank the members of the Sustainability Committee, the sustainability working group, and all the people around the Group involved in our sustainability effort, for their continued commitment throughout the year. I look forward to continuing our work in 2022 to progress Benchmark's mission of driving sustainability in aquaculture.

Kevin Quinn

Chair of the Sustainability Committee
29 November 2021

Remuneration Report for year ended 30 September 2021



Susan Searle
Chair of the Remuneration Committee

Composition as at 30 September 2021

The members of the Remuneration Committee are:

Member	Number of meetings attended	Committee tenure
Susan Searle (Chair)	5/5	7 years
Kevin Quinn	5/5	4 years
Peter George*	5/5	3 years

* On 19 August 2019, while Peter George served as Executive Chairman, he temporarily stepped down from the Remuneration Committee. He rejoined on 1 August 2020 when he resumed his role as Non-Executive Chairman

Statement from Susan Searle, Chair of the Remuneration Committee

Introduction

This has been a year in which the business has concentrated on delivery in the core three business areas post-restructuring thus maintaining focus and making progress in the delivery of the Group's key strategic priorities.

During the year, we saw two key changes to the Executive Management Team, with the appointment of Corina Holmes as Group Head of People in January and the resignation of Athene Blakeman, Head of Advanced Nutrition. Athene left the Group in June and her replacement, Patrick Waty commenced employment in November. Corina has had significant international experience leading human resources functions in several large and small entrepreneurial companies. Patrick also brings extensive international experience and has held a number of key global aquaculture leadership roles. These excellent additions provide further depth of knowledge and leadership excellence to the Executive Management Team.

I reported last year on the implementation of a new long-term incentive scheme which had been delayed from FY20 due to COVID-19. This has now been adopted by the Group and performance linked shares were awarded in January 2021. A new annual bonus scheme has also been implemented for the first time for FY21. With the implementation of these schemes I am pleased to confirm that we did not participate in the Coronavirus Job Retention Scheme this year.

Performance outcomes

During this year the team has made good progress in the delivery of its strategic priorities. In Health, the marketing authorisation for Ectosan Vet® was granted in July and the commercial launch of Ectosan® Vet and CleanTreat® successfully commenced in August. In Advanced Nutrition positive results were seen in the recovery of artemia sales and our overall market position has strengthened. Genetics faced challenges in the commercial launch of SPR shrimp with slower progress than planned but made significant progress in establishing the infrastructure required for commercial expansion in selected markets. Across the Group the team simplified the structure of the business, with 15 entities dissolved and the colocation of teams in Norway and Chile. Delivery of the Group's new corporate values, the new remuneration policy and new performance framework all supported the alignment of activity under One Benchmark.

The Group's financial performance and delivery against these strategic objectives were well above target performance and close to the maximum standards set. Bonus payments of 90.8% of maximum were approved by the Remuneration Committee for both the Chief Executive Officer and Chief Financial Officer. Further details are shown on page 90.

The Remuneration Committee also approved awards of performance shares under the long-term incentive scheme. The purpose of these awards, which will be made in December, is for retention and focus on increasing shareholder value. Awards will vest after three years subject to challenging performance targets being met. The award level and the measures and targets for the 2021 awards are shown on page 91.

No shares have vested in the year as both the Chief Executive Officer and Chief Financial Officer have less than three years service.

Additionally the Remuneration Committee has approved salary increases of 1.55% with effect from 1 January 2022. The average salary increase across the group is 3.1%.

The Remuneration Committee seeks to abide by the 2018 UK Corporate Governance Code and continues 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. We welcome the views of our shareholders on remuneration which the Remuneration Committee believes is key to the success of Benchmark Holdings.

Susan Searle

Chair of the Remuneration Committee
29 November 2021

Annual Report on Remuneration for 2021

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

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 Group Head of People attending committee meetings. 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.

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 for 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; and
- consider the gender pay gap across the Group, evaluate what this means and plan action to close the gaps.

The Remuneration Committee's terms of reference, which were updated in light of the 2018 UK Corporate Governance Code, are 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 base salary increases of 1.15% with effect from 1 January 2021
- approved the award of performance shares to Executive Directors and senior management under the Group's Long-Term Incentive Plan.
- approved the award of performance shares to employees under the Group's Long-Term Incentive Plan. Over 73% of employees hold shares or options in the Company;
- invited the Employee Representative to attend two Committee meetings to provide an employee voice on a range of relevant subjects; and
- acted as a sounding board on topics such as talent management and succession planning, employee engagement, culture, diversity and values ahead of further detailed Board debate.

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

The Committee is provided with an overview of the wider workforce remuneration policies to assist them in their consideration of appropriateness of remuneration packages of the executives and senior management.

Although there is no statutory obligation for Benchmark to report on the gender pay gap we have done so on a voluntary basis for 2020. Since then there have been significant changes in the business, including the divestment of a large proportion of its business activities thus reducing the number of UK employees by over 50%. Nevertheless, Benchmark will continue to review and take action on gender pay.

Remuneration Report *continued* for year ended 30 September 2021

Following the appointment of a new Group Head of People, significant work has taken place on the development of a reward strategy to launch and embed the new remuneration policy. A new performance management framework which more closely aligns reward across the Group with performance against our strategic priorities has also been developed and implemented fully during the year. In addition, the global review of benefits which had remained on hold as the business went through its restructuring programme and navigated through the impact of COVID-19, recommenced during FY21 and will continue through FY22.

Voting history

The Directors' Remuneration Report for the year ended 30 September 2020 was subject to an advisory vote (on a voluntary basis) at the Annual General Meeting held on 9 February 2021. The report was approved by 98.24% of shareholders.

Single total figure of remuneration for the financial year ended 30 September 2021

The remuneration in respect of qualifying services of the Directors who served during the financial year ended 30 September 2021 is as set out below:

Executive Directors (audited)

	Salary (£) (a)	Bonus (£) (b)	Taxable benefits (£) (c)	Long-term incentive (£)	Pension (£) (d) (e)	Total fixed Remuneration (£) 2021	Total Variable Remuneration (£) 2021	Total Remuneration (£) 2021	Total fixed Remuneration (£) 2020	Total Variable Remuneration (£) 2020	Total Remuneration (£) 2020
Trond Williksen	403,450	367,379	1,762	-	44,933	450,145	367,379	817,524	117,136	-	117,136
Septima Maguire	257,200	234,202	1,539	-	33,220	291,959	234,202	526,161	296,880	-	296,880

(a) The base salary reported above reflects the 2021 increase of 1.15% with effect from 1 January 2021.

(b) Cash bonuses will be paid in January 2022 and are based on the salary at 30 September 2021.

(c) Benefits provided for all Executive Directors are medical insurance coverage for the Directors and their families, and death in service benefits.

(d) As reported last year, a Norwegian pension scheme has been arranged for the CEO, and payments reflected above for FY21 include the backdated contribution of £8,168.

(e) As reported last year, the CFO received a supplementary payment for covering the duties of the CEO. This payment was pensionable and payments reflected above include the backdated contribution of £7,500.

The Chairman and the Non-Executive Directors (audited)

	Fees (£)	
	2021	2020
Kristian Eikre	-	-
Susan Searle	51,014	40,500
Kevin Quinn	51,014	40,500
Yngve Myhre	45,389	40,500
Hugo Wahnish*	16,212	40,500
Peter George	121,035	108,000

* Hugo Wahnish resigned as a non-executive director on 9 February 2021.

Executive Directors' bonuses for the financial year ended 30 September 2021

At the beginning of FY21 bonus targets were set in line with the new approved Remuneration Policy. The bonus scheme allows for up to 100% of salary to be awarded based on the successful delivery of financial performance as measured by Adjusted EBITDA (70% of bonus) and five Strategic Priorities (30% of bonus) based on the delivery of key projects and organisational change. Performance against both the financial and strategic targets were near the stretch levels set and resulted in bonus payments of 90.8% of maximum to the Chief Executive Officer and Chief Financial Officer.

Defined contribution pension scheme

All Executive Directors participate in defined contribution pension schemes which are in alignment with those available to employees in the UK and Norway respectively. Trond Williksen participates in a Norwegian pension scheme.

In accordance with the policy set out on page 93, the Company contributes 10% of salary for each Executive Director.

LTIP awards

In 2021 performance shares were awarded to Septima Maguire and Trond Williksen in line with the Company's Remuneration Policy. These awards have a three-year vesting period and vesting is subject to continued service and performance criteria being met. A holding period of two years applies from the date of vesting.

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 2021 are set out on pages 63 to 65.

Statement of implementation of our remuneration policy in 2022

Executive Directors' salaries

Salaries for the two current Executive Directors are detailed below. These increases are in line with Benchmark's approach to inflation-linked increases applied to employees in the UK and are effective from 1 January 2022.

	Salary (£) 2022	Salary (£) 2021	Increase in salary 2021 to 2022 (%) (a)
Trond Williksen	411,000	404,600	1.55
Septima Maguire	262,000	257,933	1.55

Bonus

The 2022 bonus will be implemented in line with the 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 the Group's financial budget, with a scale to 110% of financial budget at which point 100% of the bonus based on financial targets is paid. The financial measures for the 2022 financial year are directly linked to achievement of the budget and the non-financial measures relate to the strategic priorities, which in addition to three commercial objectives also include two new objectives, one on ESG goals and one related to People and Culture.

LTIP

In December 2021 we will be making an award of performance shares under the long term incentive scheme to eligible members of the scheme; the Executive Management team, Operations Board and other senior employees. The shares will vest after three years and are subject to continued service and the achievement of market-standard performance conditions. Malus and clawback provisions apply to Executive Directors only. 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 from date of vesting. We continue to use a flat allocation of share options to ensure a more equitable distribution across the 6 members of the Executive Management Team.

The fees of the Chairman and the Non-Executive Directors for the financial year ended 30 September 2021

The Chairman's fee

The Chairman's fee was increased by the Remuneration Committee, in line with inflation for 2021, to £121,380 per year and will not be increased for 2022.

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. Neither the basic fees nor the allowances will be increased for 2022.

Remuneration Report *continued* for year ended 30 September 2021

Additional information on Directors' interests

Directors' interests under the Company's employee share plans (audited)

Details of the Executive Directors' interests in share awards under the employee share plans during the financial year ended 30 September 2021 are set out below:

	Share option scheme	Options held at 30 September 2020	Options exercised in year	Options forfeited in year	Options granted in year	At 30 September 2021	Exercise price	Grant date	Date from which exercisable
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
Septima Maguire	CSOP II	-	-	-	380,597	380,597	0.1p	5 January 2021	4 January 2024
Trond Williksen	CSOP II	1,500,000	-	-		1,500,000	31.5p	2 June 2020	1 June 2023
Trond Williksen	CSOP II	-	-	-	597,015	597,015	0.1p	5 January 2021	4 January 2024

Directors' interests in ordinary shares (audited)

At 30 September 2021, the interests of the Directors and their connected persons in ordinary shares was as follows:

	Interests in ordinary shares at 30 September 2021	% of Company's issued share capital at 30 September 2021	Interests in ordinary shares at 30 September 2020
Trond Williksen	180,000	0.03	180,000
Septima Maguire	317,028	0.05	264,914
Peter George	3,085,719	0.46	3,001,219
Yngve Myhre	1,000,000	0.15	800,000
Susan Searle	224,625	0.03	198,125
Kevin Quinn	85,929	0.01	85,929
Kristian Eikre	-	-	-

A summary of the Directors' remuneration policy

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

- To pay competitively in the relevant talent markets to sustain motivation and commitment, in light of Benchmark's style and 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, employees 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

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

1. Clarity

- Our policy has three clear key objectives as set out above.
- 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

- Our policy reflects what we believe to be standard market practice for listed companies with the operation of an annual potential bonus and long-term incentive share plan.
- All incentive payments made are either in the form of cash or Benchmark Holdings plc shares.

3. Risk

- The Committee has the ability to use its discretion to override formulaic outcomes if considered appropriate.
- Our policy includes malus and clawback provisions which enable the recovery and/or withholding of payments if considered appropriate.

4. Predictability

- Appropriate limits are set out in the policy and applicable share plan rules so that outcomes can be predicted.

5. Proportionality

- The outcomes of our incentive schemes are aligned to our financial and non-financial targets.
- Outcomes are assessed against a variety of metrics to ensure performance is measured on a balanced basis.

6. Alignment of culture

- Our policy objectives look to recognise the Group's culture and encourage cooperative behaviours which promote strategic priorities and lead to high performance.

Pursuant to the remuneration policy approved in November 2020, the Executive Directors' remuneration comprises fixed elements in the form of a base salary, benefits and pension contributions and variable elements in the form of an annual cash bonus scheme and Long-Term Incentive Plan (LTIP).

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. The maximum award 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 and contribution to the business. The remuneration policy approved by the Remuneration Committee enables the use of discretion to override formulaic outcomes in line with the requirements of the 2018 UK Corporate Governance Code.

The Executive Directors are also eligible to participate in the Long-Term Incentive Plan with a maximum award of 100% of salary. The performance period in respect of the share awards is usually three years and in the case of the Executive Directors any 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 2021, the average salary increase across the Group including senior management was 3.1%. This percentage rise included adjustments made for additional responsibilities taken on by employees, promotions and market adjustments.

All employees participate in an annual bonus plan with bonus potential determined in accordance with the remuneration policy.

The Company believes it is important to invest in, develop and reward the contribution of our senior managers and our Long-Term Incentive Plan aims to foster a culture of cooperation and shared participation in the Group's achievements. In 2021 the Company issued 4,023,661 shares to 66 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.

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.

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

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 Non-Executive Directors are appointed for an initial term of three years, and are typically expected to serve two additional three-year terms, subject to re-election by shareholders, and terms in aggregate beyond six years are subject to rigorous review. However Kristian Eikre is subject to a one year term and any renewal of his term is subject to Board review. Non-Executive Directors may serve for an additional period only at the invitation of the Board following scrutiny of their continued independence. Under the Non-Executive Directors' terms of appointment, they are all required to stand for re-election every year.

At the Company's last AGM held on 9 February 2021, Peter George, Kristian Eikre, Kevin Quinn, Susan Searle and Yngve Myhre were re-elected as Directors and Trond Williksen was elected as a Director. Hugo Warnish resigned as a Director.

Remuneration Report *continued* for year ended 30 September 2021

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	3 year 6 months
Susan Searle	18 December 2013	7 years 11 months
Kevin Quinn	25 November 2016	5 years
Yngve Myhre	6 November 2017	4 years
Kristian Eikre	14 March 2019	2 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 2021, the Company allocated 3,817,762 performance shares on 5 January 2021 (0.57% of issued share capital as at such date of grant) and 205,899 further performance shares on 25 May 2021 (0.03% of issued share capital as at such date of grant) to employees including senior management and Executive Directors as mentioned on page 93.

Susan Searle

Chair of the Remuneration Committee
29 November 2021

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 2021.

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 the Company 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 deviates 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 2021 this year with the results reviewed in June 2021, further details of which can be found on page 79.

Overview of compliance with principles of UK Corporate Governance Code 2018

During the year, the Company adopted a revised list of Board reserved matters to reflect the expanded remit of the Board under the Code (including the review of whistleblowing matters). Currently, whistleblowing is addressed through a direct line to a Non-Executive Director, with a review by the Board of any matters raising concern.

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

- The Company's new remuneration policy was adopted in November 2020 and applies 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 is 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 there is a two-year holding period applicable from the date of vesting, which continues to apply to executive directors' vested awards despite any termination of employment and will prevent the executive directors from immediately disposing of awarded shares which remain subject to this holding period post-employment.

Directors

The Directors who held office during FY21 were as follows:

- Trond Williksen
- Septima Maguire
- Peter George
- Kevin Quinn
- Susan Searle
- Yngve Myhre
- Kristian Eikre
- Hugo Wahnish (resigned on 9 February 2021)

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 February 2021, in accordance with Provision 18 of the Code, the appointments and re-elections (as applicable) of all the 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 10 February 2022, all the Directors will be standing for re-election.

Substantial shareholders

The Company's issued share capital, together with details of movements during the year, are shown in Note 27 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 29 November 2021 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	25.82
Kverva Finans AS	19.27
JNE Partners LLP	16.65
Lansdowne Partners	5.01

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 9 February 2021, shareholders authorised the Directors to allot relevant securities up to an aggregate nominal value of £445,355 representing approximately two thirds of the issued share capital, and £222,677.50 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 £33,401.62 (being 5% of issued share capital), and to further allot for cash equity securities having a nominal value not exceeding in aggregate £33,401.62 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 2021 AGM.

Directors' Report

continued

Authority for the Company to purchase its own shares

At the Company's 2021 AGM, shareholders renewed the Company's authorities to make market purchases of up to 66,803,251 ordinary shares, representing approximately 10% of the Company's issued share capital as at 9 February 2021. These authorities were not used in the year. At the 2022 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.

Significant agreements - change of control

The Group's principal banking and loan note facilities include provisions that, in the event of a change of control of the Company, the Group could be obliged to repay the facilities together with penalties. Certain client and supplier contracts and joint venture arrangements also contain change of control provisions. Additionally, the company's Long-Term Incentive Plan and Employee Share Option Plan contain change of control provisions which potentially allow for the acceleration of the exercisability of awards in the event that a change of control occurs with respect to the Company.

Stakeholder engagement

During the 2021 financial year, although members of the Board were largely prevented from conducting physical site visits across the business due to COVID-19, the Board nonetheless continued to foster the Company's business relationships with suppliers, customers and other partners through other means, including through hosting and attending meetings and workshops, conducting surveys and attending seminars and trade shows. The Group has a diverse community of stakeholders which includes shareholders, employees, customers and supplier partners, as well as the communities in which the Group operates, and continues to listen to these stakeholders; insights help shape the Group's strategy and decisions. The Board also receives regular updates throughout the year on engagement with the Group's stakeholders, including feedback from employee surveys and engagement forums, discussing customer and supplier surveys, and details of stakeholder meetings.

Throughout the year, the Board considered the long-term consequences of the decisions it made, focusing on the interests of relevant stakeholders as appropriate. The key strategic items considered by the Board in 2021 included:

- Approving the strategic priorities of the Group: refocussing the Group's direction with a view to providing long-term sustainable growth for the benefit of shareholders, employees, suppliers and customers.
- Relaunching of the Group's values: ensuring alignment with the Group's culture and strategy and providing guidance to our people for the benefit of our employees and shareholders.
- Approving the Group's ESG strategy: ensuring the Company's commitment as a responsible operator driving sustainability for the benefit of its shareholders, employees, customers and community.

- Planning for the reduction of the Group's carbon emissions: taking steps to improve our sustainability as a business and reduce our impact on the environment for the benefit of our shareholders, employees, customers and community.

Workforce engagement

During the 2021 financial year, the Group appointed a new 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 at which the Group operates, who report to the Employee Representative on key issues affecting the workforce. During the financial year, the Employee Representative reported to the Board twice, and attended five 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 offering advice and opinions based on their knowledge of workforce opinions and concerns;
- 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 Group 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 aims of:

- establishing how informed people are about its strategy and developments at Benchmark;
- assessing people buy-in to the Group's philosophy and values;
- understanding the extent to which employees feel informed and motivated by communications from different sources;
- capturing ideas around new initiatives;
- identifying training needs;
- giving employees an opportunity to speak up and be heard; and
- promoting employee engagement and collaboration.

Shareholder engagement

The Board recognises that it is vital for the Group's success that shareholders understand the Group's 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.

During the financial year, the Company had a regular programme of virtual meetings with institutional shareholders led by Peter George (Chairman), Trond Williksen (Chief Executive Officer) and Septima Maguire (Chief Financial Officer), and also held ad hoc briefing sessions with certain shareholders 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 by its investor relations advisers which detail share price and share register movements and approves all significant announcements delivered to shareholders.

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 55-61 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 below.

Assessing our prospects

The Group's principal markets and strategy are described in detail in the Strategic Report. The key factors affecting the Group's prospects are:

- Clear strategic focus with vision for commercially led growth strategy.
- High growth global aquaculture market.
- Clear portfolio focus with strong market positions in aquaculture genetics and nutrition.
- Commercial launch of highly innovative and efficacious sea lice treatment Ectosan® Vet and CleanTreat®.
- Committed and talented team driven by the desire to make a difference.
- Innovative approach to delivering solutions for aquaculture customer challenges.

The Directors believe that the business model is sustainable and having demonstrated resilience against the headwinds presented by the COVID-19 pandemic, will continue to execute its strategy through its diversified and innovative product portfolio, its geographic footprint and investment in excellent facilities and technology platform creating a strong basis to exploit the growing markets.

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.

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 reasonable likelihood that alternate replacement facilities will be available. Certain of the Group's borrowing facilities are set to expire within the next 24 months – the \$15m RCF is set to expire in December 2022, the NOK850m bond is due to expire in June 2023 and a small NOK20m facility (undrawn at 30 September 2021) is set to expire in June 2022.

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 2021 and considered the Group's current position, its future prospects and reaffirmed the Group's stated strategy.

Assessment period

The Board has determined that a five-year period to 30 September 2026 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.

Assessment of viability and going concern

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.

Although the output of the Group's strategic and financial planning processes reflects the Board's best estimate of the future prospects of the business, the Group has also conducted stress testing to assess the liquidity impact of a range of downside scenarios. The key factors affecting the group's prospects are the underlying conditions in our key markets, our ability to maintain our leading position in Genetics and Advanced Nutrition, the commercial delivery of our new products, including Ectosan® Vet/CleanTreat® and SPR shrimp as well as the lasting recovery of the Group's key markets following the COVID-19 pandemic.

A number of severe but plausible downside scenarios were considered around these factors, including 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 slower ramp up of the commercialisation of Ectosan® Vet and CleanTreat®, Benchmark's new sea lice treatment in the Health business area. Other key downside sensitivities modelled included assumptions on slower than expected recovery in global shrimp markets (affecting demand for Advanced Nutrition products), and slower commercialisation of SPR shrimp. The Directors have observed good recovery in the shrimp markets in the strong performance of the Advanced Nutrition business during the year. Nevertheless, 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, deferral of capital projects and temporary hold on R&D for non-imminent products.

Directors' Report

continued

It is difficult to predict the overall outcome and impact of the pandemic, but under all of the above scenario analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants. As noted above, certain of the Group's borrowing facilities are set to expire within the next 19 months, and although these expiry dates are over a year away, the requirement to renew or replace these facilities upon maturity represents a material uncertainty. However, the Board believes there is positive evidence based on the Group's current financial position, strong current trading which has been resilient against the headwinds of the global pandemic and good relationships with funding providers, that these will be renewed or replaced before they expire. Cash resources continue to remain strong with the group managing discretionary spend closely as recovery from the pandemic progresses. The Directors therefore remain confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due within the period of 12 months from the date of approval of these interim 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 2026.

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 82-85.

Annual General Meeting

The next AGM will be held on 10 February 2022 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.

Shareholder voting

In accordance with section 338 and section 303 respectively of the Companies Act 2006:

- Shareholders of the Company can require the Company to circulate a resolution to be voted on at the Company's AGM where such a request is made by either:
 - Shareholders representing at least 5% of the total voting rights of all shareholders who have a right to vote on the resolution at that AGM; or
 - 100 shareholders who have a right to vote on the resolution at that meeting and hold shares that have been paid up an average of at least GB£100 per shareholder.
- A shareholder or group of shareholders representing at least 5% of voting rights can request the Directors of the Company to call a special general meeting.

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.

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 73% 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.

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.

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.

Branches outside the UK

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

Reporting requirements:

The following sets out the location of additional information forming part of the Director's Report:

Reporting requirements		Pages
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.	126 to 130
Important events	Particulars of important events affecting the Company and its subsidiaries.	55 to 61
Post-balance sheets events	Description of post-balance sheet events.	None
Future developments	Likely future developments in the business of the Company or its subsidiaries.	8-9, 24-25
R&D	Details of the R&D activities of the Company and its subsidiaries.	18, 20, 22
Risk management	Details of the risk management framework, activities in the year and principal risk and uncertainties.	55 to 61
Directors' remuneration and Interests	Details of Director's remuneration, interests in shares of the Company, share options and pension arrangements.	90 to 94
Principal activities and business review	Business review, details of 2021 results, key performance indicators, outlook for future years.	16 to 33
Financial risk management	Objectives and policies for management of financial risk.	82 to 85
Share capital	Details of the issued share capital and movements during the year.	95 to 96
Stakeholder engagement	Details on how the Company engaged with its stakeholders (including employees and shareholders).	52 to 54
Greenhouse gas emissions	Details on Greenhouse gas emissions and environmental protection.	48 to 49
Statement on Corporate Governance	Details of the corporate governance report, the Audit Committee report, Nomination Committee Report and Director's remuneration report.	68 to 100

This report was approved by the Board on 29 November 2021 and signed on its behalf.

Jennifer Haddouk
Company Secretary
29 November 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 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 the Group's 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

The Director Responsibilities was approved by the Board on 29th November 2021 and signed on its behalf by:

Trond Williksen

Chief Executive Officer

29 November 2021

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 2021 which comprise the Consolidated Income Statement, Consolidated Statement of 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 2021 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- The Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, 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 the 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:	£1,070,000
Group financial statements as a whole	(2020: £995,000) 0.9% (2020: 0.9%) of Group revenue
Coverage	88% (2020: 83%) of Group revenue
Key audit matters	vs 2020
Recurring risks	<p>Going concern </p> <p>Recoverability of Group goodwill, intangibles and recoverability of Parent Company's investment in subsidiaries and Intercompany indebtedness </p> <p>Valuation of biological assets </p>

Independent Auditor's Report *continued*

to the members of Benchmark Holdings plc

2. Material uncertainty related to going concern

Going concern

Refer to page 82 (Audit Committee Report) and page 117 (accounting policy)

We draw attention to Note 1 to the financial statements which indicates that the Group's and the Parent Company's ability to continue as a going concern is dependent on the refinancing of existing debt facilities expiring in December 2022 and June 2023.

These events and conditions constitute a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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.

That 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 for our audit is whether or not those risks are such that they amounted to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. If so, that fact is required to be disclosed (as has been done) and, along with a description of the circumstances, is a key financial statement disclosure.

Our procedures included:

- **Our sector experience:** With the assistance of our 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.
- **Key dependency assessment:** We considered the facilities due to expire in the going concern period with reference to the Group's history of successful refinancing, extent of funding need, forecast cash flows and the Group's financial health, conditions of the credit markets and status of management's arrangements for planned funding sources.
- **Historical comparisons:** We compared the prior periods' prospective financial information against the prior and current period's 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 a slower ramp up in the commercialisation of the Group's new sea lice treatment and a slower than expected recovery from COVID-19 related disruption in global shrimp markets to understand the sensitivity of the cash flow forecasts in relation to available facility headroom and covenant compliance.
- **Assessing transparency:** We considered whether the going concern disclosure in Note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, the availability of funding, and the likely outcome should the required funding not be obtained in the timetable expected. We assessed the completeness of the going concern disclosure.

3. Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, 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. Going concern is a significant key audit matter and is described in section 2 of our report. In arriving at our audit opinion above, the other key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2020).

	The risk	Our response
<p>Recoverability of Group goodwill, intangibles and of Parent Company's investment in subsidiaries/intercompany indebtedness</p> <p>Goodwill: £98,697,000 (2020: £101,245,000)</p> <p>Intangible assets: £130,343,000 (2020: £145,758,000)</p> <p>Investments (Parent Company): £250,648,000 (2020: £250,031,000)</p> <p>Intercompany indebtedness: Group entities (Parent Company): £195,286,000 (2020: £162,148,000)</p> <p>Refer to page 82 (Audit Committee Report), page 121 to 122 and 124 (accounting policy) and page 144 to 147, 151 and 155 (financial disclosures).</p>	<p>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 containing these goodwill and intangible asset balances, are at risk of impairment as they contain immature products or markets.</p> <p>Significant areas of judgement include sales growth rates, operating margins and the discount rate applied to future cash flows.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value in use 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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Data comparisons: We assessed 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 and compared these 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, and slower than expected recovery from COVID-19 related disruption in global shrimp markets 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 period's 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 recoverable amounts: We compared the sum of the discounted cash flows for each CGU to the carrying value of its assets and the Parent Company's investment in the associated subsidiary, and compared the Parent Company's net asset position to the Group's market capitalisation, to assess the reasonableness of those cashflows and their ability to support the carrying value of those assets; and • 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

	The risk	Our response
<p>Valuation of biological assets: Salmon broodstock</p> <p>Salmon broodstock: £26,700,000 (2020: £21,051,000)</p> <p>Refer to page 82 (Audit Committee Report), page 124 (accounting policy) and page 152 to 153 (financial disclosures).</p>	<p>Forecast based valuation:</p> <p>The Group holds significant biological assets, held mainly at Benchmark Genetics Iceland (previously Stofnfiskur) in Iceland and Benchmark Genetics Salten (previously Salmobreed Salten) in Norway. Under relevant accounting standards these are required to be held at fair value less cost to sell. Salmon broodstock are classified as level 3 within the fair value hierarchy. The calculation of fair value includes a number of assumptions relating to the future (e.g. egg sales prices, sales volumes).</p> <p>Significant areas of estimation uncertainty include the future sales prices and volumes.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that fair value of the salmon broodstock within 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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • 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 to externally derived data in relation to key inputs such as selling prices of eggs and historical sales volumes. • 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.

4. 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 £1,070,000 (2020: £995,000), determined with reference to a benchmark of Group revenue, of which it represents 0.9% (2020: 0.9%). We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than loss before tax.

Materiality for the Parent Company financial statements as a whole was set at £500,000 (2020: £500,000), determined with reference to a benchmark of Company total assets, of which it represents 0.1% (2020: 0.1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £800,000 (2020: £750,000) for the Group and £375,000 (2020: £375,000) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £50,000 (2020: £50,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 63 (2020: 71) reporting components, we subjected 11 (2020: 10) to full scope audits for Group purposes and 2 (2020: 2) 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.

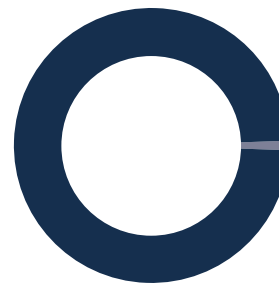
The components within the scope of our work accounted for the percentages illustrated opposite.

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 (2020: £100,000 to £500,000), having regard to the mix of size and risk profile of the Group across the components. The work on 11 of the 13 components (2020: 10 of the 12 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 in 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.

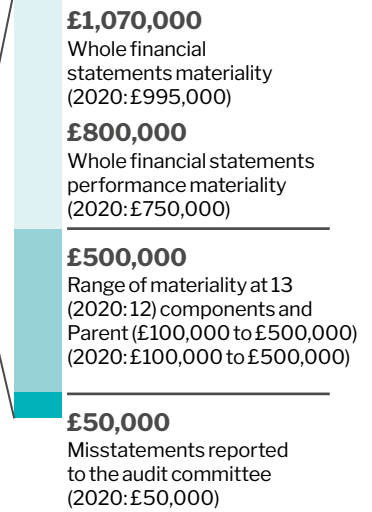
Physical visits of component locations could not be performed due to movement restrictions relating to the COVID-19 pandemic. Instead, video and telephone conference meetings were held with all in scope component auditors. During these, the findings reported to the Group team were discussed in more detail, 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 in scope component auditors.

Group revenue from continuing operations
 £125,790,000
 (2020: £105,565,000)

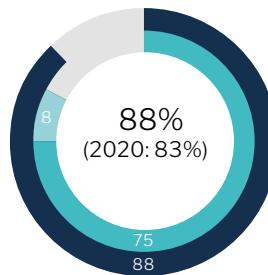


■ Group Revenue
 ■ Group materiality

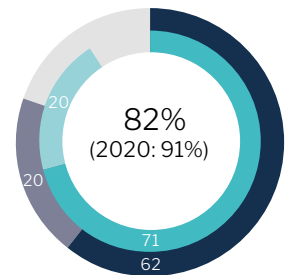
Group Materiality
 £1,070,000 (2020: £995,000)



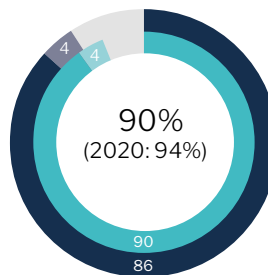
Group revenue



Group profit/loss before tax (absolute)



Group total assets



■ Full scope for group audit purposes 2021
 ■ Specified risk-focused audit procedures 2021
 ■ Full scope for group audit purposes 2020
 ■ Specified risk-focused audit procedures 2020
 ■ Residual components

Independent Auditor's Report *continued*

to the members of Benchmark Holdings plc

5. Going concern basis of preparation

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic for at least a year from the date of approval of the financial statements ("the going concern period"). As stated in section 2 of our report, they have also concluded that there is a material uncertainty related to going concern.

An explanation of how we evaluated management's assessment of going concern is set out section 2 of our report.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have nothing 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 and their identification therein of a material uncertainty over the Group and Company's ability to continue to use that basis for the going concern period and we found the going concern disclosure in Note 1 to be acceptable.

6. Fraud and breaches of laws and regulations– ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of Directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and relevant Committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for senior management and Executive Directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to in-scope component audit teams of relevant fraud risks identified at the Group level and request to in scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet performance targets and debt covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as valuation of biological assets, Group goodwill, other intangibles and of the Parent Company's investment in subsidiaries/ intercompany indebtedness.

We also identified a fraud risk related to valuation of biological assets in response to possible pressures and opportunity to meet performance targets. Further detail in this respect is set out in the key audit matter disclosures in section 3 of this report.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted by infrequent users and those posted to unusual/unrelated accounts.
- Assessing significant accounting estimates for bias.
- Identifying revenue transactions on either side of year-end date to test for all full scope components based on risk criteria and comparing the identified transactions to supporting documentation to ensure revenue is recognised in correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to in scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate in respective sector and territory. We identified the following areas as those most likely to have such an effect: health and safety, GDPR, anti-bribery, employment and social security, environmental protection, and Medicines and Healthcare products Regulatory Agency (MHRA) regulation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and management, and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

7. 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 emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, other than the material uncertainty related to going concern referred to above, we have nothing to add or draw attention to in relation to:

- the Directors' confirmation within the Viability statement (page 97) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement (page 97) 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 judgements 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 perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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.
- The section of the Annual Report describing the work of the Audit Committee does appropriately address matters communicated by us to the Audit Committee, and how these issues were addressed.
- The section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

8. 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 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.

Independent Auditor's Report *continued*

to the members of Benchmark Holdings plc

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 100, 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.

10. 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

29 November 2021

Consolidated Income Statement

for the year ended 30 September 2021

	Notes	2021 £000	2020 £000
Continuing operations			
Revenue	4	125,062	105,565
Cost of sales		(59,477)	(50,603)
Gross profit		65,585	54,962
Research and development costs		(7,010)	(7,282)
Other operating costs		(38,221)	(33,337)
Share of (loss)/profit of equity-accounted investees, net of tax		(905)	150
Adjusted EBITDA²		19,449	14,493
Exceptional – restructuring/acquisition-related items	10	(184)	(2,114)
EBITDA¹		19,265	12,379
Depreciation and impairment	5	(8,359)	(6,640)
Amortisation and impairment	5	(16,283)	(16,613)
Operating loss		(5,377)	(10,874)
Finance cost	9	(7,987)	(12,779)
Finance income	9	4,185	1,082
Loss before taxation		(9,179)	(22,571)
Tax on loss	11	(2,397)	(204)
Loss from continuing operations		(11,576)	(22,775)
Discontinued operations			
Loss from discontinued operations, net of tax	12	–	(9,174)
		(11,576)	(31,949)
(Loss)/profit for the year attributable to:			
– Owners of the parent		(12,891)	(32,923)
– Non-controlling interest	29	1,315	974
		(11,576)	(31,949)
Earnings per share			
Basic loss per share (pence)	13	(1.93)	(5.26)
Diluted loss per share (pence)	13	(1.93)	(5.26)
Earnings per share – continuing operations			
Basic loss per share (pence)	13	(1.93)	(3.80)
Diluted loss per share (pence)	13	(1.93)	(3.80)
		£000	£000
Adjusted EBITDA from continuing operations		19,449	14,493
Adjusted EBITDA from discontinued operations		–	(8,726)
Total Adjusted EBITDA		19,449	5,767

1 EBITDA - earnings before interest, tax, depreciation, amortisation and impairment.

2 Adjusted EBITDA - EBITDA before exceptional and acquisition-related items.

The accompanying notes form part of the financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2021

	2021 £000	2020 £000
Loss for the year	(11,576)	(31,949)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(9,929)	(20,327)
Cash flow hedges – changes in fair value	3,054	(5,932)
Cash flow hedges – reclassified to profit or loss	709	(153)
Total comprehensive income for the year	(17,742)	(58,361)
Total comprehensive income for the year attributable to:		
– Owners of the parent	(19,329)	(58,532)
– Non-controlling interest	1,587	171
	(17,742)	(58,361)
Total comprehensive income for the year attributable to:		
– Continuing operations	(19,329)	(50,604)
– Discontinued operations*	-	(7,928)
	(19,329)	(58,532)

* For 2020 total comprehensive income for the year relating to discontinued operations includes the loss of £9,174,000 and foreign exchange gains of £1,246,000.

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet

as at 30 September 2021

	Notes	2021 £000	2020 £000
Assets			
Property, plant and equipment	14	78,780	65,601
Right-of-use assets	15	25,531	10,347
Intangible assets	16	229,040	247,003
Equity-accounted investees	18	3,354	3,690
Other investments		15	23
Biological and agricultural assets	21	21,244	16,621
Non-current assets		357,964	343,285
Inventories	20	20,947	18,926
Biological and agricultural assets	21	17,121	15,848
Trade and other receivables	22	46,498	39,371
Cash and cash equivalents	35	39,460	71,605
Current assets		124,026	145,750
Total assets		481,990	489,035
Liabilities			
Trade and other payables	23	(46,668)	(45,692)
Loans and borrowings	24	(10,654)	(5,339)
Corporation tax liability		(5,634)	(4,344)
Provisions	25	(563)	-
Current liabilities		(63,519)	(55,375)
Loans and borrowings	24	(109,737)	(103,819)
Other payables	23	(911)	(1,754)
Deferred tax	26	(28,224)	(32,647)
Non-current liabilities		(138,872)	(138,220)
Total liabilities		(202,391)	(193,595)
Net assets		279,599	295,440
Issued capital and reserves attributable to owners of the parent			
Share capital	27	670	668
Additional paid-in capital	27	400,682	399,601
Capital redemption reserve	28	5	5
Retained earnings	28	(154,231)	(142,170)
Hedging reserve	28	(5,876)	(9,651)
Foreign exchange reserve	28	30,465	40,678
Equity attributable to owners of the parent		271,715	289,131
Non-controlling interest	29	7,884	6,309
Total equity and reserves		279,599	295,440

The financial statements on pages 109 to 167 were approved and authorised for issue by the Board of Directors on 29 November 2021 and were signed on its behalf by:

Septima Maguire

Chief Financial Officer

Company number: 04115910

The accompanying notes form part of the financial statements.

Company Balance Sheet

as at 30 September 2021

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Property, plant and equipment	14	59	784
Right-of-use assets	15	77	252
Intangible assets	16	28	-
Investments	19	250,648	250,031
Trade and other receivables	22	195,085	-
Total non-current assets		445,897	251,067
Current assets			
Trade and other receivables	22	2,042	163,794
Cash and cash equivalents	35	9,003	47,825
Total current assets		11,045	211,619
Total assets		456,942	462,686
Liabilities			
Current liabilities			
Trade and other payables	23	(45,219)	(52,047)
Loans and borrowings	24	(49)	(182)
Total current liabilities		(45,268)	(52,229)
Non-current liabilities			
Loans and borrowings	24	(75,496)	(75,563)
Total non-current liabilities		(75,496)	(75,563)
Total liabilities		(120,764)	(127,792)
Net assets		336,178	334,894
Issued capital and reserves attributable to owners of the parent			
Share capital	27	670	668
Additional paid-in capital	27	400,682	399,601
Capital redemption reserve	28	5	5
Hedging reserve	28	(5,736)	(9,013)
Retained earnings	28	(59,443)	(56,367)
Total equity and reserves		336,178	334,894

The financial statements on pages 109 to 167 were approved and authorised for issue by the Board of Directors on 29 November 2021 and were signed on its behalf by:

Septima 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 2021

	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 2019	559	358,044	60,207	(3,566)	(110,916)	304,328	6,138	310,466
Comprehensive income for the year								
(Loss)/profit for the year	-	-	-	-	(32,923)	(32,923)	974	(31,949)
Other comprehensive income	-	-	(19,524)	(6,085)	-	(25,609)	(803)	(26,412)
Total comprehensive income for the year	-	-	(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
Comprehensive income for the year								
(Loss)/profit for the period	-	-	-	-	(12,891)	(12,891)	1,315	(11,576)
Other comprehensive income	-	-	(10,213)	3,775	-	(6,438)	272	(6,166)
Total comprehensive income for the year	-	-	(10,213)	3,775	(12,891)	(19,329)	1,587	(17,742)
Contributions by and distributions to owners								
Share issue	2	1,081	-	-	-	1,083	-	1,083
Share-based payment	-	-	-	-	830	830	-	830
Total contributions by and distributions to owners	2	1,081	-	-	830	1,913	-	1,913
Changes in ownership								
Acquisition of NCI	-	-	-	-	-	-	(12)	(12)
Total changes in ownership interests	-	-	-	-	-	-	(12)	(12)
Total transactions with owners of the Company	2	1,081	-	-	830	1,913	(12)	1,901
As at 30 September 2021	670	400,682	30,470	(5,876)	(154,231)	271,715	7,884	279,599

* See Note 27.

The accompanying notes form part of the financial statements.

Company Statement of Changes in Equity

for the year ended 30 September 2021

	Share capital £000	Additional paid-in share capital* £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Total attributable to equity holders £000
At 1 October 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 through 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
Comprehensive income for the year						
Loss for the year	-	-	-	-	(3,906)	(3,906)
Other comprehensive income	-	-	-	3,277	-	3,277
Total comprehensive income for the year	-	-	-	3,277	(3,906)	(629)
Contributions by and distributions to owners						
Share-based payment	-	-	-	-	830	830
Share issue	2	1,081	-	-	-	1,083
Total contributions by and distributions to owners	2	1,081	-	-	830	1,913
At 30 September 2021	670	400,682	5	(5,736)	(59,443)	336,178

* See Note 27.

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 September 2021

	Notes	2021 £000	2020 £000
Cash flows from operating activities			
Loss for the year		(11,576)	(31,949)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	5	5,017	6,995
Depreciation and impairment of right-of-use assets	5	3,342	2,143
Amortisation and impairment of intangible fixed assets	5	16,283	19,402
Loss on sale of property, plant and equipment	5	46	(1,140)
Gain on sale of subsidiaries		-	(14,120)
Finance income		(1,442)	(111)
Finance costs	9	7,987	9,695
Other adjustments for non-cash items		-	200
Share of (loss)/profit of equity-accounted investees, net of tax		905	(150)
Foreign exchange gains		(1,800)	(132)
Share-based payment expense	32	830	1,669
Tax expense	11	2,397	314
		21,989	(7,184)
(Increase)/decrease in trade and other receivables		(8,178)	4,202
(Increase)/decrease in inventories		(3,554)	3,741
Increase in biological and agricultural assets		(5,427)	(7,474)
Increase in trade and other payables		5,547	5,006
Decrease in provisions		-	(260)
		10,377	(1,969)
Income taxes paid		(4,587)	(2,087)
Net cash flows generated from/(used in) operating activities		5,790	(4,056)
Investing activities			
Proceeds from sale of subsidiaries, net of cash disposed of		-	17,487
Purchases of investments		(578)	(522)
Receipts from disposal of investments		9	6,932
Purchases of property, plant and equipment		(17,683)	(5,851)
Proceeds from sales of intangible assets		-	261
Purchases of intangibles		(5,038)	(5,563)
Purchases of held for sale assets		-	(402)
Proceeds from sale of fixed assets		112	16,147
Proceeds from sales of other long-term assets		-	1,776
Interest received		88	111
Net cash flows (used in)/generated from investing activities		(23,090)	30,376
Financing activities			
Proceeds of share issues		750	42,978
Share-issue costs recognised through equity		-	(1,312)
Acquisition of NCI		(12)	-
Proceeds from bank or other borrowings		-	8,387
Repayment of bank or other borrowings		(3,106)	(10,141)
Interest and finance charges paid		(7,699)	(7,659)
Repayments of lease liabilities		(4,602)	(2,120)
Net cash flows (used in)/generated from financing activities		(14,669)	30,133
Net (decrease)/increase in cash and cash equivalents		(31,969)	56,453
Cash and cash equivalents at beginning of year		71,605	16,051
Effect of movements in exchange rate		(176)	(899)
Cash and cash equivalents at end of year	35	39,460	71,605

The accompanying notes form part of the financial statements.

Company Statement of Cash Flows

for the year ended 30 September 2021

	Notes	2021 £000	2020 £000
Cash flows from operating activities			
Loss for the year		(3,907)	(6,980)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	14	750	95
Depreciation of right-of-use assets	15	176	164
Amortisation of intangible fixed assets	16	2	-
Provision for impairment of investments		-	3,660
Profit of disposal of subsidiaries		-	(48)
Finance income		(1,812)	(3,755)
Finance expense		5,326	9,342
Foreign exchange gains		(2,621)	(1,437)
Share-based payment expense		213	383
Tax expense		5	-
		(1,868)	1,424
Increase in trade and other receivables		(82)	(5,955)
Increase/(decrease) in trade and other payables		1,831	(1,095)
		(119)	(5,626)
Income taxes paid		(5)	-
Net cash flows used in operating activities		(124)	(5,626)
Investing activities			
Proceeds from disposal of subsidiaries		-	10,298
Loans to subsidiary undertakings		(34,838)	11,107
Investment in subsidiary undertakings		-	(6,535)
Purchases of property, plant and equipment		(25)	(718)
Purchases of intangible assets		(30)	-
Interest received		18	5
Dividends received		1,489	3,226
Net cash (used in)/generated from investing activities		(33,386)	17,383
Financing activities			
Proceeds of share issues		750	42,978
Share issue costs recognised through equity		-	(1,312)
Proceeds from bank borrowings		-	7,733
Payment of lease liabilities		(179)	(156)
Repayment of bank borrowings		(245)	(8,060)
Interest paid		(5,631)	(5,932)
Net cash (used in)/generated from financing activities		(5,305)	35,251
Net (decrease)/increase in cash and cash equivalents		(38,815)	47,008
Cash and cash equivalents at beginning of period		47,825	840
Effect of movements in exchange rate		(7)	(23)
Cash and cash equivalents at end of year	35	9,003	47,825

The accompanying notes form part of the financial statements.

Notes Forming Part of the Financial Statements

for the year ended 30 September 2021

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. 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 aquaculture 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 FY21 Financial Review and the Audit Committee Report.

Going concern

As at 30 September 2021 the Group had net assets of £279.6m (2020: £295.4m), including cash of £39.5m (2020: £71.6m) as set out in the Consolidated Balance Sheet on page 111. The Group made a loss for the year of £11.6m (2020: £31.9m). As at 30 September 2021 the Company had net assets of £336.2m (2020: £334.9m), including cash of £9.0m (2020: £47.8m) as set out on the Company Balance Sheet on page 112. The Company made a loss for the year of £3.9m (2020: £7.0m).

As noted in the Strategic Report, we have seen some recovery in our end markets as the COVID-19 vaccine programmes across the world were rolled out in key markets and the hospitality sector reopened. The ultimate lasting impact of the pandemic on industry, the economy, Benchmark’s markets and its businesses remains to some extent uncertain, but strong performance in the year has been positive and has given cause for optimism. The Directors recognise that full recovery could take time and remain cautious of the possibility of a return of restrictions while a return following the pandemic is managed across the globe. Available market analysis continues to be monitored to ensure appropriate mitigating actions can be taken as necessary.

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

It is difficult to predict the overall outcome and impact of the pandemic, but under all of the above scenario analysis, the Group has sufficient liquidity and resources throughout the period under review whilst still maintaining adequate headroom against the borrowing covenants. However, it should be noted that the Group’s main borrowing facilities are set to expire within the next 19 months – the \$15m RCF is set to expire in December 2022, and the NOK 850m bond is due to expire in June 2023. The cash flow forecasts reviewed rely on these borrowing facilities being in place. The Directors have commenced a review of the capital structure including certain short term actions and also longer term financing options, and are confident that these facilities can be renewed or replaced before they expire, with trading going well despite the headwinds of the pandemic and relationships with finance providers strong. Cash resources continue to remain strong with the Group managing discretionary spend closely as recovery from the pandemic progresses.

Based on their assessment, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, while the Directors remain confident that the current facilities will be renewed or replaced in the next 19 months, the requirement to do this represents a material uncertainty that may cast significant doubt on the Group’s and Company’s ability to continue as a going concern and therefore to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

These Group and parent company financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (“Adopted IFRS”). 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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

1 Accounting policies continued

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 30 September 2021. 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 £3,906,000 (2020: £6,980,000).

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 2020, the following standards and interpretations were in issue but not yet effective:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendment to IFRS 16: COVID-19 Related Rent Concessions Beyond 30 June 2021
- 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
- Amendments to IFRS 3: Reference to the Conceptual Framework
- IFRS 17: Insurance Contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimate
- Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IFRS 10 and IAS 28: 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 2020 have been adopted without any significant impact on the amounts reported in these financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IFRS 4: Extension of the Temporary Exemption from applying IFRS 9
- Amendment to IFRS 16: COVID-19 Related Rent Concessions

Revenue

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, either on despatch or on receipt of goods by customer in line with the commercial terms governing the transaction.

1 Accounting policies continued

Within Advanced Nutrition, revenue of products is recognised when the control of the goods has transferred to the customer or distributor, either on despatch or when goods are loaded onto the freight vessel, in line with the commercial terms of the transaction and relevant local regulations.

Within Health, revenue from the sale of licensed veterinary treatments, vaccines and vaccine components is recognised when the control of the goods has transferred to the customer or distributor, either on despatch or upon treatment of biomass by the customer in line with commercial terms of the transaction. 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 in FY20), revenue from the sale of agricultural produce was recognised when the control of the goods had transferred to the customer or distributor, which was usually on delivery. Where the buyer had a right of return, revenue and cost of sales were adjusted for the value of the expected returns based on historical results, taking into consideration the specifics of each arrangement. Revenue from the sale of books and publications was recognised when the control of the goods had transferred to the customer or distributor, which was usually on despatch.

Rendering of services

Services including sustainable food production consultancy, technical consultancy, assurance services and water purification following medicinal bath treatments are (or for discontinued operations were) provided by Genetics, Health and Knowledge Services. 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. During FY20 within discontinued operations, Knowledge Services provided online news, marketing and technical publications, book publishing, online shops, online distance-learning programmes and other training courses.

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 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 during the period the farmer produces the eggs.

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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

1 Accounting policies continued

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.

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 arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. To determine whether financial assets may be measured at amortised cost or fair value through other comprehensive income, management assesses whether the cash flows represent solely payments of principal and interest on the principal amount (SPPI). Assets meeting the SPPI criterion are recognised at amortised cost using the effective interest rate method, less provision for impairment, while assets that do not meet SPPI are measured at fair value through profit and loss.

Impairment provisions for receivables, in accordance with IFRS 9, 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.

Amounts owed by subsidiaries are classified and recorded at amortised cost and reduced by allowances for expected credit losses. Estimated future credit losses are first recorded on initial recognition of a receivable and are based on estimated probability of default. Individual balances are written off when management deems them not to be collectible. Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand with sufficient liquidity in the group to flow funds if required. Therefore expected credit losses relating to receivables and loans from subsidiary companies are considered to be immaterial.

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 assets fair value through profit and loss

Contingent consideration receivable is recognised at fair value with movements recognised in the Consolidated Income Statement.

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 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.

1 Accounting policies continued

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.

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	Validation 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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

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 period 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.

Uncertain tax positions

In respect of uncertain tax positions, where an outflow of funds is believed to be probable and a reliable estimate of the outcome can be made, management provides for its best estimate of the liability. Such provisions are measured using either the most likely outcome method, or the expected value method depending on management's judgement of which method better predicts the resolution of the uncertainty. The methodology will be reviewed in each case upon the receipt of any new information.

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:

Property, plant and equipment	Depreciation rate
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/10%–33% per annum straight line
Motor vehicles	– 25% per annum reducing balance
E-commerce infrastructure	– 10% per annum straight line
Other fixed assets	– 15%–33% per annum straight line

1 Accounting policies continued

IFRS 16: Leases

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.

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 payments 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 does 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.

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 2021

1 Accounting policies continued

Biological assets

Biological assets comprise the asset types:

- Salmon eggs
- Salmon broodstock
- Salmon milt
- Lumpfish fingerlings
- Shrimp

Biological assets are, in accordance with IAS 41: Agriculture, measured at fair value, unless the fair value cannot be measured reliably.

The categorisation, for each of the above asset types, of the level in the fair value hierarchy set out in IFRS 13 is detailed in Note 21.

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

Non-current biological assets are those biological assets which will not be sold or produce saleable progeny within 12 months of the balance sheet date. Further details of the valuation of biological assets 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. 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.

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

Any 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; and
- 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 consolidated income statement and the comparative consolidated statement of comprehensive income are 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 £12,275,000.

(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.

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 2021

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 swaps ('CCS')
- Interest rate swaps ("IRS")
- Contingent consideration

The Group's interest rate risk is primarily in relation to floating rate borrowings, which generates interest cost volatility. The Group's policy is to mitigate, to an acceptable level, this possible cost volatility. To manage the risk of changes in fair values, the Group has entered into floating-to-fixed IRS and floating-to-fixed CCS.

The Group took out a NIBOR floating-to-fixed IRS in 2019 to fix a proportion of the interest payments on the NOK 180m term loan in Benchmark Genetics Salten. The IRS fully matches the tenor of the loan and further information on the underlying loan can be found in Note 24.

Following the issue of the FRN in 2019 a floating-to-fixed CCS was entered which fully matches the timing and tenor of the underlying FRN. The CCS converted NOK 850m to Sterling (75%) and dollar (25%) fixed rate cash flows. Further information on the CCS can be found in Note 24.

The CCS and IRS will be carried at fair value on the balance sheet. The effective portion of changes in fair value of the CCS will either be taken directly to the income statement or 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.

3 Financial instruments – risk management continued

Principal financial instruments continued

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 September 2021	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 90,000	2.01%	486	–	(153)	(486)	–
Cross-currency risk – GBP	NOK 637,500	6.42%	3,277	–	(5,736)	(3,277)	–
Cross-currency risk – USD	NOK 212,500	7.28%	2,063	–	(972)	(2,063)	–

As at 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%	(1,338)	–	(3,035)	1,338	–

The line item in the balance sheet that the above hedging instruments is 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.

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 Benchmark Genetics (USA) Inc (formerly Akvaforsk Genetic Center Inc) is dependent on a target and is recorded in these financial statements at management's best estimate which at 30 September 2021 is £nil (2020: £825,000). An increased level of performance for Benchmark Genetics (USA) Inc would increase the amount payable. A reduction in the level of performance would reduce the amounts payable.

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

Group

Financial assets

	2021 £000	2020 £000
Financial assets not measured at fair value		
Cash and cash equivalents (Note 35)	39,460	71,605
Trade and other receivables (Note 22)	22,033	13,836
	61,493	85,441
Financial assets at fair value through profit and loss		
Other receivables – contingent consideration (Note 22)	1,028	1,028
Total financial assets	62,521	86,469

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

3 Financial instruments – risk management continued

Group continued

Financial liabilities

	2021 £000	2020 £000
Financial liabilities measured at amortised cost		
Trade and other payables (Note 23)	40,556	33,933
Loans and borrowings (Note 24)	120,391	109,158
	160,947	143,091
Financial liabilities at fair value through hedging reserve		
Financial contracts – hedging instrument (Note 23)	5,889	9,653
	5,889	9,653
Financial liabilities at fair value through profit and loss		
Other payables – contingent consideration (Note 23)	–	825
Financial contracts – hedging instrument (Note 23)	972	3,035
Total financial liabilities	167,808	156,604

Company

Financial assets

	2021 £000	2020 £000
Financial assets not measured at fair value		
Cash and cash equivalents (Note 35)	9,003	47,825
Trade and other receivables (Note 22)	195,286	162,148
	204,289	209,973
Financial assets at fair value through profit and loss		
Other receivables – contingent consideration (Note 22)	1,028	1,028
Total financial assets	205,317	211,001

Financial liabilities

	2021 £000	2020 £000
Financial liabilities at amortised cost		
Trade and other payables (Note 23)	38,511	39,999
Loans and borrowings (Note 24)	75,545	75,745
	114,056	115,744
Financial liabilities at fair value through hedging reserve		
Finance contracts – hedging instrument (Note 23)	5,736	9,013
	5,736	9,013
Financial liabilities at fair value through profit and loss		
Finance contracts – hedging instrument (Note 23)	972	3,035
Total financial liabilities	120,764	127,792

There were no financial instruments classified as available for sale.

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.

3 Financial instruments – risk management continued

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 2021 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 FY20, there was a change in the global economic environment as a result of the global COVID-19 pandemic and the Group adjusted expected credit loss rates to reflect the increased credit risk. At 30 September 2021 this risk is considered to have reduced and expected credit loss rates have been reduced accordingly.

The loss allowance provision as at 30 September 2021 and 30 September 2020 is determined as follows:

	Not due £000	Past due (up to one month) £000	Past due (one to three months) £000	Past due (three to twelve months) £000	Past due (over twelve months) £000	Total £000
30 September 2021						
Expected loss rate	0.25%	0.65%	4.33%	16.36%	100.00%	
Gross carrying amount – trade receivables	18,859	1,932	786	669	2,280	24,526
Loss allowance	(46)	(13)	(34)	(109)	(2,280)	(2,482)
Specific loss allowance	–	–	–	(11)	–	(11)
Total loss allowance	(46)	(13)	(34)	(120)	(2,280)	(2,493)
30 September 2020						
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)

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 2021 would be £962,000 higher/lower (2020: £1,013,000 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.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The only interest rate benchmarks which the Group are predominantly exposed to and that are subject to reform are LIBOR and NIBOR. These exposures relate to the FRN, Revolving Credit Facility, Benchmark Genetics Salten Term Loan and the associated floating-to-fixed IRS and CCS.

The Group is closely monitoring the market and output from various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority (FCA)) regarding the transition away from LIBOR to Sterling Overnight Index Average Rate (SONIA).

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 following table 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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

3 Financial instruments – risk management continued

Increase/(decrease)	£/\$		£/€		£/NOK		£/ISK		£/THB	
	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000	Profit £000	Equity £000
2021 10% increase in rate	99	(14,824)	(53)	(2,422)	6,816	(926)	5	(2,787)	41	(1,887)
2021 10% reduction in rate	(121)	18,119	64	2,961	(8,331)	1,131	(6)	3,406	(50)	2,306
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

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 long-term cash flow forecasts for a minimum period of not less than 12 months.

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

Group	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
As at September 2021					
Trade and other payables	32,489	7,156	–	–	911
Financial contracts – hedging instruments	232	416	6,060	153	–
Loan notes and bank borrowings	1,614	4,803	77,264	15,853	1,849
Lease liabilities	3,271	5,936	6,902	10,444	274
Total	37,606	18,311	90,226	26,450	3,034
As at September 2020					
Trade and other payables	28,194	4,810	–	821	933
Financial contracts – hedging instruments	310	906	1,155	10,317	–
Loan notes, bank borrowings and other loans	1,571	5,962	6,246	90,246	2,178
Lease liabilities	690	1,874	1,987	5,975	1,418
Total	30,765	13,552	9,388	107,359	4,529

Company

Company	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
As at September 2021					
Trade and other payables	37,191	1,320	–	–	–
Financial contracts	232	416	6,060	–	–
Loan notes	1,211	3,594	75,652	–	–
Lease liabilities	22	28	20	–	–
Total	38,656	5,358	81,732	–	–
As at September 2020					
Trade and other payables	39,999	–	–	–	–
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	41,535	4,544	5,882	83,325	–

Capital management

The capital structure of the Group consists of debt, as analysed in Note 24, 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 2021	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	41,947	70,458	6,135	-	-	-	118,540	-	118,540
Provision of services	4,825	-	1,697	-	-	-	6,522	-	6,522
Inter-segment sales	25	72	-	-	4,820	(4,917)	-	-	-
	46,797	70,530	7,832	-	4,820	(4,917)	125,062	-	125,062

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

Primary geographical markets

Year ended 30 September 2021	Genetics £000	Advanced Nutrition £000	Health £000	All other segments £000	Corporate £000	Inter- segment sales £000	Total £000	Discontinued £000	Continuing £000
Norway	27,129	570	3,689	-	-	-	31,388	-	31,388
UK	3,843	117	622	-	-	-	4,582	-	4,582
Faroe Islands	5,636	18	348	-	-	-	6,002	-	6,002
Ecuador	-	4,066	-	-	-	-	4,066	-	4,066
India	-	12,166	3	-	-	-	12,169	-	12,169
Greece	25	6,108	-	-	-	-	6,133	-	6,133
Singapore	-	7,544	-	-	-	-	7,544	-	7,544
Chile	437	7	2,335	-	-	-	2,779	-	2,779
Turkey	-	5,977	-	-	-	-	5,977	-	5,977
Rest of Europe	6,922	4,208	26	-	-	-	11,156	-	11,156
Rest of World	2,780	29,677	809	-	-	-	33,266	-	33,266
Inter-segment sales	25	72	-	-	4,820	(4,917)	-	-	-
	46,797	70,530	7,832	-	4,820	(4,917)	125,062	-	125,062

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
Turkey	-	3,236	-	-	-	-	3,236	-	3,236
Rest of Europe	5,421	4,554	1,566	2,549	-	-	14,090	4,071	10,019
Rest of World	2,791	26,434	1,040	532	-	-	30,797	936	29,861
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

In 2020 and 2021 no customer accounted for more than 10% of revenue.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

5 Expenses by nature

Continuing operations

	2021 £000	2020 £000
Changes in inventories of finished goods and work in progress	(999)	(492)
Fair value movement in biological assets (see Note 21)	(3,323)	(3,253)
Other movements in biological assets (see Note 21)	(2,104)	(4,229)
(Write-back)/write-down of inventory to net realisable value	(87)	150
Raw materials and consumables used	52,007	45,211
Transportation expenses	3,111	3,105
Staff costs (see Note 7)	37,993	33,022
Motor, travel and entertainment	783	1,974
Premises costs	5,424	5,497
Advertising and marketing	1,077	770
Professional fees	6,108	5,154
Losses/(gains) on disposal of property, plant and equipment	46	(18)
Exceptional – restructuring/acquisition-related items (see Note 10)	184	2,114
Other research and development costs	3,037	1,145
Depreciation and impairment of PPE (see Note 14)*	5,017	5,488
Depreciation and impairment of right-of-use assets (see Note 15)*	3,342	1,152
Amortisation and impairment of intangible assets (see Note 16)*	16,283	16,613
Net impairment (reversed)/recognised on trade and other receivables (see Note 22)**	(583)	872
Other costs	3,663	4,088
	130,979	118,363
Other income – included within operating costs	(1,445)	(1,774)
Total cost of sales, operating costs, depreciation, amortisation and impairment	129,534	116,589

* For depreciation, amortisation and impairment for FY20, as the above only includes continuing operations see Note 12 for a detailed reconciliation of these expenses to balance sheet movements.

** In FY20 the amount provided during the year for impairment of trade receivables in Note 22 of £954,000 includes the £872,000 charge included in the table above and a charge of £82,000 included within discontinued operations.

Other income

	2021 £000	2020 £000
Research and development expenditure credit	429	468
Grant	58	188
Royalties and compensation	493	555
Freight	–	365
Other	465	198
	1,445	1,774

6 Auditor's remuneration

	2021 £000	2020 £000
Audit of these financial statements	423	364
Additional charges relating to the audit of the FY20/FY19 financial statements	19	184
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	435	413
Audit-related assurance services	4	2
All other services	4	18
	885	981

7 Staff costs

Continuing operations

	2021 £000	2020 £000
Staff costs (including Directors) comprise:		
Wages and salaries	30,486	26,334
Social security contributions and similar taxes	4,323	2,945
Defined contribution pension cost	2,354	2,696
Share-based payment expense (Note 32)	830	1,047
	37,993	33,022

During the year the Group received government grants totalling £261,700 (2020: £461,900) in relation to the UK's Coronavirus Job Retention Scheme and similar schemes in other countries. The above staff costs are shown net of these grants.

	2021 Number	2020 Number
The average monthly number of employees, including Directors, during the year was as follows:		
Production	613	784
Administration	112	151
Management	95	95
	820	1,030

For 2020 this includes an average number of 203 employees within discontinued operations. No employees were classified as being within discontinued operations in 2021.

Directors' remuneration

Directors' emoluments and pension payments are detailed in the Single total figure of remuneration for the financial year ended 30 September 2021 table on page 90 and the Directors' share options are detailed in the Directors' interests under the Company's employee share plans table on page 92 in the Remuneration Report. These two tables form part of these audited financial statements.

In addition to the above, there was an accounting charge for share-based payments in respect of the Directors £113,000 (2020: £304,000). No options were exercised by the Directors during the year (2020: 124,585). The share options exercised in FY20 relate to a former director who served during that year. The cost of employer National Insurance contributions in relation to the Directors was £105,000 (2020: £90,000).

From 1 October 2020 the key management of the Group is deemed to be the Board of Directors and Executive Management Team who have authority and responsibility for planning and controlling all significant activities of the Group. Further information in relation to remuneration of key management team personnel can be found in Note 33. In the previous year the key management of the Group was deemed to be the Board of Directors.

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** – following the divestment programme completed in the previous year 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 previous two years.

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 2021

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 2021	Notes	Genetics £000	Advanced Nutrition £000	Health £000	All other segments £000	Corporate £000	Inter- segment sales £000	Total £000
Revenue		46,797	70,530	7,832	–	4,820	(4,917)	125,062
Cost of sales		(20,866)	(34,562)	(4,118)	–	2	67	(59,477)
Gross profit/(loss)		25,931	35,968	3,714	–	4,822	(4,850)	65,585
Research and development costs		(4,865)	(1,948)	(197)	–	–	–	(7,010)
Other operating costs		(8,933)	(19,918)	(6,202)	–	(8,018)	4,850	(38,221)
Share of loss of equity-accounted investees, net of tax		(605)	(300)	–	–	–	–	(905)
Adjusted EBITDA		11,528	13,802	(2,685)	–	(3,196)	–	19,449
Exceptional – restructuring/acquisition-related items		850	(356)	(515)	–	(163)	–	(184)
EBITDA		12,378	13,446	(3,200)	–	(3,359)	–	19,265
Depreciation and impairment		(4,166)	(2,154)	(1,871)	–	(168)	–	(8,359)
Amortisation and impairment		(1,338)	(13,896)	(1,047)	–	(2)	–	(16,283)
Operating profit/(loss)		6,874	(2,604)	(6,118)	–	(3,529)	–	(5,377)
Finance cost								(7,987)
Finance income								4,185
Loss before tax								(9,179)

Year ended 30 September 2020	Notes	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)
Other 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)

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

Revenue

	2021 £000	2020 £000
Total revenue per segmental information	125,062	120,392
Less: revenue from discontinued operations	–	(14,827)
Consolidated revenue	125,062	105,565

8 Segment information continued

Loss before tax

	2021 £000	2020 £000
Loss before tax per segmental information	(9,179)	(31,635)
Less: loss before tax from discontinued operations	-	9,064
Consolidated loss before tax	(9,179)	(22,571)

Non-current assets by location of assets

	2021 £000	2020 £000
Belgium	156,998	178,222
Norway	86,545	72,012
UK	44,629	25,278
Iceland	35,062	39,892
Rest of Europe	1,062	1,406
Rest of world	33,668	26,475
	357,964	343,285

9 Net finance costs

Continuing operations

	2021 £000	2020 £000
Interest received on bank deposits	88	98
Foreign exchange gains on financing activities	786	971
Foreign exchange gains on operating activities	1,957	-
Cash flow hedges – reclassified from OCI	(709)	-
Cash flow hedges – fair value gain on non-hedge accounted CCS	2,063	-
Dividend income	-	13
Finance income	4,185	1,082
Leases (interest portion)	(1,076)	(503)
Foreign exchange losses on operating activities	-	(3,221)
Cash flow hedges – reclassified from OCI	-	153
Cash flow hedges – fair value loss on non-hedge accounted CCS	-	(1,338)
Interest expense on financial liabilities measured at amortised cost	(6,911)	(7,870)
Finance cost	(7,987)	(12,779)
Net finance costs recognised in profit or loss	(3,802)	(11,697)

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.

	2021 £000	2020 £000
Acquisition-related items	(850)	586
Exceptional restructuring costs	480	1,528
Cost in relation to disposals	554	-
Total exceptional items	184	2,114

Acquisition-related items are costs incurred in investigating and acquiring new businesses. During the year contingent consideration of £850,000 was released in relation to the purchase of Benchmark Genetics (USA) Inc. In 2020, £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.

Exceptional expenses include: £480,000 of staff costs (2020: £1,244,000) relating to the Board's decision to make significant changes to the Group's management team and bring in new management, £nil of legal fees (2020: £52,000) and £nil (2020: £232,000) of other restructuring items.

Costs in relation to disposals include: £346,000 of legal fees, £114,000 of staff costs, £85,000 of lease costs, and £9,000 of other disposal items. These relate to additional costs relating to disposals that occurred in the prior year.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

11 Taxation

Amounts recognised in profit or loss

	2021 £000	2020 £000
Current tax expense:		
Analysis of charge in period		
Current tax:		
Current income tax expense on profits for the period	5,383	3,141
Adjustment in respect of prior periods	502	836
Total current tax charge	5,885	3,977
Deferred tax expense:		
Origination and reversal of temporary differences	(3,228)	(3,490)
Deferred tax movements in respect of prior periods	(260)	(283)
Total deferred tax credit (Note 26)	(3,488)	(3,773)
Total tax charge on continuing operations	2,397	204

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:

	2021 £000	2020 £000
Accounting loss before income tax	(9,179)	(22,571)
Expected tax credit based on the standard rate of UK corporation tax at the domestic rate of 19.0% (2020: 19.0%)	(1,744)	(4,289)
Income not taxable	(133)	(3,393)
Expenses not deductible for tax purposes	358	4,116
Amounts chargeable on controlled foreign companies	-	37
Deferred tax not recognised	3,775	4,150
Adjustment to tax charge in respect of prior periods	242	553
Effects of changes in tax rates	(6)	-
Different tax rates in overseas jurisdictions	(95)	(970)
Total tax charge on continuing operations	2,397	204

As at 30 September 2021, the Group held a current provision within corporation tax of £1.0m (2020: £0.8m) in respect of uncertain tax positions. The resolution of these tax matters may take many years. The range of reasonably possible outcomes within the next financial year is £nil to £1.2m.

Deferred tax not recognised of £3,775,000 (2020: £4,150,000) mainly relates to current year losses for which there is insufficient evidence that taxable profits will be available against which they can be utilised and so no deferred tax asset is recognised.

Adjustment to tax charge in respect of prior periods, includes a credit of £260,000 (2020: £283,000) relating to deferred tax on intangible assets that should have been recognised at 30 September 2020.

In 2020, the above excludes a tax expense of £110,000 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 reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date, in the territories in which they arose.

Deferred tax assets and liabilities in the UK at 30 September 2021 have been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

There was no deferred tax recognised in other comprehensive income in the year (2020: £nil).

12 Discontinued operations

The following note relates to operations which were disposed of or discontinued in the previous year. No operations were classified as discontinued operations during the year ended 30 September 2021.

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 FY20 (see below),

During FY20, 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 were classified as discontinued in the previous year.

	2021 £000	2020 £000
Revenue	-	14,827
Cost of sales	-	(13,000)
Gross profit	-	1,827
Research and development costs	-	(2,725)
Other operating costs	-	(7,828)
Share of profit of equity-accounted investees, net of tax	-	-
Adjusted EBITDA	-	(8,726)
Exceptional – restructuring/acquisition-related items	-	5,086
EBITDA	-	(3,640)
Depreciation and impairment	-	(2,498)
Amortisation and impairment	-	(2,789)
Operating loss	-	(8,927)
Net finance costs	-	(137)
Loss before taxation	-	(9,064)
Tax on loss	-	(110)
Loss from discontinued operations	-	(9,174)

Exceptional items within discontinued operations

	2021 £000	2020 £000
Profit/(loss) on disposal of subsidiaries	-	14,120
Profit/(loss) on disposal of trade and assets	-	(1,874)
Profit/(loss) on other asset disposals	-	271
Other costs relating to disposals	-	(484)
Staff costs*	-	(1,603)
Cost of sales (including inventory write downs)	-	(1,666)
Legal & professional fees	-	(3,513)
Other	-	(165)
Total exceptional recognised	-	5,086

* Staff costs relate to redundancies and divestment-related bonuses.

Cash flows from discontinued operations

	2021 £000	2020 £000
Net cash flow from operating activities	-	(16,887)
Net cash flow from investing activities	-	34,831
Net cash flow from financing activities	-	(581)
Net cash flow from discontinued operations	-	17,363

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

12 Discontinued operations continued

Results from discontinued operations by segment

	Advanced Nutrition 2021 £000	Health 2021 £000	All other segments 2021 £000	Corporate 2021 £000	Total discontinued 2021 £000	Advanced Nutrition 2020 £000	Health 2020 £000	All other segments 2020 £000	Corporate 2020 £000	Total discontinued 2020 £000
Revenue	-	-	-	-	-	2	5,573	9,230	22	14,827
Adjusted EBITDA	-	-	-	-	-	(143)	(9,151)	749	(181)	(8,726)
Operating (loss)	-	-	-	-	-	(394)	(11,914)	3,818	(437)	(8,927)

Impact on the Group Consolidated Income Statement for the year ended 30 September 2020

	2020 Continuing £000	2020 Discontinuing £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 – restructuring/acquisition-related items	(2,114)	5,086	2,972
EBITDA	12,379	(3,640)	8,739
Depreciation and impairment	(6,640)	(2,498)	(9,138)
Amortisation and impairment	(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)

There is no impact on the Group Consolidated Income Statement for the year ended 30 September 2021.

In FY20, depreciation and impairment of £9,138,000 includes depreciation of £7,414,000 which comprises of £5,489,000 in Note 14 Property, plant and equipment, £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, £273,000 in Note 15 Leases for the IFRS 16 adjustment, and a fair value adjustment of £698,000 relating to property, plant and equipment being transferred to assets and liabilities held for sale.

Amortisation and impairment of £19,402,000 includes amortisation of £16,891,000 and impairment of £2,133,000 in Note 16 Intangible assets, and a fair value adjustment of £378,000 relating to intangible assets being transferred to assets and liabilities held for sale.

Disposals of subsidiaries in FY20

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.

12 Discontinued operations continued

Effects of disposals of subsidiaries on the financial position of the Group in FY20

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 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 in FY20

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.

All figures in £000s	5M	Vaccine manufacturing facility
Assets		
Property, plant and equipment (including Right-of-use assets)	207	17,165
Intangible 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 in FY20

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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

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.

	2021			2020		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Loss attributable to equity holders of the Parent (£000)	(12,891)	–	(12,891)	(23,749)	(9,174)	(32,923)
Weighted average number of shares in issue (thousands)			669,459			625,466
Basic loss per share (pence)	(1.93)	–	(1.93)	(3.80)	(1.46)	(5.26)

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:

	2021			2020		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Loss attributable to equity holders of the Parent (£000)	(12,891)	–	(12,891)	(23,749)	(9,174)	(32,923)
Weighted average number of shares in issue (thousands)			669,459			625,466
Diluted loss per share (pence)	(1.93)	–	(1.93)	(3.80)	(1.46)	(5.26)

A total of 4,615,712 potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the year (2020: 1,426,663) 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	Office Equipment and Fixtures £000	Total £000
Cost						
Balance at 1 October 2019	75,373	1,304	6,466	31,412	2,610	117,165
Reclassified as Right-of-use assets	-	-	-	(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
Balance at 1 October 2020	57,856	1,213	5,967	25,149	2,596	92,781
Additions	4,461	4,118	841	7,608	955	17,983
Reclassification	(2,075)	(371)	38	2,414	(6)	-
Increase/(decrease) through transfers from assets in the course of construction	3,080	(3,080)	-	-	-	-
Exchange differences	(5)	(73)	(22)	(1,107)	(206)	(1,413)
Disposals	(290)	-	(403)	(1,171)	(588)	(2,452)
Balance at 30 September 2021	63,027	1,807	6,421	32,893	2,751	106,899
Accumulated depreciation						
Balance at 1 October 2019	6,043	295	4,985	16,014	928	28,265
Reclassified as Right-of-use assets	-	-	-	(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
Balance at 1 October 2020	6,481	-	4,984	14,669	1,046	27,180
Depreciation charge for the year	2,120	-	192	2,379	486	5,177
Reversal of impairment in the year	-	-	-	(160)	-	(160)
Exchange differences	(541)	-	(63)	(986)	(196)	(1,786)
Disposals	(231)	-	(390)	(1,096)	(575)	(2,292)
Balance at 30 September 2021	7,829	-	4,723	14,806	761	28,119
Net book value						
At 30 September 2021	55,198	1,807	1,698	18,087	1,990	78,780
At 30 September 2020	51,375	1,213	983	10,480	1,550	65,601
At 1 October 2019	69,330	1,009	1,481	15,398	1,682	88,900

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

14 Property, plant and equipment continued

Company

	Office equipment and fixtures £000
Cost	
Balance at 1 October 2019	620
Additions	718
Disposals	(12)
Balance at 30 September 2020	1,326
Balance at 1 October 2020	1,326
Additions	25
Balance at 30 September 2021	1,351
Accumulated depreciation	
Balance at 1 October 2019	459
Depreciation charge for the year	95
Disposals	(12)
Balance at 30 September 2020	542
Balance at 1 October 2020	542
Depreciation charge for the year	284
Impairment charge for the year	466
Balance at 30 September 2021	1,292
Net book value	
At 30 September 2021	59
At 30 September 2020	784
At 1 October 2019	161

15 Leases

Group

	2021 £000	2020 £000
Right-of-use assets		
Leasehold property	9,859	7,698
Plant and machinery	15,541	2,437
Office equipment and fixtures	131	212
	25,531	10,347
Lease liabilities		
Current	9,042	2,483
Non-current	14,945	7,956
	23,987	10,439
Depreciation charge of right-of-use assets		
Leasehold property	1,449	850
Plant and machinery	1,718	612
Office equipment and fixtures	75	83
	3,242	1,545
Additional information		
Additions to right-of-use assets	18,721	7,963
Impairment of leasehold property right-of-use asset	100	273
Lease interest (expense and amount paid)	1,076	571
Expense relating to short-term leases	371	981
Expense relating to leases of low-value leases	58	27
Total cash outflow for leases	6,107	3,372

15 Leases continued

Company

	2021 £000	2020 £000
Right-of-use assets		
Leasehold property	74	248
Office equipment and fixtures	3	4
	77	252
Lease liabilities		
Current	49	182
Non-current	18	66
	67	248
Depreciation charge of right-of-use assets		
Leasehold property	175	163
Office equipment and fixtures	1	1
	176	164
Additional information		
Additions to right-of-use assets	–	295
Lease interest (expense and amount paid)	8	16
Expense relating to short-term leases	92	–
Expense relating to leases of low-value leases	1	4
Total cash outflow for leases	280	178

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

16 Intangible assets

Group

	Websites £000	Goodwill £000	Patents and Trademarks £000	Intellectual Property £000	Customer Lists £000	Contracts £000	Licences £000	Genetics £000	Development costs £000	Total £000
Cost or valuation										
Balance at 1 October 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
Balance at 1 October 2020	201	144,346	270	138,718	5,497	6,561	35,559	22,182	23,057	376,391
Additions – externally acquired	115	-	68	-	-	-	42	-	-	225
Additions – internally developed	-	-	-	-	-	-	-	-	4,813	4,813
Exchange differences	3	(4,291)	-	(5,517)	(226)	41	(1,122)	454	(291)	(10,949)
Balance at 30 September 2021	319	140,055	338	133,201	5,271	6,602	34,479	22,636	27,579	370,480
Accumulated amortisation and impairment										
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
Balance at 1 October 2020	26	43,101	81	63,163	1,005	6,114	11,376	3,431	1,091	129,388
Amortisation charge for the period	41	-	53	12,707	199	66	1,909	622	299	15,896
Impairment	-	-	-	-	-	-	-	-	387	387
Exchange differences	-	(1,743)	(1)	(2,329)	(38)	30	(208)	58	-	(4,231)
Balance at 30 September 2021	67	41,358	133	73,541	1,166	6,210	13,077	4,111	1,777	141,440
Net book value										
At 30 September 2021	252	98,697	205	59,660	4,105	392	21,402	18,525	25,802	229,040
At 30 September 2020	175	101,245	189	75,555	4,492	447	24,183	18,751	21,966	247,003
At 1 October 2019	104	108,582	350	92,224	4,938	980	28,154	21,706	18,706	275,744

In FY20, the sale of the assets of the Group's vaccines manufacturing facility resulted in an impairment of goodwill of £432,000 and licences of £591,000. The decision to discontinue vaccine development programmes resulted in an impairment of development costs of £1,091,000 and patents and trademarks of £19,000.

16 Intangible assets continued

The table below provides further detail of intangibles and their remaining amortisation period.

Description	Category	Net book value 2021	Net book value 2020	Remaining life 2021
Acquisition of INVE in 2015				
Goodwill	Goodwill	72,385	75,466	-
Licences	Licences	19,599	21,523	14
Product technology	Intellectual property	1,843	3,459	1
Product rights	Intellectual property	42,571	54,827	4
Brand names	Intellectual property	11,533	12,868	14
In-process R&D	Intellectual property	915	1,179	4
Customer relationships	Customer lists	4,105	4,492	20
Total relating to acquisition of INVE		152,951	173,814	
Acquisition of Salmobreed AS (Now part of Benchmark Genetics Norway AS) in 2014				
Goodwill	Goodwill	6,703	6,523	-
Genetic material and breeding nuclei	Genetics	10,500	10,526	33
Total relating to acquisition of Salmobreed AS		17,203	17,049	
Acquisition of Stofnfiskur (now Benchmark Genetics Iceland) in 2014				
Goodwill	Goodwill	11,394	11,216	-
Genetic material and breeding nuclei	Genetics	7,677	7,784	33
Total relating to acquisition of Stofnfiskur		19,071	19,000	
Acquisition of Akvaforsk Genetics Center AS (Now part of Benchmark Genetics Norway AS) in 2015				
Goodwill	Goodwill	7,552	7,348	-
Licences	Licences	662	994	2
Contracts	Contracts	392	447	4
Total relating to acquisition of Akvaforsk Genetics Center AS		8,606	8,789	
Capitalised development costs				
Ectosan®Vet/CleanTreat®	Development costs	17,621	15,267	10 Not yet ready for use
Live food alternative diets	Development costs	3,318	3,215	Not yet ready for use
SPR shrimp	Development costs	4,863	3,033	Not yet ready for use
Total capitalised development costs		25,802	21,515	
Other purchased material intangible assets	Intellectual property	1,586	2,543	18
Total relating to other purchased intangible assets		1,586	2,543	
Other individually immaterial goodwill and intangible assets		3,821	4,293	
Total net book value at 30 September		229,040	247,003	

Company

	Patents and trademarks £000
Cost	
Balance at 1 October 2019 and 1 October 2020	-
Additions	30
Balance at 30 September 2021	30
Accumulated amortisation	
Balance at 1 October 2019 and 1 October 2020	-
Amortisation charge for the year	2
Balance at 30 September 2021	2
Net book value	
At 30 September 2021	28
At 30 September 2020	-
At 1 October 2019	-

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

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. Following the commercial launch of the new sea lice treatment in Health, amortisation of these development costs commenced during the year. As this amortisation commenced only recently in August 2021 the decision was taken to include the associated capitalised development costs in the annual impairment review. The development costs included in the table below represents only those that are not yet ready for use.

Goodwill and other intangibles not yet ready for use arise across the Group, and are allocated specifically against the following three CGUs:

	Genetics 2021 £000	Advanced Nutrition 2021 £000	Health 2021 £000	Total 2021 £000
Benchmark Genetics Norway AS	6,702	–	–	6,702
Benchmark Genetics Iceland HF (Previously Stofnfiskur HF)	11,394	–	–	11,394
Akvaforsk Genetic Center*	8,216	–	–	8,216
INVE Aquaculture Group	–	72,385	–	72,385
Goodwill	26,312	72,385	–	98,697
Other intangibles not yet ready for use - development costs	4,863	3,318	–	8,181

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

	Genetics 2020 £000	Advanced Nutrition 2020 £000	Health 2020 £000	Total 2020 £000
Benchmark Genetics Norway AS	6,523	–	–	6,523
Benchmark Genetics Iceland HF (Previously 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
Other intangibles not yet ready for use - 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 AS) and Benchmark Genetics USA Inc (formerly Akvaforsk Genetics Center Inc).

The recoverable amounts of the above CGUs have been determined from value-in-use calculations. These calculations used Board approved cash flow projections from five-year business plans based on actual operating results and current forecasts. These forecasts were then extrapolated into perpetuity taking account of specific terminal growth rates for future cash flows, using individual business operating margins based on past experience and future expectations in light of anticipated economic and market conditions. The pre-tax cash flows that these projections produced were discounted at pre-tax discount rates based on the Group's beta adjusted cost of capital, further adjusted to reflect management's assessment of specific risks related to the markets and other factors pertaining 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 10.9% (2020: 11.6%). CAGR of revenue of 14% (2020: 13%) is implied by the five-year plan and a long-term growth rate of 2.5% (2020: 2.5%) has been used to extrapolate the terminal year cash flow into perpetuity.

Having conducted a sensitivity analysis of key assumptions, no reasonably possible changes that would result in the elimination of all headroom were identified. All other assumptions being unchanged, an increase in the pre-tax discount rate to 14.1% would reduce the headroom on the Genetics CGU to nil, however, management do not consider this to be a reasonably possible eventuality.

17 Impairment testing of goodwill and other intangible assets continued

Advanced Nutrition

The pre-tax cash flows from the five-year projections were discounted using a pre-tax discount rate of 10.3% (2020: 10.3%). CAGR of revenue of 6% (2020: 12%) is implied by the five-year plan and a long-term growth rate of 3.5% (2020: 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 a decrease in the long-term growth rate to 2.1%, or an increase in the pre-tax discount rate to 11.9%, either of which are considered to be reasonably possible, would reduce the headroom on the Advanced Animal Nutrition CGU of £47.1m to nil. Should the discount rate increase further than this, then an impairment of the goodwill or development costs would be likely.

Health

Amortisation of the development costs relating to the business area's new sea lice treatment commenced in the period.

The pre-tax cash flows from the five-year projections were discounted using a pre-tax discount rate of 12.6% (2020: 13.2%). An assumed CAGR of revenue of 70% (2020: 68%) in the five-year plan reflects the importance of the successful commercialisation of the business area's new sea lice treatment in the forecast period. A long-term growth rate of 0.0% (2020: 2.5%) has been used to extrapolate the terminal year cash flow into perpetuity. The prudent assumption in the long-term growth rate is intended to reflect that the business area's new sea lice treatment is the principal source of cash generation, and only benefits from patent protection against generic competitors for a finite period of time.

While the valuation of the Health cash-generating unit indicates sufficient headroom such that any reasonably possible change to key assumptions is unlikely to result in an impairment in related development costs, commercialisation is at an early stage and in the unlikely event that this is not successful, impairment could result.

18 Equity-accounted investees

	2021 £000	2020 £000
Interest in joint venture	1,608	2,047
Interest in associate	1,746	1,643
	3,354	3,690

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.

The following table summarises the financial information of SGA as included in its own financial statements for the year ended 30 September 2021, 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.

	2021 £000	2020 £000
Percentage ownership interest	50%	50%
Non-current assets	3,017	3,365
Current assets	1,086	718
Cash and cash equivalents	14	1,324
Non-current liabilities	(417)	(727)
Current liabilities	(224)	(174)
Net assets (100%)	3,476	4,506
Group's share of net assets (50%)	1,738	2,253
Elimination of unrealised profit	(130)	(206)
Carrying amount of interest in joint venture	1,608	2,047
Revenue	(261)	4,510
Cost of sales and operating costs	(801)	(3,267)
Depreciation and amortisation	(254)	(567)
Finance costs	(7)	(6)
Taxation	325	(108)
Profit and total comprehensive income (100%)	(998)	562
Group's share of total comprehensive income (50%)	(499)	281

The company is registered in Norway and the registered address is 7266 Kverva, Frøya, Norway.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

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 the aggregate of the cost of the investment in the Cooperative and the post-acquisition movements in the Group's share of the unallocated and allocated 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.

The Group also has a 34% interest in an associate Baggfossen Mikrokraft AS ('BMAS'). BMAS is a power generation business and provides electricity to Benchmark Genetics Salten AS.

The company is registered in Norway and the registered address is Salmobreed Salten AS Sorfjordmoen 34, 8264 Engan.

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 Dr Ribamar Lobo 451, Fortaleza, Ceara, Brazil, CEEP 60.192-230	Brazil	Indirect	ordinary	80%	a
Akvaforsk Genetic Center Spring Mexico, SA de CV (dormant)	Caguama 3023, Loma Bonita, Zapopan, Jalisco CP 45086, Mexico	Mexico	Indirect	ordinary	80%	a
Benchmark Genetics USA Inc	21200 SW 177th Ave Miami FL 33182 USA	USA	Indirect	ordinary	80%	a
Benchmark Genetics Chile SpA	Santa Rosa 560 Oficina 25 B, Puerto Varas, Chile	Chile	Indirect	shares	100%	c
Benchmark Genetics Limited	Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	
Benchmark Genetics Colombia SAS	Cra 2 # 11 41 of 1002 Torre Grupo Area Bocagrande, Cartagena 13001, Colombia	Colombia	Indirect	ordinary	100%	
Benchmark Genetics Norway AS	Bradbenken 1, 5003 Bergen	Norway	Indirect	ordinary	100%	
Iceland A Islandi EHF (dormant)	Bæjarhraun 14 - 220 Hafnarfjörður, Iceland	Iceland	Indirect	ordinary	88.87%	
Benchmark Genetics Salten AS	Sørfjordmoen, Kobbelv, 8264 Engan	Norway	Indirect	ordinary	75%	c
Spring Genetics SRL	Calle Los Alemanes, Condominium Condado de Baviera, APT 703A, LOC 380409452, San Rafael, Escazu, San Jose, Costa Rica	Costa Rica	Indirect	ordinary	80%	
Stofnfiskur Chile Limitada (dormant)	(As Icecod address above)	Chile	Indirect	ordinary	89.48%	
Benchmark Genetics Iceland HF	(As Icecod address above)	Iceland	Indirect	ordinary	89.53%	c
Stofngen EHF (dormant)	(As Icecod address above)	Iceland	Indirect	ordinary	89.48%	
Sudourlax EHF (dormant)	(As Icecod address above)	Iceland	Indirect	ordinary	89.48%	

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
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%	
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.	Polcarpo 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	Karacaoglan Mahallesi 6170 Sokak No. 17/B Işikkent/Izmir	Turkey	Indirect	6.25 TL shares	100%	
Inve Hellas S.A.	93 Kiprou Str., 16451, Argypoli	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	8F1-19 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 Panunggan 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%	
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%	

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

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
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. 119/87 Moo 1, Vichienchodok Road, Tachin Sub-district, Muang Samutsakorn district, Samutsakorn Province, 74000 Thailand	Thailand	Indirect	THB 10 ordinary	100%	
Benchmark Animal Health Inc	800 René-Lévesque Boulevard West, Suite 2220, Montréal (Québec), H3B 1X9	Canada	Indirect	CAD 1 ordinary	100%	
Benchmark Animal Health US, Inc	Severin M. Beliveau, Corporation Service Company, 45 Memorial Circle, Augusta, ME 04330	USA	Indirect	\$10 common stock	100%	
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	Bradbenken 1, 5003 Bergen	Norway	Indirect	NOK 100 ordinary	100%	
Knowledge Services						
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%	d
FAI do Brasil Criação Animal LTDA	Fazenda Santa Terezinha, S/N – Zona Rural, Jaboticabal/SP, CEP: 14870-000	Brazil	Indirect	R\$1 ordinary	100%	
5M Enterprises Inc	CBot, 141 West Jackson Boulevard, Chicago, IL 60604-2900	USA	Indirect	ordinary shares	100%	
5M Enterprises Limited	Benchmark House, Smithy Wood, Sheffield, S35 1QN	United Kingdom	Direct	£1 ordinary	100%	d
Bark SPV	Benchmark House, Smithy Wood, Sheffield, S35 1QN	United Kingdom	Direct	N/A	100%	b

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 Chile SpA was formerly known as Benchmark Chile SpA, Benchmark Genetics Salten As was formerly known as Salmobreed Salten AS, and Benchmark Genetics Iceland HF was formerly known as Stofnfiskur HF.
- d FAI Aquaculture Limited (company number 04450207) and 5M Enterprises Limited (company number 03332321) are exempt from the requirements of the Companies Act 2006 under S479A-479C relating to the audit of individual accounts.

19 Subsidiary undertakings continued

Company

	Investments in subsidiary companies £000
Cost or valuation	
Balance at 1 October 2019	266,247
Additions	7,822
Disposals	(18,350)
Balance at 1 October 2020	255,719
Additions	617
Disposals	(1,051)
Balance at 30 September 2021	255,285
Provisions	
Balance at 1 October 2019	(9,188)
Provision against investment in subsidiary company	(3,660)
Disposals	7,160
Balance at 1 October 2020	(5,688)
Disposals	1,051
Balance at 30 September 2021	(4,637)
Net book value	
At 30 September 2021	250,648
At 30 September 2020	250,031
At 1 October 2019	257,059

During 2021, £617,000 (2020: £1,286,000) 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. There were no other additions in the year (2020: £6,536,000).

In the year the following companies were dissolved: Trie Benchmark Limited £214,000, R L Consulting Limited £187,000 and Allan Environmental Limited £650,000 all of which were fully impaired, (2020: Disposals of £18,350,000, of which £7,160,000 were fully impaired).

During FY20 as a consequence of the disposal programme provisions against investments of £3,660,000 were made, £1,951,000 related to an investment in TomAlgae C.V.B.A. and £1,709,000 related to various investments in subsidiaries related to charges for share options.

Disposals in FY20 related to Improve International £6,665,000, TomAlgae C.V.B.A. £4,989,000, which was fully impaired, FVG Limited £767,000, which was fully impaired, FAI Farms Limited £5,929,000 of which £1,404,000 was impaired. Proceeds of these disposals are detailed in Note 12.

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. The sensitivity testing conducted did not sufficiently reduce the NPV of any of the CGUs to a level where they would not support the investments in any of the Company's subsidiaries.

20 Inventories

Group	2021 £000	2020 £000
Raw materials	5,232	3,646
Work in progress	1,488	1,470
Finished goods and goods for resale	14,227	13,810
Total inventories at the lower of cost and net realisable value	20,947	18,926

During 2021, £51,920,000 (2020: £44,367,000) was recognised as an expense in continuing operations for inventories carried at net realisable value. This is recognised in cost of sales. In 2021, there was no expense recognised for discontinued operations (2020: £2,727,000). The cost of inventories recognised as a credit includes £87,000 (2020 expense: £1,183,000) in respect of write-backs (2020 write-downs) of inventory to net realisable value.

The Company did not have any inventories at the year end (2020: £nil).

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

21 Biological assets

Book value of biological assets recognised at fair value

Group	2021 £000	2020 £000
Salmon eggs	9,830	9,362
Salmon broodstock	26,700	21,051
Salmon milt	365	359
Lumpfish fingerlings	1,104	1,317
Shrimp	366	380
Total biological assets 30 September	38,365	32,469
Analysed as		
Current	17,121	15,848
Non-current	21,244	16,621
Total biological assets 30 September	38,365	32,469

Change in book value of biological assets

	2021 £000	2020 £000
Biological assets 1 October	32,469	28,493
Increase from production	36,872	36,678
Reduction due to sales	(34,768)	(32,449)
Other movements in biological assets (see Note 5)	2,104	4,229
Foreign exchange movement before fair value adjustment	311	(2,363)
Change in fair value through income statement (see Note 5)	3,323	3,253
Foreign exchange impact on fair value adjustment	158	(1,143)
Biological assets 30 September	38,365	32,469

Assumptions used for determining fair value of biological assets

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 levels in the fair value hierarchy which are described in Note 2.

The fair value inputs for salmon eggs are categorised as level 2. 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 fair value inputs for salmon broodstock are categorised as level 3. The broodstock contain generations of genetic improvements and cannot be valued purely on the market weight of salmon. The Group does not sell its broodstock commercially so there is no observable input in this respect. Therefore, 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 the current seasonally adjusted selling prices for the Group's 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. Finally, the valuation takes account of future expected sales volumes.

Change in book value of salmon broodstock

	2021 £000	2020 £000
Biological assets 1 October	21,051	18,903
Increase from production	22,428	18,046
Transfer to salmon eggs following harvesting	(19,602)	(15,206)
Foreign exchange movement before fair value adjustment	169	(1,663)
Change in fair value through income statement	2,530	1,629
Foreign exchange impact on fair value adjustment	124	(658)
Biological assets 30 September	26,700	21,051

Significant unobservable inputs used in the valuation of salmon broodstock

	2021	2020
Number of eggs valued in broodstock (m units)	192	167
Average selling price per egg (GBP)	0.128	0.122
Future costs per egg (GBP)	(0.015)	(0.015)

21 Biological assets continued

The fair value inputs for lumpfish fingerlings and shrimp are categorised as level 2. The calculation of the fair value of lumpfish fingerlings and shrimp is valued on current selling prices less transport costs. Internally generated data is used to incorporate mortality rates and the weight of the biomass.

The fair value inputs for salmon milt are categorised as level 3. 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.

There is a presumption that fair value can be measured reliably for a biological asset. However, we sometimes face a situation 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). In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

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 £365,000. 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 £3,653,000.

The Group is exposed to financial risks arising from changes in the market value of the salmon eggs, lumpfish fingerlings and shrimp broodstock 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 fingerlings and shrimp broodstock prices regularly in considering the need for active financial risk management.

Risk management strategy related to aquaculture activity

The Group is exposed to the following risks relating to its aquaculture activities. These risks and management's strategies to mitigate them are described below:

Regulatory and environmental risks

The nature of certain of the Group's operating activities exposes us to certain significant risks to the environment, such as incidents associated with releases of chemicals or hazardous substances when conducting our operations, which could result in liability, fines, risk to our product permissions and reputational damage. There is a risk that natural disasters could lead to damage to infrastructure, loss of resources, products or containment of hazardous substances. Our business activities could be disrupted if we do not respond, or are perceived not to respond, in an appropriate manner to any major crisis or if we are not able to restore or replace critical operational capacity.

In mitigation we have implemented standards and requirements which govern key risk management activities such as inspection, maintenance, testing, business continuity and crisis response.

Biological risks

The Group is exposed to the risk of disease within the Group's own operations and disease in the market resulting in possible border closures. In mitigation, the Group:

- Operates the highest levels of biosecurity.
- Holds genetic stock at multiple sites and 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.
- Has placed increased focus on insuring its biological stock.

Outputs and quantities held

Total output of aquaculture activity in the year was:

	2021	2020
Salmon eggs	242.0m units	213.0m units
Lumpfish fingerlings	2.4m units	2.7m units

Total quantities held at 30 September were:

	2021	2020
Salmon eggs	79.9m units	78.2m units
Salmon broodstock	1,577 tonnes	1,350 tonnes
Lumpfish fingerlings	2.6m units	4.3m units

The Company did not hold any biological assets during the year or the prior year.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

22 Trade and other receivables

Group	2021 £000	2020 £000
Trade receivables	24,526	17,052
Less: provision for impairment of trade receivables	(2,493)	(3,216)
Trade receivables – net	22,033	13,836
Total financial assets other than cash and cash equivalents measured at amortised cost	22,033	13,836
Other receivables – contingent consideration	1,028	1,028
Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss	1,028	1,028
Prepayments	11,114	9,917
Other receivables	12,323	14,590
Total trade and other receivables	46,498	39,371

Other receivables include the following items: VAT recoverable £2,650,000 (2020: £1,058,000), research and development expenditure tax credits and similar items £472,000 (2020: £1,121,000), the right to receive an agreed proportion of a key supplier's harvest* £7,302,000 (2020: £8,361,000) and in FY20 following the disposal of the entity FVG Chile in the prior year there was a £2,018,000 debtor due from the buyer.

*A financial liability of £7,302,200 (2020: £8,361,000) is recognised (within trade payables) for the amount invoiced and remaining outstanding at the year-end in relation to the Group's contractual obligation to pay for a specified share of the harvest of a supplier, regardless of delivery and without recourse to the supplier. As at 30 September, as the Group has not taken physical delivery of the harvested product and as the Group does not control the harvested product, an 'other receivable' of £7,302,200 (2020: £8,361,000) has been recorded in relation to the Group's right to receive the product in the future.

The financial asset at fair value through profit and loss relates to contingent consideration outstanding from the disposal of Improve International Limited (see 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.

The fair values of trade and other receivables measured at amortised cost are not materially different to their carrying values. As at 30 September 2021 trade receivables of £3,060,000 (2020: £3,871,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2021 £000	2020 £000
Up to 3 months overdue	2,703	3,244
3 to 6 months overdue	211	569
6 to 12 months overdue	146	58
	3,060	3,871

Movements on the Group provision for impairment of trade receivables are as follows:

	2021 £000	2020 £000
At 1 October	3,216	3,448
Provided during the year	54	954
Unused provisions reversed	(637)	–
Receivables written off during the year as uncollectable	(22)	(823)
Foreign exchange movements	(118)	(276)
Disposals through sale of subsidiary	–	(87)
At 30 September	2,493	3,216

The movement on the provision for impaired receivables has been included in the operating costs line in the Consolidated Income Statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

22 Trade and other receivables continued

Company	2021 £000	2020 £000
Loans and receivables due from subsidiary companies	195,286	162,148
Total financial assets other than cash and cash equivalents measured at amortised costs	195,286	162,148
Other receivables – contingent consideration	1,028	1,028
Total financial assets other than cash and cash equivalents classified as measured at fair value through profit and loss	1,028	1,028
Prepayments	592	359
Other receivables	221	259
Total trade and other receivables	197,127	163,794
Less: non-current portion: loans provided to subsidiary companies	(195,085)	-
Current portion	2,042	163,794

The balance of loans provided to subsidiary companies include a provision for impairment of £13,489,000 (2020: £15,198,000). During the year £1,709,000 of these provisions have been released, £416,000 relating to Dust Collective as the loan has been waived, £1,181,000 relating to 5M Enterprises Limited and £112,000 relating to FAI Aquaculture Limited both due to some of the loan being repaid (2020: £6,033,000 relating to disposal of companies).

For all the loans provided to subsidiary companies outstanding at 30 September 2021 no interest is payable, in 2020 loan amounts provided to Benchmark Genetics Norway AS (£14,761,000) and Benchmark Genetics Iceland HF (£237,000) incurred interest at a rate of 2% above LIBOR and 2% above EURIBOR respectively. Loans and receivables due from subsidiary companies of £195,085,000 (2020: £nil) have been classified as non-current assets, even though these balances are repayable on demand, as at 30 September 2021 the Company did not expect to realise them in the next 12 months.

23 Trade and other payables

Group	2021 £000	2020 £000
Trade payables	20,690	19,269
Other payables	1,978	3,010
Accruals	15,812	10,804
Other payables - tax and social security payments	2,076	850
Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	40,556	33,933
Other payables – contingent consideration	-	825
Financial contracts – hedging instrument	972	3,035
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss	972	3,860
Financial contracts – hedging instrument	5,889	9,653
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through hedging reserve	5,889	9,653
Deferred income	162	-
Total trade and other payables	47,579	47,446
Less: non-current portion of other payables	(911)	(1,754)
Current portion	46,668	45,692

Book values approximate to fair value at 30 September 2021 and 2020.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

23 Trade and other payables continued

	Contingent consideration £000
Balance at 30 September 2020	825
Net change in fair value (unrealised)	25
Released during the year	(850)
Balance at 30 September 2021	-

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 Benchmark Genetics (USA) Inc (formerly Akvaforsk Genetics Center Inc) for a sum determined by 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. Based on current forecasts, payment will be NOK 1 (one Krone) and this assumption has been used in calculating the fair value of the liability.

Of the financial contracts £6,708,000 (2020: £12,048,000) 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	2021 £000	2020 £000
Trade payables	608	380
Loans received from subsidiary companies	34,623	37,864
Accruals	3,162	1,522
Other payables - tax and social security payments	118	233
Financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	38,511	39,999
Financial contracts – hedging instrument	972	3,035
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through profit or loss	972	3,035
Financial contracts – hedging instrument	5,736	9,013
Financial liabilities, excluding loans and borrowings, classified as financial liabilities at fair value through hedging reserve	5,736	9,013
Total trade and other payables	45,219	52,047

The amount within loans received from subsidiary companies is the balance due to Inve Aquaculture Holding B.V., the loan is repayable on demand and interest is incurred at a rate of 2% plus LIBOR per annum.

None of the above trade and other payables are non-current.

Book values approximate to fair value at 30 September 2021 and 2020.

24 Loans and borrowings

Group	2021 £000	2020 £000
Non-current		
2023 850m NOK Loan notes	75,478	75,497
Bank borrowings	19,314	20,366
Lease liabilities (Note 15)	14,945	7,956
	109,737	103,819
Current		
Bank borrowings	1,612	2,856
Lease liabilities (Note 15)	9,042	2,483
	10,654	5,339
Total loans and borrowings	120,391	109,158

The fair value of 2023 850m NOK Loan notes as at 30 September 2021 is £73,981,000. At 30 September 2020 the fair value was not materially different to the nominal value and has not been separately disclosed.

24 Loans and borrowings continued

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 is listed on the Oslo Stock Exchange.

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 2021 and 30 September 2020.

SalmoBreed Salten AS had the following loans (which are ring-fenced debt without recourse to the remainder of the Group) at 30 September 2021:

- Term loan with a balance of NOK 180.0m (2020: NOK 194.4m) 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. This was undrawn at 30 September 2021 (2020: 15.6m NOK drawn)
- Term loan with a balance of NOK 44.7m (2020: NOK 49.3m) 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 lease liabilities are secured on the assets to which they relate.

The currency profile of the Group's loans and borrowings is as follows:

	2021 £000	2020 £000
Sterling	13,912	1,652
Norwegian Krone	97,389	99,125
Thai Baht	1,258	1,524
Euro	351	564
US Dollar	6,508	5,810
Icelandic Krona	750	263
Other	223	220
	120,391	109,158

Company

The book value and fair value of loans and borrowings are as follows:

	2021 £000	2020 £000
Non-current		
2023 850m NOK Loan notes	75,478	75,497
Lease liabilities (Note 15)	18	66
	75,496	75,563
Current		
Lease liabilities (Note 15)	49	182
	49	182
Total loans and borrowings	75,545	75,745

The fair value of 2023 850m NOK Loan notes as at 30 September 2021 is £73,981,000. At 30 September 2020 the fair value was 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:

	2021 £000	2020 £000
Sterling	67	248
Norwegian Krone	75,478	75,497
	75,545	75,745

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

24 Loans and borrowings continued

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group

Year ended 30 September 2021

	Loans and borrowings £000	Share capital/ additional paid- in capital £000	Non-controlling interest £000	Total £000
Balance at 1 October 2020	109,158	400,269	6,309	
Changes from financing cash flows				
Proceeds of share issues	-	750	-	750
Acquisition of NCI	-	-	(12)	(12)
Repayment of bank or other borrowings	(3,106)	-	-	(3,106)
Interest and finance charges paid	(7,699)	-	-	(7,699)
Repayments of lease liabilities	(4,602)	-	-	(4,602)
Total changes from financing cash flows	(15,407)	750	(12)	(14,669)
The effect of changes in foreign exchange rates	(681)	-	-	
Other changes – liability-related				
Interest expense	7,711	-	-	
Capitalised borrowing fees	1,012	-	-	
New leases	18,610	-	-	
Interest accrual movement	(12)	-	-	
Total liability-related other changes	27,321	-	-	
Total equity-related other changes	-	333	1,587	
Balance at 30 September 2021	120,391	401,352	7,884	

Year ended 30 September 2020

	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 leases 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 IFRS16 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	-	
Balance at 30 September 2020	109,158	-	400,269	

24 Loans and borrowings continued

Company

Year ended 30 September 2021

	Loans and borrowings	Share capital/ additional paid-in capital	Total
Balance at 1 October 2020	75,745	400,269	
Changes from financing cash flows			
Proceeds of share issues	-	750	750
Acquisition of NCI	-	-	-
Repayment of bank borrowings	(245)	-	(245)
Interest and finance charges paid	(5,631)	-	(5,631)
Repayments of lease liabilities	(179)	-	(179)
Total changes from financing cash flows	(6,055)	750	(5,305)
The effect of changes in foreign exchange rates	(788)	-	
Other changes – liability-related			
Interest expense	5,643	-	
Capitalised borrowing fees	1,012	-	
Interest accrual movement	(12)	-	
Total liability-related other changes	6,643	-	
Total equity-related other changes	-	333	
Balance at 30 September 2021	75,545	401,352	

Year ended 30 September 2020

	Loans and borrowings £000	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	

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

25 Provisions

	Repairs provision £000	Other provisions £000	Total £000
At 1 October 2019	55	349	404
Charged to profit or loss	-	(349)	(349)
Transferred to liabilities directly associated with the assets held for sale	(55)	-	(55)
At 1 October 2020	-	-	-
Provisions made during the year	-	(563)	(563)
At 30 September 2021	-	(563)	(563)
Current	-	(563)	(563)
Non-current	-	-	-
At 30 September 2021	-	(563)	(563)
Current	-	-	-
Non-current	-	-	-
At 30 September 2020	-	-	-

Repairs provision

During the prior year, Benchmark Vaccines Limited released the repairs provision in respect of its Braintree premises as it was no longer required.

Other provisions

During the year, £300,000 was provided in respect of costs relating to contractual commitments in leases entered into during the year to restore certain leased assets to their original condition at the end of the lease period. The costs have been capitalised and are being depreciated over the life of the relevant asset.

During the year, £263,000 has been provided in relation to increases in estimated restoration costs relating to certain leases.

During the prior year, provisions of £349,000 relating to onerous leases have been transferred to be recognised as impairments of right-of-use assets in accordance with IFRS 16.

No provisions were held by the Company at the year end (2020: £nil).

26 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	2021 £000	2020 £000
At 1 October	(32,647)	(38,743)
Recognised in income statement		
Tax credit	3,488	3,773
Exchange differences	935	2,323
At 30 September	(28,224)	(32,647)

The Company did not have a deferred tax balance at the year end (2020: £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 £36,713,000 (2020: £24,030,000) in respect of losses amounting to £120,790,000 (2020: £96,540,000) and temporary differences of £25,185,000 (2020: £13,839,000), where there was insufficient evidence that the amounts will be recovered. Of the unused tax losses on which no deferred tax is recognised, £113,672,000 have no expiry date and £7,118,000 expire between 2028 and 2035.

Furthermore, the Group did not recognise deferred tax assets relating to movements on hedging instruments of £1,089,000 (2020: £1,712,000) as these were unlikely to be realised in the short term.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, for which deferred tax has not been recognised is £125,225,000. 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.

26 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	Liability	Net	(Charged)/	(Charged)/
	2021	2021	2021	credited to	credited to
	£000	£000	£000	profit or loss	equity
				2021	2021
				£000	£000
Accelerated capital allowances	-	(25,408)	(25,408)	3,908	-
Biological assets	-	(3,258)	(3,258)	(740)	-
Other temporary and deductible differences	391	-	391	403	-
Available losses	5	-	5	(96)	-
Fair value of share options	46	-	46	13	-
Net tax assets/(liabilities)	442	(28,666)	(28,224)	3,488	-

Group	Asset	Liability	Net	(Charged)/	(Charged)/
	2020	2020	2020	credited to	credited to
	£000	£000	£000	profit or loss	equity
				2020	2020
				£000	£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	-

The Company did not have any deferred tax in the profit or loss or balance sheet at the year end (2020: £nil).

27 Share capital and additional paid-in capital

Allotted, called up and fully paid	Number	Share Capital	Share Premium
		£000	£000
Ordinary shares of 0.1 penny each			
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
Exercise of share options	2,152,600	2	748
Shares issued through placing and open offer	536,272	-	333
Balance at 30 September 2021	670,374,484	670	400,682

During the year ended 30 September 2021, the Group issued a total of 2,152,600 ordinary shares of 0.1p each to certain employees of the Group relating to share options, of which 426,182 were exercised at a price of 0.1 pence, 1,626,436 were exercised at a price of 42.5 pence and 99,982 were exercised at a price of 58.5 pence.

During the year, contingent consideration totalling USD 450,000 (£333,000) became payable following the acquisition of aquaculture breeding programmes centred on shrimp from Centro de Investigación de la Acuicultura de Colombia Ceniagua on 11 August 2016. At the Group's discretion, the contingent consideration was paid in ordinary shares in the Group and the Group therefore issued 536,272 ordinary shares of 0.1p each on 13 January 2021 to settle this liability.

During the year ended 30 September 2020, the Company issued a total of 1,503,407 ordinary 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 of 0.1p each by way of a placing and 16,440,766 new ordinary shares of 0.1 each 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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

28 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.

29 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 2021	Benchmark Genetics Iceland HF* £000	Benchmark Genetics Salten AS** £000	Total £000
NCI percentage	10%	25%	
Non-current assets	15,992	39,604	
Current assets	27,102	9,757	
Non-current liabilities	(3,072)	(19,505)	
Current liabilities	(4,964)	(13,023)	
Net assets	35,058	16,833	
Net assets attributable to NCI	3,671	4,213	7,884
Revenue	21,554	13,651	
Profit	6,085	2,708	
OCI	399	920	
Total comprehensive income	6,484	3,628	
Profit allocated to NCI	637	678	1,315
OCI allocated to NCI	42	230	272
Cash flows from operating activities	6,918	4,782	
Cash flows used in investment activities	(5,016)	(778)	
Cash flows used in financing activities (dividends to NCI: £nil)	(663)	(3,972)	
Net increase in cash and cash equivalents	1,239	32	

* Benchmark Genetics Iceland HF was formerly known as Stofnfiskur HF - see note 19

** Benchmark Genetics Salten AS was formerly known as Salmobreed Salten AS - see note 19

29 Non-controlling interest continued

Year ended 30 September 2020	Benchmark Genetics	Benchmark Genetics	Total £000
	Iceland HF £000	Salten AS £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)/from financing activities (dividends to NCI: £nil)	(4,445)	(2,068)	
Net increase/(decrease) in cash and cash equivalents	316	(407)	

30 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 £2,354,000 (2020: £3,112,000). Contributions totalling £1,051,000 (2020: £1,142,000) were payable to the fund at the balance sheet date and are included in other payables.

31 Capital commitments

At 30 September 2021, the Group and Company had capital commitments as follows:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Contracted for but not provided within these financial statements	1,297	1,987	-	-

32 Share-based payment

Share options

The Group operates equity-settled share-option schemes for certain employees. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited, other than in limited circumstances, if the employee leaves the Group before the end of the vesting period. In these limited circumstances options will be exercisable in a specified period following termination of employment after which they will lapse.

For options granted in 2021 additional performance measures apply. The performance measures are EPS growth, where 25% vests at threshold performance and 100% vests at maximum performance and Relative Total Shareholder Return measured against the FTSE AIM 100 index, where 25% vests at a ranking of median rising to 100% for a ranking of upper quartile or higher. In the case of Executive Directors, any vested shares will be subject to a two-year holding period.

The share options under the scheme are as follows:

Year ended 30 September 2021:

Year	No. of options				As at 30 September 2021	Option Price ¹	Exercise Period
	As at 1 October 2020	Granted in 2021	Exercised in 2021	Forfeited in 2021			
2013	212,000	-	(145,000)	(25,000)	42,000	0.10p	August 2016 to July 2023
2015	235,840	-	(74,558)	(68,085)	93,197	0.10p	March 2018 to February 2025
2015	49,963	-	(3,410)	-	46,553	0.10p	July 2018 to June 2025
2016	524,001	-	(115,950)	(31,848)	376,203	0.10p	March 2019 to February 2026
2017	222,536	-	(87,264)	(20,100)	115,172	0.10p	March 2020 to February 2027
2018	7,920,876	-	-	(2,547,208)	5,373,668	69.5p	January 2021 to January 2028
2019	10,026,600	-	(99,982)	(3,912,235)	6,014,383	58.5p	January 2022 to January 2029
2020	13,675,329	-	(1,626,436)	(1,720,534)	10,328,359	42.5p	February 2023 to February 2030
2020	2,100,000	-	-	-	2,100,000	31.5p	June 2023 to June 2030
2021	-	3,817,762	-	(80,628)	3,737,134	0.10p	January 2024 to January 2031
2021	-	205,899	-	-	205,899	0.10p	May 2024 to May 2031

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.

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

32 Share-based payment continued

Year ended 30 September 2020:

Year	No. of options				As at 30 September 2020	Option Price ¹	Exercise Period
	As at 1 October 2019	Granted in 2020	Exercised in 2020	Forfeited in 2020			
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	-	(600)	(1,739,882)	7,920,876	69.5p	January 2021 to January 2028
2019	12,383,000	-	-	(2,356,400)	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 2021, 6,515,149 (2020: 9,216,428) were exercisable. In addition to all of the outstanding share options from 2013 to 2018, the balance of options exercisable also included nil options (2020: 2,006,648) from 2018, 274,283 options (2020: 3,522,100) from 2019, and 194,073 options (2020: 2,443,340) 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 2021 resulted in 2,152,600 shares being issued at a weighted average price of 36.8p. The related weighted average share price at the time of exercise was 57.8p per share. 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.

The fair value of all of the equity-settled share-options granted above 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 weighted average fair value of the share options granted during the period was 54.3p (2020: 10.37p). Other inputs used in the fair value measurement include:

Inputs	2021	2020
Expected share price volatility	37.75%	36.57%
Risk-free rate	-0.11%	0.41%
Expected dividend yield	0.00%	0.00%

The expected price volatility is based on the historic volatility (based on the remaining life of the options).

The total charge reflected in the Consolidated Income Statement in relation to the share-based transactions listed in the table below, and included within continuing operating costs was £830,000 (2020: £1,047,000) and within discontinued operating costs was £nil (2020: £622,000). The share-based payment expense comprises:

Share options issued	Weighted average exercise price	Weighted average remaining contractual life	2021 £000	2020 £000
August 2013	0.1p	Two years	-	-
March 2015 and July 2015	0.1p	Three years	-	-
March 2016	0.1p	Four years	-	-
March 2017	0.1p	Five years	-	(5)
January 2018	69.5p	Six years	58	358
January 2019	58.5p	Seven years	321	816
February 2020	42.5p	Eight years	249	485
June 2020	31.5p	Eight years	61	15
Jan 2021	0.1p	Nine years	133	-
May 2021	0.1p	Nine years	8	-
Equity-settled schemes			830	1,669
Total share-based payment charge			830	1,669

The expense recognised above has been recognised 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 Company's income statement was £212,000 (2020: £383,000), all charged to operating costs in both years.

33 Related party transactions

Subsidiaries

Transactions between the Company and its subsidiary undertakings (see Note 19), which are related parties, amounted to £4,761,000 in the year (2020: £4,897,600). These transactions related to inter-company recharges. Balances with subsidiary undertakings are shown in Notes 22 and 23. Details of transactions between the Group and other related parties are disclosed in the following note.

Other related party transactions

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	
	2021 £000	2020 £000	2021 £000	2020 £000
Sales of goods and services				
Salmar Genetics AS ¹	126	552	-	-
Benchmark Genetics (Thailand) Limited ²	-	39	-	15
Great Salt Lake Brine Shrimp Cooperative, Inc ²	285	351	111	57
Andromeda S.A. ³	-	-	760	319
Baggfossen Mikrokraft AS ²	20	-	10	-
Purchase transactions				
Benchmark Holdings Limited Executive Pension scheme ⁴	-	6	-	-
Great Salt Lake Brine Shrimp Cooperative, Inc ²	25,634	26,021	7,640	8,671

1 Joint venture.

2 Associate.

3 A Director was a director of the parent undertaking of Andromeda S.A. until resigning as a director of that entity in FY20.

4 Pension scheme of a Director who served during FY20.

Remuneration of key management personnel

The aggregate remuneration of the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The key management personnel of the Group were considered to be the Board of Directors and the Executive Management Team (which comprised the Executive Directors, the Group Legal Counsel, the Head of each Business Area and the Group Head of People) for the year ended 30 September 2021 and the Board of Directors for the year ended 30 September 2020.

	2021 £000	2020 £000
Salary	1,465	706
Bonus	1,019	-
Social security	251	90
Taxable benefits	11	9
Payment in lieu of notice	-	183
Pension	100	95
Fees	285	272
Share-based payment	200	304
Total	3,331	1,659

Parent and ultimate controlling party

The Company is controlled by the shareholders. There is no single controlling party.

34 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 2021 were £nil (2020: £nil).

35 Notes supporting statement of cash flows

Cash and cash equivalents for the purposes of the statement of cash flows comprises:

	2021 £000	2020 £000
Group		
Cash at bank and in hand	39,460	71,605
Cash and cash equivalents	39,460	71,605
Company		
Cash at bank and in hand	9,003	47,825
Cash and cash equivalents	9,003	47,825

Notes Forming Part of the Financial Statements continued

for the year ended 30 September 2021

36 Alternative performance measures and other metrics

Alternative performance measures

Management has presented the performance measures EBITDA, 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.

EBITDA, a widely used measure, which reflects profitability, is earnings before interest, tax, depreciation, amortisation and impairment and is shown on the income statement.

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 measures 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

	2021 £000	2020 £000
Continuing operations		
Revenue	125,062	105,565
Cost of sales	(59,477)	(50,603)
Gross profit	65,585	54,962
Research and development costs	(7,010)	(7,282)
Other operating costs	(38,221)	(33,337)
Depreciation and impairment	(8,359)	(6,640)
Amortisation of capitalised development costs	(299)	–
Share of profit of equity accounted investees net of tax	(905)	150
Adjusted operating profit	10,791	7,853
Exceptional including acquisition-related items	(184)	(2,114)
Amortisation and impairment of intangible assets excluding amortisation of development costs	(15,984)	(16,613)
Operating loss	(5,377)	(10,874)

Reconciliation of adjusted profit before tax to adjusted operating profit

	2021 £000	2020 £000
Continuing operations		
Loss before taxation	(9,179)	(22,571)
Exceptional including acquisition-related items	184	2,114
Amortisation and impairment of intangible assets excluding amortisation of development costs	15,984	16,613
Adjusted profit/(loss) before tax	6,989	(3,844)

Other metrics

	2021 £000	2020 £000
Total R&D investment		
Research and development costs		
– Continuing operations	7,010	7,282
– Discontinued operations	–	2,725
	7,010	10,007
Internal capitalised development costs (Note 16)	4,813	4,583
Total R&D investment	11,823	14,590

Other metrics continued

	2021 £000	2020 £000
Adjusted EBITDA excluding fair value movement in biological assets		
Adjusted EBITDA	19,449	14,493
Exclude fair value movement in biological assets (Note 21)	(3,323)	(3,253)
Adjusted EBITDA excluding fair value movement in biological assets	16,126	11,240

36 Alternative performance measures and other metrics continued

Segmental

	Year ended 30 September 2021			Year ended 30 September 2020		
	Discontinued £000	Continuing £000	Total £000	Discontinued £000	Continuing £000	Total £000
Genetics						
Revenue	-	46,797	46,797	-	41,504	41,504
Adjusted EBITDA	-	11,528	11,528	-	14,442	14,442
Operating profit	-	6,024	6,024	-	9,607	9,607

	Year ended 30 September 2021			Year ended 30 September 2020		
	Discontinued £000	Continuing £000	Total £000	Discontinued £000	Continuing £000	Total £000
Advanced Nutrition						
Revenue	-	70,530	70,530	2	59,360	59,362
Adjusted EBITDA	-	13,802	13,802	(143)	6,409	6,266
Operating loss	-	(2,604)	(2,604)	(394)	(10,947)	(11,341)

	Year ended 30 September 2021			Year ended 30 September 2020		
	Discontinued £000	Continuing £000	Total £000	Discontinued £000	Continuing £000	Total £000
Health						
Revenue	-	7,832	7,832	5,573	5,226	10,799
Adjusted EBITDA	-	(2,685)	(2,685)	(9,151)	(3,735)	(12,886)
Operating loss	-	(6,118)	(6,118)	(11,914)	(5,683)	(17,597)

Liquidity

Following the refinancing in June 2019 a key financial covenant is a minimum liquidity of £10m as cash plus undrawn facilities.

	2021 £000
Cash and cash equivalents	39,460
Undrawn bank facility	11,138
Liquidity	50,598

The undrawn bank facility is the RCF facility (Note 24) which at 30 September amounts to USD 15m, none of which has been drawn.

37 Net debt

Net debt is cash and cash equivalents less loans and borrowings.

	2021 £000	2020 £000
Cash and cash equivalents	39,460	71,605
Loans and borrowings (excluding lease liabilities) – current	(1,612)	(2,856)
Loans and borrowings (excluding lease liabilities) – non-current	(94,792)	(95,863)
Net debt excluding lease liabilities	(56,944)	(27,114)
Lease liabilities – current	(9,042)	(2,483)
Lease liabilities – non-current	(14,945)	(7,956)
Net debt	(80,931)	(37,553)

Glossary

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 36)
AEBITDA	EBITDA before exceptional and acquisition costs (see income statement)
AER	Actual exchange rate
AGM	Annual General Meeting
AIM	Alternative Investment Market
ASC	Aquaculture Stewardship Council
Breeders	Broodstock shrimp
CAGR	Compound Annual Growth Rate
CCS	Cross-currency swap
CEO	Chief Executive Officer
CER	Constant exchange rate
CFO	Chief Financial Officer
CGU	Cash-Generating Unit
CleanTreat®	Benchmark's water purification system that removes medicines from treatment water
CO₂	Carbon Dioxide
Constant currency	2021 figures in GBP converted using average foreign exchange rates prevalent in 2020
EBITDA	Earnings before interest, tax, depreciation and amortisation (see income statement)
Ectosan®Vet	Sea Lice veterinary medicinal treatment used together with CleanTreat®
EMA	European Medicines Agency
EURIBOR	Euro Interbank Offered Rate
ESG	Environmental, Social, Governance
FAO	Food and Agriculture Organisation
FRN	Floating rate NOK Bond
Fry	Fry refers to shrimp or fish larvae
FY	Financial Year
Genomic Selection	Targeted breeding by selecting individuals based on their genome
GHG	Greenhouse Gas Emissions
GRI	Global Reporting Initiative. Organisation producing reporting standards.
IAS	International Accounting Standards
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
IRS	Interest rate swap
LIBOR	London Interbank Offered Rate
Liquidity	Undrawn bank facilities plus cash and cash equivalents (see Note 36)
LTIP	Long-Term Incentive Plan
MA	Marketing Authorisation
MRL	Maximum residue limit
MT	Metric Tonnes
MWh	MegaWatt hours. Unit of measure for energy.
Net debt	Net debt is cash and cash equivalents less loans and borrowings
Net zero	A net zero organisation will set and pursue an ambitious 1.5 °C aligned science-based target for its full value-chain emissions. Any remaining hard-to-decarbonise emissions can be compensated using certified greenhouse gas removal
NIBOR	Norwegian Interbank Offered Rate

OCI	Consolidated Statement of Comprehensive Income
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
QTL	Quantitative Trait Loci – DNA containing/linked to genes that underlie a quantitative trait
RAS	Recirculating aquaculture system
R&D	Research & Development
Salmosan® Vet	Benchmark's sea lice bath treatment
Salten	Benchmark's new land-based salmon egg and broodstock production facility in Norway
Sea lice	Parasite in salmon farming causing significant economic loss and welfare issues
SECR	Streamlined Energy of Carbon Reporting. The requirement to report carbon emissions annually
SIP	Share Incentive Plan
SONIA	Sterling Overnight Index Average Rate
SPR	Specific Pathogen Resistant
tCO₂e	Tonnes of CO ₂ equivalent. Unit of measure for reporting all greenhouse gas emissions in a common way
Total Adjusted EBITDA	Adjusted EBITDA for continuing and discontinued operations (see income statement)
Total R&D investment	R&D expensed costs plus capitalised development costs
WRI	World Resources Institute

Notes

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