

Statement from the Board of Directors

We hereby confirm that the financial statements for the period from 1 October 2022 to 31 March 2023, to the best of our knowledge, have been prepared in accordance with IAS 34 – Interim Financial Reporting – and that the information in the accounts gives a true and fair view of the Group and of the Group's assets, liabilities, financial position and overall results.

We also confirm that, to the best of our knowledge, the half-year report gives a true and fair view of the main events during the accounting period and their effect on the accounts for the second half year, as well as the principal risks and uncertainties, described below (which have remained unchanged from those disclosed in the Company Annual Report of FY22), facing the Company and the Group in the next accounting period.

This Statement was approved by the board of directors and signed on its behalf by:



Trond Williksen

(Chief Executive Officer)

Date: 23 May 2023

Principal risks and uncertainties

The Group's principal risks are categorised as either strategic, operational, financial or emerging risks and are developed through the Audit Committee and Board's review of the Group's risk register, performance of our businesses and analysis of emerging global trends.

Strategic risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected
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
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 Group products require the holding of certain licences, accreditations or regulatory approvals that could be withdrawn.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
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"> EMT continues tracking progress of the Group strategy on a weekly basis. Extended-EMT assists with planning and managing key projects. 	Advanced Nutrition, Health and Genetics
New product and service 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 services and a material failure to deliver would be damaging. Risk inherent in timing and market penetration of new products and services. 	<ul style="list-style-type: none"> Close dialogue with regulators. The innovation board (which includes the 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

Operational risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected
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
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, Health and Genetics
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, Health and Genetics
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 	<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 	Advanced Nutrition, Genetics, Health

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected
	<p>current revenues and future success and which are leased.</p> <ul style="list-style-type: none"> 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. 	<p>applied for where deemed material for the Group.</p> <ul style="list-style-type: none"> Seek long-term tenure of sites. 	
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
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
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. The Group increased the frequency of phishing simulation exercises to ensure staff awareness of cyber security. 	Advanced Nutrition, Genetics, Health
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

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected
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
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 maintained for certain products to be imported into target jurisdictions. 	<ul style="list-style-type: none"> The majority of the Group's Health 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 transferred 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. 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. 	Health

Financial and legal risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected
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. Group treasury policy introduced to support how the Group manages cash. 	Advanced Nutrition, Genetics, Health
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 the EMT and Plc Board. Key performance indicators include working capital measures. 	Advanced Nutrition, Genetics, Health
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. Group treasury policy explains how the Group should manage FX risk. 	Advanced Nutrition, Genetics, Health
Criminal activity, fraud, bribery and compliance risk	<ul style="list-style-type: none"> Some countries where the Group operates may be exposed to high levels of risk relating to criminal activity, fraud, bribery and corruption. There are a number of regulatory requirements applicable to the Group and its listing on the London and Oslo Stock exchanges. 	<ul style="list-style-type: none"> The Group provides compliance training programmes to all its employees through an online training platform and provide face-to-face and virtual training to higher risk teams. The Group has introduced a code of conduct for its suppliers. The CFO and Group Legal Counsel are involved in mitigating fraudulent activities in the Group. The Group has access to competent and experienced external counsel. Fraud response policy introduced. 	Advanced Nutrition, Genetics, Health

Emerging risks

Risks	Risk commentary	Risk mitigation and controls	Business Areas affected
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 supply for biological raw materials, and demand for 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 and implemented by the Group. Plan adopted for reduction in the Group's carbon emissions and progressing according to timetable set. 	Advanced Nutrition, Genetics, Health
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 and in place. Plan adopted for reduction in the Group's carbon emissions. Code of conduct and ABC policies in place. Green bond successfully launched and subscribed. 	Advanced Nutrition, Genetics, Health