

28 February 2020

Information within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014.

Benchmark Holdings plc

(“Benchmark”, the “Company” or the “Group”)

Q1 Results

(3 months for ended 31 December 2019)

In compliance with the terms of Company’s senior secured bond which requires it to publish quarterly financial information, Benchmark, the aquaculture health, nutrition and genetics business, announces its unaudited results for the 3 months ended 31 December 2019 (the “period”). All Q1FY20 and Q1FY19 figures quoted in this announcement are based on unaudited accounts.

£m	Q1 2020	Q12019	FY2019 Restated*
Adjusted			
Revenue from continuing operations	25.0	29.6	126.8
Adjusted EBITDA ² from continuing operations	(2.0)	2.3	13.0
Adjusted Operating Profit ³ from continuing operations	(3.8)	(0.9)	(4.9)
Statutory			
EBITDA ¹ from continuing operations	(2.1)	2.3	12.4
Loss before tax from continuing operations	(5.9)	(5.9)	(69.8)
Loss for the period from continuing operations	(5.3)	(6.1)	(70.5)
Loss for the period - total incl. discontinued operations	(5.4)	(7.7)	(83.1)
Basic loss per share (p)	(1.02)	(1.42)	(15.03)
Net debt ⁴	(91.3)	(65.7)	(87.1)

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

(2) Adjusted EBITDA is EBITDA¹, before exceptional items and acquisition related expenditure.

(3) Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs

(4) Net debt is cash and cash equivalents less loans, borrowings and lease obligations excluding balances held for sale. (note 15)

* FY2019 numbers have been restated to reflect changes to the ongoing continuing business since the previous reporting date (note 5). Q12019 figures have not been previously reported and so are not restated.

Q1 Overview

- Q1 results were impacted by continuing market weakness in Advanced Nutrition. As a result, Group revenues from continuing operations were 15.5% below the prior year and Adjusted EBITDA from continuing operations a loss of £2.0m. Positive performance and outlook in Genetics.
- The Company is accelerating its restructuring and cost savings plan to offset the continuing impact from adverse shrimp markets and overall the Company expects to deliver on expectations for the full year.
- The Company is monitoring the potential impact of the Coronavirus on its business. To date, the coronavirus has led to a suspension of shrimp imports to China, affecting shrimp producers principally in Ecuador and India. In addition, shrimp production in Vietnam and Thailand has decreased as a result of preventative measures constraining activities and consumption across Asian markets has declined.
- Post period end the Company:
 - raised £42m net proceeds through a placing and open offer with existing and new shareholders to fund the scale up of CleanTreat® necessary for the commercialisation of the Company's new sea lice treatment BMK08 and for working capital purposes;
 - completed the sale of its conferences business, completed the sale of a small non-core nutrition business, and closed its marketing services business; and
 - submitted the regulatory dossier for BMK08.
- Liquidity (defined as cash and undrawn facility) as at 27 February was c.£67m (31 December 2019: £24.8m).

Divisional overview

- Advanced Nutrition reported a £4.5m reduction in revenues to £11.4m (Q1 2019: £15.9m) as a result of market weakness, the global oversupply of Artemia and stocking patterns in Q4 2019. Adjusted EBITDA was a loss of (£0.4m) (Q1 2019: £2.7m).
- Genetics reported revenues of £12.1m, 2.5% ahead of the same period last year and Adjusted EBITDA of £3.5m, 9% ahead the prior year (Q1 2019: £3.2m), with the increase in Adjusted EBITDA margin to 29% driven by production at the new Salten facility replacing previous outsourcing.
- Revenues in Animal Health (including Discontinued Operations of veterinary and diagnostics) in Q4 were £3.4m (Q1 2019: £3.5m). Adjusted EBITDA was a loss of £4.0m (Q1 2019: loss of £3.5m).

Peter George, Executive Chairman, commented:

"As expected, our first quarter saw a continuation of the trends reported at year end, with weak shrimp and Mediterranean seabass/bream markets affecting Advanced Nutrition and outweighing a good performance in Genetics.

"So far the impact from coronavirus has been minimal but we remain cautious given our exposure to the Asian end markets."

"The submission of our regulatory dossier for BMK08, our novel sea lice treatment is a significant milestone. Following the recent fundraise we are in a strong financial position to prepare for the commercial launch."

“We remain on track to complete our planned disposals in 2020 and are accelerating our restructuring and cost savings programme which will help us offset the ongoing adverse conditions in Advanced Nutrition and deliver on expectations for the full year.”

Enquiries

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About Benchmark

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

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

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

Management Report

Group

Q1 2020 saw a continuation of the trends seen in Q4 2019, with weak shrimp and Mediterranean seabass/bream markets and oversupply of Artemia impacting sale volumes and margins in Advanced Nutrition. As a result, the Group reported revenues of £25.0m and an Adjusted EBITDA loss of (£2.0m). Gross margin for the Group in the period was 48% (Q1 2019:52%).

Operating costs increased 5% against the same period in the prior year mainly driven by staff costs. Research and development costs increased to £4.0m in the quarter (Q1 2019: £3.0m) with increases in Animal Health and Genetics being offset by lower spend in Advanced Nutrition.

Net finance income for the quarter was £2.4m (Q1 2019: net finance costs £2.4m). Interest expense has increased to £1.7m (Q1 2019: £1.1m) as a result of the higher level of borrowings and increased borrowing rate following refinancing in 2019. Other movements relate to forex gains of £3.4m in the period (Q1 2019: forex loss £1.4m) and a gain on the fair value of the instrument taken out to hedge currency and interest volatility in the bond financing for which hedge accounting has not been adopted.

This quarter is the first period in which IFRS 16 'Leases' has been adopted. The impact of the standard has been to increase operating profit in the quarter by £0.4m, increase finance costs by £0.1m and increase depreciation by £0.3m. The right-of-use assets recognised on the balance sheet, measured at the discounted net present value of the future lease payments, have a net book value of £4.4m. The resulting lease liabilities are included within loans and borrowings, and total £4.5m at 31 December 2019.

There was a net increase in cash in the quarter of £2.2m (Q1 2019: £9.6m outflow). Net cash outflow from operating activities was £3.6m (Q1 2019: £5.3m outflow) which included the unwind of high year end debtors and creditors balances resulting from high year end activity. There were further cash inflows of £6.9m from the receipt of the final part of the consideration from the dissolution of the joint venture with AquaChile and £4.2m drawn against the revolving credit facility. Net debt at the end of the period was £91.3m and liquidity was £24.8m, above our £10m minimum liquidity covenant. Liquidity post period end fundraising of £42m net proceeds was c. £67m (as at February 27 2020).

As stated in our full year results, a high priority for 2020 is to deliver our programme of disposals and cost savings. Post period end we completed the sale of our conferences business, completed the sale of a small non-core nutrition business, and closed our marketing services business. The disposals will generate initial consideration of £1.5m, and up to £0.5m additional consideration while the closures will result in c.£0.9m of annual savings.

Divisional Commentary

Advanced Nutrition

Advanced Nutrition delivered revenues of £11.4m, 28% below the prior year (Q1 2019: £15.9m) as a result of weak shrimp and bass/bream markets, the oversupply in global Artemia, and the restocking pattern seen in Q4 2019. Consequently Adjusted EBITDA was a loss of (£0.4m) (Q1 2019: £2.7m).

By product area, Artemia was most affected, down 45% versus prior year while Diets was down 9% and Health up 4%. By geography, India was the most impacted market in shrimp, although it is expected to show some recovery later in the year. The Mediterranean seabass/bream hatchery season has had a slow start. Faced with challenging market conditions, our focus is on strengthening our customer technical support and

leveraging our proprietary technologies to retain and regain Artemia market share, controlling costs, and expanding in the shrimp grow-out segment. As part of this strategy, we completed successful trials of our grow-out protocols with the leading shrimp producer in Vietnam to support the scaling up of their farming capacity.

Genetics

Genetics revenues in Q1 2020 were £12.1m, 2.5% above the prior year (Q1 2019: £11.8m) and Adjusted EBITDA was £3.5m, 9% above the prior year (Q1 2019: £3.1m). The Adjusted EBITDA margin in the period was 29% (Q1 2019: 27%).

The margin improvement reflects the slightly higher revenues and lower cost of sales as a result of in-house egg production at Salten replacing more expensive outsourced production. Following the opening of the Salten facility, this is the first year we are able to supply salmon eggs year round from Norway, a significant benefit for our customers.

The Company took operational control of Ensenada, the salmon egg hatchery and incubation facility in Chile, and post period end the Company signed a lease on a new grow-out facility in Curacalco to complete the infrastructure required for local production of salmon eggs in Chile.

Animal Health

Revenues in Animal Health in Q1 2020 (including Discontinued Operations of veterinary and diagnostics) were £3.4m, 3% below the prior year (Q1 2019: £3.5m). Revenues from Continuing Operations were £1.8m, £0.4m below the prior year (Q1 2019: £2.2m) as a result of lower Salmosan sales in the Faroes and Canada and lower toll manufacturing sales.

Adjusted EBITDA including Discontinued Operations was a loss of (£4.0m) (Q1 2019: loss £3.5m). Adjusted EBITDA loss from Continuing Operations was £4.2m (Q1 2019: loss £3.3m). The lower performance against the prior year reflects a reduction in revenues from higher margin areas or markets, as well as increased expenditure related to launch preparations for BMK08 and investment in vaccine development.

Operationally there was significant progress in the commercial launch plan for BMK08 including development of the operating model for CleanTreat®, as well as activity to compile the regulatory dossier for BMK08 which was submitted post period end. Procurement for the next CleanTreat® system also commenced post period end. In vaccines, the regulatory dossier for the first seabream/seabass vaccine was submitted.

Outlook

Conditions in our Advanced Nutrition business continue to be adverse into Q2. However, the outlook in the salmon sector which underpins our Genetics and Health business continues to be positive. Our priority for 2020 remains to deliver on our programme of disposals, restructuring and cost savings, which we have accelerated in light of the adverse conditions in Advanced Nutrition.

Following completion of the £42m net proceeds fundraising on 27 February 2020, we are in a stronger financial position both to prepare for the commercial launch of BMK08 and to accelerate our restructuring programme.

So far the impact from coronavirus has been minimal but we remain cautious given our exposure to the Asian end markets. To date the coronavirus has led to a suspension of shrimp imports to China, the world's largest consumer of shrimp, which has affected producers in Ecuador and India.

Benchmark Holdings plc

Consolidated Income Statement for the period ended 31 December 2019

All figures in £000's	Notes	Q1 2020 (unaudited)	Q1 2019* (unaudited)	FY 2019 Restated* (audited)
Revenue	4	25,019	29,615	126,776
Cost of sales		(12,977)	(14,249)	(60,517)
Gross profit		12,042	15,366	66,259
Research and development costs		(3,993)	(2,980)	(12,830)
Other operating costs		(10,257)	(9,763)	(40,065)
Share of profit/(loss) of equity-accounted investees, net of tax		211	(298)	(414)
Adjusted EBITDA²		(1,997)	2,325	12,950
Exceptional - restructuring/acquisition related items	6	(134)	-	(581)
EBITDA¹		(2,131)	2,325	12,369
Depreciation and impairment		(1,780)	(1,391)	(8,080)
Amortisation and impairment		(4,389)	(4,400)	(62,045)
Operating loss		(8,300)	(3,466)	(57,756)
Finance cost		(2,010)	(2,571)	(12,422)
Finance income		4,368	160	368
Loss before taxation from continuing operations		(5,942)	(5,877)	(69,810)
Tax credit/(charge) on loss	7	600	(267)	(640)
Loss from continuing operations		(5,342)	(6,144)	(70,450)
Discontinued operations				
Loss from discontinued operations, net of tax	5	(100)	(1,511)	(12,630)
		(5,442)	(7,655)	(83,080)
Loss for the year attributable to:				
- Owners of the parent		(5,716)	(7,901)	(83,857)
- Non-controlling interest		274	246	777
		(5,442)	(7,655)	(83,080)
Earnings per share				
Basic loss per share (pence)		(1.02)	(1.42)	(15.03)
Diluted loss per share (pence)		(1.02)	(1.42)	(15.03)
Earnings per share - continuing operations				
Basic loss per share (pence)		(1.00)	(1.15)	(12.77)
Diluted loss per share (pence)		(1.00)	(1.15)	(12.77)
Adjusted EBITDA from continuing operations		(1,997)	2,325	12,950
Adjusted EBITDA from discontinued operations		410	(773)	775
Total Adjusted EBITDA		(1,587)	1,552	13,725

1 EBITDA – Earnings/loss before interest, tax, depreciation and amortisation

2 Adjusted EBITDA – EBITDA before exceptional and acquisition related items

*FY 2019 numbers have been restated to reflect changes to the ongoing continuing business since the previous reporting date (note 5).

Q1 2019 figures have not been previously reported and so are not restated.

Consolidated Statement of Comprehensive Income for the period ended 31 December 2019

All figures in £000's	Q1 2020 (unaudited)	Q1 2019 (unaudited)	FY 2019 Restated (audited)
Loss for the period	(5,442)	(7,655)	(83,080)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange translation differences	(23,560)	3,280	13,919
Cash flow hedges - changes in fair value	(1,660)	-	(3,549)
Cash flow hedges - reclassified to profit or loss	(75)	-	(17)
Total comprehensive income for the period	(30,737)	(4,375)	(72,727)
Total comprehensive income for the period attributable to:			
- Owners of the parent	(30,810)	(4,434)	(73,174)
- Non-controlling interest	73	59	447
	(30,737)	(4,375)	(72,727)
Total comprehensive income for the period attributable to owners of the parent:			
- Continuing operations	(30,833)	(2,699)	(60,348)
- Discontinued operations	23	(1,735)	(12,826)
	(30,810)	(4,434)	(73,174)

*FY 2019 numbers have been restated to reflect changes to the ongoing continuing business since the previous reporting date (note 5). Q1 2019 figures have not been previously reported separately and so are not restated.

Benchmark Holdings plc

Consolidated Balance Sheet as at 31 December 2019

		31 December 2019	31 December 2018	30 September 2019
All figures in £000's	Notes	(unaudited)	(unaudited)	(audited)
Assets				
Property, plant and equipment		85,204	96,983	88,900
Right of use assets		4,421	-	-
Intangible assets		255,006	326,658	275,744
Equity-accounted investees		3,488	17,428	3,453
Other investments		24	28	25
Biological and agricultural assets		10,090	6,421	12,469
Loan to equity-accounted investee		-	4,233	-
Non-current assets		358,233	451,751	380,591
Inventories		23,544	22,561	22,609
Biological and agricultural assets		17,483	15,871	16,024
Trade and other receivables		34,211	35,603	52,136
Cash and cash equivalents		17,020	14,508	16,051
		92,258	88,543	106,820
Assets held for sale	9	17,088	-	15,970
Current assets		109,346	88,543	122,790
Total assets		467,579	540,294	503,381
Liabilities				
Trade and other payables		(27,054)	(36,306)	(35,235)
Loans and borrowings		(2,951)	(1,291)	(3,231)
Corporation tax liability		(2,606)	(3,607)	(2,703)
Provisions		(144)	(70)	(404)
		(32,755)	(41,274)	(41,573)
Liabilities directly associated with the assets held for sale	9	(12,757)	-	(10,634)
Current liabilities		(45,512)	(41,274)	(52,207)
Loans and borrowings	10	(105,366)	(78,919)	(99,961)
Other payables		(1,952)	(1,236)	(2,004)
Deferred tax		(34,742)	(40,837)	(38,743)
Non-current liabilities		(142,060)	(120,992)	(140,708)
Total liabilities		(187,572)	(162,266)	(192,915)
Net assets		280,007	378,028	310,466
Issued capital and reserves attributable to owners of the parent				
Share capital	11	559	558	559
Additional paid-in share capital	11	358,044	358,044	358,044
Capital redemption reserve		5	5	5
Retained earnings		(116,354)	(35,736)	(110,916)
Hedging reserve		(5,301)	-	(3,566)
Foreign exchange reserve		36,843	49,420	60,202
Equity attributable to owners of the parent		273,796	372,291	304,328
Non-controlling interest		6,211	5,737	6,138
Total equity and reserves		280,007	378,028	310,466

The notes on pages 11 to 25 are an integral part of this interim consolidated financial information

Benchmark Holdings plc

Consolidated Statement of Changes in Equity for the period ended 31 December 2019

All figures in £000's	Share capital	Additional paid-in share capital	Other reserves	Hedging reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
As at 1 October 2019 (unaudited)	559	358,044	60,207	(3,566)	(110,916)	304,328	6,138	310,466
Comprehensive income for the period								
(Loss)/profit for the period	-	-	-	-	(5,716)	(5,716)	274	(5,442)
Other comprehensive income	-	-	(23,359)	(1,735)	-	(25,094)	(201)	(25,295)
Total comprehensive income for the period	-	-	(23,359)	(1,735)	(5,716)	(30,810)	73	(30,737)
Contributions by and distributions to owners								
Share based payment	-	-	-	-	278	278	-	278
Total contributions by and distributions to owners	-	-	-	-	278	278	-	278
Total transactions with owners of the Company	-	-	-	-	278	278	-	278
As at 31 December 2019 (unaudited)	559	358,044	36,848	(5,301)	(116,354)	273,796	6,211	280,007
As at 1 October 2018 (unaudited)	557	357,894	45,958	-	(28,240)	376,169	5,678	381,847
Comprehensive income for the year								
(Loss)/profit for the year	-	-	-	-	(7,901)	(7,901)	246	(7,655)
Other comprehensive income	-	-	3,467	-	-	3,467	(187)	3,280
Total comprehensive income for the year	-	-	3,467	-	(7,901)	(4,434)	59	(4,375)
Contributions by and distributions to owners								
Share issue	1	150	-	-	-	151	-	151
Share based payment	-	-	-	-	405	405	-	405
Total contributions by and distributions to owners	1	150	-	-	405	556	-	556
Total transactions with owners of the Company	1	150	-	-	405	556	-	556
As at 31 December 2018 (unaudited)	558	358,044	49,425	-	(35,736)	372,291	5,737	378,028
As at 1 October 2018 (audited)	557	357,894	45,958	-	(28,240)	376,169	5,678	381,847
Comprehensive income for the year								
(Loss)/profit for the year	-	-	-	-	(83,857)	(83,857)	777	(83,080)
Other comprehensive income	-	-	14,249	(3,566)	-	10,683	(330)	10,353
Total comprehensive income for the year	-	-	14,249	(3,566)	(83,857)	(73,174)	447	(72,727)
Contributions by and distributions to owners								
Share issue	2	150	-	-	-	152	-	152
Share based payment	-	-	-	-	1,181	1,181	-	1,181
Total contributions by and distributions to owners	2	150	-	-	1,181	1,333	-	1,333
Changes in ownership								
Disposal of subsidiary with NCI	-	-	-	-	-	-	13	13
Total changes in ownership interests	-	-	-	-	-	-	13	13
Total transactions with owners of the Company	2	150	-	-	1,181	1,333	13	1,346
As at 30 September 2019 (audited)	559	358,044	60,207	(3,566)	(110,916)	304,328	6,138	310,466

Other reserves in this statement is an aggregation of Capital redemption reserve and Foreign exchange reserve.

Benchmark Holdings plc

Consolidated Statement of Cash Flows for the period ended 31 December 2019

	31 December 2019 (unaudited)	31 December 2018 (unaudited)	30 September 2019 (audited)
All figures in £000's			
Cash flows from operating activities			
Loss for the period	(5,442)	(7,655)	(83,080)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	1,910	1,938	17,227
Amortisation and impairment of intangible fixed assets	4,389	4,589	66,087
Gain on sale of property, plant and equipment	(3)	-	(838)
Finance income	(963)	(160)	(368)
Finance costs	2,049	1,146	7,773
Other adjustments for non-cash items	-	-	68
Share of profit of equity-accounted investees, net of tax	(211)	298	414
Foreign exchange (gains)/losses	(4,351)	1,815	5,620
Share based payment expense	278	405	1,181
Tax (credit)/charge	(571)	269	111
	(2,915)	2,645	14,195
Decrease/(increase) in trade and other receivables	10,606	4,658	(12,516)
Increase in inventories	(1,810)	(1,797)	(2,273)
Increase in biological assets	(373)	(2,419)	(8,593)
Decrease/(increase) in trade and other payables	(8,301)	(7,901)	3,968
Decrease/(increase) in provisions	(18)	-	261
	(2,811)	(4,814)	(4,958)
Income taxes paid	(827)	(529)	(4,253)
Net cash flows from/(used) in operating activities	(3,638)	(5,343)	(9,211)
Investing activities			
Acquisition of subsidiaries, net of cash acquired	-	(168)	(7)
Purchase of investments	-	-	(7,020)
Receipts from disposal of investments	6,932	-	5,942
Purchase of property, plant and equipment	(1,576)	(1,552)	(7,850)
Purchase of intangibles	(952)	(2,215)	(7,964)
Proceeds from sale of fixed assets	-	172	1,131
Interest received	69	94	447
Net cash flows from/(used) in investing activities	4,473	(3,669)	(15,321)
Financing activities			
Proceeds of share issues	-	-	2
Proceeds from bank or other borrowings	4,174	946	92,578
Repayment of bank borrowings	(201)	-	(71,224)
Interest and finance charges paid	(2,100)	(1,558)	(5,366)
Repayments of lease liabilities	(535)	(2)	(5)
Net cash inflow from financing activities	1,338	(614)	15,985
Net increase/(decrease) in cash and cash equivalents	2,173	(9,626)	(8,547)
Cash and cash equivalents at beginning of year	16,051	24,090	24,090
Effects of movements in exchange rate on cash held	(960)	44	508
Cash and cash equivalents at end of year	17,264	14,508	16,051

The Consolidated Statement of Cash Flows presents cash flows from both Continuing and Discontinued operations
Of the cash balance at 31 December 2019 of £17,264,000, £244,000 has been classified as held for sale (note 9).

1. Basis of preparation

Benchmark Holdings plc (the 'Company') is a company incorporated domiciled in the United Kingdom. These consolidated interim financial statements as at and for the three months ended 31 December 2019 represents that of the Company and its subsidiaries (together referred to as the 'Group').

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 September 2019 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. Statutory accounts for the year ended 30 September 2019 were approved by the Directors on 20 December 2019 and will be delivered to the Registrar of Companies. The audit report received on those accounts was unqualified and did not make a statement under section 498 of the Companies Act 2006 but did contain an emphasis of matter paragraph in relation to going concern.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Management Report.

As at 31 December 2019 the Group had net assets of £280.0m (30 September 2019: £310.5m), including cash of £17.0m (30 September 2019: £16.1m) as set out in the consolidated balance sheet. The Group made a loss for the period of £5.4m (12 months ending 30 September 2019: £83.1m). Drawings against the Group's USD15m revolving credit facility were USD4.9m (c.£4.0m) at 31 December 2019 (30 September 2019: £nil).

During February 2020, net proceeds of £41.9m were received following an issue of share capital (note 12).

The Directors have reviewed trading and cash flow forecasts for the Group covering the period to September 2021, including forecast compliance with covenants on borrowings. These forecasts include a number of assumptions in relation to trading performance across the Group including supply, demand and pricing of key raw materials and products, and the out-licensing of certain products in development. The forecasts also contain a number of board approved initiatives ("Structural Efficiencies programme") relating to structural and operational efficiencies to reallocate capital, reduce costs, grow margins, prioritise R&D spend, and exit from non-core activities.

The Directors have considered reasonably possible downside sensitivity scenarios, including mitigating actions within their control should these occur around deferring and reducing non-essential capital and revenue expenditure. Together with the proceeds from the equity raise, these forecast cashflows provide sufficient headroom in the forecast period.

The Directors have considered all of the factors noted above and are confident that the Group has adequate resources to continue to meet its liabilities as and when they fall due the period of 12 months from the date of approval of these interim financial statements. Accordingly, the interim financial statements have been prepared on a going concern basis.

In the last annual financial statements it was disclosed that although the Directors believed it remained appropriate to prepare the financial statements on a going concern basis, a material uncertainty existed that may have 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 its liabilities in the normal course of business. The last annual financial statements did not include any adjustments that would result from the basis of preparation being inappropriate. Based on the review and financing activities described above, and the cash reserves now available, the Directors no longer believe this material uncertainty exists.

Accounting policies

The accounting policies adopted are consistent with those used in preparing the consolidated financial statements for the financial year ended 30 September 2019.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

1. Basis of preparation (continued)

Adoption of new and revised standards

This is the first set of the Group's financial statements in which IFRS 16 Leases has been applied. The effects of this are set out in note 2 – Changes in significant accounting policies.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Alternative performance measures ('APMs')

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These APMs may not be directly comparable with other companies' APMs and the Directors do not intend these as a substitute for, or superior to, IFRS measures.

Directors have presented the performance measures Adjusted EBITDA, Adjusted Operating Profit and Adjusted Profit Before Tax because it monitors performance at a consolidated level using these and believes that these measures are relevant to an understanding of the Group's financial performance.

Use of estimates and judgements

The preparation of interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual amounts may differ from these estimates.

In preparing these interim financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 September 2019.

2. Changes in significant accounting policies

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

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

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

IFRS 16 has been adopted for the year ending 30 September 2020 using the modified retrospective approach. The right-of-use asset recognised on transition has been measured at an amount materially equal to the lease liability, which has been measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate could not be readily determined, the lessee's incremental borrowing rate). Therefore, no adjustment to the opening balance of retained earnings at 1 October 2019 has been necessary along with no restatement of comparative information.

The impact of IFRS 16 on the Income Statement for the 3-month period ended 31 December 2019 for continuing operations has been an increase to operating profit of £0.4m, an increase in finance costs of £0.1m, an increase in depreciation of £0.3m and no change in loss on discontinued operations.

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

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

2. Changes in significant accounting policies

Reconciliation of right of use assets and liabilities

All figures in £000's

Operating lease commitments disclosed at 30 September 2019	9,528
Recognition exemption for leases of low-value assets	(3)
Recognition exemption for leases with less than 12 months of lease term remaining at transition	(914)
Discounted using the incremental borrowing rate at 1 October 2019	(2,473)
Finance lease liabilities recognised at 30 September 2019	590
Recognised within assets held for sale	(2,069)
Lease liabilities recognised at 1 October 2019	4,659

The Group presents lease liabilities within Loans and Borrowings. The carrying amount included within these at 31 December 2019 is as follows:

All figures in £000's

Current	2,035
Non-current	2,550
Total	4,540

3. 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 as follows:

- *Animal Health Division* – provides veterinary services, environmental services diagnostics and animal health products to global aquaculture, and manufactures licenced veterinary vaccines and vaccine components;
- *Benchmark Genetics Division* - 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 Animal Nutrition Division* - manufactures and provides technically advanced nutrition and health products to the global aquaculture industry.

In addition to the above, reported as “all other segments” is the Knowledge Services division. The division provides sustainable food production consultancy, technical consultancy and assurance services and promotes sustainable food production and ethics through online news and technical publications for the international agriculture and food processing sectors and through delivery of training courses to the industries.

In order to reconcile the segmental analysis to the Consolidated Income Statement, Corporate and Inter-segment sales are also shown. Corporate represents revenues earned from recharging certain central costs to the operating divisions, together with unallocated central costs.

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.

3. Segment information (continued)

Segmental Revenue

All figures in £000's	Q1 2020 (unaudited)	Q1 2019 (unaudited)	YTD 2019 (audited)
Animal Health	3,420	3,542	17,742
Genetics	12,120	11,835	39,696
Advanced Animal Nutrition	11,396	15,866	76,776
All other segments	3,373	3,534	15,881
Corporate	1,538	1,399	6,534
Inter-segment sales	(1,793)	(1,810)	(7,890)
Total	30,054	34,366	148,739

Segmental Adjusted EBITDA

All figures in £000's	Q1 2020 (unaudited)	Q1 2019 (unaudited)	YTD 2019 (audited)
Animal Health	(4,021)	(3,456)	(10,197)
Genetics	3,455	3,215	10,075
Advanced Animal Nutrition	(405)	2,665	15,406
All other segments	196	(107)	1,264
Corporate	(812)	(765)	(2,823)
Total	(1,587)	1,552	13,725

Reconciliations of segmental information to IFRS measures**Revenue**

All figures in £000's	Q1 2020 (unaudited)	Q1 2019* (unaudited)	YTD 2019 Restated* (audited)
Total revenue per segmental information	30,054	34,366	148,739
Less: revenue from discontinued operations (note 5)	(5,035)	(4,751)	(21,963)
Consolidated revenue	25,019	29,615	126,776

Reconciliation of Reportable Segments Adjusted EBITDA to Loss before taxation from continuing operations

All figures in £000's	Q1 2020 (unaudited)	Q1 2019* (unaudited)	YTD 2019 Restated* (audited)
Total reportable segment Adjusted EBITDA	(971)	2,424	15,284
Other Segment and Corporate Adjusted EBITDA	(616)	(872)	(1,559)
	(1,587)	1,552	13,725
Less: Adjusted EBITDA from discontinued operations (note 5)	(410)	773	(775)
Adjusted EBITDA from continuing operations	(1,997)	2,325	12,950
Exceptional including acquisition related items	(134)	-	(581)
Depreciation and impairment	(1,780)	(1,391)	(8,080)
Amortisation and impairment	(4,389)	(4,400)	(62,045)
Net finance costs	2,358	(2,411)	(12,054)
Loss before taxation from continuing operations	(5,942)	(5,877)	(69,810)

*See note 5.

Unaudited notes to the interim financial statements for period ended 31 December 2019

4. Revenue

The Group's operations and main revenue streams are those described in its financial statements to 30 September 2019. 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 3).

Sale of goods and provision of services

3 months ended 31 December 2019 (unaudited)									
All figures in £000's	Animal Health	Genetics	Advanced Animal Nutrition	All other segments	Corporate	Inter-segment sales	Total	Discontinued	Continued
Sale of goods	1,612	10,939	11,388	197	-	-	24,136	320	23,816
Provision of services	1,610	1,125	-	3,166	17	-	5,918	4,715	1,203
Inter-segment sales	198	56	8	10	1,521	(1,793)	-	-	-
	3,420	12,120	11,396	3,373	1,538	(1,793)	30,054	5,035	25,019

3 months ended 31 December 2018 (unaudited)									
All figures in £000's	Animal Health	Genetics	Advanced Animal Nutrition	All other segments	Corporate	Inter-segment sales	Total	Discontinued*	Continued*
Sale of goods	2,023	10,975	15,854	283	-	-	29,135	360	28,775
Provision of services	1,357	782	-	3,060	32	-	5,231	4,391	840
Inter-segment sales	162	78	12	191	1,367	(1,810)	-	-	-
	3,542	11,835	15,866	3,534	1,399	(1,810)	34,366	4,751	29,615

12 months ended 30 September 2019 (audited)									
All figures in £000's	Animal Health	Genetics	Advanced Animal Nutrition	All other segments	Corporate	Inter-segment sales	Total	Discontinued Restated*	Continued Restated*
Sale of goods	10,582	36,270	76,707	1,168	-	-	124,727	2,202	122,525
Provision of services	6,582	3,285	-	13,978	167	-	24,012	19,761	4,251
Inter-segment sales	578	141	69	735	6,367	(7,890)	-	-	-
	17,742	39,696	76,776	15,881	6,534	(7,890)	148,739	21,963	126,776

*See note 5.

4. Revenue (continued)

Primary geographical markets

3 months ended 31 December 2019 (unaudited)									
All figures in £000's	Animal Health	Genetics	Advanced Animal Nutrition	All other segments	Corporate	Inter-segment sales	Total	Discontinued	Continued
Faroe Islands	25	2,160	-	-	-	-	2,185	-	2,185
Greece	-	-	1,495	-	-	-	1,495	-	1,495
Norway	543	5,814	112	-	-	-	6,469	423	6,046
India	-	-	956	-	-	-	956	-	956
UK	693	2,342	19	2,106	17	-	5,177	2,694	2,483
Singapore	-	-	679	-	-	-	679	-	679
Ecuador	-	-	1,985	-	-	-	1,985	-	1,985
Chile	1,189	14	-	-	-	-	1,203	265	938
Rest of Europe	524	1,210	1,487	996	-	-	4,217	1,364	2,853
Rest of World	248	524	4,655	261	-	-	5,688	289	5,399
Inter-segment sales	198	56	8	10	1,521	(1,793)	-	-	-
	3,420	12,120	11,396	3,373	1,538	(1,793)	30,054	5,035	25,019

3 months ended 31 December 2018 (unaudited)									
All figures in £000's	Animal Health	Genetics	Advanced Animal Nutrition	All other segments	Corporate	Inter-segment sales	Total	Discontinued*	Continued*
Faroe Islands	126	2,341	1	-	-	-	2,468	-	2,468
Greece	17	22	1,957	-	-	-	1,996	-	1,996
Norway	434	6,196	75	-	-	-	6,705	394	6,311
India	-	-	3,271	-	-	-	3,271	-	3,271
UK	618	1,317	69	1,712	32	-	3,748	2,258	1,490
Singapore	17	-	1,395	-	-	-	1,412	17	1,395
Ecuador	-	-	2,444	-	-	-	2,444	-	2,444
Chile	1,216	787	17	-	-	-	2,020	252	1,768
Rest of Europe	492	897	1,203	1,171	-	-	3,763	1,360	2,403
Rest of World	460	197	5,422	460	-	-	6,539	470	6,069
Inter-segment sales	162	78	12	191	1,367	(1,810)	-	-	-
	3,542	11,835	15,866	3,534	1,399	(1,810)	34,366	4,751	29,615

4. Revenue (continued)**Primary geographical markets (continued)**

12 months ended 30 September 2019 (audited)									
All figures in £000's	Animal Health	Genetics	Advanced Animal Nutrition	All other segments	Corporate	Inter-segment sales	Total	Discontinued Restated*	Continued Restated*
Faroe Islands	126	8,248	2	-	-	-	8,376	-	8,376
Greece	20	114	7,214	4	-	-	7,352	3	7,349
Norway	2,656	19,074	466	8	-	-	22,204	1,548	20,656
India	-	-	12,798	-	-	-	12,798	-	12,798
UK	2,831	3,397	255	8,544	167	-	15,194	10,718	4,476
Singapore	17	-	9,062	-	-	-	9,079	17	9,062
Ecuador	-	-	9,555	-	-	-	9,555	-	9,555
Chile	5,392	1,969	33	-	-	-	7,394	1,619	5,775
Rest of Europe	3,024	4,943	3,946	4,733	-	-	16,646	5,689	10,957
Rest of World	3,098	1,810	33,376	1,857	-	-	40,141	2,369	37,772
Inter-segment sales	578	141	69	735	6,367	(7,890)	-	-	-
	17,742	39,696	76,776	15,881	6,534	(7,890)	148,739	21,963	126,776

* See note 5.

5. Discontinued activities

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 includes the businesses of Knowledge Services Division and the veterinary services business within Animal Health Division. During the quarter, a small non-core business within Advanced Animal Nutrition was put up for sale and a business within the Corporate category was closed. FY 2019 numbers have been restated to reflect these changes to the continuing business since the previous reporting date. Q1 2019 figures have not been previously reported separately and so are not restated.

Consequently, these operations have been classified as discontinued and part of the disposal group is presented as held for sale (See note 9). The disposal group includes assets and liabilities within the Knowledge Services, Animal Health and Advanced Animal Nutrition segments. The comparative consolidated statement of profit or loss and OCI has been represented to show the discontinued operations separately from continuing operations.

The disposals, together with the cost reduction/cost containment plan and enhanced working capital management will allow the Company to reallocate resources to priority revenue generating strategic projects and to maintain adequate headroom. The timing and proceeds from these actions remain part of the plan to maintain sufficient liquidity to execute the Group's product development programme and to support its Continuing Operations.

Significant progress in selling the disposal group has been made with post quarter-end sale of the Group's conference business and the small non-core Advanced Animal Nutrition business, and further sales are expected to complete within the second quarter of the financial year 2020.

5. Discontinued activities (continued)

Results from discontinued operations

All figures in £000's	Q1 2020 (unaudited)	Q1 2019 (unaudited)	FY 2019 Restated (audited)
Revenue	5,035	4,751	21,963
Cost of sales	(2,722)	(3,227)	(12,411)
Gross profit	2,313	1,524	9,552
Research and development costs	(27)	-	(20)
Other operating costs	(1,876)	(2,297)	(8,757)
Adjusted EBITDA	410	(773)	775
Exceptional - restructuring/acquisition related items	(312)	-	(745)
EBITDA	98	(773)	30
Depreciation and impairment	(130)	(547)	(9,147)
Amortisation and impairment	-	(189)	(4,042)
Operating loss	(32)	(1,509)	(13,159)
Finance costs	(39)	-	-
Loss before taxation	(71)	(1,509)	(13,159)
Tax on loss	(29)	(2)	529
Loss from discontinued operations	(100)	(1,511)	(12,630)

Exceptional - restructuring/acquisition related items – discontinued operations

All figures in £000's	Q1 2020 (unaudited)	Q1 2019 (unaudited)	FY 2019 Restated (audited)
Provisions for onerous leases	-	-	(349)
Salary/redundancy costs	(80)	-	(99)
Cost of sales	-	-	(297)
Other	(232)	-	-
Total exceptional recognised	(312)	-	(745)

Results from discontinued operations by segment

	Animal Health	Knowledge Services	Advanced Animal Nutrition	Corporate	Total Discontinued
All figures in £000's	Q1 2020 (unaudited)	Q1 2020 (unaudited)	Q1 2020 (unaudited)	Q1 2020 (unaudited)	Q1 2020 (unaudited)
Revenue	1,652	3,363	2	18	5,035
Adjusted EBITDA	223	389	(118)	(84)	410
Operating profit/(loss)	161	289	(381)	(101)	(32)

	Animal Health	Knowledge Services	Advanced Animal Nutrition	Corporate	Total Discontinued
All figures in £000's	Q1 2019 (unaudited)	Q1 2019 (unaudited)	Q1 2019 (unaudited)	Q1 2019 (unaudited)	Q1 2019 (unaudited)
Revenue	1,372	3,343	4	32	4,751
Adjusted EBITDA	(163)	(301)	(225)	(84)	(773)
Operating loss	(348)	(827)	(250)	(84)	(1,509)

5. Discontinued activities (continued)

	Animal Health	Knowledge Services	Advanced Animal Nutrition	Corporate	Total Discontinued
	FY 2019 Restated (audited)	FY 2019 Restated (audited)	FY 2019 Restated (audited)	FY 2019 Restated (audited)	FY 2019 Restated (audited)
All figures in £000's					
Revenue	6,255	15,141	400	167	21,963
Adjusted EBITDA	289	1,386	(609)	(291)	775
Operating loss	(447)	(9,218)	(3,201)	(293)	(13,159)

6. Exceptional - restructuring/acquisition related items

Items that are material because of their size or nature, non-recurring and 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.

	Q1 2020 (unaudited)	Q1 2019 (unaudited)	FY 2019 (audited)
All figures in £000's			
Acquisition related items	-	-	(82)
Exceptional restructuring costs	134	-	663
Total exceptional items	134	-	581

Exceptional expenses in Q1 2020 include: £128,000 of staff costs and £6,000 of legal costs relating to the ongoing restructuring of the group.

7. Taxation

	Q1 2020 (unaudited)	Q1 2019* (unaudited)	FY 2019 Restated* (audited)
All figures in £000's			
Current tax expense			
Analysis of charge in period			
Current tax:			
Current income tax expense on profits for the period	(864)	(1,483)	(4,258)
Adjustment in respect of prior periods	-	-	(76)
Total current tax	(864)	(1,483)	(4,334)
Deferred tax expense			
Origination and reversal of temporary differences	1,464	1,216	4,499
Deferred tax movements in respect of prior periods	-	-	(805)
Total deferred tax	1,464	1,216	3,694
Total tax credit/(charge) on continuing operations	600	(267)	(640)

* see note 5.

Total tax charge on discontinued operations for the period was £29,000 (Q1 2019: £2,000; FY 2019 tax credit £529,000).

8. Earnings/loss per share

Basic earnings/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.

	Q1 2020 (unaudited)	Q1 2019* (unaudited)	FY 2019 Restated* (audited)
Loss attributable to equity holders of the parent (£000)			
Continuing operations	(5,616)	(6,390)	(71,227)
Discontinued operations	(100)	(1,511)	(12,630)
Total	(5,716)	(7,901)	(83,857)
Weighted average number of shares in issue (thousands)	558,891	557,469	557,851
Basic loss per share (pence)			
Continuing operations	(1.00)	(1.15)	(12.77)
Discontinued operations	(0.02)	(0.27)	(2.26)
Total	(1.02)	(1.42)	(15.03)

* see note 5.

Diluted earnings/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 (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options and warrants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.

Therefore, the Company is required to adjust the earnings per share calculation in relation to the share options that are in issue under the Company's share-based incentive schemes, and outstanding warrants. However, as any potential ordinary shares would be anti-dilutive due to losses being made there is no difference between Basic loss per share and Diluted loss per share for any of the periods being reported.

At 31 December 2019, a total of 2,253,191 potential ordinary shares have not been included within the calculation of statutory diluted loss per share for the period (30 September 2019: 2,962,168) as they are anti-dilutive. These potential ordinary shares could dilute earnings/loss per share in the future.

9. Assets and liabilities held for sale

As stated in note 5, during the previous financial year, management committed to a plan to sell or close certain businesses. Where, for the businesses concerned, the applicable criteria for inclusion as held for sale have been met the assets and liabilities of these businesses have been presented as held for sale.

Assets held for sale

All figures in £000's

Property, plant and equipment	3,358
Right of use assets	2,828
Intangible assets	5,131
Deferred tax asset	276
Inventories	673
Biological and agricultural assets	180
Trade and other receivables	4,398
Cash and cash equivalents	244
Total Assets held for sale	17,088

Liabilities directly associated with the assets held for sale

All figures in £000's

Trade and other payables	(9,460)
Loans and borrowings	(2,806)
Corporation tax liability	(56)
Deferred tax liability	(178)
Provisions	(257)
Total liabilities directly associated with the assets held for sale	(12,757)

Measurement of fair values

Fair value hierarchy - The fair value measurement for the disposal group has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs - A market approach valuation technique was applied in measuring the fair value of the assets and liabilities held for sale as adjusted for intercompany and cash balances.

10. Loans and borrowings

The Group's borrowing facilities includes a USD 15m RCF provided by DNB Bank ASA (50%) and HSBC UK Bank PLC (50%). At 31 December 2019 USD 10.1m was undrawn.

11. Share capital and share premium

	Number	Share Capital £000	Additional paid-in share capital £000
Allotted, called up and fully paid			
Ordinary shares of 0.1 penny each			
Balance at 30 September 2019	558,741,439	559	358,044
Exercise of share options	229,024	-	-
Balance at 31 December 2019	558,970,463	559	358,044

12. Subsequent event

Since the reporting date, the company has issued 91,000,000 new Ordinary Shares by way of a placing and 16,440,766 new Ordinary Shares by way of an open offer to qualifying shareholders, both at an issue price of 40p. Net proceeds of £35.4m for the placing shares and £6.5m for the open offer shares were received 19 and 20 February 2020 respectively.

On 1 January, the Group divested its TomAlgae business for nominal proceeds. The business was in the R&D phase and required significant further investment to bring a commercial product to market. Furthermore, on 7 February, the Group disposed of Aquaculture UK, its conferencing business, for initial consideration of £1.5m which could rise to £2.0m depending the revenue outcome of the May 2020 event.

13. Alternative profit measures and other metrics

Management has presented the performance measures Adjusted EBITDA, Adjusted Operating Profit and Adjusted Profit Before Tax because it monitors performance at a consolidated level using these and believes that these measures are relevant to an understanding of the Group's financial performance.

Adjusted EBITDA which reflects underlying profitability, is earnings before interest, tax, depreciation, amortisation, impairment, exceptional items and acquisition related expenditure and is shown on the Income Statement.

Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation and impairment of intangible assets excluding development costs as reconciled below.

Adjusted Profit Before Tax is earnings before tax, amortisation and impairment of intangibles assets excluding development costs, exceptional items and acquisition related expenditure as reconciled below. These measures are not defined performance measure in IFRS. The Group's definition of these measures may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of Adjusted Operating Profit to Operating Loss**Continuing operations**

All figures in £000's	Q1 2020 (unaudited)	Q1 2019* (unaudited)	FY 2019 Restated* (audited)
Revenue	25,019	29,615	126,776
Cost of sales	(12,977)	(14,249)	(60,517)
Gross profit	12,042	15,366	66,259
Research and development costs	(3,993)	(2,980)	(12,830)
Other operating costs	(10,257)	(9,763)	(40,065)
Depreciation and impairment	(1,780)	(1,391)	(8,080)
Amortisation of capitalised development costs	-	-	-
Share of profit of equity accounted investees net of tax	211	(298)	(414)
Adjusted Operating Profit	(3,777)	934	4,870
Exceptional – restructuring/acquisition related items	(134)	-	(581)
Amortisation and impairment of intangible assets excluding development costs	(4,389)	(4,400)	(62,045)
Operating loss	(8,300)	(3,466)	(57,756)

Reconciliation of Loss Before Taxation to Adjusted Profit Before Tax**Continuing operations**

All figures in £000's	Q1 2020 (unaudited)	Q1 2019* (unaudited)	FY 2019 Restated* (audited)
Loss before taxation	(5,942)	(5,877)	(69,810)
Exceptional - restructuring/acquisition related items	134	-	581
Amortisation and impairment of intangible assets excluding development costs	4,389	4,400	62,045
Adjusted Profit Before Tax	(1,419)	(1,477)	(7,184)

* See note 5.

14. Alternative profit measures and other metrics (continued)

Liquidity

Following the refinancing in June 2019 a key financial covenant is a minimum liquidity of £10m, defined as cash plus undrawn facilities.

	31 December 2019 (unaudited)
All figures in £000's	
Cash and cash equivalents	17,020
Undrawn bank facility	7,779
	24,799

15. Net debt

Net debt is cash and cash equivalents less loans and borrowings excluding balances held for sale.

	31 December 2019 (unaudited)	31 December 2018 (unaudited)	30 September 2019 (audited)
All figures in £000's			
Cash and cash equivalents	17,020	14,508	16,051
Loans and borrowings – current	(2,951)	(1,291)	(3,231)
Loans and borrowings – non-current	(105,366)	(78,919)	(99,961)
	(91,297)	(65,702)	(87,141)

Following the adoption of IFRS 16 from 1 October 2019, a lease obligation of £4m (31 December 2018: £nil; 30 September 2019: £nil) has been included in loans and borrowings above relating to operating lease arrangements.