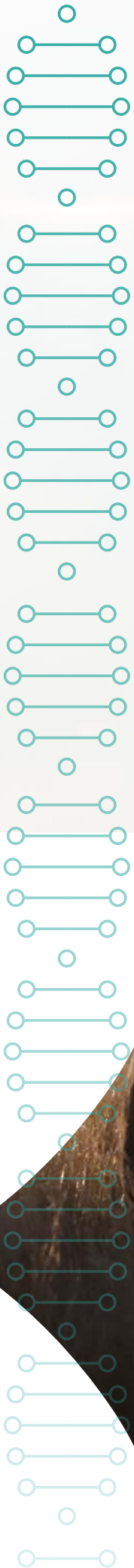


Inspiring innovation in animal genetic improvement

Genus plc / Annual Report 2020



> **by partnering
with farmers
to transform
how we nourish
the world**



GROWING OUR PRESENCE IN EUROPE**p.20**

**EXPANDING PRODUCTION TO MEET
CUSTOMER DEMAND****p.24**

**PROGRESSING THE DEVELOPMENT
OF PRRSV-RESISTANT PIGS****p.28**

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2020 HIGHLIGHTS

GROUP REVENUE

£551.4m

2019: £488.5m 2018: £470.3m 2017: £459.1m 2016: £388.3m

ADJUSTED PROFIT BEFORE TAX¹

£71.0m

2019: £61.0m 2018: £58.5m 2017: £56.4m 2016: £49.7m

FREE CASH FLOW¹

£35.2m

2019: £10.0m 2018: £24.3m 2017: £25.4m 2016: £15.7m

¹ Adjusted results are the Alternative Performance Measures ('APMs') used by the Board to monitor underlying performance at a Group and operating segment level, which are applied consistently throughout. These APMs should be considered in addition to, and not as a substitute for or as superior to statutory measures. For more information on APMs, see the APM Glossary.

² Constant currency percentage movements are calculated by restating the results for the year ended 30 June 2020 at the average exchange rates applied to adjusted operating profit for the year ended 30 June 2019.

STATUTORY PROFIT BEFORE TAX

£51.5m

2019: £9.9m 2018: £7.8m 2017: £40.7m 2016: £60.9m

ADJUSTED BASIC EARNINGS PER SHARE¹

85.4p

2019: 73.2p 2018: 75.9p 2017: 69.4p 2016: 60.7p

DIVIDEND PER SHARE

29.1p

2019: 27.7p 2018: 26.0p 2017: 23.6p 2016: 21.4p

STRONG REVENUE GROWTH OF 13% IN ACTUAL AND CONSTANT CURRENCY²

- > Excellent performance in PIC, our porcine genetics business, with revenue up 17%²; royalty revenues grew 11%² with growth in all regions
- > High breeding stock sales and royalties in China drove PIC volume growth of 13%, 6% excluding China
- > Strong revenue growth in ABS, our bovine genetics business, of 9%², driven by Sexcel[®], our sexed product
- > ABS volume growth of 8%, with sexed volumes up 47% and beef up 17%

VERY STRONG ADJUSTED PROFIT BEFORE TAX ('PBT')¹, UP 22% IN CONSTANT CURRENCY (UP 16% IN ACTUAL CURRENCY); STATUTORY PBT AT £51.5M

- > Adjusted operating profit including joint ventures and excluding gene editing¹ up 17%²
- > Double digit adjusted operating profit growth¹ in PIC (up 25%²) and ABS (up 12%²); R&D investment increased 17%²
- > Statutory PBT includes a £15.8m uplift in net IAS 41 biological asset valuation and £19.2m of exceptional costs, compared with a reduced asset valuation and higher exceptional costs in the prior year
- > Foreign currency translation impact on adjusted PBT of £3.4m primarily reflecting weakness in LATAM currencies

STRONG CASH GENERATION, EARNINGS AND DIVIDENDS, AND NEW REVOLVING CREDIT FACILITY ('RCF')

- > Strong free cash flow¹ of £35.2m, net debt¹ of £102.6m (inc £24.7m IFRS 16 adoption), net debt to EBITDA¹ of 0.9x
- > New enlarged credit facility completed 24 August 2020; £150m multicurrency RCF, a USD125m RCF and a USD20m bond and guarantee facility for a three-year term with two one-year extension options
- > Very strong financial position with high operating cash flows and significant borrowings headroom enables flexibility to invest further in growth
- > Statutory earnings per share increased to 62.4p from 12.4p in the prior period; adjusted earnings per share¹ up 23% in constant currency (up 17% in actual currency); dividend up 5% with 2.9x adjusted earnings cover¹

GOOD STRATEGIC PROGRESS DESPITE COVID-19

- > During the COVID-19 pandemic Genus has been committed to the health and safety of its people, customers and communities throughout its global markets
- > More than doubled size of PIC China's supply chain to capture opportunity of re-stocking post African Swine Fever ('ASF')
- > PIC's collaboration with Beijing Capital Agribusiness Co. Ltd ('BCA') is progressing well with receipt of the first milestone payment of USD7m (net income £3.2m) received in January 2020
- > Expanded sexed product capacity including new sites, and driving performance through continued technology improvements
- > Completed a two year trial of NuEra[®], our beef-on-dairy genetics demonstrating a material value proposition for the beef industry
- > Continued progress as planned with the Porcine Reproductive Respiratory Syndrome virus ('PRRSv') development programme, first Food and Drug Administration ('FDA') filing completed
- > Market leading genetic portfolio across the Group enabling broad based market share gains

GENUS AT A GLANCE

Producing genetically superior breeding animals

What we do

Genus is a world-leading animal genetics company.

We partner with farmers to transform how we nourish the world – a mission that is important to a sustainable future.

We do this by breeding better pigs and cattle, so farmers can produce high-quality meat and milk more efficiently and sustainably. We accurately select animals with desirable characteristics and use them to breed subsequent generations.

Examples of desirable characteristics include feed efficiency, disease resistance, growth rate, protein and fat content, and fertility.

How we do it

We analyse animals' DNA and look for markers that we know are linked to desirable characteristics, which help farmers to raise healthier and more productive animals.

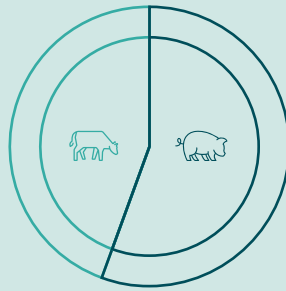
We then select animals with the strongest genetic profile from our proprietary and partner herds and breed them to produce even better offspring, in a continuous cycle. We distribute these genetically superior animals to our customers in the form of breeding animals, semen or embryos.

We also own technology that enables us to screen and process semen for desirable traits, such as female gender for the dairy market, and license-in technology to make precise, desirable gene edits to animals' DNA, which we are employing in our product development programmes.

Our focus is on progressive, sustainable farmers, who are best placed to realise the benefit that superior genetics and technologies can have.

See p.38

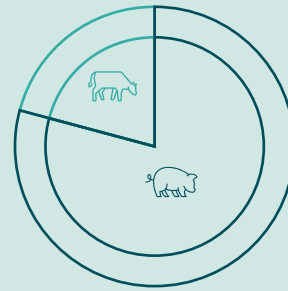
REVENUE¹



£298.8m

£237.6m

ADJUSTED OPERATING PROFIT INCLUDING JOINT VENTURES^{1,2}



£124.3m

£32.5m

INVESTING TO STRENGTHEN OUR POSITION

£119m

in FY20

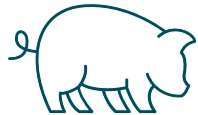


1 Revenue and Adjusted Operating Profit Including Joint Ventures exclude R&D revenues and costs.
 2 For more information on APMs see Glossary.
 3 Includes IntelliGen capitalised development expenses.
 4 Includes biological asset cash movements and finance lease payments.



Serving pork, dairy and beef farmers globally

Genus's leading porcine and bovine animal breeding divisions, PIC and ABS, deliver leading genetics to tens of thousands of farmers globally.



PORK

PIC, our global porcine genetics business, sells genetically superior sows, boars and semen to farmers, so they can breed pigs with desirable characteristics for pork production. We also provide technical services and advice to farmers, to maximise the performance of our breeding animals in their farms.

PIC owns over 10 elite pure-bred pig lines, housed in strategically located facilities around the world. These herds are bred out into much larger breeding herds in over 500 predominantly sub-contracted 'multiplication' farms around the world. PIC boars are also housed in about 400 boar studs globally, where semen is collected for distribution to customers and multiplication herds.

PIC genetics are sold under the PIC brand through direct sales channels and strategic partners.

See p.18

40+

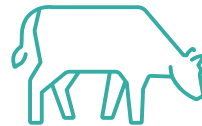
Countries with sales presence¹

171m

MPEs²

2,500+

Customers



DAIRY AND BEEF

ABS, our global bovine genetics business, sells bull semen and embryos so farmers can use artificial insemination to breed calves with desirable characteristics for milk and beef production. ABS's highest-quality semen is often sold in sexed form, which greatly increases the probability of a female calf. ABS also provides technical services to farmers, to maximise the performance of their animals bred with our genetics.

ABS breeds genetically elite bulls in the US, Europe and Latin America. The best bulls come to one of ABS's six production studs, where their semen is collected for distribution as a frozen 'straw' of semen or used to create embryos for sale.

ABS genetics are sold through direct sales channels and strategic partners under the ABS brand. In the UK and France, they are sold under long-established Genus and Bovec brands.

See p.22

75+

Countries with sales presence³

21m

Cattle inseminations and embryo transfers⁴

50,000+

Customers

1 Including through franchises, distributors and joint ventures.

2 MPEs refers to market pig equivalents, a standardised measure of our customers' production of slaughter animals that contain our genetics.

3 Including through distributors.

4 Dairy, Beef and sorted units of semen and embryos delivered or produced for customers.



CHAIRMAN'S STATEMENT

A business in excellent shape

Bob Lawson



I am pleased to be handing over to my successor with the Group in excellent shape.



This is my final report to you as Chairman of Genus, as I will be retiring from the Board at the conclusion of the Company's Annual General Meeting in November. I have been proud to play a part in the transformation of this outstanding business and to see first-hand its evolution into the world leading animal genetics company that it is today.

The need Genus meets is fundamentally the same as when I joined the Board in 2010: our genetics help farmers to produce animal protein more efficiently and sustainably and in doing so, we help to nourish the world. The successful execution of our strategy, including significant investment in ground-breaking research and innovative technologies over many years, means that our portfolio of genetic products and services has never been in better shape. This is allowing us to support progressive livestock farmers more effectively than ever before. We have also successfully adjusted our business model over time, to enable Genus to share in the value we create for our customers.

Reflecting over the last ten years, I have been pleased to observe the evolution of the Company and highlight three areas. The first is the culture which has transitioned from operating in silos focused on species and/or country to a unified, cooperative and universal approach focused on providing an unequalled service to customers. The second has been the transformation and effectiveness of R&D. It now operates at the forefront of our chosen areas and the combination of our relationships with leading universities and our much enhanced in-house expertise will deliver sustainable benefits that will continue to secure our global leadership. The third and final observation is again associated with culture. Genus has transitioned from a UK centric view of the world to a true global business with significant activities in the important major and emerging economies of the world. As you will note on page 50 the leadership team is not only cohesive but now embraces multiple nationalities and backgrounds.



All of these factors have contributed to this year's strong financial performance, despite volatile markets caused by African Swine Fever and COVID-19. Demand from China meant that PIC had an excellent year and was the primary driver of our growth. ABS performed well, maintaining its growth trend, with strong demand for sexed genetics and higher beef volumes. Overall, the Group's adjusted profit before tax increased by 16% in constant currency (13% in actual currency) and reached a new record of £71.0m. Statutory PBT was £51.5m (2019: £9.9m). While COVID-19 presented some operational challenges to us in the second half of FY20, we have responded well and the business has continued to operate safely.

I am therefore pleased to be handing over to my successor, Iain Ferguson, with the Group in excellent shape. Iain joined us on 1 July 2020 as a Non-Executive Director and Chairman Designate. His substantial Board experience, as well as his commercial, science and agribusiness expertise, make him the ideal person to maintain the growth momentum the business has generated and to lead the Board through the next chapter of Genus's development.

Iain will be ably supported by our executive team. As I noted in my report to you last year, Stephen Wilson became Chief Executive in September 2019 and we continue to benefit from his deep knowledge of the business and its strategy, built up during more than six years as Group Finance Director. Alison Henriksen joined the Board in January 2020 to take up Stephen's former role. Her commercial and financial expertise is already proving invaluable to the Group.

The Board plays a key role in challenging and approving the Group's strategy and overseeing its implementation. During the year, we once again held our annual strategy session, focusing on the strategic direction and goals for the Group and its business units (see page 56 for more information). The Board also pays careful attention to the Group's culture and the employee *Your Voice* survey results, since we know that it is the employees that are at the heart of the Company's successes (see page 36). Genus has a long-standing set of values and I am pleased that our people continue to live by them each day.

Genus now employs over 3,100 people worldwide, each of whom has played their part in our performance this year. On behalf of the Board, I want to thank them for their commitment and dedication to serving our customers, and to wish them all every success on the next stage of the Group's journey.

The Group continues to invest for the future, in particular in our leading genetics and our R&D platform innovations. At the same time, we recognise the needs of our shareholders, and having paid an interim dividend of 9.4p per share, an increase of 6% over the prior year, the Board is now recommending a final dividend of 19.7p per share. This will give a total dividend of 29.1p, up 5% from the 27.7p paid in respect of FY19. The final dividend will be paid on 11 December 2020, to shareholders on the register at the close of business on 20 November 2020.

While the Group has been able to successfully adapt to COVID-19, the full impact of the pandemic on our customers and end consumers is not yet clear. Even so, I am confident that Genus has transformed into an agile and responsive business that will adapt and prosper in years to come. It has been a privilege to lead the Board and to work with the Genus team for over a decade. The quality of the people, genetics, technology, services and R&D innovation pipeline position the Company for future success. I leave Genus with a degree of personal sadness but with the knowledge that I have been extremely fortunate to have been part of a great organisation which has an exciting future. That future will be delivered by an exceptional Board under Iain's leadership and a magnificent global team.

Bob Lawson

Chair of the Board
7 September 2020





CHIEF EXECUTIVE'S REVIEW

A successful strategy and consistent vision

Stephen Wilson



Performance in the year was strong, with record adjusted profit before tax.



This is my first report to you as the Chief Executive of Genus, having taken up the position in September 2019, after more than six years as Group Finance Director, and it is a true privilege to lead this Company. Genus provides a vital service to an essential industry and in doing so plays a key role in helping to nourish the world. We have a fantastic team of talented, expert and passionate people and our portfolio of elite animal genetics is the strongest it has ever been.

Our current position reflects the success of our ongoing strategy over recent years, which is to increase genetic control and product differentiation, deliver value in key markets and segments, and share in the value delivered. Our consistent vision of 'Pioneering animal genetic improvement to help nourish the world' and our strong core values drive all that we do. At the same time, we must continue to adapt to a changing world, so we are placing even greater emphasis on environmental sustainability, both in the way we run the business and in the benefits our genetics deliver in enabling more sustainable production of high-quality animal protein. Innovation is another important area of focus. Genus has always been an innovative company but the biological sciences move quickly and we need to ensure we remain at the forefront of applying new ideas in our industry to the benefit of our customers.

The Group showed its resilience following the outbreak of the COVID-19 pandemic. This disrupted protein supply chains and some of our customers experienced unprecedented market price and demand volatility.

I am proud of the way our people responded to the many challenges and we have been able to keep operating essentially uninterrupted throughout the crisis, while continually focusing on protecting the health of our employees and other stakeholders.

GROUP PERFORMANCE

Performance in the year was strong, with revenue increasing by 13%, and adjusted profit before tax growing 16% (22% in constant currency), to a record £71.0m.

Genus PIC was the major contributor to that growth, as it benefited as expected from strong demand in China as large producers expanded to fill the supply shortfall caused by African Swine Fever in 2019. Europe and Latin America also contributed strong growth, resulting in PIC's adjusted operating profit including joint ventures being 25% higher in constant currency. Strategically important porcine royalty revenue was up 11% in constant currency, with growth in all regions, contributing to total porcine revenue increasing by 17% in constant currency.

Genus ABS achieved volume growth of 8% and adjusted operating profit growth of 12% in constant currency. This was driven mainly by the growth in sexed product, with sexed volumes up 47%, and continued growth in the use of beef genetics in dairy herds, with global beef volumes up 17%. ABS benefited from our investment in sales capability and the shift to long-term partnership accounts, particularly in the US. Performance was also particularly strong in Brazil, Russia, India and China.

R&D is the lifeblood of our business and we increased net investment by 19% (17% in constant currency) as planned, largely driven by increased investment in porcine product development as we look to further strengthen our proprietary genetics and build capacity for future growth. We will continue to increase investment in gene editing and IntelliGen® production capacity, as well as further developing our R&D pipeline.

CONTINUED STRATEGIC PROGRESS

Our strategic investments in our proprietary pork, dairy and beef breeding programmes and our leading sexing technology continue to reap rewards and we advanced our strategy on a number of fronts during the year. Our PRRSv resistance programme made progress as planned and we received our first milestone payment from BCA, our collaboration partner on PRRSv in China. Also in China, we were able to more than double PIC's supply chain capacity, primarily by using our customers' systems and joint ventures to multiply our genetics, positioning Genus to provide elite genetics to more large commercial farms in the country. Meanwhile, our porcine R&D is delivering historically high rates of genetic improvement, supporting business growth and market share gains.

In ABS, we opened further production capacity in Wisconsin to support the ongoing growth in sexed semen volumes, which continue to outperform. In addition, we opened further new state of the art barns to house our elite genetics. Our bovine product development is expanding its industry leading position in Holstein dairy genetics and we used a two year long product trial through the commercial beef supply chain to validate the superior growth, feed efficiency and yields provided by our beef genetics programme. The results of this trial showed the significant benefits of our genetics.

The implementation of Genus One, our new enterprise system, is progressing well. We achieved our first major 'go live' in PIC North America and are well progressed on roll outs

19.7p

Final dividend per share

29.1p

Total dividend for the year per share

5%

Total dividend increase

to further business areas over the coming year. Ultimately when fully implemented we will reap benefits through leveraging one global system in our operations.

PEOPLE

As announced on 29 June 2020, Bob Lawson will be standing down as Chairman at the AGM in November 2020. On behalf of the Board and all of my Genus colleagues, I want to thank him warmly for his wise counsel and great leadership during his ten years on the Board. He has played an integral role in Genus's transformation into the world-leading company it is today. I also want to welcome Iain Ferguson, who joined the Board in July 2020 and will become Chairman after the AGM. We are already benefiting from his very relevant experience and counsel.

The other change to the Board of Directors and membership of GELT during the year was the appointment of Alison Henriksen as Chief Financial Officer. Alison joined us in January 2020 and her commercial and financial expertise is already proving highly valuable to us. I also want to thank Janet Duane, our Financial Controller, who very ably stepped up to be acting CFO in the period before Alison joined us. As previously reported, Dr Elena Rice joined us as Chief Scientific Officer and Head of Research and Development in July 2019.

Genus employs more than 3,100 people around the world. I want to thank them all for their contribution to our success this year, particularly so in the environment resulting from COVID-19. We are fortunate that our people could continue to carry out their roles during the pandemic and no government aid for wages was sought. While our business is animal genetic improvement, we only succeed because of the talents and dedication of our people. The global *Your Voice* survey we conducted in November showed that employee engagement remains high and we continue to nurture our positive and inclusive culture and to attract new talent to support our strategic objectives.

OUTLOOK

The full impact of COVID-19 on the world economy and consumer incomes remains unclear although economic forecasts suggest that many sectors will be heavily impacted for some time, creating economic recession in many countries. The pandemic has also caused operational challenges for elements of the animal protein value chain, most notably meat processors in the US which are likely to continue for some time, leading to challenging conditions for some of our customers through at least the remainder of 2020. Greater currency headwinds are also anticipated in FY21. However, Genus's business model and strategy has again demonstrated its robustness and we anticipate further growth in constant currency in the business in the coming year and to perform in line with our expectations.

Stephen Wilson
Chief Executive
7 September 2020

INSPIRING INNOVATION FOR A MORE SUSTAINABLE WORLD

Our consistent vision of 'Pioneering animal genetic improvement to help nourish the world' and our strong core values drive all that we do. At the same time, we must continue to adapt to a changing world, so we are placing even greater emphasis on environmental sustainability, both in the way we run the business and in the benefits our genetics deliver in enabling more sustainable production of high-quality animal protein.



Driving genetic improvement p.38

Reducing our carbon footprint p.41

Energy efficiency p.42

**BUSINESS MODEL**

Producing and delivering superior animals to farmers

CREATE DIFFERENTIATED AND SUSTAINABLE PROPRIETARY GENETIC SOLUTIONS

Produce genetically superior breeding animals

OUR STRENGTHS AND RESOURCES**GLOBAL POSITION**

Genus is uniquely placed as a global player, with leading brands and market positions, which strengthen through acquisitions and partnerships

ELITE ANIMALS

We own elite porcine and bovine herds, which produce animal proteins more efficiently, with traits farmers value

PROPRIETARY TECHNOLOGY

We are a technology leader in our field. We harness leading genetic and breeding technologies, which we develop in-house and through strategic partnerships

CUSTOMER RELATIONSHIPS

We serve over 50,000 customers globally, including world-leading meat and milk producers

EXPERT PEOPLE

We have over 100 PhD qualified employees and relationships with leading research institutions

SUPPLY CHAIN AND DISTRIBUTION

We have production facilities in key locations worldwide, coupled with sales forces and agents in over 80 countries

FINANCIAL STRENGTH

Our cash generative businesses and strong financial position allow us to invest for the future

SHARED PROPRIETARY TECHNOLOGY PLATFORM**GENOME SCIENCE**

We understand the links between DNA and animals' observable characteristics, and how we can influence them

GENOMIC SELECTION

We breed successive generations of animals by using DNA analysis to select superior parents in our breeding herds

BIOSYSTEMS ENGINEERING

We use technology to interrogate and select cells, such as in our semen sexing technology

GENE EDITING

We are developing more sustainable, disease-resistant breeding animals by making precise changes to their genes

REPRODUCTIVE BIOLOGY

We perform IVF matings to select both female and male parents for superior offspring, and we have active R&D workstreams in multiple advanced reproductive technologies

LINK TO STRATEGY

Create differentiated and sustainable proprietary genetic solutions



Serve progressive protein producers effectively



Share in the value delivered



See p.16



SERVE PROGRESSIVE PROTEIN PRODUCERS EFFECTIVELY



Deliver improved breeding animals to farmers

We have a global supply chain that efficiently delivers genetics to customers while mitigating risk for us, for example through our use of third-party multipliers. Our technical teams then help our customers to realise genetic improvement on-farm.

GENETICS PRIMARILY SOLD ON MULTI-YEAR ROYALTY AGREEMENTS

Superior pigs with traits farmers value



BOARS IN STUD

40,000+

boars producing semen

EXPANSION HERDS

c.500,000

GGP/GP animals with our genetics under genetic management¹

¹ GGP/GP refers to great grandparent/grandparent of a commercial slaughter pig.

GENETICS PRICED ACCORDING TO INDICES OF GENETIC MERIT



STUDS AND LABS

21m

semen straws and embryos delivered or produced for customers

800+

superior dairy and beef bulls with traits farmers value

SHARE IN THE VALUE DELIVERED



Price according to the value delivered

DELIVERING FOR OUR STAKEHOLDERS

CUSTOMERS

We help our customers to breed animals that are healthier and more productive, so they produce better meat and milk, more efficiently and sustainably. Pricing according to the value we deliver on-farm helps to build trust with our customers

CONSUMERS

We make safe, healthy and nutritious animal protein more affordable to help feed the world

COMMUNITIES & ENVIRONMENT

We make farming more sustainable by reducing the use of feed and other resources required to produce the same amount of meat and milk, reducing greenhouse gas emissions over time

PEOPLE

We employ over 3,100 people globally, who all help to deliver our vision of nourishing the world

INVESTORS

By sharing in the value we deliver to customers, we generate returns for our investors

CUSTOMER

171m

MPEs produced

CUSTOMER

7-8m

dairy and beef calves born



STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders

OUR STAKEHOLDERS

Customers & Consumers

Board representative:
All Directors



Employees

Board representatives:
Lesley Knox
Lykele van der Broek



Shareholders

Board representative:
Bob Lawson



Communities & Environment

Board representative:
Lysanne Gray



WHY WE ENGAGE

Our customers depend on our genetics to improve their businesses and their profitability. We look to understand their needs and to help them make the most of our products and services.

We look to better understand end-consumer requirements and preferences.

Our people play a crucial role in helping us pursue our strategic goals and uphold the core values that underpin our organisation. We engage, equip and support them to achieve their full potential while building our business.

We maintain strong relationships with shareholders, ensuring they understand our strategy, progress and performance and that we understand how they view our business.

We look to be a responsible citizen within our communities, offering local recruitment, responding to crises and supporting charities. We also look to minimise our impact on the environment.

HOW WE ENGAGE

- > The Board typically visits key customers when Board meetings are held outside the UK, although this year's visit to Brazil was cancelled due to COVID-19
- > Regular Board updates on targeted customers and customer wins
- > Regular customer visits as part of our service offering, enabling our teams to work closely with customers to better understand their needs

- > Board engagement with different levels of the supply chain (albeit limited by COVID-19), including meeting with meat packers and processors to understand what they look for in genetics to meet consumer demands, such as lean animal weight
- > Keeping under review growth of alternative non-animal proteins, in light of consumer preference

- > Direct engagement by Workforce Engagement Directors at town hall meetings
- > Employee *Your Voice* survey
- > Chief Executive video update, manager-led updates and updates via intranet following results announcements
- > Leadership calls and quarterly manager briefings
- > Regular internal communications from management
- > Launch of new employee-led resource group (AWAKE – Advancing Women's Advocacy, Knowledge & Empowerment) to empower women to contribute to their full potential
- > Health and safety training programme and regular updates/briefings

- > Investor roadshows, led by the Chief Executive and Chief Financial Officer
- > Results announcements, presentations and live webcasts
- > AGM and trading update in November 2019
- > Annual Report
- > Regular news flow on key developments in the business
- > Engagement with investors regarding new executive Remuneration Policy and the appointment of the Chairman Designate

- > A range of placement and employment opportunities offered for students and apprentices
- > Support for charities close to local businesses
- > Providing educational support for agriculture and animal science programmes
- > Investing in activities designed to reduce greenhouse gas emissions, consistent with our Climate Change Policy



The Group actively engages with its stakeholders, to keep them updated and ensure we understand their priorities. The Board carries out some engagement directly, while other engagement occurs during the running of the business, with the Board being kept informed through reports from management. The table below describes our key stakeholders and examples of engagement during the year and actions which arose.

KEY ISSUES IDENTIFIED

- > Need for new ways of working to support customers during COVID-19
- > Bespoke Customer Genetics advice

- > Key points raised from town halls included:
 - How best to share knowledge across businesses
 - Implementation of IT infrastructure and how best to utilise it
 - Dialogue around understanding customers
 - Strategic priorities

- > Improvement areas raised in the *Your Voice* survey:
 - Learning and development
 - Reward and recognition

- > Overseeing how management deals with the impact of COVID-19 on employees

- > Shareholder interest in environmental performance (see below)

- > Potential impact of climate change on the business and our communities
- > Need to respond as required to local emergencies

ACTIONS ARISING

- > Introduced virtual sales and advice for customers during the pandemic
- > Worked with customers to manage the impacts on their operations due to COVID-19
- > Providing bespoke Customer Genetics advice designed to improve phenotypic and genotypic characteristics of the herd

- > Action plans tasked to GELT members to deliver outcomes from the survey, with the plans forming part of GELT performance objectives
- > Board to continue monitoring progress against key points raised
- > Ensuring safe working environments, in line with local governmental advice across all facilities
- > Introduced global jobs framework structure enabling local salary benchmarking
- > Introduced bespoke management development programmes for first time people managers and senior leaders

- > New Remuneration Policy approved by shareholders, and made effective from, November 2019

- > The Board scrutinised management's plans to achieve climate change targets and approved Climate Change Policy, targets, strategy and actions to deliver targets
- > The Board will monitor implementation of the climate change plan and progress against targets
- > Lysanne Gray appointed as the Board's Sustainability Sponsor (see page 43)
- > Supported India flood response (see page 38)
- > Supported local charities including food banks in short supply of meat proteins, as a result of the economic impact of COVID-19



MARKET OVERVIEW

Feeding the world more sustainably

Drivers

CONSUMPTION OF ANIMAL PROTEIN

continues to grow as the global population expands and urbanises, and seeks a more varied and nutritious diet. Pork, milk and beef consumption are forecast to grow by 1–2% p.a. in the next decade.

INCREASING COMPETITION FOR RESOURCES

such as land and water puts pressure on farmers to become more efficient, including through the use of genetically superior animals and new technologies.

GROWING CONSUMER AWARENESS

is driving demand for high-quality, healthier and more sustainable products, which are produced with fewer drugs. This increases farmers' demand for genetically superior breeding animals, which are more efficient and resilient. In the future, gene editing and other breakthrough technologies may provide farmers with breeding animals that are fully resistant to some of the most devastating diseases globally.

FARMS ARE BECOMING LARGER AND MORE TECHNIIFIED

Progressive farmers typically measure performance in more detail. This means they better understand and can benefit from the efficiency benefits of genetically superior breeding animals and optimised breeding strategies, such as combining the use of sexed dairy and beef semen on dairy herds to maximise profit.

Each generation of farmers has developed innovative breeding methods to raise animals more efficiently and humanely. The continued adoption of selective breeding and adoption of new technologies will help farmers to meet the growing global demand for food.

Trends

CONSOLIDATION OF ELITE BREEDING HERDS

Elite breeding bulls and pigs are bred from genetically elite breeding herds. The increasing use of costly technology and the scale required to keep pace with industry leaders is driving consolidation of these herds. As genetics consolidate, some breeders are choosing to form strategic alliances with competitors, so they can offer their customers superior genetics.

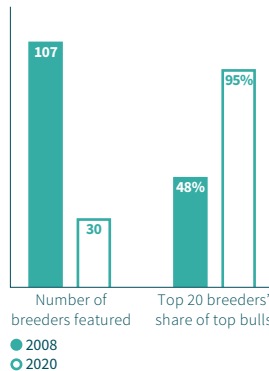
ADOPTION OF SEXING TECHNOLOGY

Using sexed semen is a more efficient and sustainable use of dairy animal genetics. Adoption of semen sexing technology with elite ABS germplasm is growing fast across dairy herds, as it enables farmers to efficiently produce more productive heifers. The production of female offspring with sexed semen means the rest of the herd can be bred with beef semen, to maximise the meat quality of the resulting calf.

BREAKTHROUGH TECHNOLOGY AND DATA

The animal genetics industry is pursuing innovative solutions to improve productivity and to tackle animal disease and suffering. These include using data and health-focused breeding indices, as well as breakthrough technologies such as gene editing and advanced reproductive biology techniques. Progressive farmers are also increasingly looking to digital technologies, which provide data and insight to support decision making.

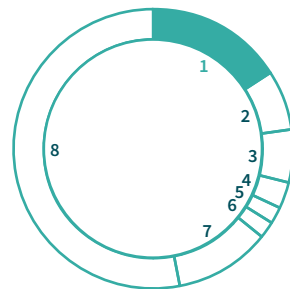
BREEDERS FEATURED IN TOP 200 HOLSTEIN BULL RANKINGS¹



Position

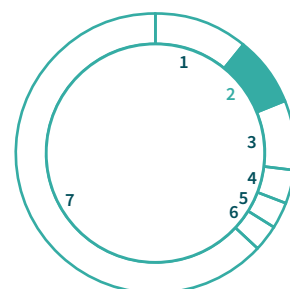
Genus is a world leader in animal genetic improvement. We have a global commercial platform with critical mass. We are also the only listed porcine and bovine genetics company globally, giving us strategic access to finance. Our competitors are largely private companies and farmer-owned cooperatives, many of which are regionally focused.

MARKET SHARE > PIC²



1	PIC	16%
2	Competitor 1	7%
3	Competitor 2	6%
4	Competitor 3	3%
5	Competitor 4	2%
6	Competitor 5	2%
7	Internal programmes	11%
8	Other	53%

MARKET SHARE > ABS³



1	Competitor 1	11%
2	ABS	8%
3	Competitor 2	8%
4	Competitor 3	4%
5	Competitor 4	3%
6	Competitor 5	3%
7	Other	63%

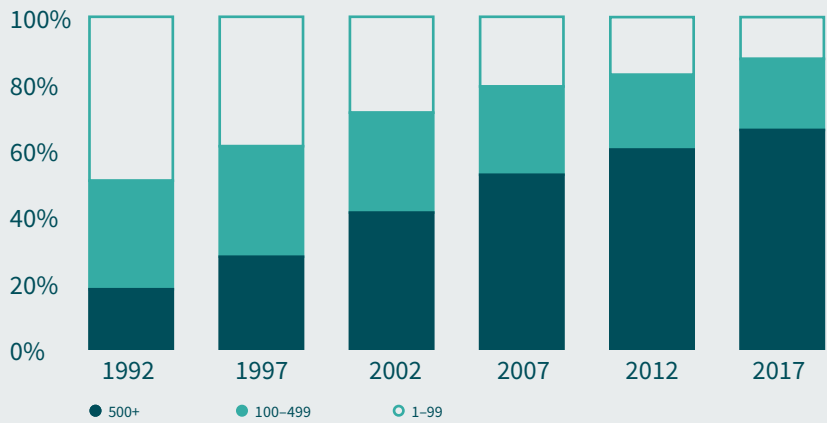
1 Source: Genus analysis; US Holstein breeders represented in the Top 200 NM\$ rankings by birth year; 2020 data based on Top 200 Holsteins active using August 2020 data from the Council on Dairy Cattle Breeding.

2 Source: Government agencies, local independent pork organisations, Genus estimates. Market shares represent the estimated share of pig production in top pig production markets.

3 Source: Government agencies, local bovine genetics and agriculture organisations, Genus estimates. Market shares represent the estimated share of combined dairy and beef volumes in ABS's Top 29 target markets for dairy and Top 8 target markets for beef.



US DAIRY COW INVENTORY BY HERD SIZE



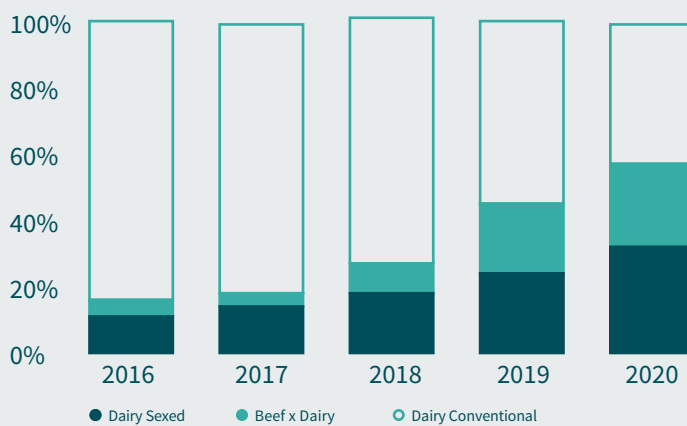
Source: USDA.

EXPANSION OF LARGE PIG PRODUCERS IN CHINA (which has accelerated post ASF)



Source: Rabobank, Independent Consultants, Genus analysis.

ABS GENETICS SALES VOLUMES TO US DAIRY FARMERS





STRATEGIC FRAMEWORK AND KEY PERFORMANCE INDICATORS

Creating, delivering and sharing in the value

We harness innovative technologies to create genetically superior animals for progressive farmers, and link our pricing to the performance of our products on-farm.

Strategic priorities



CREATE DIFFERENTIATED AND SUSTAINABLE PROPRIETARY GENETIC SOLUTIONS

We harness the latest technologies and talent to continuously improve the genetics of our own herds and resulting product offering. We protect our unique position by carefully selecting who we sell our genetics and technology to, and on what terms.

What does success look like?

GENETIC GAIN

Creating better breeding animals for farmers, measured against indices comprising economic traits that help to drive farmers' productivity and sustainability.

See p.17



SERVE PROGRESSIVE PROTEIN PRODUCERS EFFECTIVELY

We focus our offering on progressive livestock farmers, who are data driven and results focused. We tailor our products and services to maximise their performance on their farms. We serve different markets in different ways to manage cost and risk effectively.

VOLUME GROWTH

Growing volumes, particularly with progressive livestock farmers.

See p.17



SHARE IN THE VALUE DELIVERED

We aim to capture an appropriate share of the value we deliver to customers, aligning our interests with theirs. We demonstrate the value of our genetics on farm through validation trials and data, and link our pricing to genetic indices and our customers' productivity.

PROFITABILITY

Generating profit resulting from the performance of our products in customers' systems.

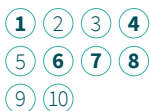
See p.17

KEY TO RISKS

- 1 Developing products with competitive advantage
- 2 Continuing to successfully develop IntelliGen technology
- 3 Developing and commercialising gene editing technologies
- 4 Capturing value through acquisitions
- 5 Growing in emerging markets
- 6 Protecting IP
- 7 Ensuring biosecurity and continuity of supply
- 8 Hiring and retaining talented people
- 9 Managing agricultural market and commodity prices volatility
- 10 Funding pensions

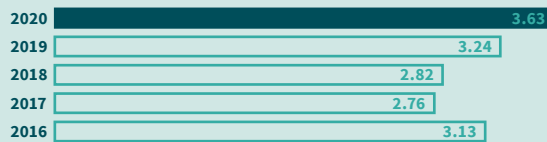


Risks



Key performance indicators

PORCINE GENETIC IMPROVEMENT INDEX (US\$)

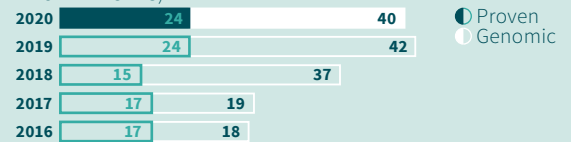


Measures the genetic improvement we achieve in our porcine nucleus herds, which ultimately filters down to our customers' farms.

DEFINITION: The index measures the marginal improvement in customers' US\$ profitability, per commercial pig per year, on a rolling three-year average. Prior years' index ratings have been updated, to reflect the latest results from genomic selection and the economic values of pork production.

PERFORMANCE: Genus continues to deliver high rates of genetic improvement through improving technical processes for genomic evaluation, crossbred performance testing and expanding the elite nucleus populations.

NET MERIT RANKINGS (GENOMIC AND DAUGHTER PROVEN BULLS)



Monitors how many of our bulls are highly ranked, based on economically relevant traits for farmers.

DEFINITION: The number of our generally available Holstein bulls listed in the top 100 Genomic Net Merit US\$ rankings for genomically tested sires and the top 100 Net Merit rankings for daughter proven sires.

PERFORMANCE: Genus continues to maintain a leadership position with its strength in genomic bulls, which over time will become daughter proven bulls. This is mainly driven by the large proportion of high-quality bulls sourced from our proprietary breeding programme, De Novo¹.

1 De Novo Genetics LLC is 51% owned by Genus.

PORCINE VOLUME GROWTH (%)



Tracks the growth in the number of commercial pigs with PIC genetics globally.

DEFINITION: The change in volume of both direct and royalty animal sales, using a standardised MPEs measure of commercial slaughter animals that contain our genetics.

PERFORMANCE: Porcine volumes grew by 13% to 171 million MPEs. China's volumes were particularly strong due to a sharp increase in customer breeding projects following the ASF outbreak in the prior year. Excluding China, volumes were up 6% with strong growth in Brazil, Germany and Spain. Volumes under royalty contracts grew by 8% with all regions contributing.

DAIRY AND BEEF VOLUME GROWTH (%)



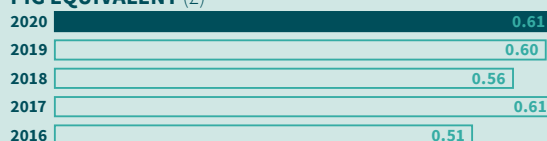
Tracks our global unit sales growth in dairy and beef.

DEFINITION: The change in dairy, beef and sorted units of semen and embryos delivered or produced for customers in the year.

the use of beef-on-dairy genetics, supporting a 17% increase in global beef volumes.

PERFORMANCE: Bovine volumes improved 8% to 21.2 million units, with strong growth in Latin America and Asia and all regions contributing. Sexed volumes were up 47%, reflecting strong growth in Sexcel, which also influenced

ADJUSTED OPERATING PROFIT PER MARKET PIG EQUIVALENT (£)

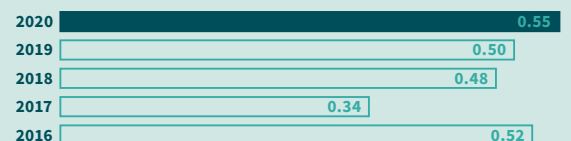


Monitors porcine profitability by unit.

DEFINITION: Net porcine adjusted operating profit globally, expressed per MPE. Results include our share of Agroceres PIC, our Brazilian joint venture.

PERFORMANCE: Adjusted operating profit per MPE was £0.61, up £0.01 (up £0.02 in constant currency). This was primarily due to strong breeding stock sales in China and global royalty contract growth partially offset by investments to expand the global nucleus elite farm network.

BOVINE ADJUSTED OPERATING PROFIT PER DOSE (£)



Monitors bovine profitability by dose.

DEFINITION: Bovine adjusted operating profit globally, expressed per dose of semen or embryo delivered or produced for customers.

PERFORMANCE: Adjusted operating profit per dose was £0.55, up £0.05 (up £0.12 in constant currency). This was due to the strong sales growth of our premium Sexcel product, while also lowering its production costs to manufacture, and leveraging the world class sales and product development platforms.



DIVISIONAL REVIEW / GENUS PIC

Accelerating growth

Business Priorities

SHORT TERM

Enhance resilience of supply and distribution in China, through our partnership and joint venture arrangements.



MEDIUM TERM

Expand and strengthen our range of elite genetic facilities around the world.



LONG TERM

Successfully bring PRRSv-resistant animals to market.

Strategic Progress in 2019/20



CREATE DIFFERENTIATED AND SUSTAINABLE PROPRIETARY GENETIC SOLUTIONS

- > Accelerated rates of genetic gain for all traits, including our focus on piglet survivability and total carcass value.
- > Established our PIC800 boar, which integrates the best Duroc genetics from PIC and Møllevang, as the world's leading Duroc terminal sire.
- > Expanded our range of elite genetic facilities to enhance resilience of supply for customers around the world.
- > Began our strategic collaboration with BCA to research, develop and commercialise PRRSv-resistant pigs in China.



SERVE PROGRESSIVE PROTEIN PRODUCERS EFFECTIVELY

- > Agreed a joint venture with Shanxi Daxiang to expand and strengthen our supply chain in China.
- > Grew revenue in North America by 3%, through increased sales of both male (PIC800) and female (Camborough) products.
- > Increased volume growth in Europe by 10%, aided by offering complementary PIC and Møllevang product lines to customers across the region.
- > Grew profits in Latin America by 23% as we continued to capture more genetic value per pig and won more accounts.
- > Increased profits in Asia by 225%, aided by resurgence of demand in China following the impact of African Swine Fever ('ASF').



SHARE IN THE VALUE DELIVERED

- > Continued to increase the use of royalty contracts, with notable progress in China, where 25% of our business is now conducted on this basis.
- > Launched CBV Max, the programme providing our most elite genetics, in Europe.
- > Conducted a further 36 product trials, involving over 76,500 pigs, to demonstrate the superior performance of PIC products in customer production systems.



DR BILL CHRISTIANSON
CHIEF OPERATING OFFICER
Genus PIC

MARKET

Throughout FY20 ASF caused volatility and fundamental shifts in global supply and demand for pork and porcine genetics. The occurrence of the COVID-19 pandemic in the second half of the year also significantly disrupted the supply chain dynamics for pork producers, most notably in the US.

In Asia, ASF continued to spread. China had previously housed around half the world's sow herd but ASF reduced China's sow herd by more than 50%, causing a pork supply gap of 17–23 million tons in Asia. In response, China increased pork imports from all major exporting regions and is expected to account for 40% of global imports in 2020 (source: USDA). Local pig and pork prices have risen strongly, with Chinese pig prices more than 3.5 times US prices in May 2020. High prices and government policies incentivised Chinese producers to expand production and re-stock farms. Despite this, Chinese pork production is expected to decline 15–20% in 2020. In Vietnam, the spread of ASF has largely stabilised but pork production is around 19% lower than the prior year. In the Philippines, pork production is estimated to be 9% lower, with ASF spreading within backyard farms.

Increased Chinese demand and US-China trade disputes had made US pork markets volatile before the onset of COVID-19. US meat processing plants emerged as COVID-19 hotspots, with shutdowns sharply reducing pork production. With more pigs than slaughter capacity, US pig prices fell steeply. US producers' responses included sow herd reductions. Although US pork exports have been very strong, with Q1 2020 up 40% versus the prior year, driven by China, political tensions with China over the origin of COVID-19, coupled with a sluggish food-service recovery and higher retail pricing, have depressed overall pork demand and producer margins in Q2. In July 2020 there were 5.8% more market pigs in the US than in the previous year due to the backlog from processing plants not operating at capacity, which suggests that trading conditions for pig farmers will be challenging for at least the remainder of 2020.

In Latin America, Brazil had benefited from increased exports to China before COVID-19 occurred. In Q2 2020, Brazil saw a high increase of COVID-19 cases and experienced similar meat processing difficulties as the US. However, export demand remains robust, with pork production forecast to increase 4% in 2020 versus 2019.



Our long term strategy is delivering significant competitive advantages.



Europe was an early beneficiary of Chinese demand following ASF, with EU pork exports expected to rise nearly 10% in 2020. However, slaughter plants became COVID-19 hotspots in Q2 2020, leading to higher volatility in the market. ASF is an additional risk and it has been reported in Poland, 10km from the German border. Germany is a top European producer and exporter and if ASF spreads in Germany this could affect neighbouring countries in the instance that exports might be prohibited.

China has seen strong demand for breeding stock as producers repopulate. Many producers have used slaughter pigs to restock, thereby reducing their productivity. This will create a longer term demand for elite genetics. COVID-19 has not led to a major reduction in demand for porcine genetics, but if sow herds in the Americas or Europe do decline this will impact breeding stock demand and royalties.

PERFORMANCE

Genus PIC delivered very strong results, despite volatile market conditions for its customers in certain markets. Adjusted operating profits including joint ventures were £124.3m, up 25% in constant currency. Volumes were up 13%, with all regions contributing. Revenue was 17% higher in constant currency, primarily due to stronger breeding stock sales and royalty revenue.

In North America, adjusted operating profits were flat for the year in constant currency, after recording 5% growth in the first half. The closure of some processing plants during the second half, in response to COVID-19 outbreaks, resulted in a backlog of pigs awaiting slaughter and a moderate reduction in customer investment in breeding herds. Second half adjusted operating profits were

also affected by customer credits in relation to an historical issue arising from a few contract farm locations. Royalty revenue saw modest growth during the year of 1% and sireline market share also grew, underpinned by the introduction of the Duroc PIC800, which is demonstrating strong results in customer systems. New damline customer wins in the year will lead to further market share growth in future periods.

Latin American adjusted operating profits improved by 23% in constant currency, with double digit growth in nearly all countries. Growth was particularly strong in Brazil during the period, as a result of market share gains assisted by strong industry exports to China. Royalty revenues and volumes across the region were up 9%.

Adjusted operating profit in Europe was up by 27% and revenues rose by 29% in constant currency. Strong market prices helped fund customer breeding projects and the business has continued to benefit from its proven strategy to focus on key customers and expand royalty sales. The highest growth in the period was in Russia, Spain and Germany, with Russia having now grown into PIC Europe's largest market, led by high share in large key accounts. PIC's partnerships with Hermitage Genetics and Møllevang continue to add significant value to PIC's global business.

Asia's performance improved significantly by 225% in constant currency over the prior year, primarily due to a sharp increase in customer breeding projects in China, with positive conditions in that country as described in the market section above. In addition, royalty revenue grew strongly in China (up 168%) and accounted for 25% of volume there. PIC China

substantially increased multiplication capacity during the year and also expanded its supply chain through its joint venture relationship with New Hope, and a new joint venture initiated with Shanxi Xin Daxiang Animal Husbandry Co., Ltd. These investments will aid further growth in the future. Adjusted operating profits in franchises across Asia were up by 43% in constant currency. However, these growth areas were partially offset by an adjusted operating profit decline of 76% in the Philippines, due to the outbreak of ASF in 1H and the impact of COVID-19 in 2H. The swine industry in many parts of the Philippines remains unstable.

Overall, PIC's long-term global strategy of ongoing investments in product supply and differentiation is generating significant competitive advantages, enabling Genus PIC to better serve customers, mitigate global market risks and support future growth.

Year ended 30 June	Actual currency		Constant currency change	
	2020 £m	2019 £m	Change %	%
Revenue	298.8	253.7	18	17
Adjusted operating profit exc JV	113.3	93.1	22	21
Adjusted operating profit inc JV	124.3	100.6	24	25
Adjusted operating margin exc JV	37.9%	36.7%	1.2pts	1.2pts



CASE STUDY / GENUS PIC

> Growing our presence in Europe



Our partnership with Møllevang is delivering real benefits and we look forward to further progress in Europe.

Bill Christianson
Chief Operating Officer, Genus PIC





Our strategic partnership with Møllevang, one of Denmark's leading pig breeding companies, began in 2018. The relationship has been highly successful, helping us to target and support new European customers for PIC.

In March 2020, PIC announced a strategic relationship with Otrada, Russia's largest independent porcine genetics distributor. The relationship makes Otrada the exclusive distributor of PIC Møllevang lines in Russia, Kazakhstan and Belarus. Otrada chose PIC as its partner based on our demonstrably superior global genetics programme, the strength of our genetic and technical services and the ability to implement a royalty programme that would turn Otrada's customers into partners. The first animals using Møllevang semen were born in August 2020.

PIC's relationship with Gesing Tierzucht is also going from strength to strength. Gesing is a nationwide distributor in Germany, which has historically been a key market for Danish genetics. PIC's attractions as a partner to Gesing included our ability to meet specific customer needs through our outstanding global genetic programme, our long-term investments in R&D and our flexible approach to working with distribution partners. Since PIC's distribution agreement with Gesing began in July 2018, Gesing has doubled its sales volumes.

"PIC's genetic and technological leadership as well as its global scale are a complementary fit for Otrada's deep understanding and experience of the Russian market," says Patrick Hoffmann, CEO and main shareholder of Otrada. "Together, we can offer our customers access to new PIC lines with world-class genetic potential and support them locally in turning this potential into actual performance."



DIVISIONAL REVIEW / GENUS ABS

Partnering with producers

Business Priorities

SHORT TERM

Drive further growth in sales of sexed dairy and beef genetics to dairies in target markets around the world and continue to validate value created.



MEDIUM TERM

Complete Leeds facility in US, with new bull housing to leverage our leading product development programme.



LONG TERM

Secure more comprehensive genetic programmes with performance-based pricing aligned with customer goals.

Strategic Progress in 2019/20



CREATE DIFFERENTIATED AND SUSTAINABLE PROPRIETARY GENETIC SOLUTIONS

- > Established our strongest-ever line-up of industry-leading dairy genetics, including record numbers of Icon Sires™, with a strong pipeline of new sires and elite females coming through our genetic nucleus.
- > Continued to strengthen NuEra Genetics, our proprietary beef range, increasing the number of bulls with high genetic merit moving into production.
- > Grew global sales volume of sexed genetics (including Sexcel, our proprietary product) by 47%, proprietary NuEra beef genetics by 58% and Beef InFocus (our global beef-on-dairy brand) by 21%.



SERVE PROGRESSIVE PROTEIN PRODUCERS EFFECTIVELY

- > Increased the number of customers who work exclusively with ABS by tailoring packages of products and services to meet the needs of producers in different countries.
- > Continued to build presence with North America customers through our whole-herd genetic strategy, based on sexed dairy and beef genetics. Sales volumes of sexed genetics and Beef InFocus grew by 42% and 30% respectively.
- > Developed digital platforms as a more effective and efficient way of serving small and medium customers in Latin America, securing hundreds of new customers.
- > Launched new Beef InFocus proprietary indices in North America and Latin America.



SHARE IN THE VALUE DELIVERED

- > Began introducing a new contractual model for key account partners, aligning their interests with ours through pricing based on results achieved through comprehensive genetic programmes developed to meet their goals.
- > Continued to validate the economic benefits delivered by NuEra Beef Genetics, demonstrating significant added value for players across the beef supply chain in head-to-head competitor trials.



JERRY THOMPSON
CHIEF OPERATING OFFICER
Genus ABS Beef



DR NATE ZWALD
CHIEF OPERATING OFFICER
Genus ABS Dairy

MARKET

Both dairy and beef markets have been affected by government lockdowns around the world, to manage the COVID-19 pandemic. In Europe, dairy prices dropped throughout March and April 2020, although they have started to show signs of recovery as foodservice channels reopen. In North America dairy prices also saw significant volatility, as they fell to around 40% below the July 2019 peak by May 2020, before recovering sharply in June. Global volatility is expected to continue as countries and their economies continue to react to the aftermath of COVID-19 impacts.

Milk production in the U.S., Europe and Australia was slightly above prior year levels in the first quarter of 2020, with output across the seasonal period in New Zealand consistent with the prior year. Output was down moderately in Brazil, as currency fluctuations compressed producer margins.

Despite global economic challenges, the Chinese Government has encouraged all Chinese citizens to consume 300g of dairy products per day, more than triple the current average consumption. However, the country's high inventories of whole milk powder will likely lead to a decline in imports in the immediate future. In India, the unregulated dairy sector was significantly affected by COVID-19, forcing further consolidation. Growth in liquid milk has supported the expansion of packaged dairy products in the regulated sector.

In the U.S., beef processing facilities capacity were affected by COVID-19 shut-downs, increasing prices for beef being processed, but reducing cattle prices. Australian beef production saw an overall reduction in supply, leading to fewer exports and prices that were stable and then rose moderately through Q2 of 2020. Lower beef production in Brazil was mirrored by lower demand.



By providing industry-leading genetics and services we help progressive producers maximise profitability.



In Europe, beef prices have fallen moderately since the onset of the global pandemic, underpinned by disruption in trade from export markets such as Ireland and Poland. By the end of June 2020, these prices had largely recovered in line with the prior year as demand of food service and retail normalised.

Consolidation within the bovine genetics segment was less prevalent than in the prior year but an increasing number of partnerships have been developing between dairy genetic companies as growing and progressive profit-focused customers demand access to elite dairy, beef and sexed semen.

PERFORMANCE

ABS adjusted operating profits increased by 12%, with volumes up 8% and revenues up 9% in constant currency, as customers continued the shift from conventional to sexed and beef genetics. Sexed volumes grew by 47%, reflecting Sexcel's continued success. Increased use of beef genetics in dairy herds supported 17% growth in global beef volumes. Globally, COVID-19 has created dynamic and challenging market conditions for our customers but overall demand for ABS product has been resilient. This has been aided by the salesforce focus on obtaining 100% of customers' business and the introduction of new partnership based contract structures.

In North America, revenue grew by 10% and adjusted operating profit increased by 12% in constant currency. Previous strategic investments to strengthen key account management gained traction, with new customer wins. Volumes were up by 7%,

gaining market share, and sexed volumes were up 42% as the high growth of Sexcel continued. Beef volumes rose 20%, supported by proprietary NuEra genetics selected for cross-bred beef-on-dairy performance. Embryo volumes increased slightly, as a new dedicated IVB laboratory for a key customer account became fully operational.

Europe achieved volume growth of 8% and revenue growth of 2%, with adjusted operating profit flat against prior year in constant currency. Business conditions in Italy and France were particularly challenging, as COVID-19 lockdowns reduced salesforce mobility and customer access. Sexed semen volumes grew 42%, with the UK, Ireland and the European distributor business seeing the strongest growth. The trend of dairy customers using sexed genetics, coupled with beef genetics for a portion of the herd, led to beef volumes increasing by 10%.

In Latin America, revenues grew by 20% and adjusted operating profit increased by 35% in constant currency, with Brazil and Argentina particularly strong. In a challenging environment from COVID-19, Brazil achieved good success through innovative digital sales campaigns whilst robust pricing policies and cash collection in Argentina helped to mitigate the impacts of inflation and currency devaluation. Volumes in Latin America overall increased by 12%, as customers embraced digital technologies to engage and transact with ABS' sales team. Sexed volumes increased by 24% and beef volumes by 18%, utilising NuEra genetics, selected for cross-bred performance of North American sires with tropical cows.

In Asia, adjusted operating profit was up 59% and volumes by 5%, with trading activity increasing in China following a period of vertical integration among customers, as dairy processors acquired farms. Sexed volumes were up 98%, with India achieving record results up 133% after a new IntelliGen production facility for the State of Uttar Pradesh started operation, more than offsetting disruption early in the year caused by flooding of the Genus India Brahma facility.

Overall, the increasing customer adoption of Sexcel, along with our leading dairy genetics portfolio and our NuEra proprietary beef offering, mean we anticipate continued positive progress into next year.

Year ended 30 June	Actual currency		Constant currency change	
	2020 £m	2019 £m	Change %	%
Revenue	237.6	222.6	7	9
Adjusted operating profit	32.5	29.9	9	12
Adjusted operating margin	13.7%	13.4%	0.3pts	0.4pts



CASE STUDY / GENUS ABS

> Expanding production to meet growing customer demand



We are well positioned to support rising customer demand for our elite sexed genetics.

Nate Zwald

Chief Operating Officer, ABS Dairy



Our sexed semen product Sexcel has been an outstanding success, with strong and rapidly growing customer demand.

By June 2019, it became apparent that demand for Sexcel would soon outstrip the ability of our IntelliGen business to supply it. IntelliGen quickly put together a team to address the issue and developed a comprehensive proposal to increase capacity.

The plan added new stations to IntelliGen's existing facilities and accelerated completion of the new production facility in Dekorra, USA. By bringing in seasoned employees from other operations and implementing lessons from past deployments, we halved the time from first production to full capacity. We also employed improved technology and leveraged our supply chain to deploy advancements as quickly as possible and with the highest quality. Finally, we enhanced our existing process through our focus on relentless improvement, reducing changeover times between bulls and improving production methods.

The result was a step change in production capacity. Between December 2019 and June 2020, we grew output by over 55%, to effectively support the next stage of Sexcel's growth.



**DIVISIONAL REVIEW / GENUS R&D**

Pioneering technology for protein production

Business Priorities

SHORT TERM

Continue to improve our proprietary sexing technology, with emphasis on enhancing fertility, efficiency and accuracy.

**MEDIUM TERM**

Gain regulatory acceptance of PRRSv-resistant pigs in target markets around the world.

**LONG TERM**

Harness data and advanced reproductive technology to produce new health traits and accelerate genetic gain.

Strategic Progress in 2019/20

**GENE EDITING**

- > Produced gene-edited pigs that demonstrate resistance to PRRSv and made our first submissions for regulatory approval (in China and the U.S.).
- > Commenced knowledge transfer with BCA, our strategic partners, to inform their work to develop PRRSv-resistant pigs in China.
- > Expanded our scope of work with Kansas State University to explore whether gene editing can help to combat other diseases in pigs, particularly swine influenza.
- > Produced live beef calves from embryos containing edits intended to improve resilience to Bovine Respiratory Disease, with testing to come in FY21.

**GENDER SKEW**

- > Increased IntelliGen (sexed semen technology) production capacity to help ABS meet global demand for Sexcel and introduced a new microfluidic chip, to improve the performance of our industry-leading technology.
- > Continued to expand our network of IntelliGen Technologies laboratories, which now number eight owned and licensed facilities across four continents.

**REPRODUCTIVE BIOLOGY**

- > Established a new programme to strengthen our current capabilities and embryo manipulation techniques while developing new technology, with initial emphasis on bovine in vitro fertilization.

**DATA STRATEGY**

- > Enhanced the management, integration and advanced analytics of internal and external scientific data, to accelerate product development and enhance the service we provide to customers.

**DR ELENA RICE**

CHIEF SCIENTIFIC OFFICER AND HEAD OF R&D
Genus R&D

PERFORMANCE

Net research and development investment increased by 17% in constant currency, as Genus pursued key strategic initiatives to further strengthen its proprietary differentiated offerings. The Group will continue to increase its investment in the following areas: gene editing, primarily under the PRRSv programme; genome science and specifically scientific data capabilities; biosystems engineering; and reproductive biology where new initiatives are being taken.

Porcine product development expenditure increased by 55%, as a result of the incremental costs of growing our elite nucleus farm network, costs to address a disease outbreak in a Canada farm and the substantial deterioration of the North American lean hog market, which impacted by-product margins compared to the prior year. The underlying growth was 32% excluding costs of £4.4m of a non-repetitive nature. We continue to deliver historically high rates of genetic improvement, as we focus on improving technical processes for genomic evaluation, crossbred performance testing and expanded elite nucleus populations. The integration of germplasm from the Møllevang acquisition continued as planned and the expansion of our nucleus farm network has improved access to elite animals across our global customer base.

Bovine product development expenditure increased by 2%, as Genus continues to produce an industry leading Holstein dairy bull portfolio, driving strong volume growth in ABS. The De Novo joint venture is producing more than 50% of these animals and the strong pipeline of young bulls and pregnancies will help sustain our leadership position. Beef product development further strengthened our portfolio of proprietary NuEra genetics, by enhancing genomic evaluation and increasing testing and validation to demonstrate differentiated value to customers. The initial results of commercial full cycle trials of NuEra genetics are encouraging. The NuEra Genetics programme produced more than 20% of the total global beef units sold.



We are helping customers to produce animal protein more efficiently, profitably and sustainably than ever before.



During the period we continued to invest in IntelliGen technology and expanded our Sexcel production manufacturing capacity to meet increasing demand and to provide differentiated genetic offerings globally. We also successfully brought into production our second external customer site in India and further expanded the global IntelliGen footprint, through technology licensing with customers and external customer service. IntelliGen production sites around the world, both Genus's and customer owned, now total eight, compared with six in the prior year.

Net gene editing expenditure decreased by 30% in the period, mainly due to net income of £3.2m recognised for a milestone payment received from our Chinese partner, BCA. Excluding BCA income, gene editing expenditures grew by 14% due to investment in the PRRSv resistance project. We internalised our capability for producing gene edited animals, to increase efficiency and timeliness for both the PRRSv resistance programme and other potential future projects. We have been working well with the FDA and completed the first submission in the approval process, and initiated conversations on regulatory and market acceptance in other key global markets. Active communication and planning with BCA has meant we have made progress in the initial steps of working together in China.

Other research and development expenditure remained in line with the prior year. This included work on our bioinformatics platform, genome science, external collaborations and intellectual property protection in a variety of discovery areas. We are planning to increase our investment in discovery areas as well as gene editing as we move closer towards commercialisation.

Year ended 30 June	Actual currency		Constant currency change	
	2020 £m	2019 £m	Change %	%
Porcine product development	28.9	18.4	57	55
Bovine product development	20.9	20.0	4	2
Gene editing	5.2	7.3	(29)	(30)
Other research and development	10.2	9.0	13	10
Net expenditure in R&D¹	65.2	54.7	19	17

¹ Excluding profit attributable to non-controlling interest.



CASE STUDY / GENUS R&D

> Progressing the development of PRRSV-resistant pigs



Developing pigs that are resistant to this devastating disease will make the Chinese pork industry more sustainable.

Dr Elena Rice

Chief Scientific Officer and Head of R&D





We are applying ground-breaking gene editing technology to develop pigs resistant to PRRSv, a devastating and incurable porcine disease.

In May 2019, we announced a strategic collaboration with BCA in China, to research, develop, register and market PRRSv-resistant pigs. BCA owns a leading Chinese animal protein genetics business and has a deep understanding of the country’s porcine sector. Pork is the single most important source of animal protein for Chinese people. Obtaining regulatory approval in China for PRRSv-resistant pigs will help to create a more sustainable Chinese pork industry and enable future imports from other countries where production and consumption of PRRSv-resistant pigs may also be approved by the regulators.

In the last 12 months, we have made substantial progress in our venture with BCA. This includes building the team in China and designing and planning cutting-edge animal production and laboratory facilities that will enable the research and testing needed to support the regulatory approval process in China. We were able to make significant progress during this initial phase, even during the COVID-19 outbreak, by using a combination of remote information exchange and the joint efforts of our North American research and PIC China team to support the BCA group. In addition, we held initial discussions with the Ministry of Agriculture and Rural Affairs, to understand the pathway for approval and to begin dialogue and information sharing.

These exciting developments further support Genus in our continuing efforts to validate the technology, achieve regulatory approval in the US and other countries, and gain market acceptance by the food chain and consumers.



FINANCIAL REVIEW

Strong performance from a resilient business

Alison Henriksen



We achieved strong profit growth, supporting a significant increase in R&D investment.



In the year ended 30 June 2020, Genus achieved a strong financial performance whilst operating in unique circumstances during the second half of the financial year caused by the COVID-19 pandemic.

The resilience of our operations was reflected in revenue growth of 13% in both constant and actual currency. Adjusted operating profit growth including joint ventures was 22% in constant currency (17% in actual currency). Notably, this was after a significant planned increase in R&D investment of 17% in constant currency (19% in actual currency to £65.2m) primarily to fund expansion in our porcine nucleus herds. Excluding gene editing costs, adjusted operating profit including joint ventures increased by 17% in constant currency and adjusted profit before tax was up 22% (16% in actual currency).

On a statutory basis, profit before tax was £51.5m (2019: £9.9m). The difference between statutory and adjusted profit before tax principally reflected the uplift in the non-cash fair value net IAS 41 biological asset movement versus a decrease last year. Basic earnings per share on a statutory basis were 62.4 pence (2019: 12.4 pence).

Genus continues to report adjusted results as Alternative Performance Measures ('APMs') used by the Board to monitor underlying performance at a Group and operating segment level, which are applied consistently throughout. These APMs should be considered in addition to, and not as a substitute for or as superior to statutory measures. For more information on Genus's APMs, see the Glossary.

The effect of exchange rate movements on the translation of our overseas profits was to reduce the Group's adjusted profit before tax for the year by £3.4m compared with 2019, primarily from weakness in Latin American currencies. All growth rates quoted are in constant currency unless otherwise stated. Constant currency percentage movements are calculated by restating the results for the year ended 30 June 2020 at the average exchange rates applied to adjusted operating profit for the year ended 30 June 2019.

REVENUE

Revenue increased by 13% in both constant and actual currencies to £551.4m (2019: £488.5m). PIC achieved strong revenue growth of 17% in constant currency (up 18% in actual currency), underpinned by high breeding stock sales and royalties in China as customers replenished ASF impacted herds. Our strategically important royalty revenue was up 11%, with growth in all regions. In ABS, revenue was up 9% in constant currency (7% in actual currency), with growth in all regions. Sexed product revenue growth of 35% was ahead of our expectations due to continued strong uptake of Sexcel, our high-fertility sexed genetics product.



FINANCIAL REVIEW

Year ended 30 June	Adjusted results				Statutory results		
	Actual currency			Constant currency change %	Actual currency		
	2020 £m	2019 £m	Change %		2020 £m	2019 £m	Change %
Revenue	551.4	488.5	13	13	551.4	488.5	13
Operating profit exc JVs	65.3	57.7	13	16	47.6	8.7	447
Operating profit inc JVs exc gene editing	81.2	72.2	12	17	n/a	n/a	n/a
Profit before tax	71.0	61.0	16	22	51.5	9.9	420
Free cash flow	35.2	10.0	252	n/m ¹			
Basic earnings per share (pence)	85.4	73.2	17	23	62.4	12.4	403
Dividend per share (pence)					29.1	27.7	5

1 n/m = not meaningful.

ADJUSTED OPERATING PROFIT INCLUDING JVS

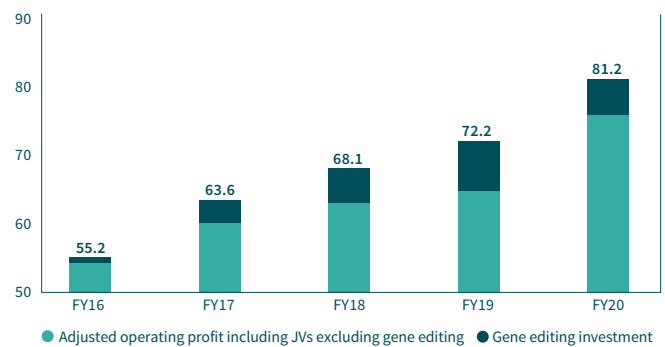
Year ended 30 June	Actual currency			Constant currency change %
	2020 £m	2019 £m	Change %	
Adjusted Profit Before Tax ¹				
Genus PIC	124.3	100.6	24	25
Genus ABS	32.5	29.9	9	12
R&D	(65.2)	(54.7)	(19)	(17)
Central costs	(15.6)	(10.9)	(43)	(41)
Adjusted operating profit incl. JVs	76.0	64.9	17	22
Net finance costs	(5.0)	(3.9)	(28)	(28)
Adjusted profit before tax	71.0	61.0	16	22

1 Includes share of adjusted pre-tax profits of joint ventures and removes share of adjusted profits of non-controlling interests.

Exchange rates	Average		Closing	
	2020	2019	2020	2019
US Dollar/£	1.26	1.29	1.24	1.27
Euro/£	1.14	1.13	1.10	1.12
Brazilian Real/£	5.74	4.99	6.77	4.89
Mexican Peso/£	26.08	25.04	28.52	24.40
Chinese Yuan/£	8.89	8.83	8.75	8.72
Russian Rouble/£	85.17	84.93	88.19	80.30

Adjusted operating profit including joint ventures was £76.0m (2019: £64.9m), reflecting a high growth rate of 22% in constant currency as mentioned above. Within this, Genus's share of adjusted joint venture operating profits was higher at £11.3m (2019: £7.6m), primarily due to strong results in the PIC Agroceres JV in Brazil and our JV in China. Amounts attributable to non-controlling interests remained broadly consistent at £0.6m (2019: £0.4m). Our gene editing investment, which is primarily focused on creating resistance in pigs against the devastating PRRSv disease, increased £1.1m as planned to £8.4m, however the net investment reported is £5.2m (2019: £7.3m) as it includes recognition of net income of £3.2m in relation to the first milestone payment received from our BCA collaboration in China. Excluding our gene editing investment, adjusted operating profit including joint ventures increased by 17% in constant currency to £81.2m (2019: £72.2m), which exceeded our medium-term objective to achieve growth of 10%.

ADJUSTED OPERATING PROFIT INCLUDING JVS EXCLUDING GENE EDITING INVESTMENT (£M)



PIC performed very strongly with adjusted operating profit including joint ventures up 25% in constant currency, benefiting from strong demand in China, despite volatile conditions for our customers in some markets, most notably the US. Volumes were up 13% (6% excluding China) with all regions contributing. Brazil had particularly strong growth, whilst Russia has now grown to become our largest European market.

ABS also had a strong year with adjusted operating profit increasing 12%, and volume growth of 8%. Sexcel continued to demonstrate that it is the sexed product of choice for progressive dairy farmers, driving overall sexed volume growth of 47%. Despite the challenging market conditions brought by the COVID-19 pandemic, strong adjusted operating profit growth was achieved in all regions except Europe. Latin America benefited from innovative digital sales campaigns and in Asia growth was notable in India where our IntelliGen third party production facilities are performing strongly.

Central costs increased by 41% in constant currency reflecting recruitment costs associated with key board and leadership positions, a fall in the value of a listed investment, and increased bonuses following the strong financial performance in the year ended 30 June 2020. The majority of the increase in central costs is not expected to recur annually.



FINANCIAL REVIEW CONTINUED

STATUTORY PROFIT BEFORE TAX

The table below reconciles adjusted profit before tax to statutory profit before tax:

	2020 £m	2019 £m
Adjusted Profit Before Tax	71.0	61.0
Operating profit attributable to non-controlling interest	0.6	0.4
Net IAS 41 valuation movement on biological assets in JVs and associates	(0.1)	(1.1)
Tax on JVs and associates	(2.3)	(1.4)
Adjusting items:		
Net IAS 41 valuation movement on biological assets	15.8	(14.7)
Amortisation of acquired intangible assets	(8.5)	(9.5)
Share-based payment expense	(5.8)	(3.0)
Exceptional items	(19.2)	(21.8)
Statutory Profit Before Tax	51.5	9.9

Our statutory profit before tax was £51.5m (2019: £9.9m), reflecting the increase in the underlying trading performance and the uplift in the non-cash fair value net IAS 41 biological asset movement. Within this, there was a £13.2m uplift (2019: £1.9m reduction) in porcine biological assets and a £2.6m uplift (2019: £12.8m reduction) in bovine biological assets, due to certain fair value model estimate changes. Share-based payment expense was £5.8m (2019: £3.0m). These reconciling items tend to be non-cash, can be volatile and do not correlate to the underlying trading performance in the period.

EXCEPTIONAL ITEMS

There was a £19.2m net exceptional expense in the year (2019: £21.8m expense), which included a charge of £16.4m (2019: £5.0m) reflecting legal fees of £5.6m (2019: £5.0m) and £10.8m for damages and costs in relation to Genus ABS's litigation with STGenetics ('ST'). A provision of £10.5m has been recognised in the year ended 30 June 2020 in respect of these damages, see note 3 to the financial statements for more details. Also included are charges of £2.1m (2019: £0.7m) in relation to acquisition activities and other items which include £0.8m of fees relating to our strategic porcine collaboration in China with BCA and an insurance receipt from a legacy environmental claim. In the prior year the majority of the exceptional expense was a net charge of £15.2m in respect of legacy pension schemes related to GMP equalisation.

NET FINANCE COSTS

Net finance costs of £5.0m (2019: £3.9m), included £2.9m (2019: £3.3m) of interest payable on bank loans and overdrafts. This was favourable to the prior year due to lower average borrowing levels as the share placement in the previous year took place mid-way through that year. Interest rates were broadly comparable at 2.56% (2019: 2.50%). Pension interest was also lower in the year at £0.4m (2019: £0.9m) due to the decreased pension deficit at 30 June 2019.

These gains were outweighed by £1.0m of interest payable on leases mainly as a result of the impact of IFRS 16 adoption and £0.5m in relation to the discounting on the Group's put options over the equity of De Novo and PIC Italia, which were originally recognised as financial liabilities on a present value basis.

TAXATION

The tax charge on adjusted profits for the period is £15.6m (2019: £14.8m), which represents an adjusted effective tax rate of 22.0% (2019: 24.3%). The decrease in the rate from prior year reflects a greater weighting of profit from China benefiting from an effective tax rate ('ETR') of 11.7%, which reduced the Group ETR from prior year by c3%. The adjusted effective tax rate of 22.0% is greater than the underlying UK tax rate of 19% mainly due to the application of higher overseas tax rates which uplifts the Group tax rate by 2.9%, net of the benefit from operations in China and also due to higher withholding taxes incurred when dividends are remitted between group companies and higher provision of deferred tax on undistributed earnings. The current year adjusted tax rate also benefits by 1.7% from changes in tax rates during the period reflected in the revaluation of the UK deferred tax assets. The outlook for the Group ETR is in the range of 23%–24% consistent with the current year excluding this one-off change of rate benefit.

The tax charge for the period of £12.9m on the statutory profit (2019: £4.6m) represents an effective tax rate of 24.0% (2019: 40.7%). The high statutory tax charge in the previous period was a consequence of the exceptional UK pension expense relating to Guaranteed Minimum Pension equalisation and the IAS 41 fair value expense which reduced statutory profit in the prior period by c£30m, increasing the effective charge for fixed items such as withholding tax expenses as a percentage (12%) of the remaining profit.

EARNINGS PER SHARE

Adjusted basic earnings per share increased by 17% (23% in constant currency) to 85.4 pence (2019: 73.2 pence) as a result of the strong trading performance and lower tax rate. Basic earnings per share on a statutory basis were 62.4 pence (2019: 12.4 pence), reflecting the strong trading performance and an uplift in the non-cash fair value net IAS 41 biological asset movement.

BIOLOGICAL ASSETS

A feature of the Group's net assets is its substantial investment in biological assets, which under IAS 41 are stated at fair value. At 30 June 2020 the carrying value of biological assets was £370.2m (2019: £346.2m restated), as set out in the table below:

	2020 £m	(Restated) 2019 £m
Non-current assets	310.1	287.1
Current assets	39.8	40.1
Inventory	20.3	19.0
	370.2	346.2
Represented by:		
Porcine	242.7	228.5
Dairy and beef	127.5	117.7
	370.2	346.2

The balance sheet comparatives for the years ended 30 June 2019 and 30 June 2018 have been restated by £20.5m to update an input used in the valuation of our porcine biological assets that was not in line with operational data. There has been no effect on the Group Income Statement or the Group Statement of Cash Flows. Further information is provided in note 2 to the financial statements.

The movement in the overall balance sheet carrying value of biological assets of £24.0m includes the effect of exchange rate translation increases of £5.4m. Excluding the translation effect there was:

- > a £9.3m increase in the carrying value of porcine biological assets, due principally to an increase in the pure-line valuation (driven by an increase in the percentage of animals going for breeding sales and a reduction in the Pure line risk adjusted discount rate); and
- > a £9.3m increase in the bovine biological assets carrying value, primarily due to current estimates of projected sales volumes.

The historical cost of these assets, less depreciation, was £57.5m at 30 June 2020 (2019: £58.2m), which is the basis used for the adjusted results. The historical cost depreciation of these assets included in adjusted results was £11.0m (2019: £9.4m).



RETIREMENT BENEFIT OBLIGATIONS

The Group's retirement benefit obligations at 30 June 2020 were £18.1m (2019: £24.2m) before tax and £14.6m (2019: £19.8m) net of related deferred tax. The largest element of this liability relates to the multi-employer Milk Pension Fund, which we account for on the basis of Genus being responsible for 86% of the scheme (2019: 86%).

During the year, contributions payable in respect of the Group's defined benefit schemes amounted to £8.4m (2019: £7.6m).

Despite the impact of COVID-19 on asset valuations and lower bond yields during the year, robust investment strategies for our two main defined benefit obligation schemes have limited the current financial impact. Both the Dalgety Pension Fund ('DPF') and our share of the Milk Pension Fund ('MPF') reported IAS 19 surpluses, prior to any IFRIC 14 amendments.

CASH FLOW

Cash generated by operations of £82.9m (2019: £48.4m) represented cash conversion of 127% (2019: 84%) of adjusted operating profit excluding joint ventures, or 115% excluding the impact of adopting IFRS 16. The strong conversion of adjusted operating profit to cash is aligned to our medium term objective to achieve conversion of at least 90%. The increase was primarily due to the strong trading performance and a continued focus on working capital management.

Capital expenditure cash flows of £35.4m (2019: £28.3m) included higher IntelliGen capital expenditure for the new production locations in Wisconsin as well as investment in state-of-the-art new bull housing and in Genus One, a single global enterprise system, where the rollout is progressing well. Cash inflows from joint ventures were higher at £3.7m (2019: £3.4m). After interest and tax paid, total free cash flow was £35.2m (2019: £10.0m).

The cash outflow from investments was £0.1m (2019: £22.7m), with deferred consideration payments being offset by net return of capital from one of our Chinese joint ventures (Xianyang Yongxiang Agriculture Technology Co. Ltd).

The net cash inflow after investments and dividends was £16.9m (2019: £37.0m) with the prior year benefiting from a 5% equity placement of 3.1m shares which raised proceeds of £66.5m net of fees to provide flexibility to pursue future growth opportunities.

	2020 £m	2019 £m
Cash flow (before debt repayments)		
Cash generated by operations	82.9	48.4
Interest and tax paid	(17.1)	(15.0)
Capital expenditure	(35.4)	(28.3)
Cash received from JVs	3.7	3.4
Other	1.1	1.5
Free cash flow	35.2	10.0
Acquisitions and investments	(0.1)	(22.7)
Dividends	(18.3)	(16.8)
Share placement	0.1	66.5
Net cash flow (before debt repayments)	16.9	37.0

NET DEBT AND NEW CREDIT FACILITY

Net debt increased to £102.6m at 30 June 2020 (2019: £79.6m), primarily due to the £24.7m impact of adopting IFRS 16.

At the end of June 2020 there was substantial headroom of £125.4m under the Group's credit facilities of £228m. Of the Group's facilities as at 30 June 2020, £47m was due to expire in February 2021, with the remainder expiring in February 2022.

A new and enlarged credit facility agreement with a syndicate of eight banks was signed post year end on 24 August 2020. The new facility consists of a £150m multi-currency RCF, a USD125m RCF and a USD20m bond and guarantee facility. The term of the new facility is for three years with an option to extend the maturity date before the first and second anniversaries of the signing date for a further year. The facility also includes an uncommitted £100m accordion option which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans.

The Group's financial position and borrowing ratios remain very strong, with sufficient cash flows available to fund internal investments and debt finance available to pursue external acquisition opportunities. At the end of June 2020 interest cover was at 32 times (2019: 34 times). EBITDA, as calculated under our financing facilities includes cash received from joint ventures and historical cost depreciation of biological assets. The ratio of net debt to EBITDA on this basis improved to 0.9 times (2019: 1.0 times) with both lower net debt on a frozen GAAP basis and an increased EBITDA. This level of leverage is just below our medium term objective of having a ratio of net debt to EBITDA of between 1.0–2.0 times.

The Group has adopted the IFRS 16 'Leases' standard from 1 July 2019 using the modified retrospective approach and has recognised the cumulative effect of applying IFRS 16 at the 1 July 2019 transitional date and the prior period will not be restated.

The impact on the opening balance sheet as at 1 July 2019 was to recognise a right of use asset and corresponding lease liability of £26.6m. Profit before tax has not changed materially, however operating profit in FY20 has increased by £0.7m (due to the depreciation expense being lower than the operating lease expense it replaces) offset by increased finance charges on the higher liability. IFRS 16 also requires a reclassification of cash outflow from operations of £7.6m to net cash used in financing activities, however the overall impact to the Group is cash flow neutral.

RETURN ON ADJUSTED INVESTED CAPITAL

We measure the Group's return on adjusted invested capital on the basis of adjusted operating profit including joint ventures after tax, divided by the operating net assets of the business, stated on the basis of historical cost, excluding net debt and pension liability. This removes the impact of IAS 41 fair value accounting, the related deferred tax and goodwill. The return on adjusted invested capital was higher at 21.0% after tax (2019: 18.9%), reflecting the strong profit growth and lower tax rate, partially offset by an increased asset base from the right of use asset adjustment under IFRS 16 mentioned above. Excluding the impact of IFRS 16 adoption the return on adjusted invested capital would have been 22.8%.

DIVIDEND

The Board has recommended a final dividend of 19.7 pence per ordinary share, an increase of 5% over the prior year final dividend. When combined with the interim dividend increase of 6%, this will result in a total dividend for the year of 29.1 pence per ordinary share, an increase of 5% for the year. Dividend cover from adjusted earnings remains strong at 2.9 times (2019: 2.6 times) and is in line with our Board's intention to maintain a progressive dividend within a target adjusted earnings cover range of 2.5–3.0 times.

It is proposed that the final dividend will be paid on 11 December 2020 to the shareholders on the register at the close of business on 20 November 2020.

Alison Henriksen

Chief Financial Officer
7 September 2020



PEOPLE AND CULTURE

Attracting and retaining top talent



Angelle Rosata
GROUP HR DIRECTOR

Having the right people, working in a positive and supportive culture, is key to success.

A DIVERSE AND DEDICATED TEAM

We employ more than 3,100 people in 25 countries. We are an increasingly diverse team, united by commitment to our Company vision and core values.

We nurture a positive and inclusive culture, built on mutual respect and equal opportunity. This is underpinned by our five core values, which inform behaviours expected of all Genus employees. Our performance management process explores what employees contribute and how they have done so, to ensure alignment with our values.

We have made further progress on enhancing diversity. For example, our Women's Leadership Forum has evolved into a global, employee-led group called AWAKE (Advancing Women's Advocacy, Knowledge and Empowerment). This is developing initiatives that help female employees to network, mentor each other and participate in professional development programmes.

A CLEAR FRAMEWORK

We have completed a global job framework, in collaboration with leaders and managers across the Company. This groups similar jobs and skills, helping us to map how they fit together and identify potential development paths within roles and through the business. The framework brings benefit in many areas, from talent development to succession planning, and is helping us enhance workforce sustainability.

ATTRACTING AND DEVELOPING TALENT

We have continued to attract new talent to strengthen our capabilities in areas of strategic importance to the business. We have also redeployed talent where needed, for example in Asia, where our Global HR Director for PIC undertook an assignment in China, helping us to recruit new local leadership talent.

In parallel, we have continued to invest in developing existing employees. For example, we now offer four bespoke programmes for people managers, providing training and support at different career stages. We have also established a global Genus CEO Scholarship, which offers funding for a part-time, Master's-level business programme. The quality of this year's applicants was so high that we made two awards, to colleagues in the UK and Russia.

More widely, we have invested in a new learning management system to give all employees access to multi-media and multi-lingual content, at any time, on multiple devices.

ENGAGING EMPLOYEES

In November 2019, we ran our third global engagement survey, *Your Voice*, to seek employee views on working at Genus and ideas for improvement. We explain more in the case study overleaf. This showed a further improvement in the already high levels of engagement at Genus.

Among other engagement initiatives, our two non-executive workforce engagement directors – Lesley Knox and Lykele van der Broek – held breakfast discussions with employees at sites in the UK and the U.S. These involved open conversations about the company, working practices and future plans. The feedback received gave Board members valuable insight into employee views and Company culture.

HEALTH AND SAFETY

The health and safety of our employees is paramount and we have introduced a range of measures to help protect them from the spread of coronavirus (COVID-19). These have included social distancing measures, personal hygiene protocols, the provision of relevant personal protective equipment ('PPE') by role, staggered work and break times at our facilities and remote working from home wherever possible.

More widely, we continue to improve health and safety in other areas. During the year, we reduced recordable injuries by 5% and reduced vehicle incident rates by 5%, in line with our aim of enhancing the quality of hazard identification in some of our higher risk areas.

GLOBAL POLICIES

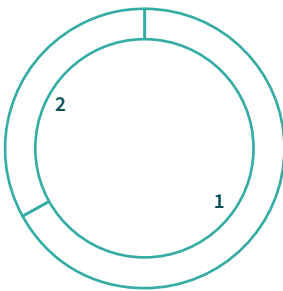
We publish and regularly review a comprehensive set of policies for our global employees, which range from our Anti-Harassment and Diversity and Inclusion policy to a variety of health and safety policies. These cover the complete life cycle of an employee's time at Genus, ensuring all our people are treated consistently and equitably. We support the policies with training where needed and evaluation indicates they are being implemented consistently. There are many ways in which employees can raise any concerns, including a formal grievance procedure. Any concerns reported are immediately referred to the Group General Counsel and Company Secretary. They are investigated and discussed with the Group HR Director, Head of Risk Management and Internal Audit and the Company's Audit & Risk Committee. This process is regularly reviewed as part of our annual Audit & Risk Committee activity. There were no issues reported during the year.

ANTI-BRIBERY AND CORRUPTION

Our Anti-Bribery and Corruption policy, which is available to employees on the Company's intranet site, explains how we act professionally, fairly and with integrity in all our business dealings. All employees undertake mandatory annual training on this policy and must achieve 100% in a post-training test.

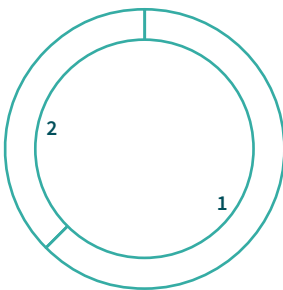


BOARD GENDER BREAKDOWN



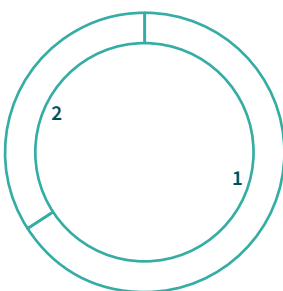
1 Male 67%
2 Female 33%

EXEC GENDER BREAKDOWN



1 Male 63%
2 Female 38%

WORKFORCE GENDER BREAKDOWN



1 Male 66%
2 Female 34%



The training is supported by our Whistleblowing policy, which allows employees to anonymously report any concerns about unethical behaviour and explains the process for doing so. Any concerns are immediately investigated through the same procedure outlined above. There were no issues reported during the year.

HUMAN RIGHTS

Genus is committed to respecting the human rights of workers throughout our value chain and the local communities in which we operate. We aim to ensure that anyone who might be affected by Genus can enjoy the human rights described in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

We monitor this through the same process used for the policies outlined earlier and there were no issues identified during the year.

OUR VALUES

> Customer Centric

We are one team, dedicated to helping customers thrive. We anticipate their needs and help them seize opportunities, acting as partners to improve quality, efficiency and output. If we're not adding value for our customers, we stop and think again.

> Results Driven

We are proactive, determined to be the best we can be and to exceed expectations. We redefine standards for ourselves, our customers and our industry. Every one of us takes pride in delivering the highest level of performance. If something can be improved, we find a simpler, better way to do it.

> Pioneering

We are an innovative, forward-thinking company. We have the courage and confidence to explore new ideas and the energy and enthusiasm to deliver them. We are creative, tenacious and resourceful in every area of our work.

> People Focused

We are a business rooted in science but built around our people. We inspire, challenge and support everyone to perform, develop and grow. We treat others with respect and we invite views and feedback to help us improve.

> Responsible

We are ethical to our core. We feel a deep sense of responsibility to our customers, colleagues, animals, communities and shareholders. We are honest, reliable and trustworthy. We mean what we say and do what we say.



CASE STUDY / PEOPLE AND CULTURE



Acting on our people's feedback supports our aim of being a world-class employer of talent.

Angelle Rosata
Group HR Director



Your Voice survey

Our global engagement survey, *Your Voice*, enables employees to give their views of working at Genus and ideas for improvement. The latest survey, in November 2019, attracted a record number of responses and gave us valuable insight that has informed practical action plans.

Nearly 80% of our workforce gave us views, with improved overall results on an already strong base. There was positive feedback on areas such as our strategic direction, Company culture and management effectiveness. We also identified areas for improvement, including learning & development, and reward & recognition.

Each of our business units and functions examined feedback from its employees and developed an action plan to address priorities, gaining input and ideas from employees as they did so. Members of the Genus Executive Leadership Team ('GELT') have taken ownership of the plan for their business/function. This is reflected in their annual performance objectives and cascaded through local leadership teams.

GELT also identified two consistent themes – development of people managers and reward & recognition practices – and we are focusing on these across the Company.

All action plans are now being implemented and GELT is regularly reviewing progress.



SUSTAINABILITY REPORT

Pursuing our Purpose

Sustainability lies at the heart of our business. It informs our vision of pioneering animal genetic improvement to help nourish the world and infuses the core values that shape our work, every day.

Inspired and guided by our purpose, we take a long-term view that balances pursuit of commercial interests with a commitment to make a positive contribution to the world around us. We care for employees, contribute to our communities, respect the environment and protect animal well-being. We also ensure we are a well-run and profitable business, enabling us to meet commitments to shareholders while continuing to invest in areas of importance to other stakeholders (ranging from health & safety to climate change mitigation).

Environmental sustainability is particularly relevant to our operations and our genetic improvement work. We help farmers produce meat and milk more efficiently and sustainably,

increasing the availability of high-quality, affordable animal protein around the world. As a result of bovine and porcine genetic improvement, our customers use far less land, water and other natural resources to produce more milk or meat than they did some decades ago. We are therefore helping to reduce the impact agriculture has on the environment and we will continue to accelerate our genetic improvement programmes as we aim to lead the market in sustainable animal protein production.

In parallel, we will continue to reduce the environmental impact of our own operations, guided by our Climate Change Policy. This policy, which is available on the Company's website, commits us to a 25% reduction in greenhouse gas ('GHG') emissions by 2030 and becoming a net-zero emissions business by 2050. We will use the primary intensity ratio to report emission reductions, and we have a range of practical activities already underway to help us achieve this.

We fulfil our commitment by challenging ourselves and those around us to think differently. From small improvements in working practices to innovations that address stakeholder needs, we constantly develop and explore new ideas for enhancing our contribution and delivering positive, sustainable change.

We translate our bold thinking into policies and practices that underpin our operations around the world. From core principles on protecting animal well-being to guidelines on supporting community causes, we articulate expectations, provide information and deliver training where needed to ingrain responsible business practices across our organisation and the people we work with.

We set and continually monitor progress using key performance indicators (see pages 16 to 17). We also ensure employees have multiple routes to raise any concerns (including the independent whistleblowing hotline explained earlier). No material issues were reported during the year.



INSTALLATION OF NEW ANIMAL HOUSING AND SOLAR PANELS AT DEKORRA

ANIMAL WELFARE AND ENVIRONMENT

As part of a long term plan to increase production capacity in North America, ABS has commenced construction of new animal housing facilities at locations in Dekorra and Leeds, Wisconsin. Utilising the latest building techniques the facilities are being built to house, clean, bed, feed and collect bulls in a low stress environment. Following the successful roll out of a 49kW solar array at Dekorra in 2018, further investment has been approved for the construction of new solar panel systems at these sites which, when completed, aim to generate electricity equivalent to 100% of the sites' current power usage.



COMMUNITY RESPONSE TO INDIA FLOODS

COMMUNITY

In August, severe flooding affected the region of Maharashtra, including at our Brahma production facility, displacing more than 1.5 million people. The Genus team and its partners worked tirelessly to evacuate people and animals from the facility, and also recovered relief materials (including medicine, dry food, utensils and toiletries) and shared them with the neighbouring village to help with the rescue operation. ABS India helped a number of families to re-build homes swept away in the floods and provided replacement school supplies for 300 students. Genus then set up a relief fund to support the local community, matching 100% of employee donations. Combined contributions to the relief effort from the wider Genus family totalled \$52,000.



VEHICLE TELEMATICS OPERATE SAFELY

We have been partnered with Lightfoot in the UK for over a year as our focus on safer and more sustainable driving continues. Lightfoot uses advanced, real-time engine analytics to provide live, in-cab coaching to help drivers improve both efficiency and safety – this year we have seen a drop in the severity of road accidents and now have a greater understanding of driver behaviour through improved data.

FY20 also saw the introduction of a new First Notice of Loss ('FNOL') service which sends notifications to fleet management within minutes of an incident with the necessary details needed to provide effective and timely response.



Sustainability

Our sustainability framework touches all aspects of our supply chain.



FOOD QUALITY, TRACEABILITY & SECURITY
 Advancing genetic improvement in food-producing animals, through technology and innovation.



ANIMAL WELL-BEING
 Continuously improving animal well-being across our businesses worldwide.



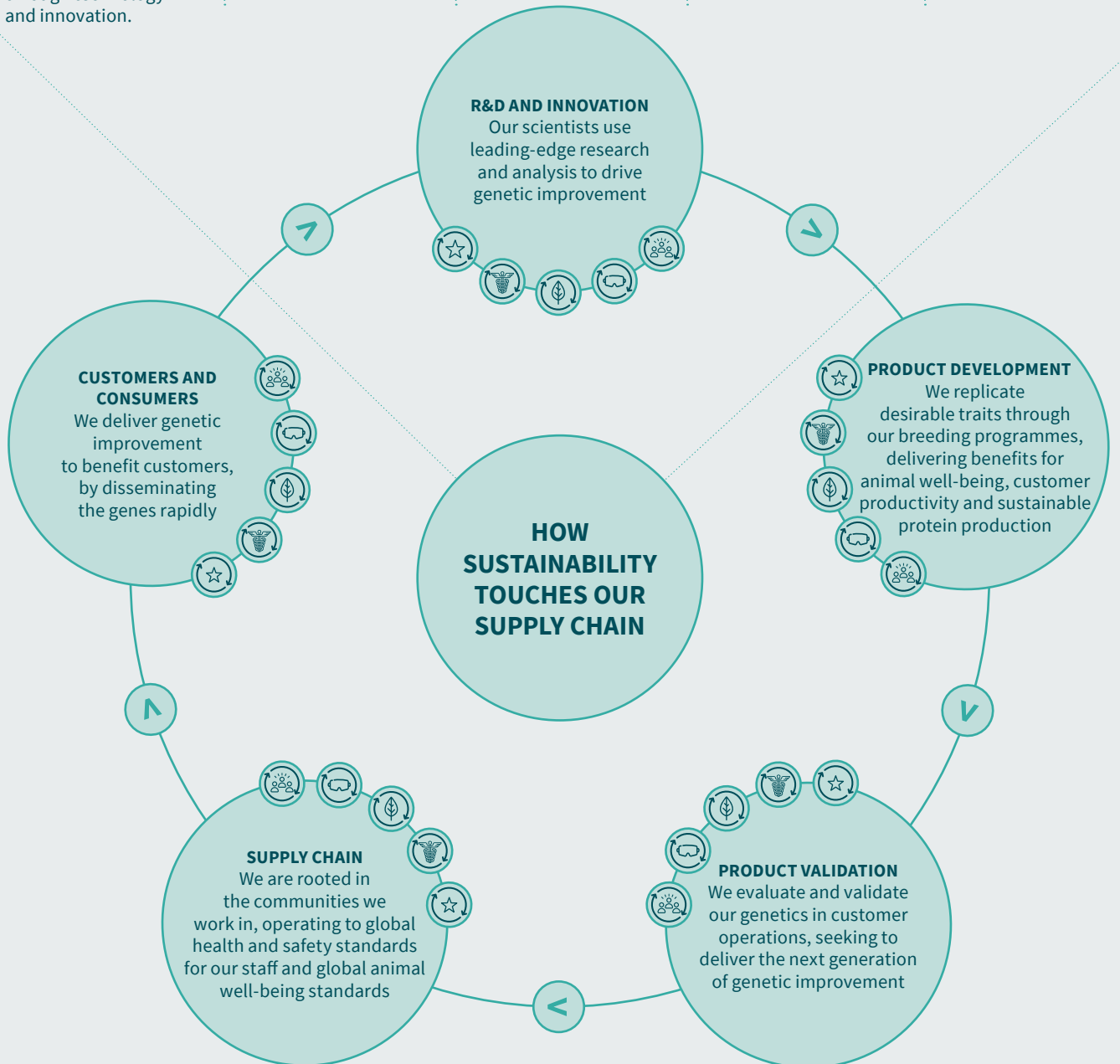
ENVIRONMENT
 Reducing the environmental impact of protein production.



RESPONSIBLE EMPLOYER OF CHOICE
 Seek to ensure a safe and inclusive working environment for our colleagues.



COMMUNITY
 Proactively engage in communities where Genus operates.





SUSTAINABILITY REPORT CONTINUED

Progressing our sustainability strategy

Our Sustainability Committee contains experts from around our global Company. The Committee sets our sustainability strategy, articulates annual objectives and monitors progress.

Our progress with our sustainability strategy, including key performance indicators where relevant, is summarised opposite.

For more information on our work, progress and Sustainability Committee, please visit our dedicated website: www.genusplc.com/responsibility.

What we do	Highlights in the year	What we plan to do next
 <p>FOOD QUALITY, TRACEABILITY AND SECURITY Advancing genetic improvement in food-producing animals, through technology and innovation</p>	<ul style="list-style-type: none"> > Drove further genetic improvement in both porcine and bovine species > Continued our work to combat PRRSV in pigs and signed a major collaboration agreement in China > Increased the availability of Sexcel in target markets around the world 	<ul style="list-style-type: none"> > Continue driving porcine and bovine genetic improvement and rapidly disseminate the genetics to customers globally > Continue responsible development of gene editing technology, to aid disease resistance and animal well-being > Explore opportunities for technology partnerships to enhance traceability of Genus genetics
 <p>ANIMAL WELL-BEING Continuously improve animal wellbeing practices across our business worldwide</p>	<ul style="list-style-type: none"> > Continued to invest in PIC and ABS animal housing facilities > Continued aligning standard operating procedures across the PIC supply chain > Maintained our focus on reducing bovine stress, to improve maternal health 	<ul style="list-style-type: none"> > Ensure employees with animal care responsibilities are routinely trained on current animal care standards > Continue investment in animal housing facilities > Keep reviewing and updating animal care standards and operating procedures, to maintain alignment with best practice
 <p>ENVIRONMENT Reduce the environmental impact of protein production</p>	<ul style="list-style-type: none"> > Audited 87.4% of PIC-owned production sites > Improved feed efficiency by 0.045 kg of feed per kg of pork > Approved Climate Change Policy 	<ul style="list-style-type: none"> > Increase porcine genetic improvement index by 19 points > Continue to select beef genetics that improve feed efficiency and reduce greenhouse gas ('GHG') emissions > Launch environmental sustainability initiatives across the Company consistent with Climate Change Policy targets for GHG emission reductions > Execute and explore opportunities for wider deployment of renewable energy solutions across ABS and PIC sites > Work to address slurry and manure management challenges by exploring technological innovations > Conduct environmental audits of material facilities > Maintain scope and measures of PIC audits on owned production, including 80% of owned sites
 <p>RESPONSIBLE EMPLOYER OF CHOICE Seek to ensure a safe and inclusive working environment for our colleagues</p>	<ul style="list-style-type: none"> > Vehicle incident rates fell by 5% > Recordable incidents dropped by 5% 	<ul style="list-style-type: none"> > Reduce occupational road risk > Reduce recordable injury frequency rate¹
 <p>COMMUNITY Proactively engage in communities where Genus operates</p>	<ul style="list-style-type: none"> > Recruited 103 staff into our PIC and ABS production sites > Enhanced our range of placement and employment opportunities for students and apprentices 	<ul style="list-style-type: none"> > Continue to respond to local community crises, recruit into local farms and encourage support for charities close to the local businesses and aligned with our mission

¹ Recordable Injury Frequency: the number of work related incidents that result in injury or illness, work restriction, or require treatment other than first aid.

Climate Change Policy and Greenhouse Gas ('GHG') Reporting

In November 2019 the Board approved a Group Climate Change Policy which, among other things, acknowledges the reality of climate change and recognises the lasting negative impact it will have on our business and our communities. We support the outcomes of the Paris Agreement and the long-term goal to limit the global average temperature rise to 1.5°C. Genus has committed to take action on climate change in a number of ways, including:

- > Driving porcine and bovine genetic improvements which support productivity gains and improve feed efficiency, enabling a reduction in the production of GHG emissions per unit of milk or meat produced;
- > Reducing the carbon footprint of our own operations through developing a better understanding of how energy is used in our business. We are committed to the sustainable development of new facilities and are evaluating the use of renewable power solutions on a number of our farms; and
- > Partner and advocate for policies that advance positive climate goals and identified United Nations Sustainable Development Goals ('SDGs').

The Group's GHG emissions have been reported since 2013 in line with the requirements of The Companies Act 2006.

OUR REPORTING APPROACH

During the year we have worked to refine our methods to measure GHG emissions and develop a Tier 2 FY19 emission baseline (FY19 Baseline). The FY19 Baseline will be used to measure future improvements. The Tier 2 methodology analyses locational animal management and transport in more detail than the Tier 1 analysis previously used.

We are committed to reducing GHG emissions in our operations and will use the 'primary intensity ratio' to report emission reductions. We aim to reduce the primary intensity ratio by 25% by 2030. As an organisation, we also aim to have net zero GHG emissions by 2050. This means that even as our business grows, we are seeking to ensure that our GHG emissions shrink.

We use operational control as our reporting approach. We have determined and reported the emissions we are responsible for within this boundary and believe there are no material omissions. As part of the review of Tier 2 methodology we now include our share of joint venture emissions and omit some livestock held by third parties, due to our limited authority to introduce and implement operating policies.

GHG EMISSIONS REPORTING OUTCOMES

Our GHG emissions are primarily methane produced by our animals, carbon dioxide from consuming fuel and other materials, and from transport.

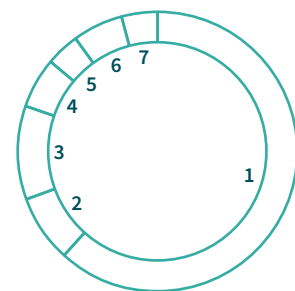
Our total GHG emissions decreased by 0.1% driven by small decreases in Scope 2 and 3 emissions, offset by increases in animal emissions (driven by an increase in animal numbers and weight per animal).

Our primary intensity ratio decreased by 3.7% due to changes in the mix between porcine and bovine and change in the mix of animal weights. This measure is largely unaffected by the impact of COVID-19.

The impact of the change in methodology and adoption of revised IPCC factors on the 2019 emissions is as follows:

	Tonnes of CO ₂ e
As reported FY19	95,655
Tier 2 changes	
IPCC changes to emission calculation methodology	7,840
Vehicle emissions	1,777
Inclusion of share of JVs	8,106
Slurry and manure analysis	8,441
FY19 restated Tier 2 emissions	121,819

GHG EMISSIONS FOR 2020 (%)



1 Scope 1 Livestock	63%
2 Scope 1 Fuel	8%
3 Scope 1 Own Transport	11%
4 Scope 2 Electricity and Heat	6%
5 Scope 3 Distribution	4%
6 Scope 3 Travel	6%
7 Scope 3 Other	4%

ASSESSMENT METHODOLOGY

World Resources Institute/World Business Council for Sustainable Development. 'The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard'

DEFRA 'Guidance on how to measure and report your greenhouse gas emissions'

DEFRA 'Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance'

EMISSIONS FACTOR DATA SOURCE

IPCC 'Guidelines for National Greenhouse Gas Inventories'

DEFRA/DECC 'Conversion Factors for Company Reporting'



SUSTAINABILITY REPORT CONTINUED

Climate Change Policy and Greenhouse Gas ('GHG') Reporting continued

ENERGY EFFICIENCY

We continually invest in improving energy efficiency and are focused on driving operational change to reduce energy consumption. Our Sustainability Committee has developed a road map which included energy conservation and reduction and has commitment at an Executive level. Over the course of the last year we have invested in energy efficiency and generation technologies. These capital schemes include investment in renewable energy generation schemes, replacing coal fired boilers in China, and improving energy efficiency measures in our UK offices with improved controls to reduce energy use. We use our half hourly meter data, regular internal communication and performance reporting to understand energy efficiency and drive behaviour, minimise waste and identify opportunities. We are building online learning for all staff to understand the importance of sustainability. We are piloting the use of electric vehicles in our fleet, along with dedicated site charging points.

GENUS PLC ENERGY DATA

In line with the latest government energy and carbon reporting requirements, further information on our energy consumption for the last two years across Genus plc is set out opposite. This is sourced from data for the carbon data reported in this section and is tracked internally on a quarterly basis. All data is collected from metered data for electricity. Biogas combustion information is calculated using assumptions based on records in China and Brazil. Fuel use is reported based on financial records of fuel purchased. We have applied assumptions on standard calorific values to convert all liquid and gas fuel types to a common energy metric (kWh) and data is reported for the period 1 July 2019 to 30th June 2020.

Emissions from	2020	2019 (restated)	% change
	Tonnes of CO ₂ e	Tonnes of CO ₂ e	
Scope 1 – combustion of fuel, own transport and livestock emissions	98,740	92,896	6.3
Scope 2 – purchased electricity, steam, heat and cooling	6,812	7,439	(8.4)
Total Scope 1 and 2	105,552	100,335	5.2
Scope 3 – material usage and waste, third party distribution and business travel	16,123	21,485	(25.0)
Total emissions	121,675	121,819	(0.1)
Primary intensity measure – animal weight (tonne)	10,481	9,591	9.3
Secondary intensity measure – Turnover (£m)	551.4	488.5	12.8
Primary intensity ratio – Scope 1 and 2 (tCO₂e/tonne animal weight)	10.07	10.46	(3.7)
Secondary intensity ratio – Scope 1, 2 and 3 (tCO₂e/turnover)	221	249	(11.2)

Annual emissions figures have been calculated based on actual nine-month data for July to March for travel and distribution and ten-month data for July to April, with both extrapolated to full year.

Energy Type	Source	Units (kWh)	2020	2019
Electricity	Electricity imported	kWh	20,156,010	17,599,380
	Electricity Generated from Renewable Sources and Used on Site	kWh	683,000	620,000
	Electricity Generated from Renewables Sources and Exported	kWh	13,000	0
Gas Fuels	Gas Imported from the Grid	kWh	9,617,802	4,491,962
Liquid Fuels	Fuel used by Plant (gas oil and diesel)	kWh	18,268,089	18,003,380
Total	Total Energy Used (i.e. Annual quantity of energy consumed from activities for which the Company is responsible, including combustion of fuel and operation of facilities)	kWh	48,724,901	40,714,722
	Total Energy Imported (i.e. Annual quantity of energy consumed resulting from the purchase of electricity and gas. No imports of heat, steam or cooling)	kWh	29,773,812	22,091,342
	Proportion of energy use (UK)	kWh	1,142,815	1,264,280
	Proportion of energy use (RoW)	kWh	47,582,086	39,450,442



NON-FINANCIAL INFORMATION STATEMENT

The table below, and the information it refers to, is intended to help stakeholders understand our position on key non-financial matters in line with the non-financial reporting requirements contained in Sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement	Policies and standards which govern our approach	Risk management and additional information
ENVIRONMENTAL MATTERS	Sustainability Framework	See page 40
EMPLOYEES	Global Employee Handbook; Whistleblower Policy	See pages 34 to 35
HUMAN RIGHTS	Global Employee Handbook; Whistleblower Policy	See page 35
SOCIAL MATTERS	Charitable Donations Policy	See page 40
ANTI-CORRUPTION AND ANTI-BRIBERY	Anti-Bribery and Corruption Policy	See page 34
POLICY EMBEDDING, DUE DILIGENCE AND OUTCOMES	Global Employee Handbook	See Strategic Report on pages 1 to 47
DESCRIPTION OF PRINCIPAL RISKS AND IMPACT OF BUSINESS ACTIVITY	N/A	See Principal Risks and Uncertainties on pages 44 to 46
DESCRIPTION OF THE BUSINESS MODEL	N/A	See Business Model on pages 10 to 11
NON-FINANCIAL KEY PERFORMANCE INDICATORS	Sustainability Framework	See page 40

SECTION 172 STATEMENT

Section 172(1) of the Companies Act 2006 imposes a general duty on every company director to act, in good faith, in the way they consider would be most likely to promote the success of the company for the benefit of its shareholders. In doing so, directors must take into account a list of factors that include:

- > the likely long-term consequences of Board decisions;
- > how the Company's actions and behaviours affect customers, employees, suppliers, the community and the environment;
- > the desirability of maintaining a reputation for high standards of business conduct; and
- > the need to act fairly between shareholders.

This statement explains how the Board complies with its obligations under section 172.

MANAGING OUR STAKEHOLDER RELATIONSHIPS

To effectively consider the impact of decisions on our stakeholders, we must have a good understanding of their needs and issues. We therefore actively listen to our stakeholders at all levels of the organisation, to ensure we take account of and respond to their interests. Information on how we engage with our stakeholders, including the Board's direct and indirect engagement with them, can be found on pages 12 to 13.

STANDARDS OF BUSINESS CONDUCT

The Board is aware of the need to maintain high standards of business conduct. The Group has a strong ethical culture, underpinned by our values and policies, which are endorsed by the Board. The Group also has specific policies and procedures to prevent bribery and corruption, as described on page 34.

ENVIRONMENTAL IMPACT

Information on the Group's environmental impact can be found on pages 38 to 42.

TREATING SHAREHOLDERS FAIRLY

The Company's shares are owned by a wide range of institutional and individual shareholders, with no shareholder having a majority holding or significant influence over the Group. As a result, no situations arise in which any shareholders can be treated differently, ensuring fair treatment for all.

KEY BOARD DECISIONS

Examples of key Board decisions during the year, including how the Board considered the interests of relevant stakeholders, are set out below.

DEFERRING ROYALTY PAYMENTS FROM CUSTOMERS IMPACTED BY COVID-19

Overview

COVID-19 has caused significant volatility in pork markets, leading to reduced capacity at meat processing plants in North America during the year.

Long-Term Consequences

Customers are a critical stakeholder group for Genus. The impact of COVID-19 on reduction of meat processing capacity has led to customers having to euthanise weaned pigs, sows and market pigs, which has a direct impact on the viability of their businesses in both the near and long term. The Board is committed to our customers' success and has supported actions taken to secure the supply of semen and breeding stock to minimise the impact of the pandemic on our customers.

Actions Taken

PIC offered customers in North America the opportunity to defer 50% of royalty payments for a period of three months, collectable over the following year, which was positively received and widely adopted in the industry.

CLIMATE CHANGE

Overview

The Board recognises that without significant thought and action, climate change will have a lasting, negative impact on our business, our communities and the world. Climate change is important to all of the Group's stakeholders, including shareholders who are increasingly interested in our environmental performance. The Board therefore decided to set out the Company's approach to managing its operations in view of climate change and to introduce a Climate Change Policy, including realistic but stretching targets for emission reductions over the next decade.

Long-Term Consequences

By implementing the new Climate Change Policy, which is available on the Company's website, we aim to reduce our GHG emissions by 25% by 2030, against a restated 2019 baseline. Longer term, our aim is to be carbon neutral by 2050. More information on the Group's environmental performance can be found on pages 38 to 42.

Actions Taken

The Board has appointed Lysanne Gray as its Sustainability Sponsor. As Chair of the Audit & Risk Committee, she will receive regular updates from our Sustainability Committee, which will monitor our progress against the actions identified in the Climate Change Policy.

The Board has also approved investment in renewable energy at the Dekorra site in the US, which hopes to run exclusively on solar energy (see page 38).



Principal risks and uncertainties

Genus is exposed to a wide range of risks and uncertainties as it fulfils its purpose of providing farmers with superior genetics to fulfil its vision.

Some of these risks relate to the current business operations in our global agricultural markets, while others relate to future commercial exploitation of our leading-edge R&D programmes. We are also exposed to global economic and political risks such as trade restrictions and Brexit. Our assessment is that Brexit is not a principal risk for Genus. Additionally, we also monitor emerging new risks such as changing consumption patterns, environmental sustainability and the emergence of alternative proteins such as lab-based meat.

In considering our risks, we performed a detailed assessment of the impact of the global outbreak of COVID-19 during the second half of our financial year. The assessment covered COVID-19 impact on our people, our customers and our supply chain. We also assessed the short and long term risks associated with the expected global economic disruption affecting our industry and the markets where we operate.

Out of this broad risk universe we have identified ten principal risks, which we periodically evaluate based on an assessment of the likelihood of occurrence and magnitude of potential impact, together with the effectiveness of our risk mitigation controls.

The table below outlines these principal risks and uncertainties and how we manage them. We also identified those principal risks which are more likely to have a short to medium-term impact for the evaluation of our going concern and viability assessment. This is discussed in detail within our viability statement.

The Directors confirm that they have undertaken a robust assessment of the principal risks and uncertainties facing the Group. More information on our risk management framework can be found in the Corporate Governance Statement on page 68.

LINK TO STRATEGY/VIABILITY ASSESSMENT



Increasing Genetic Control and Product Differentiation



Targeting Key Markets and Segments



Sharing in the Value Delivered



Considered for Viability Assessment



Risk	Risk description	How we manage risk	Risk change in 2020
Strategic Risks			
DEVELOPING PRODUCTS WITH COMPETITIVE ADVANTAGE STRATEGIC LINK 	<ul style="list-style-type: none"> > Development programmes fail to produce best genetics for customers. > Increased competition to secure elite genetics. 	<p>Dedicated teams align our product development to customer requirements. We use large-scale data and advanced genomic analysis to ensure we meet our breeding goals. We frequently measure our performance against competitors in customers' systems, to ensure the value added by our genetics remains competitive.</p>	<p>▬ No change.</p>
CONTINUING TO SUCCESSFULLY DEVELOP INTELLIGEN TECHNOLOGY STRATEGIC LINK 	<ul style="list-style-type: none"> > Failure to manage the technical, production and financial risks associated with the rapid development of the IntelliGen business. 	<p>Our continued development of the technology and its deployment to new markets is supported by dedicated internal resources and agreements with suppliers.</p> <p>Further patent infringement proceedings initiated by ST in the US are being vigorously defended.</p>	<p>▬ No change. We continue to see strong demand for Sexcel and continue to implement improvements and innovation into our technology, improving fertility outcomes and processing efficiency. We continue to increase IntelliGen's global deployment, securing new third-party customers.</p> <p>We continue to experience patent infringement filings as well as seeing the progression of existing filings during the year (see note 7).</p>
DEVELOPING AND COMMERCIALISING GENE EDITING AND OTHER NEW TECHNOLOGIES STRATEGIC LINK 	<ul style="list-style-type: none"> > Failure to develop successfully and commercialise gene-editing technologies due to technical, intellectual property ('IP'), market, regulatory or financial barriers. > Competitors secure 'game-changing' new technology. 	<p>We stay aware of new technology opportunities through a wide network of academic and industry contacts. Our Genus Portfolio Steering Committee ('GPSC') oversees our own research, ensures we correctly prioritise our R&D investments and assesses the adequacy of resources and the relevant IP landscapes. We have formal collaboration agreements with key partners, to ensure responsible exploration and development of technologies and the protection of IP. The Board is updated regularly on key development projects.</p>	<p>▬ No change. Key initiatives continue to progress through the R&D life cycle and we maintain the high level of investment needed to bring the end products to market.</p>
CAPTURING VALUE THROUGH ACQUISITIONS STRATEGIC LINK 	<ul style="list-style-type: none"> > Failure to identify appropriate investment opportunities or to perform sound due diligence. > Failure to successfully integrate an acquired business. 	<p>We have a rigorous acquisition analysis and due diligence process, with the Board reviewing and signing off all material projects. We also have a structured post-acquisition integration planning and execution process.</p>	<p>▬ No change. We continue to work diligently to identify areas of opportunity consistent with our strategic plans and our aim to accelerate growth and create value for our shareholders.</p> <p>Our experiences with post-acquisition integration provide a platform for integrating newly acquired businesses.</p>
GROWING IN EMERGING MARKETS STRATEGIC LINK 	<ul style="list-style-type: none"> > Failure to appropriately develop our business in China and other emerging markets. 	<p>Our organisation, blends local and expatriate executives, supported by the global species teams, to allow us to grow our business in key markets, while managing risks and ensuring we comply with our global standards. We also establish local partnerships where appropriate to increase market access.</p>	<p>▬ No change.</p>
Operational Risks			
PROTECTING IP STRATEGIC LINK 	<ul style="list-style-type: none"> > Failure to protect our IP could mean Genus-developed genetic material, methods, systems and technology become freely available to third parties. 	<p>We have a global, cross-functional process to identify and protect our IP. Our customer contracts and our selection of multipliers and joint venture partners include appropriate measures to protect our IP. We maintain IP landscape watches and where necessary conduct robust 'freedom to operate' searches, to identify third-party rights to technology.</p>	<p>▬ No change.</p>



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Risk description	How we manage risk	Risk change in 2020
Operational Risks continued			
ENSURING BIOSECURITY AND CONTINUITY OF SUPPLY STRATEGIC LINK 	<ul style="list-style-type: none"> > Loss of key livestock, owing to disease outbreak. > Loss of ability to move animals or semen freely (including across borders) due to disease outbreak, environmental incident or international trade sanctions and disputes. > Lower demand for our products, due to industry-wide disease outbreaks. 	<p>We have stringent biosecurity standards, with independent reviews throughout the year to ensure compliance. We investigate biosecurity incidents, to ensure learning across the organisation. We regularly review the geographical diversity of our production facilities, to avoid over-reliance on single sites.</p>	<p>▲ Increased. This is due to the global supply chain challenges imposed by the COVID-19 outbreak as well as the rising geo-political tension and escalation of trade wars. Our geographically diverse production facilities and the expert knowledge of our supply chain and commercial teams allowed for a swift and comprehensive response to these challenges, which helped to reduce their impact.</p>
HIRING AND RETAINING TALENTED PEOPLE STRATEGIC LINK 	<ul style="list-style-type: none"> > Failure to attract, recruit, develop and retain the global talent needed to deliver our growth plans and R&D programmes. 	<p>We have a robust talent and succession planning process, including annual assessments of our global talent pool and active leadership development programmes. The Group's reward and remuneration policies are reviewed regularly, to ensure their competitiveness. We work closely with a number of specialist recruitment agencies, to identify candidates with the skills we need.</p>	<p>▼ Reduced. The Group's Finance Director took the role of the Chief Executive in September 2019 and we appointed our new Chief Financial Officer in January 2020. To date, we have been largely successful in recruiting and retaining the appropriate skills at all levels to meet our business growth plans.</p>
Financial Risks			
MANAGING AGRICULTURAL MARKET AND COMMODITY PRICES VOLATILITY STRATEGIC LINK 	<ul style="list-style-type: none"> > Fluctuations in agricultural markets affect customer profitability and therefore demand for our products and services. > Increase in our operating costs, due to commodity pricing volatility. > The COVID-19 outbreak in 2019 increased volatility and introduced significant new financial and operational pressure across agricultural markets. 	<p>We continuously monitor markets and seek to balance our costs and resources in response to market demand. We actively monitor and update our hedging strategy to manage our exposure. Our porcine royalty model and extensive use of third-party multipliers mitigates the impact of cyclical price and/or cost changes in pig production.</p>	<p>▲ Increased. The full impact of the COVID-19 outbreak on our customers and the global economy remains to be seen. We have implemented additional measures to strengthen our monitoring processes and continue to work very closely with our customers to enhance our response to both short and long term impact.</p>
FUNDING PENSIONS	<ul style="list-style-type: none"> > Exposure to costs associated with failure of third-party members of joint and several liabilities pension scheme. > Exposure to costs because of external factors (such as GMP equalisation, RPI reform proposals, mortality rates, interest rates or investment values) affecting the size of the pension deficit. 	<p>We are the principal employer for the Milk Pension Fund ('MPF') and chair the group of participating employers. The fund is closed to future service and has an agreed deficit recovery plan, based on the 2018 actuarial valuation. We also monitor the strength of other employers in the fund and have retained external consultants to provide expert advice.</p>	<p>▲ Increased. The Trustee formalised an investment de-risking strategy in line with the principles agreed in the memorandum of understanding signed with the employers' group in 2019. COVID-19 outbreak impacted the financial markets and net adverse impact on funding levels of recent market movements is 2.6% (£13m).</p> <p>Developments in RPI reform are being monitored closely to assess likely impacts but the actual shape of the reform is uncertain at this point.</p>



GOING CONCERN AND VIABILITY STATEMENT

In assessing the appropriateness of adopting the going concern basis of preparing the financial statements as well as in assessing viability, the Board have taken into account:

- > The uncertainty resulting from the COVID-19 pandemic, in the initial 2 year period to June 2022, and its impact on our people, our customers and our critical business processes as well as the additional mitigation actions we implemented to reduce our exposure and minimise any medium or long-term impact. We also assessed those risks associated with the expected global economic disruption which may negatively affect our industry and the markets where we operate.
- > Genus's results at 30 June 2020 whereby the Group recorded adjusted profit before tax growth of 22% in constant currency, despite the challenges we have seen in the second half of the 2020 fiscal year.
- > Genus's strong cash position at 30 June 2020 with free cash flow of £35.2m (2019: £10m) and net debt of £77.9m (2019: £79.6m), excluding an impact of £24.7m from IFRS 16 adoption, and had substantial headroom of £125m (2019: £125.6m) under the Group's credit facilities of £228m.
- > A new credit facility agreement with a syndicate of eight banks was signed post year end on 24 August 2020. The new facility consists of a £150m multi-currency RCF, a USD125m RCF and a USD20m bond and guarantee facility. The term of the new facility is for three years with an option to extend the maturity date before the first and second anniversaries of the signing date for a further year. The facility also includes an uncommitted £100m accordion option which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans.
- > The potential use of mitigating actions including reduction in dividends and postponing certain capital spend and investments.

GOING CONCERN

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, given the uncertainty arising from COVID-19, our cash flow and net debt projections to December 2021 have been overlaid with a number of sensitivities to ensure we capture a severe downside scenario 'a COVID-19 scenario' impact on our profit, headroom and covenants over the going concern period. In addition, we have overlaid these sensitivities with reverse stress tests on both our headroom and banking covenants to ensure the range above and beyond the severe downside scenario is fully assessed.

The COVID-19 scenario sensitivities include 5% reductions in PIC revenue, 10% reduction in ABS volumes, 20% reduction in ABS average selling prices, £8m working capital impact and offset by mitigating actions including savings in costs, reduction in dividends and postponing certain capital spend and investments. Our mitigating actions are all within management control and would not impact our ability to serve our customers.

Our headroom under these sensitivities and reverse stress tests, including our mitigating actions, remain adequate. Based on this assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future and for a period of at least 12 months from the date of this report. Accordingly, the Directors continue to adopt and consider appropriate the going concern basis in preparing the Annual Report.

VIABILITY

As part of the Directors' assessment of the Group's viability the Board considered a number of key factors, including our business model (see page 10), our strategic framework (see page 16) and carried out a robust assessment of the principal risks facing Genus (see pages 44 to 46). Our cash flow and net debt projections to June 2023 have been overlaid with the above COVID-19 scenario sensitivities in the initial 2 year period to June 2022 and subsequently with the potential impact, in severe but plausible scenarios of selected principal risks, and in particular the impacts of biosecurity, agricultural markets downturn, border closures, IntelliGen uptake, continuity of supply, customer consolidation and increased competition. We have considered the position if each of the identified principal risks materialised individually and where multiple risks occur in parallel.

In their assessment of the Group's viability, the Directors have determined that a three-year time horizon, to June 2023, is an appropriate period to adopt. This was based on the Group's visibility of its product development pipeline, for example, as a result of the genetic lag of approximately three years between the porcine nucleus herds and customers' production systems and the pipeline of young bulls. The Board also considered the nature of the principal risks affecting Genus, including the agricultural markets in which it operates.

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 June 2023.

The Strategic Report was approved by the Board of Directors on 7 September 2020 and signed on its behalf by:

Stephen Wilson
Chief Executive
7 September 2020

Alison Henriksen
Chief Financial Officer
7 September 2020



CHAIRMAN'S LETTER

Providing leadership and oversight

Bob Lawson

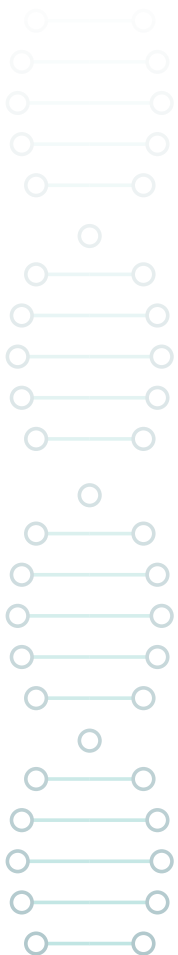


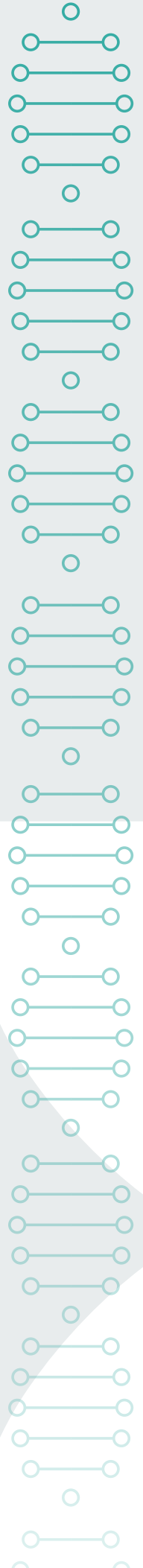
Genus has long been a purpose-driven Company, with a robust culture.



Dear Shareholder

Strong corporate governance is the foundation for any successful business and I am pleased to report that my final Board evaluation shows that governance standards at Genus remain high. High-quality governance is even more important during periods of turbulence and the Board has continued to operate successfully during the COVID-19 pandemic, while ensuring that our internal controls and governance framework remain robust in the light of changes to working practices.





Over the last year or so, many companies have found themselves considering their purpose for the first time. Genus has long been a purpose-driven company, as shown by our vision of pioneering animal genetic improvement to help nourish the world. We have a robust culture that supports this vision and you can read more about the Board's oversight of our culture on page 59. The Board's direct engagement with our people, via our designated Workforce Engagement Directors, is an important part of this oversight.

As described in my statement on page 6 of the Strategic Report, there were important changes to the Board during the year. Stephen Wilson's appointment as Chief Executive demonstrated the value of our succession planning, while we were delighted to recruit a Chief Financial Officer with Alison Henriksen's skills and experience, with the additional benefit of further enhancing gender diversity on the Board. Lesley Knox, as our Senior Independent Director, led the recruitment process for Iain Ferguson, who will be my successor as Chairman.

This Annual Report includes our first Section 172 Statement on pages 12 to 13 and page 43. While the requirement to report on the Board's engagement and decision making is new, the Directors have always been highly engaged and aware of their responsibilities in this regard and have looked to balance the interests of all stakeholders in our discussions. I am sure that the Board will continue to develop Genus's governance under Iain Ferguson's leadership, to support the delivery of further value for all our stakeholders.

Bob Lawson
Chair of the Board
7 September 2020

Genus complied in full with the 2018 edition of the UK Corporate Governance Code, which was the applicable standard for this year.



LEADERSHIP

Board of Directors and Company Secretary



BOB LAWSON
Non-Executive Chairman



STEPHEN WILSON
Chief Executive



ALISON HENRIKSEN
Chief Financial Officer



LYSANNE GRAY
Non-Executive Director

COMMITTEE MEMBERSHIP



BOARD APPOINTMENT

November 2010

SKILLS AND EXPERIENCE

- > Significant experience of leading international businesses, including through operational and cultural changes
- > Deep understanding of listed companies and corporate governance

CURRENT APPOINTMENTS

Non-Executive Chairman of Eurocell plc.

PAST APPOINTMENTS

Chief Executive of Electrocomponents plc; Managing Director of Vitec Group plc; Chairman of the Federation of Groundwork Trusts; Chairman of Hays plc; and Non-Executive Chairman of Barratt Developments plc.

January 2013

- > Six years as Group Finance Director at Genus with wide-ranging operational, strategic and business development responsibilities
- > Extensive experience over 30 years in technology businesses, including finance, mergers and acquisitions, IT transformation and investor relations
- > International experience living and working in Europe and the US
- > Fellow of the Chartered Institute of Management Accountants

None

Group Finance Director of Genus plc; Executive Vice President and Chief Financial Officer of Misys plc; finance and business development roles at IBM; and Non-Executive Director and Audit Committee Chair of Xchanging plc.

January 2020

- > Over 25 years of international experience in finance, operating across Europe, Australia, Asia, the US and South Africa
- > Proven track record of driving performance in public and privately held organisations, both business to business and business to consumer
- > Qualified as Chartered Accountant with Ernst & Young

None

Chief Financial Officer of V.Group, a global leader in ship management; Finance Director, UK & Ireland and Finance Director, Australia, at Compass Group plc; and Chief Financial Officer of Specialty Fashion Group Ltd, a former ASX listed company.



April 2016

- > Significant experience of risk management, audit, business operations, acquisitions and disposals, and corporate governance, gained within the food sector
- > Chartered accountant

Financial Controller at Unilever plc and Unilever NV.

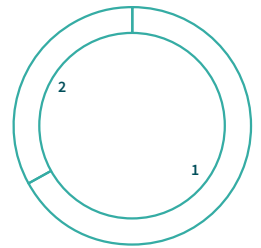
Chief Auditor of Unilever; Chief Financial Officer of Unilever's global food service business; and a number of other senior operational and financial positions within Unilever.

**KEY TO COMMITTEES**

- Member of the Nomination Committee
- Member of the Remuneration Committee
- Member of the Audit & Risk Committee
- Committee Chair

BOARD GENDER BREAKDOWN

- 1 Male 67%
- 2 Female 33%



LYKELE VAN DER BROEK
Non-Executive Director;
Workforce Engagement
Director



July 2014

- > Vast experience of growing companies and working in agricultural businesses throughout the world, including in emerging markets



LESLEY KNOX
Senior Independent
Director; Workforce
Engagement Director



June 2018

- > Broad international, strategic and financial services experience, both through executive and non-executive roles
- > Has advised numerous companies including manufacturers and distributors of food products, encompassing poultry and poultry breeding companies



PROFESSOR IAN CHARLES
Non-Executive Director



July 2018

- > Entrepreneurial scientist, with deep scientific expertise
- > More than 30 years' experience in academic and commercial research institutions
- > Current research focus is infectious diseases, the microbiome and its impact on health and well-being



IAIN FERGUSON
Non-Executive Director
Chairman Designate



July 2020

- > Extensive Board, governance and leadership experience
- > Strong commercial, science and agribusiness expertise across a range of industries, with a particular focus on consumer goods and food
- > Deep appreciation of capital markets and investor sentiment



DAN HARTLEY
Group General Counsel
and Company Secretary

June 2014

- > Significant experience in multi-jurisdictional patent litigation, mergers and acquisitions, patent and technology licensing and managing product life cycles
- > Degrees in science and law

Chair of Eden Research plc.

Non Executive Director, Voice of the Employee Director and Remuneration Committee Chair of Legal & General plc and Chairman of Legal & General Investment Management Holdings.

Co-founder and Board Director of Longas Technologies Pty Ltd.

Chairman of Crest Nicholson Holdings plc; Non-Executive Director of Personal Assets Trust plc; Non-Executive Director of Hallmarq Veterinary Imaging Ltd; Pro-Chancellor of Cranfield University.

None

Member of the Board of Management of Bayer CropScience, a division of Bayer AG; senior international roles including the Head of Bayer CropScience's BioScience division; and President of the Bayer HealthCare Animal Health division.

Founder Director of British Linen Advisers; Governor of British Linen Bank Group; senior roles as Dresdner Kleinwort Benson; solicitor at Slaughter & May; and numerous non-executive roles, including Centrica, SAB Miller, Alliance Trust, Hays, Scottish Provident, Bank of Scotland, Grosvenor Group and Thomas Cook.

Co-founder and Board Director of Auspherix; Director of the ithree institute, University of Technology, Sydney; co-founder and Chief Scientific Officer of Arrow Therapeutics; founder member of The Wolfson Institute for BioMedical Research at University College London; and various roles at Glaxo Wellcome and Sheffield, Cambridge and Leicester Universities.

Senior Independent Director of Sygen International plc; Chairman of Berendsen plc; Chairman of Stobart Group Ltd; Senior Independent Director of Balfour Beatty plc; Non-Executive Director of Greggs plc; Lead Independent Director at the Department for Environment, Food and Rural Affairs; Chief Executive of Tate & Lyle plc; General Manager of Unilever AgriBusiness; Chair, Unilever Plantations and Plant Sciences Group; and Senior Vice President, Corporate Development at Unilever.

Senior Vice President and International Counsel of Shire plc; and senior and global roles in private practice, in the UK and the US.



LEADERSHIP CONTINUED

Genus Executive Leadership Team ('GELT')



STEPHEN WILSON
Chief Executive



ALISON HENRIKSEN
Chief Financial Officer



DAN HARTLEY
Group General Counsel
and Company Secretary



ANGELLE ROSATA
Group HR Director

SKILLS AND EXPERIENCE

> See pages 50 and 51 for Stephen's, Alison's and Dan's biographies.

> Deep and broad expertise spanning resourcing, talent management, succession planning, leadership development and health and safety

> Extensive HR strategic planning skills and commercial acumen

> Masters in Human Resource Development from Vanderbilt University

CAREER

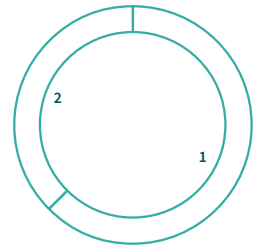
> Joined Genus in September 2013, following more than 20 years in the healthcare sector

> Developed and delivered PIC's people strategy, before becoming HR Director for ABS and then Group HR Director on 1 July 2017



EXEC GENDER BREAKDOWN

- 1 Male 62.5%
- 2 Female 37.5%



DR BILL CHRISTIANSON
Chief Operating Officer,
Genus PIC

- > Deep understanding of agriculture and biotechnology, with broad industry knowledge and extensive commercial and global experience
- > DVM and PhD in Veterinary Medicine from the University of Minnesota

- > Joined Genus in 1993 and subsequently worked in operational roles spanning Europe, South America and the US, before becoming General Manager of PIC North America in 2007
- > Led the combined ABS and PIC business across the Americas from 2010, before becoming COO of Genus PIC in 2012



JERRY THOMPSON
Chief Operating Officer,
Genus ABS Beef

- > A natural entrepreneur with deep industry knowledge, commercial skills and international experience
- > Has helped Genus establish and grow businesses in countries as diverse as the UK, Russia, India and China
- > Holds a degree in Agriculture from the University of Plymouth and is a graduate of Harvard Business School's Advanced Management Program

- > Joined PIC in 1992, working initially in the UK and then Siberia and Romania, before leading PIC in Central and Eastern Europe and then Europe as a whole
- > Led PIC and ABS in Russia and Asia Pacific, before becoming COO for Genus Asia in 2012 and then COO for Genus ABS Beef in July 2016



DR NATE ZWALD
Chief Operating Officer,
Genus ABS Dairy

- > Deep expertise and experience of dairy genetics, strong commercial focus and passion for people development
- > Board member of the Council on Dairy Cattle Breeding and Vice President of the National Association of Animal Breeders
- > Degree in Dairy Science, MBA and PhD in Dairy Cattle Genetics from the University of Wisconsin

- > Joined Genus in January 2017 after 15 years at Alta Genetics, including ten years as General Manager of its US business and more than two years as Global Marketing Director
- > Remains involved in his family's commercial dairy operation, Bomaz farm in the US, which has produced high-ranking industry and ABS sires



DR ELENA RICE
Chief Scientific Officer and
Head of R&D

- > Deep expertise in running R&D programmes, regulatory science and portfolio management who has led the development and introduction of new genetic improvement technologies and nurtured a portfolio of gene editing projects
- > BSc and MSc in Biology from Moscow State University, and PhD in Plant Physiology and Biochemistry from the Timiryazev Institute of Plant Physiology in Moscow

- > Joined Genus as Chief Scientific Officer and appointed to GELT on 15 July 2019
- > Spent 18 years in increasingly senior roles within Bayer, leading teams using pioneering science and cutting-edge technology to help farmers grow food more sustainably



CORPORATE GOVERNANCE STATEMENT

The Board

THE BOARD'S ROLE

The Board is responsible for ensuring our long-term success. It approves our strategy and corporate goals and monitors our performance against them; determines that we have the necessary resources, systems and controls to achieve our objectives; and sets the culture and standards of behaviour we want to see throughout Genus.

The Board is also responsible for other critical decisions. These include approving the corporate budget; stress-testing our scenario planning to ensuring we have the right funding; approving material contracts, acquisitions, licences and investments; and reporting to shareholders.

THE BOARD'S COMPOSITION

At the year end, the Board comprised five independent Non-Executive Directors ('NEDs') (including the Chairman), and two Executive Directors – the Chief Executive and the Chief Financial Officer. This gives a majority of independent Directors on the Board. The appointment of Iain Ferguson as a NED and Chairman Designate on 1 July 2020 increases the proportion of independent Directors on the Board, until Bob Lawson's retirement at the AGM in November 2020.

The Board comprises both well-established and newer NEDs, as we have broadened the Board's skills and experience through Non-Executive appointments over recent years. As a result, the Board has an appropriate blend of different areas of expertise, long-standing knowledge of the Group and its markets, and fresher perspectives. This helps to ensure the Board provides even-handed oversight, works in a constructive and focused manner and has the capabilities to manage the challenges of a complex and evolving global business environment.

Almost all of our Directors have held leadership positions in international companies, with several having run businesses overseas. Several of our Directors, including the Chair of the Audit & Risk Committee, have significant financial experience, while others have strong backgrounds in scientific research or in leading science-based businesses.

The Board believes that all of the NEDs are independent in character and judgement, and that there are no relationships or circumstances that are likely to affect (or could appear to affect) their judgement. Following the performance evaluation described on page 58, the Board also confirms that all the Directors continue to be effective in their roles.

As required by the Code, all the Directors except Bob Lawson will offer themselves for election at the next AGM. Details can be found in the Notice of AGM.

BOARD ROLES AND RESPONSIBILITIES

To ensure we have clear responsibilities at the top of the Company, the Board has set out well-defined roles for the Chairman and Chief Executive. These, along with the responsibilities of our other Directors, are summarised in the table below.

Title	Individual	Responsibilities
CHAIRMAN	BOB LAWSON	Bob's primary responsibility is to lead the Board and ensure it operates effectively. He achieves this in part through promoting an open culture, which allows people to challenge the status quo, and holding meetings with the NEDs without the Executives present. Bob also communicates directly with shareholders.
CHIEF EXECUTIVE	STEPHEN WILSON	Stephen is responsible for devising and implementing our strategy and for managing our day-to-day operations. He is accountable to the Board for the Group's development, in line with its strategy, taking into account the risks, objectives and policies set out by the Board and its Committees.
CHIEF FINANCIAL OFFICER	ALISON HENRIKSEN	Alison is responsible for helping the Chief Executive to devise and implement the strategy, and for managing the Group's financial and operational performance.
SENIOR INDEPENDENT NED	LESLEY KNOX	Lesley provides a sounding board for the Chair and is an alternative line of communication between the Chair and other Directors. She leads meetings of the NEDs, without the Chair present, to appraise the Chair's performance, and consults with shareholders in the absence of the Chair and Chief Executive.
NEDs	LYSANNE GRAY, LYKELE VAN DER BROEK, IAN CHARLES, IAIN FERGUSON	The NEDs constructively challenge, oversee and help to progress the execution of our strategy, the management of the Group and the management of our governance structures, within the risk and control framework set by the Board.



Board and Committee structure

The diagram below shows the Board and the Committees that report to it:



BOARD COMMITTEES

The table below shows Board Committee membership at the year end:

Director	Committee		
	Audit & Risk	Nomination	Remuneration
Bob Lawson	–	M	M
Stephen Wilson	–	M	–
Alison Henriksen	–	–	–
Lysanne Gray	C	M	M
Lykele van der Broek	M	M	M
Lesley Knox	M	C	C
Ian Charles	M	M	M

M = Committee member C = Committee chair

Iain Ferguson was appointed to the Nomination and Remuneration Committees on 1 July 2020 and will become Chair of the Nomination Committee on Bob Lawson's retirement.

The Committee Chairs oversee and lead the Committees' activities, within their terms of reference, and are responsible for their effective operation. More information about the roles and work of the Board Committees can be found in their statements on pages 60 to 91, and in their terms of reference on our website at www.genusplc.com.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below shows how many Board and Committee meetings each Director attended during the year.

Director	Board	Nomination	Audit & Risk	
			Risk	Remuneration
Non-Executive Chairman				
Bob Lawson	8	6 ²	5 ¹	6
Executive Directors				
Karim Bitar (stepped down 13 September 2019)	2	4 ¹	2 ¹	3 ¹
Stephen Wilson	8	10	5 ¹	6 ¹
Alison Henriksen (appointed 13 January 2020)	4	4 ¹	2 ¹	2 ¹
Non-Executive Directors				
Lysanne Gray	8	10	5	6
Lykele van der Broek	8	10	5	6
Lesley Knox	8	10	5	6

Note: The maximum number of meetings that Directors could have attended during the year: Board 8, Nomination Committee 10, Audit & Risk Committee 5 and Remuneration Committee 6.

- 1 By invitation.
- 2 Bob Lawson did not attend Nomination Committee meetings dealing with his succession.

INFORMATION FLOW TO THE BOARD

The diagram opposite sets out our process for providing information to the Directors, ahead of scheduled Board meetings. This ensures our Board is well informed and the Directors can contribute effectively to discussions.

During the year, we continued to look at how to improve the quality of the papers going to the Board. Enhancements included changes to the Board agenda, to indicate section 172 considerations against each item.

1

The Chairman sets the agenda for the meeting, with input from the Chief Executive and the Group General Counsel.

2

A week before the meeting, the agenda and Board papers are sent to the Directors using a secure electronic system.

3

Board meetings take place at least eight times per year.

4

Decisions and actions agreed at the meeting are monitored by the Group General Counsel.

5

The updated list of actions becomes part of the agenda for the next Board meeting.



THE BOARD'S YEAR IN REVIEW

Board activities

The Board held eight scheduled meetings during the year. At each scheduled meeting, the Board receives updates on:




- > business performance, business development, talent development and competitive landscape developments from the Chief Executive;
- > financial performance of the business and forecasts from the Chief Financial Officer; and
- > corporate governance and legal issues from the Group General Counsel and Company Secretary, and external advisers.

One Board meeting each year is usually held outside the UK. However, due to the COVID-19 pandemic, the Board's planned visit to Brazil in June 2020 could not take place. In addition to the Board meetings, the Board also holds an annual strategy session, focusing on the strategic direction and goals of the Group and its business units. This took place in January 2020.

The table below provides more detail of the Board's discussions and activities, and the outcomes from them:

Topic and link to our strategy	Activity	Actions arising	Progress
LEADERSHIP AND EFFECTIVENESS	Monitor Board effectiveness	Internal evaluation undertaken during the year.	Focus areas identified (see page 59)
LINK TO OUR STRATEGY 	Monitor pipeline of senior talent	Updated on talent initiatives and management outcomes.	Internal appointment of new Chief Executive Officer New Chief Financial Officer and Chairman Designate appointed
Stakeholders: E, S			
BUSINESS DEVELOPMENT & STRATEGY	Monitor progress against our strategic objectives	Held strategy meeting with GELT and other business leaders.	See above
LINK TO OUR STRATEGY 	Review and approve business activities	Approved: <ul style="list-style-type: none"> > Genus PIC's contract with BCA to accelerate the use of PIC genetics in China through the phased integration into BCA's facilities and their planned major expansion. > the construction of a new PIC elite nucleus farm in Canada. > the construction of new barns at our ABS facilities in Madison, Wisconsin. > Ongoing investment in our IntelliGen technology. 	See pages 20 to 29
Stakeholders: S, C, SC			
	Monitor strategic developments	Received updates on: <ul style="list-style-type: none"> > Launch of the new PIC 800 Duroc sireline. > US litigation relating to IntelliGen technology. > Rapid growth of Sexcel sales, ABS's high-fertility sexed genetics. > Continued progress with the PRRSv development programme > Competitor activities. > Material business development opportunities, including summaries of due diligence. > Sustainability strategy and the Company's Climate Change Policy. > GenusOne enterprise management system transition. > Integration of COVID-19 business adjustments and the impact on employees and customers. 	See pages 20 to 29, 41
RESEARCH & DEVELOPMENT	Monitor R&D progress	Received updates on: <ul style="list-style-type: none"> > R&D programmes and material investments. > The R&D stage gate review process for research programmes. > The progress of material patent portfolio filings. > The progress of PRRSv development programme and IntelliGen improvements. > New initiatives in the areas of reproductive technologies and scientific data. 	See pages 26 to 29
LINK TO OUR STRATEGY 			
Stakeholders: S, C			



Topic and link to our strategy	Activity	Actions arising	Progress
EMPLOYEES LINK TO OUR STRATEGY 	Review recruitment pipeline	Received updates on: <ul style="list-style-type: none"> > Key vacancies and hires including changes to the PIC China leadership team and the Chief Financial Officer. > Talent development in leadership below GELT level. > <i>Your Voice</i> employee survey. 	See pages 34 to 37
Stakeholders: E	Update on employee feedback	Held town hall meetings with employees and designated Non-Executive Directors.	Workforce Engagement Directors met with employees over breakfast at Genus UK Head Office and ABS sites
SHAREHOLDERS LINK TO OUR STRATEGY 	Monitor investor attitudes towards Genus	Updated on meetings with shareholders, potential investors and analysts. Undertook shareholder engagement in connection with new remuneration policy and Climate Change Policy.	See pages 12 to 13 See pages 70 to 91
Stakeholders: S			
COMPANY PERFORMANCE AND FINANCE LINK TO OUR STRATEGY 	Monitor performance against plan	Received updates on: <ul style="list-style-type: none"> > The operational performance of the business. > Market conditions for each division. > Monitored the Group's performance against its strategy, budget and goals. > Scenario planning for COVID-19 and the possible impact on financial performance. 	See pages 30 to 33
Stakeholders: S	Review past and projected financial performance	Approved the annual and interim results and dividends. Approved the FY21 budget.	
	Monitor key financial issues	Received tax and treasury updates.	See pages 30 to 33
	Monitor performance against plan	Received pension updates. Reviewed the Group's financing needs and considered fundraising options. Reviewed and approved the refinancing of the corporate facility.	
EXECUTIVE/GELT UPDATES LINK TO OUR STRATEGY 	Monitor business unit performance and plans	Received monthly financial and operational performance updates. Received regular presentations from each business unit. Conducted strategy session comparing performance of each business unit against previously presented strategic goals.	
Stakeholders: E, S, C, SC			
HEALTH & SAFETY LINK TO OUR STRATEGY 	Ensure strong culture of health and safety	Reviewed FY20 targets for health and safety and reviewed progress throughout the year. Received updates from the Head of Health & Safety, including progress against relevant KPIs.	See pages 34 to 40
Stakeholders: E			
RISK MANAGEMENT LINK TO OUR STRATEGY 	Monitor risk management and control	Received regular updates on COVID-19 implications and risk management. Monitored the Group's risk register. Received updates on the whistleblowing hotline reports and investigations.	See pages 44 to 46
Stakeholders: S			

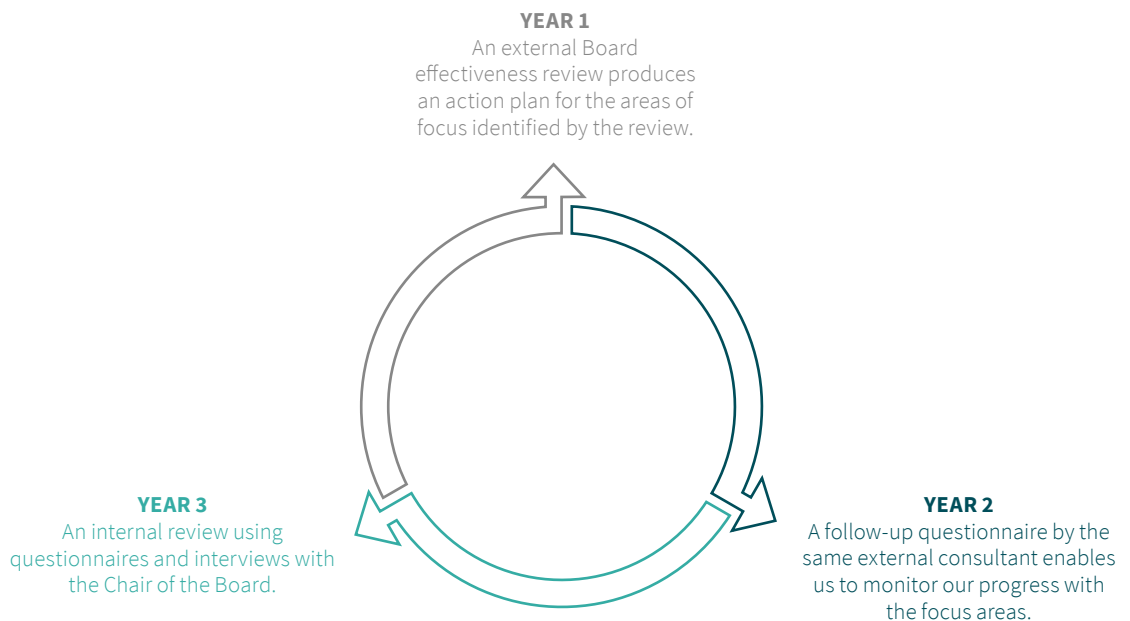
Key to stakeholders: E = Employees, S = Shareholders, C = Customers, SC = Supply Chain



THE BOARD'S YEAR IN REVIEW CONTINUED

Assessing the Board's effectiveness

To ensure the Board provides effective leadership to the Group, we have a three-year evaluation cycle, using a mixture of internal and external evaluations.



This was the second year of the current three-year cycle. However, given the important changes to the composition of the Board, with Stephen Wilson's transition to Chief Executive Officer, the onboarding of Alison Henriksen as Chief Financial Officer and the search for a new NED who

could succeed the Chairman, the Board decided to perform an internal review of the type described in year three of the cycle. Once the new Chairman is in place after the 2020 AGM the Board will consider whether it will begin a new cycle in FY21.

The evaluation's conclusions

The review showed that the Board is effective in most areas, is well led, and the Directors challenge constructively and effectively. The review highlighted the following key strengths:

- > a diverse, inclusive and respectful culture;
- > a high level of trust and confidence in each other;
- > a culture that encourages constructive debate, whilst remaining collegiate; and
- > genuine interest in and passion for the business and its success.

The evaluation also identified the following priorities for the Board in FY21:

- > successfully transitioning to the new Chairman and ongoing Board succession;
- > obtaining greater insight into local and regional operating environments and markets, as a result of COVID-19;
- > retaining the focus on leveraging value from R&D;
- > ensuring sufficient time is available to consider short- and long-term strategic topics and 'out of the box' thinking.



Board focus areas for FY20

The outcomes of last year's externally facilitated review, and the Board's progress with addressing these focus areas, are set out below:

Focus area	Progress
The Board will seek to nurture strategic over operational discussions, through better management of Board agendas and presentation materials.	The Board has reviewed its annual schedule of meetings to understand better the balance of strategic, operational and governance topics allocated to each meeting. Agendas for each meeting clearly identify topics relating to each element of the Group's strategy, as well as relevant stakeholder groups impacted by each discussion topic.
The Board will ensure greater focus on the Group's research and development pipeline and strategy during the year.	The Board has received detailed updates on the research and development pipeline and strategy twice during the year, as well as periodic updates on key R&D programmes such as the PRRSv programme. In addition, Ian Charles has attended meetings of management's Global Portfolio Steering Committee and provided feedback to the Board on discussions at those meetings.
The Audit & Risk Committee's risk management focus will increase from oversight of operational and financial risks to include risks associated with innovation and future opportunities.	Refer to the Audit & Risk Committee Report on pages 64 to 69.
The Nomination Committee will focus on the transition to the new Chief Executive, and consider the skills on the Board, ensuring that the Board has the right balance of skills to service its future strategic direction, including with respect to future markets and seeking regulatory approval for, and consumer acceptance of, the commercialisation of gene-edited animals. Given the need to address the succession plan for the Chairman following the transition to the new Chief Executive, the Chair of the Nomination Committee will change to the Senior Independent Director.	Refer to the Nomination Committee Report on pages 60 to 63.
The Board will review its governance procedures to ensure a detailed after-action review is carried out after each Board meeting, and make sure Board papers are clear, calling out progress against key topics and alignment with strategy.	Facilitated by the Chairman, feedback has been solicited from Directors at the conclusion of each meeting regarding the quality of papers and presentations to ensure that they have addressed relevant strategic topics and enabled meaningful discussion.

WORKFORCE ENGAGEMENT

In FY19, the Board appointed Lykele van der Broek and Lesley Knox as the designated Workforce Engagement Directors. They continued to engage with employees this year, holding a face-to-face meeting with head office employees in early 2020, followed by a video conference with UK ABS and Promar staff. The key points employees raised at the town hall meetings are set out in the stakeholder engagement section on pages 12 to 13 of the Strategic Report. The Board will continue to monitor progress made against these points.

Looking forward, the intention is for the Workforce Engagement Directors to work around the Group's different sites to collect feedback and specifically to hold face-to-face meetings with employees as part of the Board's programme of annual visits. While the ability to meet face-to-face will depend on the state of the COVID-19 pandemic at the time, virtual meetings have proven effective if site visits are not possible.

CULTURE

The Board pays careful attention to the Group's culture, recognising that having the right culture is crucial for achieving our strategic plans and creating value for stakeholders.

The Board has a number of ways of understanding and monitoring the culture around the business. In particular, these include the results of the Group's *Your Voice* employee survey and the Workforce Engagement Directors' interactions with employees during the year, as described above. The Board believes that health and safety performance is another important indicator of culture and the Directors monitor performance on a regular basis. The Directors also meet numerous people from around the Group during the course of the year, including members of management who present at Board meetings and through site visits, giving them further insight into the culture across the Group.

More broadly, the Group's performance management process has a strong focus on behaviours that are aligned to our values, while succession planning at both Board level and below ensures that talent pipelines are diverse. The Board also ensures its own culture is aligned to the culture across the Group through the annual evaluations of the Board and its Committees.

The Board is therefore satisfied that the Group's culture is aligned with its purpose, values and strategy and that our workplace policies and practices are consistent with them.



NOMINATION COMMITTEE REPORT



Lesley Knox
CHAIR OF THE NOMINATION
COMMITTEE

Dear Shareholder

This was a busy year for the Committee, as we focused on succession for the Chief Executive Officer and the Chairman, and the recruitment of a new Chief Financial Officer. The Committee also continued its broader work on succession planning, diversity and the mix of skills and experience on the Board.

Lesley Knox
Chair of the Nomination Committee
7 September 2020

COMMITTEE COMPOSITION

Chair	Members
Lesley Knox	Karim Bitar (stepped down 13 September 2019)
	Ian Charles
	Lysanne Gray
	Bob Lawson
	Lykele van der Broek
	Stephen Wilson (from September 2019)

The Committee members' biographies, along with information on Genus's other Board members, can be found on pages 50 to 51.

COMMITTEE ROLE AND RESPONSIBILITIES

The Committee is responsible for:

- > making recommendations to the Board on the structure, size and composition of the Board and its Committees;
- > evaluating the balance of skills, experience, independence, knowledge and diversity on the Board;
- > succession planning for the Non-Executive and Executive Directors and other senior executives; and
- > identifying and recommending suitable candidates to become Directors, based on merit.

The Committee has written terms of reference, which set out the authority delegated to it by the Board. These are available from our website: www.genusplc.com.

FOCUS AREAS FOR FY20

The Board evaluation process in FY19 identified a number of important areas for focus for FY20. These included:

- > a robust process for the recruitment and transition to the new Chief Executive;
- > the identification of a new Chief Financial Officer; and
- > subsequent consideration of the succession of the Chairman of the Board.

The Committee successfully concluded its work in all three of these areas, while continuing its ongoing reviews of diversity.

THE COMMITTEE'S MAIN ACTIVITIES DURING THE YEAR APPOINTMENT OF CHIEF EXECUTIVE

Following the announcement in March 2019 that Karim Bitar would be stepping down as Chief Executive, the Committee began an executive recruitment search, through consultants Egon Zehnder. Egon Zehnder has no other connections with the Group or with individual Directors.

The search process was based on existing specifications for the role, with key criteria including:

- > experience of leading a research and development focused organisation;
- > experience of running international businesses;
- > successful development and implementation of corporate strategy;
- > strong leadership, integrity and people-development skills;
- > a purpose and values-led approach; and
- > a track record of operational delivery.

The search process demonstrated that Stephen Wilson was by far the strongest candidate. Having been on the Board since 2013, he has a deep understanding of the operations of Genus, its market and competitors. In addition, he was integral to the development and execution of the Company's strategic and operational plans. The Committee was therefore pleased to recommend to the Board that Stephen should be appointed to the role.



APPOINTMENT OF CHIEF FINANCIAL OFFICER

The recruitment process for a new Chief Financial Officer to replace Stephen Wilson was carried out through Spencer Stuart, which has no other connection to the Group or to individual Directors. Key criteria used in the search process included:

- > a proven CFO of a listed group, ideally with exposure to research and development intensive industries and with international experience;
- > experience in a matrix structure and an ability to drive results and seize new business opportunities;
- > strong people management and collaboration skills;
- > a commercial orientation; and
- > an energetic, resilient and purpose-driven approach.

The search process identified Alison Henriksen as the outstanding candidate, based on her track record of driving performance improvements, proven ability to transfer her financial skills between industries, experience of operating at scale in listed international businesses and strong personal qualities. The Committee was therefore pleased to recommend to the Board that Alison should be appointed as Chief Financial Officer.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR AND CHAIRMAN DESIGNATE

In line with the UK Corporate Governance Code's stipulation that the Chair of the Board should not remain in post beyond nine years from the date of their appointment to the Board, except to facilitate effective succession, the Committee undertook a search for a new NED who could take on the role of Chair of the Board on Bob Lawson's retirement at the AGM in November 2020.

The search process was led by Lesley Knox, as Senior Independent Director, with the support of executive search firm Russell Reynolds, which has no other connection to the Group or individual Directors. Key criteria for the search included:

- > listed board and corporate governance experience;
- > experience in international businesses and technology sectors, including sectors with significant research and development investment;
- > ability to bring independent expertise to discussion of agribusiness, biotechnology, regulation, supply chain and other areas;
- > strong commercial and business acumen;
- > experience of advising on corporate strategy and business development; and
- > ability to manage complexity.

Iain Ferguson emerged as the outstanding candidate, based on his background as a public company chair and NED, and as a former FTSE 100 chief executive. He has a unique blend of Board and business leadership expertise, across a range of industries, with extensive international experience and strong commercial acumen. The Committee was therefore pleased to recommend to the Board that Iain should be appointed as a NED and Chairman Designate. The Board considered in detail Iain's other time commitments and was satisfied that he will be able to commit sufficient time to Genus in fulfilling his duties.

SUCCESSION PLANNING

The Committee has a formal three-phase succession planning process:

Assessment	Approach	Execution
The Committee reviews the Board's current skills and experiences across a range of relevant areas.	The Committee applies engagement rules for succession planning, including:	The Committee identifies the desired skills for any new NED, for use in filling any future vacancies on the Board.
This results in a skills matrix (see page 62), which identifies the skills coverage across all Board members.	<ul style="list-style-type: none"> > ensuring succession planning is in line with the Committee's terms of reference; > considering the need to replace the skills of any departing NED; and > filling any missing skills required for the Company's strategic direction. 	Potential internal candidates for promotion to Executive Director are identified.
Potential skills gaps are identified, so they can be incorporated into future succession planning at Board and Executive level.	Job specifications for the Non-Executives and Executives are kept up to date.	
Areas for ongoing Board upskilling are identified and discussed.		



NOMINATION COMMITTEE REPORT CONTINUED

BOARD SKILLS MATRIX

The table below shows the key experience and skills the Committee has identified as desirable and indicates their depth on the Genus Board.

General experience and skills	Majority of Directors with medium to high experience
Board and corporate governance	✓
Strategy	✓
Finance, banking and capital markets	✓
Risk, culture change and change management	✓
Politics and public affairs	✓
Stakeholder and customer communications	✓
Human resources	✓
IT systems, transformation and data/cyber security	✓
Specific experience and skills	
Science and biotechnology	✓
Food sector	✓
FDA regulated products	✓
International business	✓
US market	✓
EMEA market	✓
Asian market	✓
Latin American market	✓

DIVERSITY

Genus shares the aspirations of the Davies Review and the Hampton-Alexander Review to promote greater representation of females and people from a minority ethnic background on company boards. Following the recruitment of Alison Henriksen, at the year end three of the seven Directors were female (43%), ahead of the 33% target set by the Hampton-Alexander Review. There were also three female members of GELT, comprising 38% of the total. The gender balance of the direct reports to GELT, excluding support staff, were 25% female and 75% male.

Our Board diversity policy aims to ensure that we consider diversity in its broadest sense. A diverse Board has members with different skills, backgrounds, regional and industry experiences, races, genders and other qualities. The different viewpoints represented on a diverse Board can help Genus to maintain its competitive advantage. The Board is committed to building recruitment and leadership development programmes that capture inclusivity in our succession planning and talent development, including a focus on appropriate representation from female and minority ethnic candidates. The Group has a Women's Leadership Forum, which was set up in FY19 to bring together female leaders and a cross-section of other women to develop ideas for increasing diversity and improving working practices.

Diversity also links to our values, by being people-focused and responsible, and by encouraging new ideas which deliver for our customers and ultimately drive our results.

The Board, with the support of the Nomination Committee:

- > considers candidates against objective criteria and with regard to the benefits of Board diversity;
- > 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, including those with little company board experience;
- > ensures a significant portion of the long list for NED positions are women and candidates from a minority ethnic background; and
- > only engages executive search firms which have signed up to the voluntary Code of Conduct on gender and ethnic diversity and best practice.

The Board complied with the policy throughout the period. A copy of the policy can be found on our website: www.genusplc.com.

The Committee reviewed the policy during the year and concluded that it remained appropriate. More information about diversity across Genus can be found in the Strategic Report on pages 34 to 35.



BOARD INDUCTION AND TRAINING

A good induction is a key part of ensuring new Board members can fully contribute, so we get the most benefit from their experience. During the year, the pandemic has minimised travel, but the Company has sought to supplement the induction programme with virtual meetings. Once COVID-19 issues recede, we will review and complement the induction programme which has already been put in place. Our induction programme has three main elements:

- > helping our Board members to conduct themselves effectively, through a course run by Spencer Stuart, one of the world's leading global executive search and leadership consulting firms;
- > ensuring our Directors understand the legal and regulatory aspects of being a Board member; and
- > an introduction to our business, through site visits and meetings with our management teams.

INDUCTION FOR ALISON HENRIKSEN

Alison Henriksen's induction to date has incorporated a wide range of meetings and visits. These have included:

- > meetings with all GELT members and global senior staff, either in person or virtually;
- > meetings with all Board members;
- > meetings with head office staff;
- > meetings with investors, the external auditor, lenders and corporate advisers; and
- > visits to the Group's facilities at Stapeley, Cheshire, and Ruthin, Wales.

As a result of the COVID-19 pandemic, Alison was unable to visit Group sites in the US and other parts of the world. These will resume when possible, along with visits to key customers.

INDUCTION FOR IAIN FERGUSON

Having joined the Board on 1 July 2020, Iain Ferguson's induction is ongoing. To date, he has:

- > held introductory video calls with GELT members, attended a GELT meeting in person and held in person meetings with the Chief Executive, Chief Financial Officer and Group General Counsel and Company Secretary;
- > held introductory video calls with Board members and attended the July Board meeting in person; and
- > held calls with corporate advisers.

Once COVID-19 restrictions are lifted, Iain will visit the Ruthin and Stapeley facilities in the UK and the DeForest and Hendersonville sites in the US, as well as holding meetings with key customers.

COMMITTEE EFFECTIVENESS AND FOCUS AREAS FOR FY21

Alongside the Board evaluation process described on page 58, we reviewed the performance of the Nomination Committee. This identified a number of important areas of focus for the coming year, including the successful induction of the new Chairman of the Board, and the continued need for proactive succession planning for key executive roles.

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Copies of service contracts and letters of appointment between the Directors and the Company will be available for inspection at the Company's registered office during normal business hours until the conclusion of the AGM on 25 November 2020, and at the AGM from at least 15 minutes prior to the meeting until its conclusion.



AUDIT & RISK COMMITTEE REPORT



Lysanne Gray
CHAIR OF THE AUDIT &
RISK COMMITTEE

Dear Shareholder

The Audit & Risk Committee acts on behalf of the Board and shareholders, to ensure the integrity of the Group's financial reporting, evaluate its system of risk management and internal control, and oversee the performance of the internal and external auditors. We have an annual work programme that is designed to deliver these commitments, which we followed during the year.

There was no change to the Committee's membership this year and I am happy to report that the membership continues to comply with the UK Corporate Governance Code and related guidance. All members are independent NEDs, who bring a sound range of financial, commercial and scientific expertise to the Committee.

All members received regular updates from the external auditor, to ensure they continue to have current knowledge of the accounting and financial reporting standards relevant to the Group and the regulatory changes relevant to the provision of external audit services.

Risk management requires continuous focus and was proven to be critical this year with the ongoing outbreak of COVID-19. During the year we discussed the Group's existing and emerging risks and ensured that the Committee and the Board received and discussed detailed input from management on key risks and mitigation plans. We further discussed management's assessment of the COVID-19 impact on internal financial controls and were satisfied these controls continued to operate as designed. We also received an update on the implementation of the first phase of a Group-wide enterprise system which will further strengthen the control environment and support control standardisation across the Group, and continued to monitor the development of next phases.

We have carefully considered the critical accounting policies and judgements, the quality of disclosures and compliance with financial reporting standards, including the adoption of IFRS 16 'Leases' and the relevant changes in Corporate Governance Code and Companies Act requirements, and reviewed the half-year and Annual Report, together with the related management and external audit reports. We also supported the Board in reviewing the going concern and viability statements and supporting analysis and disclosure.

In May 2020 the Company received a request for information from the Financial Reporting Council (FRC) concerning the Annual Report and Accounts to 30 June 2019. The Committee reviewed all correspondence in this regard. The Company received a final letter from the FRC in August 2020, confirming their satisfaction with the responses provided and closure of their enquiries. As a result of these enquiries an enhanced set of disclosures have been included in the 2020 Annual Report. The review conducted by the FRC was based solely on the Group's published Annual Report and does not provide any assurance that the Annual Report is correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Based on assessments of the effectiveness of internal and external audit, the Committee was satisfied with the performance of both the internal and external auditors, while taking opportunities to further enhance the audit services provided during the year. We also reviewed the changes made to the internal and external audit plans, due to COVID-19, to ensure the appropriateness of the risk assessment and scope of work.

LYSANNE GRAY

Chair of the Audit & Risk Committee
7 September 2020

COMMITTEE COMPOSITION

Chair	Members
Lysanne Gray	Ian Charles
	Lesley Knox
	Lykele van der Broek

The Committee members' biographies, along with information on Genus's other Board members, can be found on pages 50 to 51.

The Board has confirmed that it is satisfied that Committee members possess an appropriate level of independence and relevant financial and commercial experience across various industries relevant to the Company.

The Committee has formal terms of reference, approved by the Board, that comply with the UK Corporate Governance Code. These are available from our website: www.genusplc.com. The Committee's annual review of these terms took place during the year.

COMMITTEE ROLE AND RESPONSIBILITIES

The Committee's role and responsibilities include reviewing and monitoring:

- > the financial reporting process and any significant financial reporting judgements;
- > the integrity of the Group's financial statements and any formal announcements relating to financial performance;
- > the Annual Report, to ensure it is fair, balanced and understandable;
- > the Company's reporting to shareholders;
- > the effectiveness of the Group's accounting systems and control environment, including risk management and the internal audit function; and
- > the effectiveness, independence and objectivity of the Group's external auditor, including any non-audit services it provides to the Group.



The Committee also:

- > ensures that the Group maintains suitable confidential arrangements for employees to raise concerns; and
- > reviews the Group's systems and controls for preventing bribery.

The Committee reports its findings to the Board, identifying any matters that require action or improvement, and making recommendations about the steps to be taken.

COMMITTEE EFFECTIVENESS

Every three years the Board appoints an external consultant to independently evaluate its performance, and that of its Committees. The last review was performed in 2019 and concluded that the Committee was effective in meeting its objectives. In 2020, the Committee assessed its own effectiveness, through a structured questionnaire, and

concluded that it was effective. The Committee agreed to continue to enhance its effectiveness by further broadening its members' knowledge of relevant financial reporting standards.

THE COMMITTEE'S MAIN ACTIVITIES DURING THE YEAR

During the year, the Committee held five meetings and invited the Company's Chairman, Chief Executive, the Chief Financial Officer, the Group Financial Controller, the Head of Risk Management and Internal Audit, and senior representatives of the external auditor to attend these meetings. The Committee also held separate private sessions during the year with the Head of Risk Management and Internal Audit and the external audit lead partner. At its meetings, the Committee focused on the following topics:

FINANCIAL REPORTING

The main areas of focus and matters where the Committee specifically considered management's judgements are set out below:

Financial reporting area	Judgement and assumptions considered
BIOLOGICAL ASSETS VALUATION	<p>In compliance with IAS 41, Genus records its biological assets at fair value in the Group balance sheet (£370.2m), with the net valuation movement shown in the income statement. During the year management identified a data extraction error in connection with the valuation of our porcine Pureline herd, whereby certain of our records incorrectly classified some male animals going to slaughter as female. The error dates back to inception of the herd in 2012. This in turn increased the percentage of animals going to breeding sales which resulted in an overstatement in the valuation of our Pureline herd. The Committee reviewed the related processes and controls in detail and are satisfied that the root cause of the error has been identified and resolved. The Committee is satisfied with the proposed accounting treatment and the adjustments made to restate the FY19 and FY18 Balance Sheets. This adjustment amounted to a £15.2m reduction in the FY18 net assets being a £20.5m reduction in Biological assets, offset by a £5.3m decrease in deferred tax liabilities in FY18. We consider the impact on the FY19 Income Statement and Other Comprehensive Income to be immaterial, and these are therefore not restated. See note 2 Basis of Preparation for additional details.</p> <p>The Committee has reviewed the methodology, which has remained unchanged, and outcomes of the biological assets valuation. The Committee debated and considered management's assumptions and estimates, through the current period, and discussed and reviewed the external auditor's report on this area, before concurring with management's proposals. The Committee was satisfied with management's accounting treatment, including the income statement increase of £13.2m in the value of porcine biological assets and the increase of £2.6m in the value of bovine biological assets.</p>
GOODWILL	<p>Genus has £105.6m of goodwill (tested annually for impairment) on the Group balance sheet. The Committee discussed management's goodwill impairment review, as well as the external auditor's report on this area, including its assessment of management's models underpinning the estimates and judgements. After due challenge and debate, the Committee was satisfied with management's assumptions and judgements.</p>

**AUDIT & RISK COMMITTEE REPORT CONTINUED**

Financial reporting area	Judgement and assumptions considered
GOING CONCERN AND VIABILITY STATEMENT	<p>The Committee has reviewed the Group's assessment of going concern over a period of 12 months and viability over a period of three years.</p> <p>In assessing viability, the Committee has considered the Group's budget and strategic plan, its capital and funding plans, its principal risks, as detailed on pages 44 to 46, and the liquidity and capital projections over the period. The assessment also incorporated the uncertainty and potential impact arising from COVID-19. The Committee has also reviewed the Group's reverse stress tests and is satisfied that this is appropriate in supporting the Group as a Going Concern.</p> <p>The Committee has concluded that the assumptions are appropriate and that the viability statement could be provided, and advised the Board that three years was a suitable period of review. The Committee was also satisfied with the disclosures in relation to the appropriateness of the assessment period selected, the assumptions made and how the underlying analysis was performed. The going concern and viability statement is disclosed on page 47 of the report.</p>
PRESENTATION AND DISCLOSURE OF EXCEPTIONAL AND ADJUSTING ITEMS	<p>Genus had £37.6m of adjusting items, including £19.2m of exceptional items in the Group income statement. The Committee considered the presentation of these items in the financial statements, due to the nature of these items and the guidelines on the use of alternative performance measures, issued by the European Securities and Markets Authority. The Committee received detailed reports from management outlining the judgements applied in relation to the disclosure of adjusting items, which include net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items. For adjusting items, the Committee took into consideration the improvements made concerning APM disclosures, their volatility and lack of correlation to the underlying progress and performance of the business. Specifically for exceptional items, the Committee took into consideration the materiality, frequency and nature of the items. Following this detailed review and active discussion with management, the Committee has concluded that the presentation of the financial statements is appropriate.</p>



MONITORING BUSINESS RISKS

The Committee discussed the principal risks identified with management and the external and internal auditors, along with management's plans to mitigate them, and received regular detailed updates from the risk owners and their direct reports. In addition to reviewing the principal risks, the Committee received detailed updates on the following:

- > COVID-19: the Committee considered the Company's assessment of risks and uncertainties relating to the outbreak and the impact on the Company's principal risks. The Committee reviewed the risk mitigation strategy designed to prioritise the safety and well-being of staff, customers and suppliers and ensure business continuity.
- > Enterprise system: the Committee received regular updates on the project to implement a new Group-wide business system. The Committee also considered the results of the implementation of the first phase of this project and discussed the key lessons to be applied to future phases.
- > Cyber security: the Committee requested and received updates from the Chief Information Officer on the cyber security risk faced by the Group and the actions being taken to strengthen infrastructure and systems security.

INTERNAL CONTROL SYSTEM

Our risk management process and system of internal control are described in detail on page 68. The Committee reviewed the approach to standardising financial reporting controls and the results of the key financial controls self-assessment process, which is performed every six months. The Committee received an update on the impact of COVID-19 on the control environment and was satisfied that all key controls continued to be in place throughout the financial period. The Committee also reviewed internal audit's findings at each scheduled meeting and received updates on the implementation of management's remedial actions.

The Committee further reviewed the Group's whistleblowing policy and bribery prevention procedures.

The Committee conducted its annual review of the effectiveness of the Group's internal controls and disclosures. The review did not identify any significant control failings. However, Genus routinely identifies and implements control improvement opportunities and the Committee discussed with management various opportunities to further strengthen the Group's system of internal control.

OVERSIGHT OF INTERNAL AUDIT AND EXTERNAL AUDIT *INTERNAL AUDIT*

The Committee reviewed and approved the internal audit function's scope, terms of reference, resources and activities. The Head of Risk Management and Internal Audit provided regular reports to the Committee on the work undertaken and management's responses to proposals made in the internal audit reports issued during the year. The Committee continued to meet the Head of Risk Management and Internal Audit without management being present. The Committee reviewed and was satisfied with the internal audit function's performance.

EXTERNAL AUDIT

Deloitte LLP was first appointed as the Company's external auditor for the period ended 30 June 2006. Following a formal tender process, Deloitte was reappointed for the audit of the financial year ended 30 June 2016.

The Committee considers that it would be appropriate to conduct an external audit tender by no later than 2025. The Company has complied with the Statutory Audit Services Order for the financial year under review.

The Committee reviewed and agreed the external auditor's scope of work and fees, held detailed discussions of the results of its audit and continued to meet the external auditor without management being present. The Committee reviewed the external auditor's objectivity and independence and the Group's policy on engaging the external auditor to supply non-audit services. The Committee obtained confirmation that the Revised Ethical Standard has been complied with and received the details of the external auditor's non-audit services to the Group, reviewed the nature and monetary levels of these services, which stood at 28% of audit fees, and reviewed compliance with the Group's Non-Audit Services by Auditor Policy (see note 8 to the financial statements for further details). The Committee was satisfied that using Deloitte for such services did not impair its independence as the Group's external auditor.

The Committee assessed the external auditor's performance in conducting the audit for the June 2019 year end, based on discussions with key finance staff and Committee members. The questionnaires covered the external auditor's fulfilment of the audit plan, the auditor's robustness and perceptiveness in its handling of key accounting and audit judgements, the content of the external auditor's reports, and cost effectiveness. The Committee also considered any regulatory reviews performed on the external auditor. While noting some opportunities for further improvement, the Committee concluded that the external auditor was effective and was satisfied with the plan put forward by the external auditor to respond to the opportunities for improvement identified.



AUDIT & RISK COMMITTEE REPORT CONTINUED

RISK MANAGEMENT AND INTERNAL CONTROLS RISK MANAGEMENT

The Board is responsible for our risk management system, which is designed to identify, evaluate and prioritise the risks and uncertainties we face. The Board sets our risk appetite, monitors the Group's risk exposure for our principal risks and ensures appropriate executive ownership for all risks. This ongoing risk management process for the Group's significant risks was in place for the year under review and up to the date of approval of the Annual Report and Accounts. Our principal risks and how we mitigate them are summarised on pages 44 to 46.

To further assist its understanding of risk, the Board continued its programme of visits to our local operations, prior to being interrupted by the COVID-19 travel restrictions. The Board received regular political, economic and industry risk updates from the relevant business groups. The Board performed its annual risk review in May 2020. This involved a fresh review of the types and levels of risk facing Genus as it executes its strategy and was designed to identify and evaluate any new or emerging risks and ascertain whether the risk register covered all relevant risks.

The Board also performed detailed reviews of the COVID-19 risks and received regular updates in relation to management's mitigation plans, both in the short and long terms.

INTERNAL CONTROL

The key elements of our internal control system are set out below. An internal control system cannot completely eliminate the risks we face or ensure we do not have a material misstatement or loss.

MANAGEMENT STRUCTURE

The Board sets formal authorisation levels and other controls that allow it to delegate authority to run our businesses to the Chief Executive, GELT and their management teams. Our management supplements these controls by setting the operating standards that each subsidiary needs for its business and location.

GELT regularly reviews our performance against strategy, budget and a defined set of operational key performance indicators. The Chief Executive, Group Finance Director, Group General Counsel and Company Secretary, and Group Financial Controller also hold monthly reviews with each business unit.

QUALITY AND INTEGRITY OF OUR PEOPLE

We strive to operate with high integrity in everything we do. Our control environment depends on high-quality people who maintain our ethical standards. We ensure our people's ability and integrity through our recruitment standards, training and consistent performance management. The Board is informed of appointments to our most senior management positions.

INFORMATION AND FINANCIAL REPORTING SYSTEMS

We create detailed operational budgets for the year ahead, along with five-year strategic plans, which the Board reviews and approves. We then monitor our performance throughout the year, so we can address any issues. The information we consider includes our monthly financial results, key performance indicators and variances, updated full-year forecasts and key business risks.

The main internal control and risk management processes relating to our preparation of consolidated accounts are our Group-wide accounting policies and procedures, segregation of duties, system access controls, a robust consolidation and reporting system, various levels of management review and centrally defined process control points and reconciliation processes.

INVESTMENT APPRAISAL

We control our capital expenditure through our budget process and by having clear authorisation levels, above which our businesses must submit detailed written proposals to the Board for approval.

We carry out due diligence for business acquisitions and material licences, and conduct post-completion reviews of major projects, to ensure we identify areas for improvement and correct any areas of underperformance or overspend.



INTERNAL AUDIT

Our internal audit activities are provided by in-house and external resources, under the leadership of our Head of Risk Management and Internal Audit. During the year, Internal Audit completed a risk-based audit programme agreed by the Audit & Risk Committee. The Committee reviews the results of these audits and the subsequent actions we take, which we also communicate to the external auditor.

All business units complete risk and control self-assessments twice a year. Internal Audit, as part of its work programme, performs independent reviews of these assessments to identify any deficiencies in our controls and how we should address them. The external auditor also provides observations on the control environment as part of its audit work. The results are communicated to senior management and the Audit & Risk Committee.

The Board, with the help of the Audit & Risk Committee, reviewed the effectiveness of our internal control system, as well as our financial, operational and compliance controls and our risk management. The review considered our internal control self-assessment process, which is designed to assess compliance with our minimum control standards, the independent internal audit programme, and the reports management prepared when the Board approved the interim and final results and financial statements. It also assessed:

- > whether we had identified, evaluated, managed and controlled significant risks; and
- > whether any significant weaknesses had arisen, and if so, whether we had addressed them.

The assessment also took into account any risk or control issues we identified through our divisional business reviews, Board and GELT meetings, and insurers' reviews.

We have an internal control continuous improvement work programme and routinely identify opportunities to strengthen our control environment and improve our risk management capabilities. However, the Board has not identified or been told of any significant failings in our internal controls.



REMUNERATION COMMITTEE REPORT

Section A – Annual statement

Strong financial performance and continued progress against strategic priorities



Lesley Knox

SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR AND
CHAIR OF THE REMUNERATION
AND NOMINATION COMMITTEES

This Remuneration Report has been prepared so it complies with the provisions of the Large and Medium-sized Companies and Groups (Accounts & Reports) (Amendment) Regulations 2013, which set out the disclosures required for Directors' remuneration as at the reporting date. The Report is also in accordance with the requirements of the Financial Conduct Authority's Listing Rules.

The Independent Auditor's Report states whether, in the auditor's opinion, the parts of the Report that are subject to audit have been properly prepared in accordance with the legislation. We have highlighted the parts of this Report which have been audited.

AIMS OF OUR REMUNERATION POLICY

- > Continued transformation into a global agricultural biotechnology pioneer
- > Pursuit of leading-edge technology and focus on long term innovation and opportunity to enable future value creation for shareholders
- > Sustainable robust short-term delivery of financial performance as we invest in the future
- > Ability to recognise innovation and progress, which are crucial to securing long-term bottom-line performance
- > Ability to attract and motivate a high-quality leadership team and drive focus and behaviours on long term achievement in a global market for talent
- > Recognise expectations of shareholders on reward and governance

Dear Shareholder

On behalf of the Board I am pleased to present the Directors' Remuneration Report for 2020. This year the Group has delivered strong performance across all its businesses and continued to advance against our strategic priorities.

We were pleased with the investor response to our new Remuneration Policy which was approved by over 93% of our shareholders at the 2019 AGM on 14 November 2019. The changes were designed to ensure continued alignment with our strategy and to reflect evolving expectations from shareholders. In this report we focus on the alignment with the shareholder experience and how the metrics used within reward plans act as a robust indicator of organisational progress.

Stephen Wilson was appointed as Chief Executive in September 2019 and his contribution has evolved further as he has successfully established himself in the CEO role. We also welcomed Alison Henriksen to the Board as Chief Financial Officer and full details of her remuneration are contained within this report.

EMPLOYEE ENGAGEMENT AND INSIGHT

Further details on our people and culture are described within the Annual Report. Our latest all employee survey, *Your Voice*, was carried out at the end of 2019 and as a Committee (and wider Board) we discussed the responses from employees noting their overall satisfaction with working in the business, and the actions planned within the business to address key findings or any concerns raised. Lykele van der Broek and I additionally held a number of face-to-face or virtual sessions with employees across several locations to discuss their overall employment experience, including the way that reward structures cascade through the business.

All Board Directors have engaged with the wider workforce through visits during the year and we look forward to more of these in the future. We also considered the gender pay position within Genus Breeding Limited, our largest UK subsidiary, and the overall demographics and reward of our employees across the Group.

COVID-19

Through the course of 2020 we have seen the impact of COVID-19 and the effects of a widespread global pandemic on societies across the world.

Our industry is an essential part of the food chain and Genus employees have continued to perform their roles. In some instances, this has been in the normal way at defined company locations, but many employees have had to adapt to alternative working arrangements from home and they have been successfully able to provide continuity of operations, interact with customers and ultimately realise robust financial performance over the period. Genus has not utilised any government schemes to provide support or protection for employees unable to work, and has not made any employees redundant or made changes to employee compensation as a result of the pandemic. It is testament to all employees that we have been able to deliver high levels of business performance against this backdrop.



We have also considered the impact of COVID-19 on the future application of our Policy. We have agreed that the existing Policy continues to be appropriate for the organisation and will look to operate this unchanged in the year ahead. Opportunity levels will be unchanged under our variable plans and we have been able to set robust performance targets against which future awards will be assessed.

DETERMINING REWARD OUTCOMES FOR 2020

As is highlighted throughout the Annual Report, the year has resulted in very strong financial achievement for the business. In finalising reward outcomes, as well as the performance metrics, we considered two overarching themes: the experience of the wider workforce across Genus during the year, and the experience of our shareholders. We have always considered this read-across, but this year we have considered in detail the impact of COVID-19 against these stakeholder groups.

Most of our employees participate in types of variable reward plans across the Group, often drawing upon the same performance metrics as that used for Executive Directors or other GELT members (or more localised metrics reflecting the scope of responsibility of the specific individuals). We have seen a range of performance outcomes across different individual business units (as would normally be the case) and we are comfortable both that: i) there is alignment between pay and performance; and ii) COVID-19 has not led to groups of our workforce having material reductions or changes in reward levels from prior years.

A key driver of our future success is making strategic progress now in order to enable growth in the future. As highlighted elsewhere within the report there are numerous examples of strategic progress achieved during 2020 that demonstrate Genus as a global agricultural biotechnology pioneer. This is seen through the pursuit of leading-edge technology and innovation to enable future value creation for shareholders, such as the progress in our strategic collaboration with BCA to develop and commercialise PRRSv resistant pigs and innovative improvements in the technology and performance of our IntelliGen technology to meet global demand for Sexcel.

Alongside this strategic progress and transformation, Genus has managed to trade effectively and deliver strong financial performance during the year. Our year end performance shows profit growth for the year of over 16% alongside cash generation and we have confirmed our intention to pay a final dividend. At a time when many companies have seen significant deterioration in their year on year performance, we have demonstrated strong growth. This has been reflected in our share price which has grown by 33% over the year against a drop in the FTSE 250 of 10%.

OUTCOMES FOR EXECUTIVES

It is against this background that we have determined the reward outcomes for each of the Executive Directors and for all members of GELT, as well as understanding the read across to the wider workforce. We reviewed performance achieved against targets set for the Annual Bonus for 2020 (for Stephen Wilson and Alison Henriksen) and the Performance Share Plan award made to Stephen Wilson in 2017. The targets and respective levels of attainment are disclosed in detail within the report.

ANNUAL BONUS 2020

The Committee was comfortable that the formulaic outcome was representative of the strong underlying performance of the business over the period and is a fair reflection of achievement against the financial and individual objectives that were set.

The Annual Bonus outcome (based on a combination of financial and non-financial metrics) means that 91% of the bonus opportunity is payable to Stephen, of which one third is made in shares under the Deferred Share Bonus Plan ('DSBP') which are deferred for three years. The award level for Alison is also 91% of the opportunity, again with the same deferral structure. Awards for Alison Henriksen have been prorated, reflecting her start date midway through the 2020 performance year.

PERFORMANCE SHARE PLAN

Awards under the Performance Share Plan ('PSP') granted to Stephen in September 2017 will vest in September 2020. These awards were linked to our EPS performance over the three-year period. Average annual EPS growth of 8.1% means that 44.9% of these shares will vest, and this is disclosed within the single figure table. It is of note that the share price between grant and vest shows an increase of 71%, and this appreciation accounts for £211k of the total PSP figure disclosed. Under our Policy, Stephen is obliged to retain the post-tax number of shares for a further two years post vesting.

SUMMARY

We have focused carefully over the past year in considering our overall business performance and the corresponding reward outcomes across Genus. This means understanding the way pay for performance is seen across the business, but additionally the alignment of that performance with the shareholder experience. We hope that the accompanying disclosure provides more insight on our considerations as a Committee, and how we are confident that the outcomes demonstrated here represent robust and appropriate implementation of our Policy agreed in 2019.

I look forward to your support at our forthcoming AGM. If you have any feedback, I can be contacted at remunerationchair@genusplc.com.

Lesley Knox

Senior Independent Non-Executive Director
and Chair of the Remuneration Committee



REMUNERATION COMMITTEE REPORT CONTINUED

Section B – At a Glance 2020 (year ending 30 June 2020)

(For more detail please see pages 72 to 91)

What Executive Directors were paid in 2020:

1

BASE SALARY AND BENEFITS

- > Salary was increased for Stephen Wilson on appointment as CEO
- > Benefits include a car allowance for each Executive Director
- > Pension allowance for Stephen Wilson was reduced to 10% of salary on appointment to CEO. The allowance payable for Alison Henriksen is 6% of salary

CHIEF EXECUTIVE: KARIM BITAR
(Resigned as Chief Executive effective 13 September 2019)



CHIEF EXECUTIVE: STEPHEN WILSON
(Appointed as Chief Executive and ceased to be Group Finance Director on 13 September 2019)



CHIEF FINANCIAL OFFICER: ALISON HENRIKSEN
(Appointed on 13 January 2020)



2

ANNUAL BONUS

- > Metrics used and weighting: Adjusted profit before tax (50%), Cash generation (15%), Strategic measures (35%)
- > Overall award 91% of maximum for Stephen Wilson and 91% of maximum for Alison Henriksen
- > 33% of the total award under this element made in shares deferred for three years

No annual bonus was payable to Karim on account of his notice to resign which was received in March 2019. In addition, no further shares vested under our Performance Share Plan on account of his employment ending before the scheduled vesting date, in line with the rules of the 2014 PSP Plan.

This is in line with the Remuneration Policy agreed in 2016 by shareholders.

COMPANY PERFORMANCE

TARGET 50%



3

PSP

- > Awards granted in September 2017 vested at 44.9% of maximum based on average annual adjusted earnings per share growth achieved of 8.1%



¹ Calculated based on the average share price for the final quarter of financial year ended 30 June 2020 (3,381p).

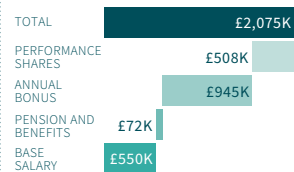
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REMUNERATION BREAKDOWN

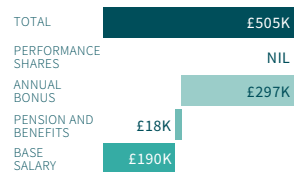
CHIEF EXECUTIVE: KARIM BITAR



CHIEF EXECUTIVE: STEPHEN WILSON



CHIEF FINANCIAL OFFICER: ALISON HENRIKSEN





Section B – At a Glance 2021 (year ending 30 June 2021)
(For more detail please see pages 72 to 91)

What Executive Directors can earn in 2021 and how:

1

BASE SALARY AND BENEFITS

- > Salary increases of 2% effective September 2020
- > No change to benefit provision for 2021

CHIEF EXECUTIVE: STEPHEN WILSON



CHIEF FINANCIAL OFFICER: ALISON HENRIKSEN



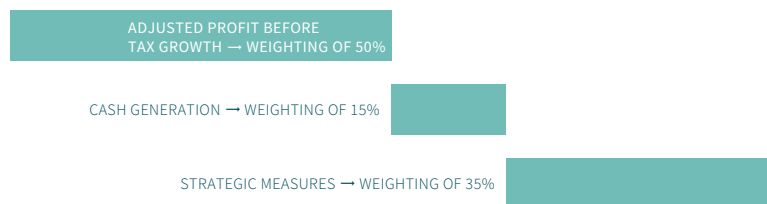
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ANNUAL BONUS

- > Annual bonus opportunity of 175% of salary split between profit, cash and strategic metrics as shown

STEPHEN WILSON: MAXIMUM OF 175% OF SALARY, TARGET AWARD OF 87.5% OF SALARY

ALISON HENRIKSEN: MAXIMUM OF 175% OF SALARY, TARGET AWARD OF 87.5% OF SALARY



3

PSP (SEPTEMBER 2018 AWARDS)

- > The vesting of these awards depends on the adjusted earnings per share (excluding gene editing costs) achieved in the three financial years ending 30 June 2021

Awards over 29,613 Genus shares

N/A

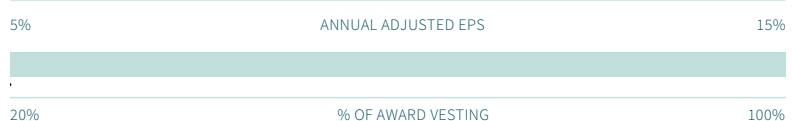
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PSP (SEPTEMBER 2020 AWARDS)

- > The vesting of these awards will be subject to an adjusted earnings per share growth, with the 2023 adjusted earnings per share being compared to the 2020 adjusted earnings per share (excluding gene editing costs)
- > 5% annual growth threshold – 20% vesting
- > 15% annual growth – 100% vesting
- > Vesting levels will be calculated based on a straight-line basis between the above values

AWARD TO STEPHEN WILSON OF 200% OF SALARY

AWARD TO ALISON HENRIKSEN OF 175% OF SALARY





REMUNERATION COMMITTEE REPORT CONTINUED

Section B – Wider Workforce Remuneration

The Committee developed the Remuneration Policy agreed by shareholders in 2019 having reviewed the wider framework for reward across the organisation and the way that this drives alignment of individuals towards organisational goals. It receives updates annually on any material changes to wider workforce arrangements and additionally considers employee feedback on reward matters. This is from Group-wide mechanisms (such as our *Your Voice* survey) but additionally from direct interaction between designated Non-Executive Directors and employees.

Our reward principles apply to all employees within the business and are designed to ensure we can attract, motivate and retain people fundamental to achieving our vision, and be part of a global organisation. We want people within the business engaged and delivering because they are excited by our vision, the part they can play in this, and the difference they can make.

These principles are applied as consistently as we can, such that reward is standardised wherever possible, and delivered in line with our values. While the quantum may vary between roles, the principle of aligning reward outcomes with performance is fundamental to the way we operate.

Reward element	Our approach
BASE SALARY	Pay rates are determined with reference to the skill set and experience of the individual. Most pay rates are reviewed annually across the Group, with adjustments with reference to individual performance levels, market pay competitiveness and overall business affordability.
BENEFITS	The countries we operate in display different practices in terms of benefit provision. Typical benefits include access to life insurance, pension or retirement provision and may include medical cover. Our approach is driven by local market factors (which may include legislative requirements) rather than a single common benefit offering globally.
VARIABLE PAY	<p>We operate a range of annual variable reward schemes and most of our employees participate in one of these arrangements. These include:</p> <p>Annual bonus</p> <ul style="list-style-type: none"> > Based on a combination of financial performance and non-financial metrics assessed through our performance management processes (which all employees participate in) > Financial metrics based around profitability and cash performance > Where metrics are consistent with those used for Executive Directors or GELT members, then the same target/performance scale is used for everyone to drive alignment. <p>Production facilities – KPI plans</p> <ul style="list-style-type: none"> > Linked to the balanced scorecard of local KPIs for facility, covering metrics such as production output, health and safety, and other defined KPIs. <p>Commissions</p> <ul style="list-style-type: none"> > Derived from individual sales performance of the individual. <p>In addition, we make discretionary awards of shares across the business annually, reflecting the contribution of the individual and to drive future alignment with our performance.</p>



Section B – CEO Pay Ratio

OUR CEO PAY RATIO FOR 2020

Our CEO Pay ratio is shown below. The single figure for year ending 30 June 2020 reflects the change in CEO during the year. This means it includes salary and benefits for Karim Bitar through to his resignation, and all applicable reward elements for Stephen Wilson from the date of his appointment as CEO (13 September 2019) to 30 June 2020.

Year ended	CEO single figure £000	25th percentile		Median		75th percentile		Median ratio vs CEO target remuneration
		FTE reward	Ratio	FTE reward	Ratio	FTE reward	Ratio	
30 June 2020	2,170	£25,230	86:1	£31,748	68:1	£42,426	48:1	51:1

No elements of pay have been omitted from the calculation and pay quartiles determined as at 30 June 2020 and is calculated based on those employed at this date. Where required, actual levels of remuneration were adjusted to create full time equivalent values by considering both the employees full time equivalent hours and (where applicable) the proportion of the year that the individual was employed. The quartile values, split between salary and benefits are as follows:

	25th percentile	Median	75th percentile
Salary (FTE)	£23,087	£26,689	£34,747
Total pay and benefits	£25,230	£31,748	£42,426

The median ratio is consistent with pay and reward policies in operation within the business. Salaries are set with reference to market levels of pay, with progression linked to experience and performance in role. The structure of reward in operation means that greater proportion of pay is linked to variable pay in more senior roles, and will therefore fluctuate linked to business and individual performance outcomes against targets set.

OUR CEO PAY RATIO HISTORY

To provide additional context we have also shown the ratio for the previous two years. The CEO 'single figure' for year ending 2019 was lower than the prior year. This reflected the decision of our previous CEO to resign from the business and forfeit any awards under our annual bonus or long-term incentive, albeit he was still employed by Genus at the end of the financial year. For illustration we have also shown the ratios against the target level of reward we disclosed within our Remuneration Policies as agreed by shareholders.

Year ended	CEO single figure	25th percentile		Median		75th percentile		Median ratio vs target CEO single figure
	CEO	FTE reward	Ratio	FTE reward	Ratio	FTE reward	Ratio	Ratio
30 June 19	£815k	£24,638	33:1	£31,867	26:1	£41,792	20:1	57:1
30 June 18	£2,549k	£24,204	105:1	£30,759	83:1	£40,203	63:1	59:1

METHOD OF CALCULATION AND RATIONALE

We have elected to use calculation Method A as outlined within the legislation. We have done this to get as accurate a picture as possible for the reward of all our UK employees compared to the CEO. This contrasts with our disclosure on Gender Pay which focuses on our largest UK subsidiary (Genus Breeding Limited) rather than all employees in the UK as required by the respective legislation. It ensures that the calculation is done on a full-time equivalent basis in comparing employee reward to the CEO position.

FACTORS THAT WILL INFLUENCE CHANGES IN FUTURE RATIOS

The ratio will be calculated each year and we will disclose the resultant ratio and provide commentary and explanation as required. Key identified reasons for future change may include some or all of the following factors:

- > **Share price change:** recognising that a significant proportion of the CEO expected remuneration is delivered in shares vesting at future dates.
- > **Business performance:** That the overall CEO package is more highly geared towards variable pay than most other employees within the UK business.
- > **Role change:** The transition of our former Group Finance Director into the CEO role, which will mean that future vesting of PSP awards vesting in 2020 and 2021 will be based on award levels and associated salary while in the Group Finance Director role.

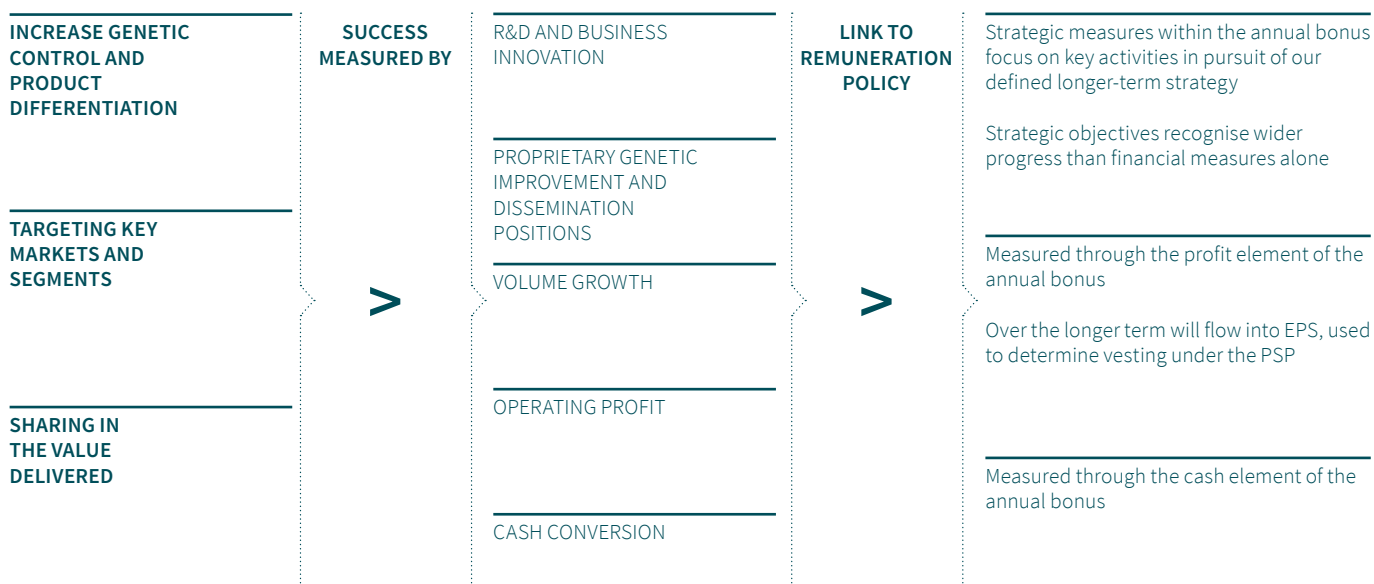


REMUNERATION COMMITTEE REPORT CONTINUED

Section C – Remuneration and Performance Statement

GENUS'S STRATEGY AND ITS LINK TO PERFORMANCE-RELATED PAY

Our strategy and the way this is linked to variable reward is shown below.



PERFORMANCE COMPONENTS AND THEIR IMPACT ON REMUNERATION

	2019	2020	Movement %	Impact on remuneration
Adjusted results				
Revenue	£488.5m	£551.4m	13	Input to annual bonus profit and earnings per share in PSP
Adjusted profit before tax	£61.0m	£71.0m	16	Annual bonus measure
Generation of free cash flow	£10.0m	£35.2m	252	Annual bonus measure
Adjusted earnings per share	73.2p	85.4p	17	PSP performance condition
Dividend per share	27.7p	29.1p	5	Executives rewarded via dividends on shares held post vesting
Share price at year end	2,648p	3,532p	33	Determines the value of deferred bonuses and PSP awards

Values in the table are in actual currency as shown in the Annual Report. A number of adjustments are made to these for the purposes of calculating awards under our incentive plans as described in this report and in line with our Remuneration Policy.

EXECUTIVE DIRECTORS' ALIGNMENT TO SHARE PRICE

The table below shows the value of shares currently held by the Executive Directors and those awarded under the Deferred Share Bonus Plan ("DSBP"), but not yet released (on a post-tax basis). It does not include those awards under the PSP which are scheduled to vest in the future subject to Company earnings per share performance, which have the potential to significantly increase the alignment of the Executives, subject to the resulting level of vesting.

	Shares owned	Shares awarded under the DSBP (post-tax)	Total share exposure	Indicative value on 30 June 2020 (£) ¹	Consequence of a +/- £2 share price change (£)	Conclusion
Stephen Wilson	73,330	13,332	86,662	2,930,029	173,323	CEO is aligned to share price movement through ordinary shareholding. CFO was appointed into role during 2020
Alison Henriksen	0	Nil	0	0	0	

¹ Value calculated using the average share price for the final quarter of the financial year ended 30 June 2020 (3,381p).

**REMUNERATION COMMITTEE REPORT CONTINUED**

Section D – Annual Report on Remuneration

INTRODUCTION

This section of the Directors' Remuneration Report is subject to an advisory vote at the 2020 AGM. Remuneration in respect of 2020 is determined by our Remuneration Policy agreed by 93.4% of shareholders at the 2019 AGM. The detailed Policy, approved by shareholders at the 2019 AGM on 14 November 2019, can be found in our 2019 Annual Report which is available from our website at www.genusplc.com.

We have split this section into the following chapters to balance our formal disclosure obligations with our desire to have a clear and understandable report:

1. What the Executive Directors Were Paid in 2020.
2. What the Executive Directors Can Earn in 2021.
3. The Process the Committee Followed to Arrive at These Decisions.
4. How the Chief Executive's Pay Compares to Shareholder Returns Over the Past Ten Years and to Employees' Pay.
5. The Chairman and Non-Executive Directors' Fees.
6. Details of the Directors' Shareholdings and Rights to Shares.
7. Details of the Executive Directors' Contracts and Non-Executive Directors' Letters of Appointment.

1. WHAT THE EXECUTIVE DIRECTORS WERE PAID IN 2020**EXECUTIVE DIRECTORS' SINGLE TOTAL REMUNERATION FIGURE (AUDITED)**

The following table shows a single total figure of remuneration for the 2020 financial year for each of the Executive Directors and compares this figure to the prior year.

	Year	Salary and fees £000s	Benefits ¹ £000s	Pension ² £000s	Subtotal for fixed pay £000s	Annual bonus ³ (Core Bonus) £000s	Annual bonus (Company Milestone) ⁴ £000s	PSP ⁵ £000s	Subtotal for variable pay £000s	Total £000s
Karim Bitar (resigned as CEO effective 13 September 2019)	2020	131	12	40	183	Nil	n/a	Nil	Nil	183
	2019	626	33	156	815	Nil	Nil	Nil	Nil	815
Stephen Wilson (Ceased to be Group Finance Director and appointed CEO from 13 September 2019)	2020	550	13	59	622	945	n/a	508 ⁵	1,453	2,075
	2019	390	13	58	461	209	157	776 ⁵	1,142	1,603
Alison Henriksen (appointed 13 January 2020)	2020	190	6	12	208	297	n/a	–	297	505
	2019	–	–	–	–	–	–	–	–	–

1 Benefits included an annual car allowance of £20,000 for Karim Bitar and £12,000 for Stephen Wilson and Alison Henriksen respectively. Insured benefits include life assurance, private medical insurance and a medical screen.

2 Executive Directors receive a cash allowance in lieu of pension, which is shown in the Pension column. The percentage contribution payable to Stephen Wilson was reduced on appointment to CEO (from Group Finance Director) from 15% of salary to 10% of salary. Alison Henriksen receives a pension contribution of 6% of salary.

3 Bonus earned includes the part of the award which is deferred into Company shares.

4 All awards made under the Company Milestone element of the bonus for 2019 (under the previous Remuneration Policy) are made in shares deferred for three years.

5 The value of the PSP is determined by the number of awards vesting in relation to performance in the period ended 30 June 2020. Dividend equivalents are not added to awards made under the PSP. The value shown for 2020 is based on the average share price for the final three months of the 2020 financial year (which was 3,381p). This compares to the share price at grant of 1,973p (+71%). Of the value shown for the CEO, £211k is attributable to share price appreciation between award and vesting.

6 The 2019 values shown as estimated in the previous Annual Report have been restated to reflect the actual value at point of vesting. The share price was 2,850p on 16 September 2019 when awards vested for Stephen Wilson.

HOW THE BONUSES FOR 2020 WERE CALCULATED**ANNUAL BONUS**

The 2020 bonuses for Executive Directors were calculated by reference to performance against a challenging sliding scale of profit, cash flow and strategic measures. Targets were set by the Committee to exclude the costs of gene editing in line with our Remuneration Policy. This was a decision by the Committee (as was the case in prior years) to ensure that management's reward was not unfairly affected by decisions to make the right long-term investment decisions on behalf of the business.

The following results were achieved for each element of the annual bonus incentive.

Bonus target ¹	Strategic objective	Proportion of salary (maximum) ²	Actual 2020 performance	Threshold (0% award)	Target (50% award)	Stretch (full award)	Extent to which targets were met (%)
Adjusted profit before tax	Year-on-year profit growth	87.50%	£79.5m	£68.3m	£75.1m	£78.5m	100%
Generation of free cash flow	Generate cash for reinvestment and dividend	26.25%	£26.9m	£16.7m	£19.7m	£22.7m	100%
Strategic measures	To build the foundation for future growth	61.25%	See table				Chief Executive 75% Chief Financial Officer 75%

1 The financial elements of the bonus are payable on a straight-line basis between each threshold, target and stretch level.

2 Prior to any prororation of awards for Alison Henriksen who joined on 13 January 2020.



REMUNERATION COMMITTEE REPORT CONTINUED

Section D – Annual Report on Remuneration

1. WHAT THE EXECUTIVE DIRECTORS WERE PAID IN 2020 CONTINUED

STRATEGIC MEASURES

The Committee reviewed and discussed achievement against targets set for strategic measures for each Executive Director in determining overall award levels. Performance against these targets is disclosed retrospectively, as follows:

THEME	OBJECTIVE
Strategy Development and Execution	Expand the Company's position as the leader in animal genetics
Innovation	Continue strengthening R&D technology capabilities and commercial relevance and implement new IT technologies to support Company performance
Leadership	Demonstrate leadership skills and adding value and direction to the organisation whilst developing internal talent/bench strength
Culture and Engagement	Fostering a positive and inclusive culture and increasing employee engagement at all levels
Sustainability	Make Genus an industry leader in sustainability

Performance against these targets is disclosed retrospectively, as follows:

Executive Director	Key achievements in the year	Payout against maximum
Stephen Wilson	Strategy Development and Execution	75%
	Leadership and Culture	
	Innovation	
	Sustainability	

Executive Director	Key achievements in the year	Payout against maximum
Alison Henriksen	Strategy Development and Execution	75%
	Leadership and Culture	
	Innovation	
	Sustainability	

As a result of this performance, the total annual bonus awarded to the Executive Directors was:

	Annual bonus		
	Extent to which targets were met	Annual Bonus – Cash	Annual Bonus – Deferred Shares ¹
Karim Bitar	n/a	Nil	Nil
Stephen Wilson	91%	£629,899	£314,949
Alison Henriksen ²	91%	£197,730	£98,865

1 The number of shares awarded will be calculated in September 2020 when bonuses are paid. One-third of bonus payable is deferred into Genus shares for three years.

2 Awards for Alison Henriksen have been pro-rated to reflect her joining part-way through the 2020 performance year

HOW THE PERFORMANCE SHARE PLAN FIGURE WAS CALCULATED IN THE SINGLE TOTAL REMUNERATION TABLE

Stephen Wilson's PSP award granted on 13 September 2017 was subject to a performance condition, based on the growth in adjusted earnings per share from 2017 to 2020. The range of targets applicable to the award, which had a value of 175% of salary at grant was as follows:

Average annual growth in adjusted earnings per share ¹	% of award Vesting
Less than 5% per annum	Nil
5% per annum	20%
15% per annum	100%

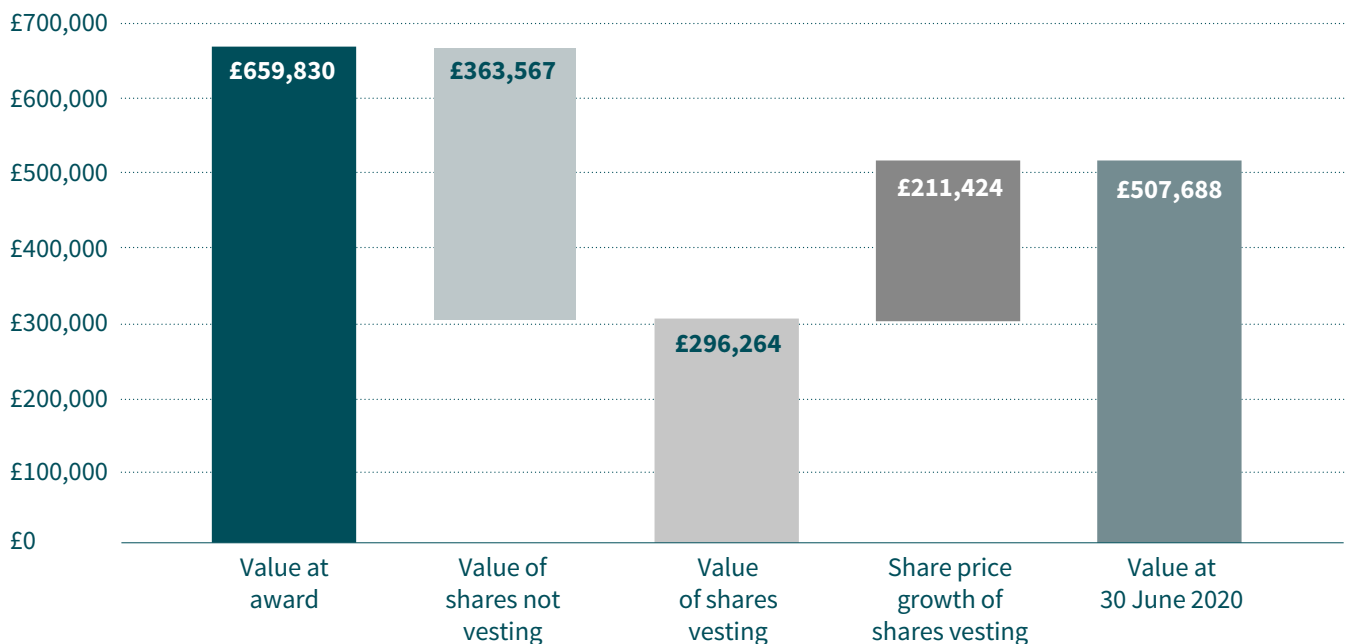
1 Straight line vesting between the points in the above table.

**1. WHAT THE EXECUTIVE DIRECTORS WERE PAID IN 2020** CONTINUED

The Committee set targets to calculate the long-term award after excluding gene editing costs incurred during the performance period, to avoid an unintended impact on the Executives' remuneration whilst making long-term decisions in support of value creation. This is consistent with the approach previously communicated to shareholders within our Policy and as taken in each of the last three years.

The adjusted 2020 earnings per share after the cost of share-based payments and adjusting for costs relating to gene editing was 84.6p. This represents an average annual growth in adjusted earnings per share of 8.1% compared to the comparable 2017 adjusted earnings per share figure (after the cost of share-based payments). The resulting level of vesting is therefore 44.9% of maximum¹. Stephen Wilson's award was over a maximum of 33,443 shares, so the actual level of vesting is 15,016 shares and these will vest on 13 September 2020.

The Company's average share price for the period from 1 April 2020 to 30 June 2020 was 3,381p, meaning that the value shown for these awards within the single figure table is £507,688 for Stephen Wilson.



¹ The average annual earnings per share growth including gene editing costs after share-based payments was 7.6% and the associated vesting level would have been 41.1% of maximum.

JOINING AWARD

A joining award over 22,435 Genus shares was made to Alison Henriksen on joining the business to bring her onto the in-flight cycle in line with our agreed Remuneration Policy. These are shares that will vest in 2022 subject to EPS performance (with identical performance metrics to those awarded to the CEO on 11 September 2019). The share price used to calculate awards was based on that when Alison joined the business in January 2020. As with awards to the CEO, any shares that vest as a result of Company performance achieved will be subject to a two-year additional holding period post vesting, subject to the ability to sell shares to settle tax liabilities at the point of vesting.

MATERIAL CONTRACTS

There were no other contracts or arrangements during the financial year in which a Director of the Company was materially interested and/or which were significant in relation to the Group's business.

PAYMENTS FOR LOSS OF OFFICE AND PAYMENTS TO FORMER DIRECTORS (AUDITED)

There were no payments for loss of office in the year or to any former Directors of the business.

DISCRETION

No discretion was applied by the Committee to outcomes under the variable plans and awards determined against targets set by the Committee.

2. WHAT THE EXECUTIVE DIRECTORS CAN EARN IN 2021

A summary of this chapter is given on page 73.

BASE SALARY

In line with other UK employees, the date of salary review is 1 September 2020. Any change is considered against changes made to the wider workforce.

BENEFITS

The Executive Directors receive benefits including a car allowance, life assurance, an annual medical screen and private medical insurance.

PENSION

On appointment to the CEO role in September 2019, the pension allowance payable to Stephen Wilson reduced to 10% of salary (from 15%). Alison Henriksen receives a pension allowance of 6% of salary, consistent with our stated policy to align rates for new hires to the wider workforce.



REMUNERATION COMMITTEE REPORT CONTINUED

Section D – Annual Report on Remuneration

2. WHAT THE EXECUTIVE DIRECTORS CAN EARN IN 2021 CONTINUED

PERFORMANCE-RELATED ANNUAL BONUS

The structure for variable remuneration for Executive Directors for 2021 will be as follows:

ANNUAL BONUS

Value of bonus	A maximum of 175% of salary for the Chief Executive Officer and Chief Financial Officer based on profit, cash generation and strategic measures. On-target value of 87.5% of salary.	
Performance measures	Adjusted profit before tax	50% of opportunity
	Cash generation	15% of opportunity
	Strategic Measures	35% of opportunity
Calibration of profit target	No bonus is payable in respect of profit unless the prior year's result is exceeded. Thereafter, the bonus award is determined on the following basis:	
	Growth on prior year adjusted before tax ¹	Pay-out (profit element)
	0%	0%
	10% growth delivers	50%
	15% growth delivers	100%
	Straight-line payout between performance points.	
	¹ In constant currency and excluding gene editing costs.	
Calibration of cash generation target	The cash target is the budgeted figure, with a specific range of £3m below the target and £3m above. Specific numbers were set (rather than a percentage range) to ensure Executives are focused on actual cash generation. The target set and resulting performance achieved will be disclosed in the Annual Report next year.	
Calibration of strategic measures	Specific measurable targets have been set against this category linked to our strategic priorities identified by the Board for the year ahead. It would be commercially sensitive to disclose them in advance. We will retrospectively disclose performance against these targets in the subsequent Annual Report.	
Bonus deferral	One-third of any bonus award will be deferred by way of shares for three years and will vest subject to continued employment, other than in certain leaver circumstances.	
Malus and Clawback	The Committee can apply malus to deferred bonuses and clawback any element of paid bonuses that should not have been awarded or paid, in the event of a material misstatement of the Group's annual results or other substantive reason.	

LONG-TERM INCENTIVES

Awards to be granted in September 2020 will be granted under the 2019 PSP Plan approved by shareholders on 14 November 2019. Stephen Wilson will be granted an award over shares worth 200% of salary and Alison Henriksen an award over shares worth 175% of salary. Grants will be determined in line with the Plan Rules, using annual salary as at the point of grant to determine awards. Awards granted will continue to require the Executive to retain the after-tax number of shares vesting in September 2023 for two years. Enhanced clawback and malus provisions will apply to these awards as outlined within our Remuneration Policy, including for reputational damage and corporate failure.

The performance targets for the awards to be granted in September 2020 will relate to average annual growth in adjusted earnings per share, measured over three years and excluding gene editing costs. The range of targets for the 2021 awards (scheduled to be made in September 2020) is as follows:

Average annual growth in adjusted earnings per share ¹	Vesting (% award)
Less than 5% per annum	0%
5% per annum	20%
15% per annum	100%

Straight-line vesting between performance points.

¹ Growth in adjusted earnings per share over the three-year performance period will be calculated on a simple average annual growth rate after the cost of share-based payments and excluding gene editing costs.

The Committee continues to believe that using adjusted earnings per share is an appropriate measure of long-term performance of the business, and this is consistent with awards granted over the past few years. The Committee believes the above performance range is appropriately challenging, that they incentivise Executives to deliver the Company's growth strategy and are therefore aligned with shareholders' interests. They also adhere to the principles of transparency and simplicity, to maximise the incentive provided to participants by the 2019 PSP.

The Committee will be able to scale back vesting based on earnings per share performance if it does not consider the vesting result to be consistent with the progress achieved against the Company's strategy during the performance period. This is considered appropriate to broaden the Executive team's focus beyond financial performance.



3. THE PROCESS THE COMMITTEE FOLLOWED TO ARRIVE AT THESE DECISIONS

The Committee complies with the UK Corporate Governance Code. It makes recommendations to the Board, within agreed terms of reference, on remuneration for the Executive Directors and other members of GELT. The Committee's full terms of reference are available on the Company's website at www.genusplc.com.

During 2020, the Committee comprised:

Director	Independent	Attendance at meetings
Lesley Knox (Chair)	Yes	6/6
Lykele van der Broek	Yes	6/6
Lysanne Gray	Yes	6/6
Ian Charles	Yes	6/6
Bob Lawson	Yes	6/6

None of the Committee members has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Chief Executive and the Chief Financial Officer attend meetings at the Committee's invitation but are not present when their own remuneration is being discussed. The Committee is supported by the Group HR Director, Group Reward Director, Finance and Company Secretariat functions.

During the year, the Committee continued to use PricewaterhouseCoopers ('PwC') for advice it considers is of value, objective and independent. PwC's fees were £50,750 for its remuneration advice to the Committee. PwC were appointed by the Committee following a competitive tender process and their performance and independence as advisers is regularly reviewed. PwC is a member of the Remuneration Consultants Group and complies with its Code of Conduct. Separate teams within PwC provide unrelated advisory service to the Group, including taxation, international assignments and actuarial advice to the Group.

During the year to 30 June 2020, the Committee met six times and considered the following matters:

JULY 2019

- > Shareholder feedback from consultation process.
- > Finalisation of proposed new Policy and messaging to shareholders.

JULY 2019

- > Pay review for GELT members.
- > Review of Directors' Remuneration Report.

SEPTEMBER 2019

- > Approval of the Directors' Remuneration Report for 2018.
- > Determination of Annual Bonus awards in respect of 2019.
- > Testing of the performance conditions and approval of the vesting levels of long-term share incentive awards granted in 2016.
- > Approval of long-term share incentive awards under the Company's PSP and the associated performance targets.
- > Review of shareholdings by Executive Directors and GELT.
- > Approval of PSP for senior leadership and review of share dilution.

NOVEMBER 2019

- > Discussion of shareholder voting on the Annual Remuneration.
- > Review of remuneration reporting and AGM season insight.
- > Determine remuneration details for new CFO hire.

APRIL 2020

- > Update on COVID-19 and associated reward considerations.
- > Discussion of CEO Pay Ratio reporting requirements and indicative analysis for Genus.
- > Discussion of gender pay findings within Genus Breeding Limited and wider reward approach in Genus.

JUNE 2020

- > Discuss approach to target setting for 2021.
- > AGM season review and update.
- > Overview of wider reward practice across the FTSE 250.

HOW SHAREHOLDERS' VIEWS ARE TAKEN INTO ACCOUNT

We consulted with shareholders ahead of proposing our existing Remuneration Policy to shareholders at our 2019 AGM which received high levels of shareholder support. The results of the most recent vote were as follows:

	Vote on Directors' Remuneration Report (advisory)		Vote on Directors' Remuneration Policy (binding)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	44,735,774	98.4	42,801,233	93.4
Against	714,612	1.6	3,046,755	6.6
Total number of shares in respect of which votes were validly made	45,450,386	100	45,847,988	100
Votes withheld	409,372		11,770	



REMUNERATION COMMITTEE REPORT CONTINUED

Section D – Annual Report on Remuneration

3. THE PROCESS THE COMMITTEE FOLLOWED TO ARRIVE AT THESE DECISIONS CONTINUED

HOW EMPLOYEES' PAY IS TAKEN INTO ACCOUNT

While the Company does not consult employees on matters of Directors' remuneration, the Committee does take account of the policy for employees across the workforce when determining the Remuneration Policy for Directors.

The Group Reward Director facilitates this process, presenting to the Committee reward structures and approach across the organisation including the way reward levels are set with reference to internal and external factors and how performance metrics align with those used for GELT members (including Executive Directors). The process also includes sharing feedback received through staff engagement surveys that include questions on pay, as well as consulting employees informally on their views of the current overall Remuneration Policy. Additionally, discussions on reward have formed part of dialogue between the nominated non-executive directors and employees as part of wider engagement activity as outlined elsewhere in the Annual Report. This forms part of the feedback provided to the Committee and is used to assess the Remuneration Policy's ongoing effectiveness and the changes that should be made.

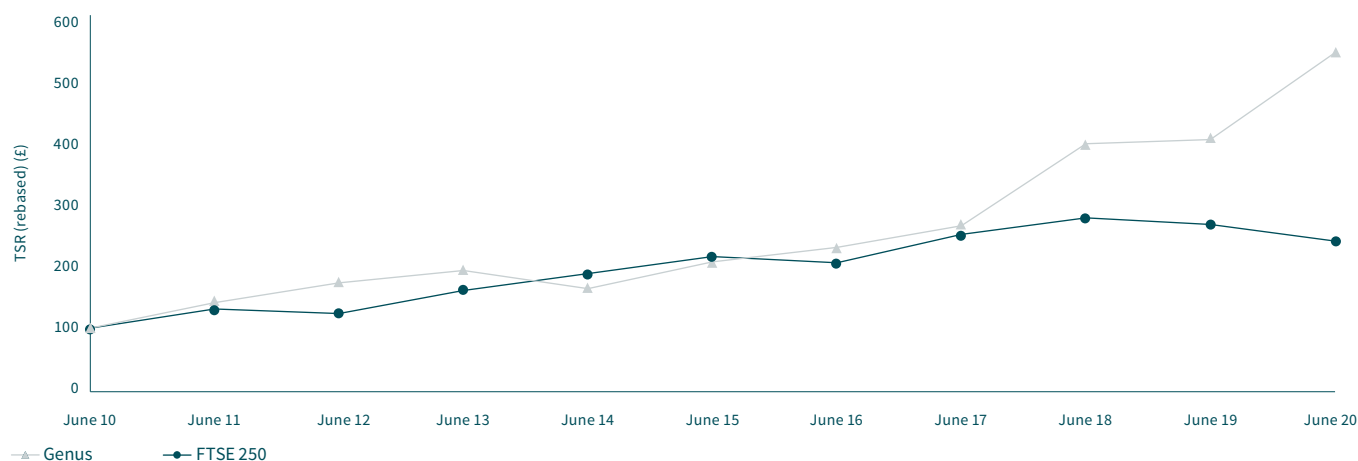
When setting the Executive Directors' base salaries, the Committee compares the salary increases proposed for each Executive Director within those proposed for employees in their geographical location, as well as considering the typical increase proposed across our UK business and the wider Group.

4. HOW THE CHIEF EXECUTIVE'S PAY COMPARES TO SHAREHOLDER RETURNS OVER THE PAST TEN YEARS AND TO EMPLOYEES' PAY

TOTAL SHAREHOLDER RETURN

The following graph shows the Company's performance measured by total shareholder return ('TSR'), compared with the TSR performance of the FTSE 250 Index. The FTSE 250 Index was selected as it represents a broad equity market of which the Company is a member.

TEN YEARS OF TOTAL SHAREHOLDER RETURN



As required under the reporting regulations, the table below shows the 'single figure' pay for the Chief Executive over the same period, to allow comparison between variability in reward and the shareholder experience over the same period.

	Year ended 30 June 2020											Stephen Wilson
	Richard Wood					Karim Bitar					2020	
	2011 ¹	2012	2012 ²	2013	2014	2015	2016	2017	2018	2019		
Total remuneration (£000s)	£2,383	£231	£1,776	£868	£877	£1,622	£1,704	£2,856	£2,549	£815	£183	£2,075
Annual bonus (% of max)	94%	88%	77%	31%	32%	99%	78%	59% ³	64% ³	Nil ⁴	Nil⁴	91%
Total PSP vesting (% of max)	88%	–	–	–	–	26%	34%	79%	56%	Nil ⁵	Nil⁵	44.9%

1 PSP vesting relates to all awards that were tested early on cessation of employment.

2 Includes payment (as previously disclosed) for loss of annual bonus (£163,000) and the value of restricted stock (£755,000) granted to compensate him for loss of value forfeit on joining Genus.

3 Includes the award under the Company Milestone element of the annual bonus under the previous Remuneration Policy.

4 No awards were payable following the decision of Karim to resign from the business.

5 Vesting was nil as Karim's employment cessation date was before scheduled vesting of PSP awards.

**4. HOW THE CHIEF EXECUTIVE'S PAY COMPARES TO SHAREHOLDER RETURNS OVER THE PAST TEN YEARS AND TO EMPLOYEES' PAY** CONTINUED**DIRECTOR REMUNERATION COMPARED TO GENUS EMPLOYEES**

REMUNERATION RECEIVED (% CHANGE FROM 2019 TO 2020)

	Salary/fees %	Benefits %	Annual bonus %
Stephen Wilson – Chief Executive	2%	0%	158%
Alison Henriksen – Chief Financial Officer	n/a	n/a	n/a
Bob Lawson – Chairman			n/a
Lykele van der Broek			n/a
Lysanne Gray			n/a
Ian Charles			n/a
Lesley Knox			n/a
UK comparators ¹	2.3%	0%	124%

¹ This is derived by considering all employees of Genus plc on 30 June 2020 (excluding Directors) and calculating on an FTE basis changes in salary, benefits and bonus compared to the previous year.

DISTRIBUTION STATEMENT

	2019	2020	% change
Employee costs (£m)	£157m	£179m	14%
Distributions to shareholders ¹	£16.8m	£18.3m	9%

¹ Includes dividends and share buy-backs.

5. THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS' FEES

Fees payable to the Non-Executive Directors per annum are as follows:

Position	2018 fees	2019 fees	2020 fees
Chairman	£160,000	£160,000	£160,000
Audit & Risk Committee/Remuneration Committee Chairs	£60,000	£60,000	£60,000
Adviser to Global Portfolio Steering Committee ('GPSC')	£65,000	£65,000	£65,000
Base Non-Executive Director fee	£55,000	£55,000	£55,000

The responsibilities of chairing the Audit & Risk and Remuneration Committees result in an additional fee of £5,000, giving the Chairs of these Committees a total fee of £60,000. Fees will continue at this level for the coming year.

On 29 June we announced that Bob Lawson would retire from the business at the 2020 AGM and would be replaced by Iain Ferguson. Iain will receive a pro-rated fee based on £55,000 for the period from appointment through to the 2020 AGM and will then receive a fee as Chairman of £230,000 per annum. This fee was determined following a review of market data. The current Chairman's fees have been at the same level since 2015.

**REMUNERATION COMMITTEE REPORT** CONTINUED

Section D – Annual Report on Remuneration

5. THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS' FEES CONTINUED

TOTAL SINGLE FIGURE OF REMUNERATION (AUDITED) FOR 2019 AND 2020 ARE AS FOLLOWS:

Non-Executive Directors		Fees £000s	Taxable expenses £000s	Benefits £000s	Total £000s
Bob Lawson	2020	160	30	1	191
	2019	160	11	–	171
Lykele van der Broek	2020	55	6	5	66
	2019	55	1	4	60
Lysanne Gray	2020	60	–	–	60
	2019	60	1	–	61
Ian Charles	2020	72 ¹	–	–	72
	2019	55	–	–	55
Lesley Knox	2020	63 ¹	–	–	63
	2019	55	2	–	57
Total	2020	410	36	6	452
	2019	385	15	4	404

1 Includes back payments for membership of respective Committees not received during 2019.

The Non-Executive Directors' taxable expenses are travel expenses related to their role and have been grossed up for tax where applicable, in line with HMRC rules.

6. DETAILS OF THE DIRECTORS' SHAREHOLDINGS AND RIGHTS TO SHARES**DIRECTORS' SHAREHOLDINGS (AUDITED)**

At the year-end, the Directors had the following interests in the Company's shares:

	At 30 June 2020 Number	% of salary held ¹	Shareholding guideline ²	Unvested DSBP awards at 30 June 2020 Number	Unvested PSP awards held at 30 June 2020 Number	At 30 June 2019 Number
Bob Lawson	8,557	n/a	n/a	n/a	n/a	8,557
Stephen Wilson	73,330	497%	200%	25,154	104,722	56,754
Alison Henriksen	–	0%	200%	0	22,435	–
Ian Charles	–	n/a	n/a	n/a	n/a	–
Lykele van der Broek	3,750	n/a	n/a	n/a	n/a	3,750
Lysanne Gray	–	n/a	n/a	n/a	n/a	–
Lesley Knox	2,000	n/a	n/a	n/a	n/a	2,000
Total	87,637			25,154	127,157	71,061

1 Based on the combined number of beneficially held shares and the net of tax DSBP awards held and the average closing share price over the three months to 30 June 2020 of 3,381p.

2 Executive Directors are expected to work towards achieve a shareholding of 200% of salary as set out in the Remuneration Policy agreed by shareholders in 2019.

There were no changes in the Directors' interests between 30 June 2020 and the date of this report.

COMPANY SHARE PRICE

The market price of the Company's shares on 30 June 2020 was 3,532p and the lowest and highest share prices during the financial year were 3,672p and 2,506p respectively.

PERFORMANCE SHARE AWARDS GRANTED IN 2020 (AUDITED)

The awards granted under the 2019 PSP were as follows:

Executive	Number of shares comprising award	Face/maximum value of awards at grant date (% salary) ¹	% of award vesting at threshold	Performance period
Stephen Wilson	41,666	£1,180,000 (200%) ¹	20	01.07.19–30.06.22
Alison Henriksen ²	22,435	£700,000 (175%) ²	20	01.07.19–30.06.22

1 The closing average share price over the three days prior to the award being granted has been used to determine the maximum face value of the awards. This was 2,832p for Stephen Wilson (award granted on 11 September 2019).

2 In line with joining arrangements for Alison Henriksen, an award of 22,435 shares was granted on 7 April 2020. The price used was the prevailing price on the date of joining (3,120p). The timing difference was due to market restrictions in place between joining the business and April 2020.

**6. DETAILS OF THE DIRECTORS' SHAREHOLDINGS AND RIGHTS TO SHARES** CONTINUED

The awards were granted as nil-cost share options and vesting will be subject to achieving a challenging sliding scale of adjusted earnings per share growth target and a strategic underpin, consistent with our Remuneration Policy. The adjusted earnings per share growth performance target for the above awards is:

Average annual growth in adjusted earnings per share ¹	Vesting (% award)
Less than 5% per annum	0%
5% per annum	20%
15% per annum	100%
Straight-line vesting between performance points	

¹ Growth in adjusted earnings per share over the three-year performance period will be calculated on a simple average annual growth rate after the cost of share-based payments and adjusted for gene editing costs in line with previous awards.

DEFERRED BONUS AWARDS GRANTED IN 2020 (AUDITED)

The following DSBP awards were granted in relation to the 2019 annual bonus:

Executive	Number of shares comprising award	Face value of awards at grant date ¹
Stephen Wilson	7,382	£209,058

These awards are not subject to any further performance conditions and will normally vest in full on 11 September 2022, subject to continued service.

¹ The closing average share price over the three days prior to the award being granted has been used to determine the maximum face value of the awards. This was 2,832p (award granted on 11 September 2019).

SUMMARY OF SCHEME INTERESTS (AUDITED)

At 30 June 2020, the Executive Directors had the following beneficial interests in share awards and share options:

KARIM BITAR

Grant date	Award	Vesting period	Share price at grant	At 30 June 2019 Number	Granted in year Number	Lapsed in year Number	Exercised in year Number	At 30 June 2020 Number
14 September 2016	PSP	14 September 2016 to 14 September 2019	1,884p	58,186	–	(58,186)	–	–
14 September 2016	DSBP	14 September 2016 to 14 September 2019	1,884p	6,973	–	(6,973)	–	–
13 September 2017	PSP	13 September 2017 to 13 September 2020	1,973p	56,404	–	(56,404)	–	–
13 September 2017	DSBP	13 September 2017 to 13 September 2020	1,973p	20,629	–	(20,629)	–	–
09 October 2018	PSP	9 October 2018 to 9 October 2021	2,317p	55,225	–	(55,225)	–	–
09 October 2018	DSBP	9 October 2018 to 9 October 2021	2,317p	13,956	–	(13,956)	–	–
Total				211,373	–	(211,373)	–	–

STEPHEN WILSON

Grant date	Award	Vesting period	Share price at grant	At 30 June 2019 Number	Granted in year Number	Lapsed in year Number	Exercised in year Number	At 30 June 2020 Number
14 September 2016	PSP	14 September 2016 to 14 September 2019	1,884p	34,500	–	(7,280)	(27,220)	–
14 September 2016	DSBP	14 September 2016 to 14 September 2019	1,884p	4,725	–	–	(4,725)	–
13 September 2017	PSP	13 September 2017 to 13 September 2020	1,973p	33,443	–	–	–	33,443
13 September 2017	DSBP	13 September 2017 to 13 September 2020	1,973p	10,213	–	–	–	10,213
09 October 2018	PSP	09 October 2018 to 09 October 2021	2,317p	29,613	–	–	–	29,613
09 October 2018	DSBP	09 October 2018 to 09 October 2021	2,317p	7,559	–	–	–	7,559
11 September 2019	PSP	11 September 2019 to 11 September 2022	2,832p	–	41,666	–	–	41,666
11 September 2019	DSBP	11 September 2019 to 11 September 2022	2,832p	–	7,382	–	–	7,382
Total				120,053	49,048	(7,280)	(31,945)	129,876

**REMUNERATION COMMITTEE REPORT CONTINUED**

Section D – Annual Report on Remuneration

6. DETAILS OF THE DIRECTORS' SHAREHOLDINGS AND RIGHTS TO SHARES CONTINUED**ALISON HENRIKSEN**

Grant date	Award	Vesting period	Share price at grant	At 30 June 2019 Number	Granted in year Number	Lapsed in year Number	Exercised in year Number	At 30 June 2020 Number
07 April 2020	PSP	07 April 2019 to 11 September 2022	3,120p	–	22,435	–	–	22,435
Total				–	22,435	–	–	22,435

In relation to the share awards to Stephen Wilson granted on 11 September 2019, the closing average share price over the three days prior to 11 September 2019 (the grant date for the PSP awards) of 2,832p was used to determine the number of shares comprising individual awards. The award for Alison Henriksen was made using the prevailing share price at the date when she joined the business in January 2020 of 3,120p.

The performance targets applying to the PSP awards made during the year are as described above. An earnings per share range also applied to awards made in 2018 and 2017 to Stephen Wilson. No further performance conditions apply to DSBP awards other than continued employment with the business.

DILUTION

The aggregate dilution of all relevant share incentives is 3.93% as at 30 June 2020, which is less than the permissible 10% in ten years dilution limit.

7. DETAILS OF THE EXECUTIVE DIRECTORS' CONTRACTS AND NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

Director	Appointment date	Current contract date	Expiry date	Notice period (months)
Executives				
Stephen Wilson	12 December 2012	13 September 2019	n/a	12 (from Company), 6 (from Executive)
Alison Henriksen	13 January 2020	14 November 2019	n/a	12 (from Company), 6 (from Executive)
Non-Executives				
Bob Lawson	11 November 2010	4 September 2020	25 November 2020	1
Lykele van der Broek	1 July 2014	4 September 2020	1 July 2023	1
Lysanne Gray	1 April 2016	1 April 2019	1 April 2022	1
Lesley Knox	1 June 2018	1 June 2018	1 June 2021	1
Ian Charles	1 July 2018	1 July 2018	1 July 2021	1
Iain Ferguson	1 July 2020	1 July 2020	1 July 2023	6



REMUNERATION COMMITTEE REPORT CONTINUED

Section E – Summary of Directors' Remuneration Policy

KEY DESIGN/PHILOSOPHY OF OUR REMUNERATION POLICY APPROVED BY SHAREHOLDERS AT THE 2019 AGM

WHAT WE ARE TRYING TO ACHIEVE

- > Continued transformation into a global agricultural biotechnology pioneer
- > Pursuit of leading-edge technology and focus on long term innovation and opportunity to enable future value creation for shareholders
- > Sustainable robust short-term delivery of financial performance as we invest in the future
- > Ability to recognise innovation and progress, which are crucial to securing long-term bottom-line performance
- > Ability to attract and motivate a high-quality leadership team and drive focus and behaviours on long term achievement in a global market for talent
- > Recognise expectations of shareholders on reward and governance

HOW WE ARE LOOKING TO ACHIEVE IT

- > Draw upon the aspects of our current policy that are already working
- > Include strategic measures within annual bonus assessment whilst increasing the focus on financial metrics
- > Reduction to pension contribution levels permitted within the policy
- > Introduction of a post-cessation shareholding requirement and enhanced malus and clawback provisions

**REMUNERATION COMMITTEE REPORT CONTINUED**

Section E – Summary of Directors' Remuneration Policy

**BELOW IS A SUMMARY OF THE REMUNERATION POLICY APPROVED BY SHAREHOLDERS AT THE 2019 AGM
EXECUTIVE DIRECTORS' POLICY TABLE**

Base salary	Benefits	Pension	Annual bonus	Performance Share Plan	Shareholding
PURPOSE					
To provide competitive fixed remuneration that will attract and retain employees with the experience necessary to develop and execute our strategy.	To provide a competitive range of benefits to drive engagement and commitment to Genus.	To provide a competitive Company contribution that enables effective retirement planning.	To motivate and incentivise delivery of annual performance targets covering a combination of financial and strategic measures.	To incentivise Executives to achieve superior returns to shareholders over a three-year period, to retain key individuals and align with shareholder interests.	To align Executives and shareholders.
OPERATION					
Payable in cash. Reviewed annually by the Committee with any change effective from 1 September.	Benefits generally include a car allowance and insured benefits (e.g. life assurance and private medical insurance).	Directors may participate in the Company Pension Plan (a defined contribution arrangement) or an alternative pension saving vehicle that the Company may provide.	One third of the annual bonus is deferred into Company shares for a period of three years, subject to continued service. The remaining award is payable in cash.	Awards scheduled to vest three years from grant, subject to continued employment and satisfaction of challenging three-year performance targets.	Executives are required to achieve a shareholding of 200% of salary. It is expected that this is achieved within five years of appointment, and that this shareholding is generated through retention of at least half of the shares that vest under the Deferred Share Bonus Plan and Performance Share Plans.
Factors considered when reviewing salary include:	Where additional benefits are offered in a particular location (or across the Group) Executive Directors are typically eligible to receive those benefits on similar terms. These could include access to employee discounts or salary sacrifice benefits.	Alternatively, the Company may provide a cash supplement in lieu of pension contributions into a scheme.	Malus and clawback provisions exist for awards made under the Annual Bonus.	Following vesting the post-tax number of vested shares must be held for at least a further two-year period.	Once met, individuals are expected to maintain at least this level of shareholding and it will be reviewed by the Committee annually.
> Salary increases awarded to other employees in the country where the individual is based	Directors may participate in a Share Incentive Plan ('SIP') or any other all employee share scheme on the same terms as other employees.	Only base salary is pensionable.	A dividend equivalent provision enables dividends to be paid (in cash or shares) on deferred shares that vest.	A dividend equivalent provision enables dividends to be paid (in cash or shares) on shares that vest.	A post cessation shareholding policy will apply for Executive Directors that requires 100% of shareholding for 24 months following cessation (or actual applicable shareholding in place at point of leaving if lower).
> Comparable salaries when benchmarked against relevant market comparators (both in the UK and internationally)	Where Executive Directors are recruited from overseas or required to relocate (including on an international assignment), benefits such as travel and relocation costs and tax equalisation arrangements may be provided.		See explanatory notes for further details on the operation including leaver provisions.	Malus and clawback provisions may apply for a period of three years.	This will apply considering shares awarded in respect of 2020 and beyond (including to any new appointments), and we will not amend existing conditions for current awards. Malus and clawback provisions exist beyond cessation of employment, and in certain leaver situations the expected share treatment would continue to drive ongoing alignment between the individual and share price performance.
> The experience of the individual and the nature of the contribution they are making and their responsibilities				See explanatory notes for further details on the operation including leaver provisions.	
> Overall Group performance and wider economic conditions.					



Base salary	Benefits	Pension	Annual bonus	Performance Share Plan	Shareholding
<p>MAXIMUM</p> <p>There is no set maximum, but changes are typically in line with the wider workforce.</p> <p>Individual changes may be made at the discretion of the Committee outside of these levels by exception. This could include the following situations:</p> <ul style="list-style-type: none"> > Significant change in responsibility > Change in the Group's size and complexity > To enable salary progression for newly appointed Directors as they develop in role. 	<p>The car allowance is capped under the Policy at £20,000 per annum.</p> <p>The value of insured benefits will vary each year, based on the cost of the premiums paid, and will be reflected within the respective single figure table for the year.</p>	<p>An allowance will be made available in line with the rate available to the wider workforce.</p> <p>Maximum permitted under the Policy will be 10% of salary.</p>	<p>Maximum opportunity of 200%.</p>	<p>Maximum annual award of 200% of salary (300% of salary in exceptional circumstances, such as recruitment).</p>	<p>n/a</p>

**REMUNERATION COMMITTEE REPORT CONTINUED**

Section E – Summary of Directors' Remuneration Policy

Base salary	Benefits	Pension	Annual bonus	Performance Share Plan	Shareholding
PERFORMANCE CONDITIONS					
n/a	n/a	n/a	<p>Bonus awards are subject to achievement against a sliding scale of challenging financial and strategic objectives, which the Committee sets each year to reflect priorities for the year ahead.</p> <p>The specific performance measures are reviewed every year to ensure they continue to support the Company's strategy.</p> <p>Financial measures govern the majority of the bonus and are typically linked to key performance indicators (e.g. profit and cash generation).</p> <p>Strategic measures reflect key areas of importance identified by the Committee in advance.</p> <p>For financial performance targets are based on a graduated scale. The level of payment at threshold is set annually but will not exceed 25% of maximum. Full awards are for substantial outperformance against targets set.</p> <p>The Committee has discretion to adjust the bonus outcome in light of overall underlying performance. Any adjustment will be disclosed within the following Annual Report on Remuneration.</p> <p>Once set, performance measures and targets are expected to remain unaltered. The exception would be if events were to occur which, in the opinion of the Committee, made it appropriate to make adjustments to ensure that the scheme operates as originally intended.</p>	<p>Awards vest based on three-year performance against a challenging range of targets, aligned with the delivery of the Company's long-term strategy.</p> <p>Financial targets (including adjusted earnings per share growth) will determine the vesting of a majority of awards granted in any year.</p> <p>The threshold level of vesting is 20% of the maximum. For performance between threshold and maximum, awards vest on a straight-line basis.</p> <p>The Committee has discretion to scale back (but not scale up) vesting, if the Group's performance over the period is not considered to reflect the progress made against strategic business targets.</p> <p>The Committee will review performance conditions annually, specifically the range of earnings per share targets and the metrics and weightings applied to each element of the PSP. Any revisions to the metrics and/or weightings will only take place if it is necessary because of developments in the Company's strategy and, where these are material, following dialogue with the Company's major shareholders.</p>	n/a

**NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY**

The table below outlines the approach to remuneration for the Chairman and non-executive directors. Neither the Chairman nor other non-executive directors participate in any bonus or share plans. All Non-Executive Directors have specific terms of engagement. Their appointment is for a fixed term of three years and is subject to one month's notice of termination by either the Company or the Non-Executive Director, and to annual re-election at the Company's AGM in accordance with the UK Corporate Governance Code.

Fees

PURPOSE	To provide compensation that attracts high-calibre individuals and reflects their experience and knowledge.
OPERATION	<p>Payable in cash.</p> <p>The Committee determines the Chairman's fee.</p> <p>The Board periodically reviews Non-Executive Directors' fees.</p> <p>Additional fees are paid to Non-Executive Directors who chair a Board Committee or advise the GPSC and to the Senior Independent Director ('SID').</p> <p>No Directors take part in meetings where their own remuneration is discussed.</p> <p>Fees are based on the time commitments involved in each role and set with reference to the fees paid in other similarly sized UK listed companies.</p>
MAXIMUM	<p>Any increase in Non-Executive Director fees may be above the level awarded to employees, given that they are only reviewed periodically and may need to reflect any changes to time commitments or responsibilities.</p> <p>The periodic review may result in an increase beyond the fees currently payable.</p> <p>Non-Executive Directors also receive reimbursement of reasonable expenses incurred in connection with Company business and the Company may settle any tax incurred in relation to these. The fees payable for 2020 are stated on page 84.</p>

Approved by the Board and signed on its behalf by:

Lesley Knox

Chair of the Remuneration Committee

7 September 2020



DIRECTORS' REPORT



Dan Hartley
GROUP GENERAL COUNSEL AND
COMPANY SECRETARY

INFORMATION INCORPORATED BY REFERENCE

The following information required to be included in a Directors' Report is provided elsewhere in the Annual Report and is incorporated into the Directors' Report by cross reference.

Content	Location
Directors	Pages 50 to 51
Dividends	Page 33
Financial results	Pages 30 to 33
Greenhouse gas emissions and energy consumption	Pages 41 to 42
Research and Development activities	Pages 26 to 27
Financial risk management	Pages 30 to 33
Future developments in the business	Pages 14 to 29
Directors' interests	Pages 84 to 86
Engagement with employees, customers, suppliers and others	Pages 12 to 13
Post balance sheet events	Note 41

EQUAL OPPORTUNITIES/EMPLOYEES WITH DISABILITIES

Genus 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.

POLITICAL CONTRIBUTIONS

The Group does not make political contributions.

SHARE CAPITAL

Note 31 gives details of the Company's issued share capital and any movements in the issued share capital during the year.

The Directors may only issue shares to the extent authorised by the shareholders in general meeting. The current power to allot shares was granted by shareholder resolution at the 2019 AGM and a new authority is being sought at the 2020 AGM within the limits set out in the notice of meeting, that is up to a nominal value of £4,339,585.33 (representing two-thirds of the Company's current issued share capital).

The Company has one class of ordinary share, with the rights set out in the Articles of Association. All issued shares are fully paid and each share has the right to one vote at the Company's general meetings. There are no specific restrictions either on the size of a holding or on the transfer of shares, which are both governed by our Articles of Association and prevailing legislation. No person has any special rights of control over the Company's share capital.

Details of the Company's employee share schemes are set out in note 30. In connection with these schemes, the Genus plc Employee Benefit Trust holds shares in the Company from time to time and abstains from voting in respect of any such shares.

For additional information on capital risk management including financial instruments, see note 26.

AUTHORITY TO ACQUIRE THE COMPANY'S OWN SHARES

The Directors may only buy back shares to the extent authorised by the shareholders in general meeting. The current power to buy back shares was granted by shareholder resolution at the 2019 AGM and a new authority is being sought at the 2020 AGM within the limits set out in the notice of meeting, that is up to a nominal value of £650,937 (representing 10% of the Company's current issued share capital).

The Company did not buy back any shares under the authority granted at the 2019 AGM, from the date of that AGM up to the date of this report.

SUBSTANTIAL SHAREHOLDINGS

As at 1 September 2020, we were aware of the following material interests in the Company's ordinary shares:

Fund Manager	Shareholding	%
Baillie Gifford	5,365,801	8.24
Aberdeen Standard Investments	4,693,262	7.21
BlackRock	2,954,083	4.54
Columbia Threadneedle Investments	2,860,994	4.40
Vanguard Group	2,616,150	4.02
Lansdowne Partners	1,818,267	2.79

There have been no material changes in shareholding since 30 June 2020.

No other person has notified an interest in the Company's ordinary shares, which is required to be disclosed to us.

PROVISION OF INFORMATION TO THE COMPANY'S AUDITOR

Each of the Directors at the date of approval of this Annual Report confirms that:

- > so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- > the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 Companies Act 2006.

**APPOINTMENT OF AUDITOR**

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming AGM.

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

CONFLICTS OF INTEREST

The Company has procedures for managing conflicts of interest. If a Director becomes aware that they or any of their connected parties have an interest in an existing or proposed transaction with Genus, they should notify the Chairman and the Company Secretary in writing or at the next Board meeting. Controls are in place to ensure that any related-party transactions involving Directors, or their connected parties, are conducted on an arm's length basis. Directors have an ongoing duty to update the Board on any changes to these conflicts.

REQUIREMENTS OF THE LISTING RULES

Details of the Company's long-term incentive schemes can be found in the Directors' Remuneration Report on pages 70 to 91.

Approved by the Board and signed on its behalf by:

Dan Hartley

Group General Counsel and Company Secretary
7 September 2020



DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the Parent Company Financial Statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 Company and of the profit or loss of the Company for that period.

In preparing the Parent Company Financial Statements, the Directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgements and accounting estimates that are reasonable and prudent;
- > state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- > prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- > properly select and apply accounting policies;
- > present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- > provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- > make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- > the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- > the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- > the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Approved by the Board and signed on its behalf by:

Stephen Wilson

Chief Executive
7 September 2020

Alison Henriksen

Chief Financial Officer
7 September 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of Genus plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

In our opinion:

- > the financial statements of Genus plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 and of the Group's profit for the year then ended;
- > the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- > the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- > the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- > the Group Income Statement;
- > the Group Statement of Comprehensive Income;
- > the Group and Parent Company Statements of Changes in Equity;
- > the Group and Parent Company Balance Sheets;
- > the Group Statement of Cash Flows; and
- > the related notes 1 to 41 and C1 to C20.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).





2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 8 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> > Valuation of Biological Assets under IAS 41 'Agriculture'; and > Valuation of Goodwill attributed to the ABS cash-generating unit. <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none">  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £3.0m which was determined on the basis of Profit before Tax ('PBT'), excluding the impact of exceptional items and the net IAS 41 valuation movement on biological assets.
Scoping	Our audit scope covered 12 components. Of these, nine were subject to a full scope audit, and three were subject to specified procedures. Our testing achieved coverage of 76% of Revenue, 81% of Net Assets and 83% of PBT, excluding the impact of exceptional items and the net IAS 41 valuation movement on biological assets.
Significant changes in our approach	Our key audit matters remain consistent with the prior year. In the current year we performed a full scope audit in respect of PIC China (2019: specified procedures), reflecting a significant increase in the component's contribution to the Group. PIC Philippines was removed from our Group audit scope, reflecting an overall decline in the component's contribution to the Group. Specified procedures were no longer required in respect of the Irish component following the unwind of the structure in the year.



INDEPENDENT AUDITOR'S REPORT CONTINUED

To the Members of Genus plc

4. Conclusions relating to going concern, principal risks and viability statement

4.1. Going concern

We have reviewed the Directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

4.2. Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- > the disclosures on pages 44 – 46 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- > the Directors' confirmation on page 47 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- > the Directors' explanation on page 47 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider 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.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

Valuation of Biological Assets under IAS 41 'Agriculture'

Key audit matter description

The Group carries biological assets at fair value in line with the requirements of IAS 41 'Agriculture'. Discounted cash flow analyses are performed in determining the valuation. As at 30 June 2020, the Group held total biological assets (excluding those recognised in inventory) of £349.9m (2019: £327.2m restated).

Certain of the assumptions included within management's valuation models are subject to estimation uncertainty, and accordingly, require the exercise of a significant degree of judgement. We deem these assumptions to represent potential areas in which management could seek to fraudulently manipulate the financial statements.

In planning our audit we identified the following management assumptions as being the most significant in the determination of the valuation of each species:

Bovine: the future growth rates in semen sales; the Biological Asset Value discount factor; the forecast weighted average age of bulls producing saleable semen; and the discount rate applied.

Porcine: the percentage of pureline offspring retained, sold or slaughtered and the discount rates applied to the forecast cash flows.

In the course of our audit, management alerted us to a historic error in the extraction of the input data used to determine the valuation of the Pureline herd (Porcine); management corrected this in the financial statements through a restatement of the comparative information.

Details of the restatement recorded, the key source of estimation uncertainty identified, the Group's accounting policy, and the biological assets held are disclosed in notes 2, 4 and 16 to the financial statements. The Audit & Risk Committee has included their assessment of the restatement and key audit matter on page 65.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Viability means the ability of the Group to continue over the time horizon considered appropriate by the Directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

**How the scope of our audit responded to the key audit matter**

In responding to the identified key audit matter we completed the following audit procedures:

- > obtained an understanding of controls relevant to the review and approval of the valuation of biological assets;
- > assessed the appropriateness of the logic and mechanical accuracy of the valuation models prepared and the methodology applied by management for compliance with the requirements of IAS 41 'Agriculture';
- > made enquiries of management to understand the rationale applied in the determination of key assumptions and any changes year on year;
- > challenged the appropriateness of key assumptions applied within the underlying forecasts prepared by management, with consideration given to historical forecasting accuracy, availability of third-party benchmarking data (where appropriate);
- > substantively tested the current sales age data and benchmarked forecast trends in the age of bulls producing saleable semen (Bovine);
- > substantively tested the underlying transactional data underpinning third-party semen sales and inspected the related contracts (Bovine);
- > substantively tested the reasonableness of management's forecasts with regard to the percentages of offspring to be retained, sold or slaughtered with reference to historic transaction data, and further, considered the appropriateness of the forward looking assumption applied (Porcine);
- > involved our internal valuation specialists in our consideration as to the appropriateness of the discount rate applied by management in determining the fair value of biological assets;
- > understood the root cause of the data extraction error identified by management in respect of the Pureline herd and the resultant restatement recorded. Specifically, we reviewed the procedures undertaken by management in quantifying the error and the reasonableness of conclusions made in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors.' Substantive audit procedures, including consideration of third-party scientific evidence, were performed in respect of the underlying transactional data used to determine the accuracy and completeness of the error; and
- > assessed the completeness and accuracy of disclosures made within the financial statements in accordance with IAS 41 'Agriculture', IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and IAS 1 'Presentation of Financial Statements'.

Key observations

We are satisfied that the valuation of biological assets and the related disclosures are appropriate.

Valuation of Goodwill attributed to the ABS cash-generating unit **Key audit matter description**

Management is required to assess the carrying value of goodwill and perform a full impairment review in accordance with the requirements of IAS 36 'Impairment of Assets' on an annual basis, or more frequently if an indicator of impairment exists. As at 30 June 2020, the Group held goodwill of £105.6m (2019: £106.3m) with £31.5m (2019: £33.3m) attributable to ABS.

Certain of the assumptions included within management's valuation models, principally the short-term future growth rate and discount rate applied, are subject to estimation uncertainty, and accordingly, require the exercise of a significant degree of judgement. We deem these assumptions to represent potential areas in which management could seek to fraudulently manipulate the financial statements.

Details of the key source of estimation uncertainty identified, the Group's accounting policy; and the goodwill held are disclosed in notes 2, 4 and 14 to the financial statements. The Audit & Risk Committee has included their assessment of the key audit matter on page 65.

How the scope of our audit responded to the key audit matter

In responding to the identified key audit matter we completed the following audit procedures:

- > obtained an understanding of controls relevant to the review and approval of the valuation of goodwill attributed to ABS;
- > assessed the appropriateness of the logic and mechanical accuracy of the valuation models prepared and the methodology applied by management for compliance with the requirements of IAS 36 'Impairment of Assets';
- > made enquiries of management to understand the rationale applied in the determination of key assumptions and any changes year on year;
- > challenged the appropriateness of assumptions applied in determining the short-term future growth rate within the underlying forecast prepared by management; with consideration given to historical forecasting accuracy, availability of third-party benchmarking data (where appropriate), and the reasonableness of management's projections with regard to relatively new revenue streams;
- > involved our internal valuation specialists in our consideration as to the appropriateness of the discount rate applied by management in determining the valuation of goodwill attributed to ABS;
- > reviewed the sensitivities modelled by management, and performed our own independent sensitivity analyses based on the outcomes of the procedures identified above in order to consider the adequacy of disclosures made; and
- > assessed the completeness and accuracy of disclosures made within the financial statements in accordance with IAS 36 'Impairment of Assets'.

Key observations

We are satisfied that the assumptions applied by management in their assessment as to the valuation of goodwill attributed to the ABS cash generating unit and the related disclosures made are appropriate.



INDEPENDENT AUDITOR'S REPORT CONTINUED

To the Members of Genus plc

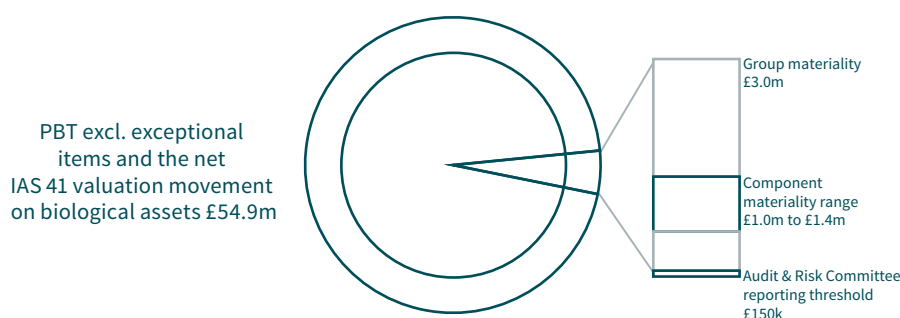
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£3.0m (2019: £2.3m)	£2.5m (2019: £1.8m)
Basis for determining materiality	5% (2019: 5%) of Profit before Tax excluding the impact of exceptional items and the net IAS 41 valuation movement on biological assets. The increase in materiality reflects the improved trading performance of the Group.	1% (2019: 1%) of net assets. The increase in materiality is in line with the increase in Group materiality.
Rationale for the benchmark applied	We have used an adjusted profit-based measure on which to determine materiality. This is considered appropriate to avoid distortion that could otherwise arise due to non-recurring items and IAS 41 fair value movements.	Net assets was selected as an appropriate benchmark for determining materiality, as the Company acts primarily as a holding company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- > our cumulative knowledge of the Group and its internal control environment;
- > the extent of any changes in key management personnel including the transitioned Chief Executive and newly appointed Chief Financial Officer;
- > the high degree of centralisation in the Group's financial reporting controls and processes; and
- > the low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £150k (2019: £115k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

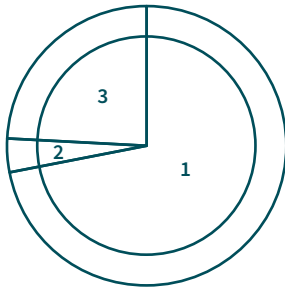
7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

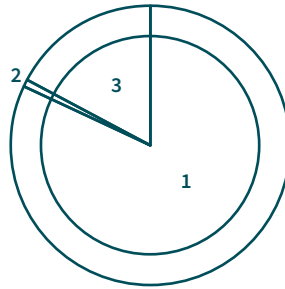
Components were selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified. Based on that assessment, we identified 12 components of interest for the purposes of the Group audit (2019: 14). Of these components, nine were designated as subject to full scope audit procedures (2019: nine), with the remaining three subject to specified procedures (2019: five). Excluding the Parent Company, our component audits were performed using materiality between £1.0m and £1.4m (2019: £0.9m and £1.8m). These components represent the principal business units and account for 76% of the Group's Revenue (2019: 75%), 81% of the Group's Net Assets (2019: 79%) and 83% of the Group's PBT, excluding the impact of exceptional items and the net IAS 41 valuation movement on biological assets (2019: 84%).

In the current year we performed a full scope audit in respect of PIC China (2019: specified procedures), reflecting a significant increase in the component's contribution to the Group. PIC Philippines was removed from our Group audit scope (2019: full scope), reflecting an overall decline in the component's contribution to the Group. Specified procedures were no longer required in respect of the Irish component following the unwind of the structure in the year.

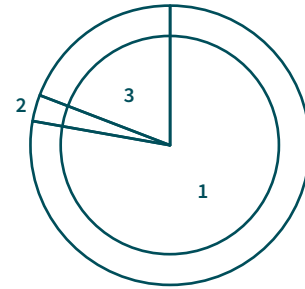
At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement within the aggregated financial information of the remaining components not subject to full scope audit or specified procedures.

**REVENUE**

1 Full scope audit	72%
2 Specified procedures	4%
3 Revenue at Group level	24%

PROFIT BEFORE TAX¹

1 Full scope audit	82%
2 Specified procedures	1%
3 Revenue at Group level	17%

NET ASSETS

1 Full scope audit	78%
2 Specified procedures	3%
3 Revenue at Group level	19%

¹ Excluding the impact of exceptional items and the net IAS 41 valuation movement on biological assets.

7.2. Working with other auditors

The Group audit team engaged component audit teams to perform the audit procedures as set out in section 7.1. The Group audit team held regular communication with the component auditors in planning for, and throughout, the year-end audit process. Oversight of the component auditors included attending internal planning and status meetings, attending virtual inventory counts (where applicable), attending close meetings held with local management, and reviewing relevant audit documentation.

In light of the travel restrictions and widespread lockdowns resulting from the COVID-19 pandemic we were not able to complete our normal programme of planned visits. In response to these restrictions we enhanced our remote oversight through a number of measures, as appropriate to each component, including more frequent dialogue and use of video conferencing and screen-sharing facilities. In the previous year, senior members of the Group audit team visited component audit teams in the USA, Brazil, Chile, and in the UK.

8. Other information

The Directors are responsible for the other information. The other information comprises the information included in Strategic Report and the Corporate Governance sections of the Annual Report; all information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- > **Fair, balanced and understandable** – the statement given by the Directors that they consider 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, is materially inconsistent with our knowledge obtained in the audit; or
- > **Audit & Risk Committee reporting** – the section describing the work of the Committee does not appropriately address matters communicated by us to the Committee; or
- > **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT CONTINUED

To the Members of Genus plc

10. Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- > the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- > results of our enquiries of management, internal audit, and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities;
- > any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- > the matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations, pensions, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in those areas set out as key audit matters. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, and global tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the group's compliance with health and safety regulations and environmental regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of biological assets under IAS 41 'Agriculture' and the valuation of goodwill attributed to the ABS cash-generating unit as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- > reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- > enquiring of management, the Audit & Risk Committee, and in-house and external legal counsel concerning actual and potential litigation and claims;
- > performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- > reading minutes of meetings of those charged with governance, and reviewing internal audit reports; and
- > in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- > **the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and**
- > **the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.**

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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

- > we have not received all the information and explanations we require for our audit; or
- > 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.

We have nothing to report in respect of these matters.

13.2. Directors' Remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' Remuneration have not been made or the part of the Directors' Remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Other matters

14.1. Auditor tenure

Following the recommendation of the Audit & Risk Committee, we were appointed by the Board of Directors on 8 June 2006 to audit the financial statements for the year ending 30 June 2006 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 15 years, covering the years ended 30 June 2006 to 30 June 2020.

14.2. Consistency of the audit report with the additional report to the Audit & Risk Committee

Our audit opinion is consistent with the additional report to the Audit & Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

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.

MARK TOLLEY FCA (SENIOR STATUTORY AUDITOR)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

7 September 2020

**GROUP INCOME STATEMENT**

For the year ended 30 June 2020

	Note	2020 £m	2019 £m
REVENUE	5, 6	551.4	488.5
Adjusted Operating Profit	5	65.3	57.7
Adjusting items:			
– Net IAS 41 valuation movement on biological assets	16	15.8	(14.7)
– Amortisation of acquired intangible assets	15	(8.5)	(9.5)
– Share-based payment expense	30	(5.8)	(3.0)
		1.5	(27.2)
– Exceptional items:	7		
– Litigation		(16.4)	(5.0)
– Acquisition and integration		(2.1)	(0.7)
– Other		(0.7)	(0.9)
– Pension related		–	(15.2)
Total exceptional items		(19.2)	(21.8)
Total adjusting items		(17.7)	(49.0)
OPERATING PROFIT	8	47.6	8.7
Share of post-tax profit of joint ventures and associates retained	18	8.9	5.1
Finance costs	10	(5.3)	(4.7)
Finance income	10	0.3	0.8
PROFIT BEFORE TAX		51.5	9.9
Taxation	11	(10.6)	(3.2)
PROFIT FOR THE YEAR		40.9	6.7
ATTRIBUTABLE TO:			
Owners of the Company		40.5	7.8
Non-controlling interest		0.4	(1.1)
		40.9	6.7
EARNINGS PER SHARE			
Basic earnings per share	12	62.4p	12.4p
Diluted earnings per share	12	61.9p	11.9p
Alternative Performance Measures			
Adjusted operating profit		65.3	57.7
Adjusted operating profit attributable to non-controlling interest		(0.6)	(0.4)
Pre-tax share of profits from joint ventures and associates excluding net IAS 41 valuation movement		11.3	7.6
Gene editing costs		5.2	7.3
Adjusted operating profit including joint ventures and associates, excluding gene editing costs		81.2	72.2
Gene editing costs		(5.2)	(7.3)
Adjusted operating profit including joint ventures and associates		76.0	64.9
Net finance costs	10	(5.0)	(3.9)
Adjusted Profit Before Tax		71.0	61.0
Adjusted Earnings Per Share			
Basic adjusted earnings per share	12	85.4p	73.2p
Diluted adjusted earnings per share	12	84.7p	70.7p

Adjusted results are the Alternative Performance Measures ('APMs') used by the Board to monitor underlying performance at a Group and operating segment level, which are applied consistently throughout. These APMs should be considered in addition to statutory measures, and not as a substitute for or as superior to them. For more information on APMs, see APM Glossary.

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2020

	Note	2020 £m	2020 £m	2019 £m	2019 £m
PROFIT FOR THE YEAR			40.9		6.7
Items that may be reclassified subsequently to profit or loss					
Foreign exchange translation differences		(4.9)		19.7	
Fair value movement on net investment hedges		(0.1)		(1.6)	
Fair value movement on cash flow hedges		(0.4)		(2.2)	
Tax relating to components of other comprehensive income	11	(1.4)		(2.5)	
			(6.8)		13.4
Items that may not be reclassified subsequently to profit or loss					
Actuarial loss on retirement benefit obligations	29	(16.6)		(5.4)	
Movement on pension asset recognition restriction	29	10.4		(10.1)	
Release of additional pension liability	29	4.7		34.5	
Tax relating to components of other comprehensive expense/(income)	11	0.8		(3.2)	
			(0.7)		15.8
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR			(7.5)		29.2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			33.4		35.9
ATTRIBUTABLE TO:					
Owners of the Company			33.1		37.1
Non-controlling interest			0.3		(1.2)
			33.4		35.9

**GROUP STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2020

	Note	Called up share capital £m	Share premium account £m	Own shares £m	Trans- lation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non- controll- ing interest £m	Total equity £m
BALANCE AT 30 JUNE 2018 (as previously reported)		6.2	112.8	(0.1)	20.5	2.0	275.2	416.6	2.5	419.1
Prior period restatement	2	-	-	-	-	-	(15.2)	(15.2)	-	(15.2)
BALANCE AT 30 JUNE 2018 (restated)		6.2	112.8	(0.1)	20.5	2.0	260.0	401.4	2.5	403.9
Foreign exchange translation differences, net of tax		-	-	-	16.6	-	-	16.6	(0.1)	16.5
Fair value movement on net investment hedges, net of tax		-	-	-	(1.3)	-	-	(1.3)	-	(1.3)
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(1.8)	-	(1.8)	-	(1.8)
Actuarial gain on retirement benefit obligations, net of tax		-	-	-	-	-	(4.6)	(4.6)	-	(4.6)
Movement on pension asset recognition restriction, net of tax		-	-	-	-	-	(8.3)	(8.3)	-	(8.3)
Recognition of additional pension liability, net of tax		-	-	-	-	-	28.7	28.7	-	28.7
Other comprehensive income/(expense) for the year		-	-	-	15.3	(1.8)	15.8	29.3	(0.1)	29.2
Profit for the year		-	-	-	-	-	7.8	7.8	(1.1)	6.7
Total comprehensive income/(expense) for the year		-	-	-	15.3	(1.8)	23.6	37.1	(1.2)	35.9
Recognition of share-based payments, net of tax		-	-	-	-	-	0.2	0.2	-	0.2
Adjustment arising from change in non-controlling interest and written put option		-	-	-	-	-	-	-	(2.6)	(2.6)
Dividends	13	-	-	-	-	-	(16.8)	(16.8)	-	(16.8)
Issue of ordinary shares		0.3	66.2	-	-	-	-	66.5	-	66.5
BALANCE AT 30 JUNE 2019 (restated)		6.5	179.0	(0.1)	35.8	0.2	267.0	488.4	(1.3)	487.1
Foreign exchange translation differences, net of tax		-	-	-	(6.4)	-	-	(6.4)	(0.1)	(6.5)
Fair value movement on net investment hedges, net of tax		-	-	-	0.1	-	-	0.1	-	0.1
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Actuarial loss on retirement benefit obligations, net of tax		-	-	-	-	-	(10.4)	(10.4)	-	(10.4)
Movement on pension asset recognition restriction, net of tax		-	-	-	-	-	6.8	6.8	-	6.8
Release of additional pension liability, net of tax		-	-	-	-	-	2.9	2.9	-	2.9
Other comprehensive expense for the year		-	-	-	(6.3)	(0.4)	(0.7)	(7.4)	(0.1)	(7.5)
Profit for the year		-	-	-	-	-	40.5	40.5	0.4	40.9
Total comprehensive income/(expense) for the year		-	-	-	(6.3)	(0.4)	39.8	33.1	0.3	33.4
Recognition of share-based payments, net of tax		-	-	-	-	-	5.5	5.5	-	5.5
Dividends	13	-	-	-	-	-	(18.3)	(18.3)	-	(18.3)
Issue of ordinary shares		-	0.1	-	-	-	-	0.1	-	0.1
BALANCE AT 30 JUNE 2020		6.5	179.1	(0.1)	29.5	(0.2)	294.0	508.8	(1.0)	507.8

**GROUP BALANCE SHEET**

As at 30 June 2020

	Note	2020 £m	(restated) ¹ 2019 £m	(restated) ¹ 2018 £m
ASSETS				
Goodwill	14	105.6	106.3	102.0
Other intangible assets	15	76.2	80.1	78.7
Biological assets	16	310.1	287.1	285.3
Property, plant and equipment	17	117.9	86.0	76.9
Interests in joint ventures and associates	18	22.7	23.6	19.9
Other investments	19	6.9	7.4	5.9
Derivative financial assets	26	-	0.4	0.3
Other receivables	21	1.8	-	-
Deferred tax assets	11	3.7	3.5	4.3
TOTAL NON-CURRENT ASSETS		644.9	594.4	573.3
Inventories	20	37.4	36.0	34.2
Biological assets	16	39.8	40.1	37.0
Trade and other receivables	21	100.8	98.0	91.0
Cash and cash equivalents	22	41.3	30.5	29.1
Income tax receivable		3.1	3.3	1.4
Derivative financial assets	26	1.2	1.1	2.5
Asset held for sale		0.2	0.2	0.2
TOTAL CURRENT ASSETS		223.8	209.2	195.4
TOTAL ASSETS		868.7	803.6	768.7
LIABILITIES				
Trade and other payables	23	(95.0)	(87.7)	(83.7)
Interest-bearing loans and borrowings	27	(9.2)	(2.1)	(13.4)
Provisions	25	(4.0)	(3.1)	(2.8)
Deferred consideration	38	(7.5)	(2.0)	(19.3)
Obligations under leases	28	(10.0)	(2.2)	(1.4)
Tax liabilities		(4.0)	(6.1)	(4.4)
Derivative financial liabilities	26	(0.5)	(1.0)	(0.3)
TOTAL CURRENT LIABILITIES		(130.2)	(104.2)	(125.3)
Trade and other payables	23	(3.3)	-	-
Interest-bearing loans and borrowings	27	(103.6)	(101.9)	(120.7)
Retirement benefit obligations	29	(18.1)	(24.2)	(33.9)
Provisions	25	(11.8)	(5.7)	(4.5)
Deferred consideration	38	(1.2)	(4.2)	(4.2)
Income tax liability		-	-	(0.9)
Deferred tax liabilities	11	(65.5)	(66.7)	(69.5)
Derivative financial liabilities	26	(6.1)	(5.7)	(3.7)
Obligations under leases	28	(21.1)	(3.9)	(2.1)
TOTAL NON-CURRENT LIABILITIES		(230.7)	(212.3)	(239.5)
TOTAL LIABILITIES		(360.9)	(316.5)	(364.8)
NET ASSETS		507.8	487.1	403.9
EQUITY				
Called up share capital	31	6.5	6.5	6.2
Share premium account		179.1	179.0	112.8
Own shares	31	(0.1)	(0.1)	(0.1)
Translation reserve	31	29.5	35.8	20.5
Hedging reserve	31	(0.2)	0.2	2.0
Retained earnings		294.0	267.0	260.0
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		508.8	488.4	401.4
Non-controlling interest	39	4.6	4.2	5.7
Put option over non-controlling interest	39	(5.6)	(5.5)	(3.2)
TOTAL NON-CONTROLLING INTEREST		(1.0)	(1.3)	2.5
TOTAL EQUITY		507.8	487.1	403.9

1 See note 2 for details of the prior period restatement.

The Financial Statements were approved and authorised for issue by the Board of Directors on 7 September 2020.

Signed on behalf of the Board of Directors

STEPHEN WILSON

Chief Executive

ALISON HENRIKSEN

Chief Financial Officer

**GROUP STATEMENT OF CASH FLOWS**

For the year ended 30 June 2020

	Note	2020 £m	2019 £m
NET CASH FLOW FROM OPERATING ACTIVITIES	32	65.8	33.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures and associates	18	2.5	2.7
Joint venture loan repayment	18	1.2	0.7
Disposal of joint venture	18	3.8	-
Acquisition of joint venture	18	(2.2)	-
Acquisition of trade and assets		-	(2.0)
Disposal of subsidiary		-	0.4
Payment of deferred consideration	38	(1.7)	(21.1)
Purchase of property, plant and equipment		(24.6)	(17.1)
Purchase of intangible assets		(10.8)	(11.2)
Proceeds from sale of property, plant and equipment		1.1	1.5
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(30.7)	(46.1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		80.0	104.8
Repayment of borrowings		(73.8)	(138.9)
Payment of lease liabilities		(11.1)	(2.0)
Equity dividends paid		(18.3)	(16.8)
Issue of ordinary shares		0.1	66.5
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES		(23.1)	13.6
NET INCREASE IN CASH AND CASH EQUIVALENTS		12.0	0.9
Cash and cash equivalents at start of the year		30.5	29.1
Net increase in cash and cash equivalents		12.0	0.9
Effect of exchange rate fluctuations on cash and cash equivalents		(1.2)	0.5
TOTAL CASH AND CASH EQUIVALENTS AT 30 JUNE	22	41.3	30.5



NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. REPORTING ENTITY

Genus plc (the 'Company') is a public company limited by shares and incorporated in England, United Kingdom under the Companies Act 2006. Its company number is 02972325 and its registered office is Matrix House, Basing View, Basingstoke, Hampshire RG21 4DZ. The Group Financial Statements for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the 'Group'). We have used the equity method to account for the Group's interests in joint ventures and associates. Our business model on pages 10 and 11 explains the Group's operations and principal activities.

2. BASIS OF PREPARATION

We have prepared the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and therefore comply with Article 4 of the IAS Regulation.

Unless otherwise stated, we have consistently applied the significant accounting policies set out below to all periods presented in these Group Financial Statements.

The going concern statement has been included in the Strategic Report on page 47 and forms part of these statements.

Restatement in the 2019 and 2018 Group Balance Sheet

During the period, it was discovered that an input used in the valuation of biological assets in preceding periods was not in line with observable data.

Accordingly, the prior period balance sheets at 30 June 2019 and 30 June 2018 have been restated in accordance with IAS 8, and, in accordance with IAS 1 (revised). A balance sheet at 30 June 2018 is also presented together with related notes. The restatements involved are a reduction in biological assets at 30 June 2019 and 30 June 2018 of £20.5m and a reduction in related deferred tax liabilities at 30 June 2019 and 30 June 2018 of £5.3m.

Impact on the Group's Balance Sheet for year ended 30 June 2019

	(as reported) 2019 £m	Impact of restatement £m	(restated) 2019 £m
Non-current assets			
Biological assets	307.6	(20.5)	287.1
Current liabilities			
Deferred tax liabilities	(72.0)	5.3	(66.7)
Net assets	502.3	(15.2)	487.1

For the year ended 30 June 2019, there has been no material effect on the Group Income Statement, Group Statement of Comprehensive Income and no impact on the Group Statement of Cash Flows. Therefore, there has been no restatement of the Group Income Statement and there is no adjustment to earnings per share.

Functional and presentational currency

We present the Group Financial Statements in Sterling, which is the Company's functional and presentational currency. All financial information presented in Sterling has been rounded to the nearest £0.1m.

Use of estimates

Preparing financial statements requires management to make judgements, estimates and assumptions that affect our application of accounting policies and our reported assets, liabilities, income and expenses. Our actual results may differ from these estimates. We review our estimates and underlying assumptions on an ongoing basis, and recognise revisions to accounting estimates in the period in which we revise the estimate and in any future periods affected.

Note 4 provides information about significant areas of estimation uncertainty and the critical judgements we made in applying accounting policies that have the most effect on the amounts recognised in the Financial Statements.

Alternative Performance Measures

In reporting financial information, the Group presents Alternative Performance Measures, ('APMs'), which are not defined or specified under the requirements of IFRS and which are not considered to be a substitute for, or superior to, IFRS measures.

The Group believes that these APMs provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how we plan our business performance and report on it in our internal management reporting to the Board and the executive leadership team. Some of these measures are also used for the purpose of setting remuneration targets.

For a full list of all APMs please see the Alternative Performance Measures section of the Annual Report on pages 176 to 184.



NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES APPLIED IN THE CURRENT REPORTING PERIOD THAT RELATE TO THE FINANCIAL STATEMENTS AS A WHOLE

This section sets out our significant accounting policies that relate to the Financial Statements as a whole. Where an accounting policy is generally applicable to a specific note to the Financial Statements, the policy has been described in that note. We have also detailed below the new accounting pronouncements that we will adopt in future years and our current view of the impact they will have on our financial reporting.

Accounting convention

We prepare the Group Financial Statements under the historical cost convention, except for our biological assets, share-based payment expense, pension liabilities and derivative financial instruments. In accordance with IFRS, we measure: biological assets at fair value less point-of-sale costs, which represent distribution costs and selling expenses, and share-based payment expense, pension liabilities, and certain financial instruments at fair value.

Basis of consolidation

Subsidiaries are entities the Group controls. We have control of an entity when we are exposed, or have the rights, to variable returns from the entity and have the ability to affect the returns through power over the entity. In assessing control, we take into account potential voting rights that we can currently exercise or convert. We fully consolidate the results of subsidiaries we acquire from the date that control transfers to the Group. We cease consolidating the results of subsidiaries that we cease to control from the date that control passes.

In preparing the Group Financial Statements, we eliminate intra-Group balances and any unrealised income and expenses arising from intra-Group transactions. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment, to the extent of our interest in the investee. We eliminate unrealised losses in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

We record foreign currency transactions in the relevant Group entity's functional currency, at the exchange rate on the transaction date. At each balance sheet date, we retranslate monetary assets and liabilities denominated in foreign currencies at the exchange rate on the balance sheet date. We recognise the foreign exchange differences arising on retranslation in the Group Income Statement.

When non-monetary assets and liabilities are measured at historical cost in a foreign currency, we translate them at the exchange rate at the transaction date. When non-monetary assets and liabilities are stated at fair value in a foreign currency, we translate them at the prevailing exchange rate on the date we determined the fair value. We recognise the foreign exchange differences arising on retranslation in the Group Statement of Comprehensive Income.

The assets and liabilities of foreign operations, including goodwill arising on consolidation, are translated into Sterling at the prevailing exchange rates at the balance sheet date. The resulting exchange differences are booked into foreign currency translation reserves and reported in the Group Statement of Comprehensive Income. We translate these operations' revenues and expenses using an average rate for the period.

When exchange differences arise from the fair value movement of related effective hedges, we take them to the foreign currency translation reserve. When we dispose of a foreign operation, we release these differences to the income statement. Exchange movements on inter-Company loans considered to be permanent equity are recognised in the Group Statement of Comprehensive Income, together with any related taxation.

The principal exchange rates were as follows:

	Average			Closing		
	2020	2019	2018	2020	2019	2018
US Dollar/£	1.26	1.29	1.35	1.24	1.27	1.32
Euro/£	1.14	1.13	1.13	1.10	1.12	1.13
Brazilian Real/£	5.74	4.99	4.51	6.77	4.89	5.12
Mexican Peso/£	26.08	25.04	25.37	28.52	24.40	26.3
Chinese Yuan/£	8.89	8.83	8.77	8.75	8.72	8.75
Russian Rouble/£	85.17	84.93	79.66	88.19	80.30	82.94

Research and development

We undertake research with the aim of gaining new scientific or technical knowledge, and recognise this expenditure in the income statement as it is incurred.

The Group constantly monitors its research activities. When research projects achieve technical feasibility and are commercially viable, our policy is to capitalise further development costs within intangible assets, in accordance with IAS 38.

Our development activities include developing and maintaining our porcine genetic nucleus herd and our bovine pre-stud herds. We do not capitalise development expenditure separately for these herds, as their fair value is included in the fair value of the Group's biological assets, in accordance with IAS 41.

We disclose the costs of research and development activities, as required by IAS 38 (see note 8).



3. SIGNIFICANT ACCOUNTING POLICIES APPLIED IN THE CURRENT REPORTING PERIOD THAT RELATE TO THE FINANCIAL STATEMENTS AS A WHOLE CONTINUED

Other income and deferred income

In the prior year, the company entered into a strategic collaboration with Beijing Capital Agribusiness ('BCA') under which BCA will establish and fund a collaboration specific entity ('BCA Future Bio-Tech') which will use Genus' intellectual property and know-how to pursue the PRRSv resistance regulatory and development work in China. Genus will receive consideration after meeting certain milestones in the development programme.

Each milestone is considered to be either a separate performance obligation, or a set of groups of separate performance obligations, under this agreement and are unbundled in the contractual arrangement as if they are distinct from one another.

We assess each separate performance obligation relating to the milestone payments, and upon completion of those performance obligations recognise the fair value of amounts earned in other income. Some performance obligations, such as the transfer of know-how, are recognised at a point in time where others, such as the provision of technical services, are recognised over time. We recognise any received but unearned consideration as deferred income.

We will apply the same accounting policy to any other comparable agreements.

Reversals of impairment

We reverse an impairment loss in respect of assets other than goodwill when the impairment loss may no longer exist and we have changed the estimates we used to determine the recoverable amount.

We only reverse an impairment loss to the extent that the asset's carrying amount does not exceed the carrying amount it would have had, net of depreciation or amortisation, if we had not recognised the impairment loss.

New standards and interpretations

In the current period, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins after 1 January 2019 and have been implemented with effect from 1 July 2019. These are:

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

Their addition has not had any material impact on the disclosures, or amounts reported in the Group Financial Statements.

In addition to the above the Group adopted IFRS 16 'Leases' from 1 July 2019.

IFRS 16 'Leases'

The Group has adopted IFRS 16 using the modified retrospective approach with the value of the right-of-use asset being equal to the lease liability at the date of adoption.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (those with a purchase price of less than £4,000), and lease payments associated with those assets will be recognised as an expense on a straight-line basis. The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Where the contracts have been modified on or after 1 July 2019 have been reassessed to determine if it contains a lease as defined by IFRS 16. The Group has not elected to apply IFRS 16 to contracts where the right-of-use asset would be recognised as an intangible asset.

In addition, the Group has utilised the following practical expedients, permitted by IFRS 16:

- > the right-of-use asset for each lease has been measured as the present value of the lease liability adjusted for any prepaid or accrued lease payments prior to application;
- > for leases where the remaining term was less than 12 months at 1 July 2019 the Group has elected to treat these as short term;
- > for leases that were previously classified as an operating lease under IAS 17 'Leases' the lease liability on 1 July 2019 was calculated as the present value of the remaining lease payments using the incremental borrowing rate as at 1 July 2019;
- > for existing leases that incurred initial direct costs, were excluded from the measurement of the right-of-use asset as at 1 July 2019;
- > the use of hindsight for existing leases has been applied in determining options to extend or terminate the lease;
- > the Group has not elected to separate lease components from non-lease components; and
- > the Group has elected to apply a single discount rate to a portfolio of leases with similar characteristics.

Financial impact of IFRS 16

The impact of adopting IFRS 16 on the Group's Income Statement, Balance Sheet and Statement of Cash Flows are presented in the following tables:

Impact on the Group's Income Statement

In the year, the adoption of IFRS 16 has had the following impact of the Group's Income Statement:

	Year ended 30 June 2020 (as reported) £m	Differences between IFRS 16 and IAS 17 £m	Year ended 30 June 2020 (under IAS 17) £m
Operating profit	47.6	(0.7)	46.9
Share of post-tax profit of joint ventures and associates retained	8.9	–	8.9
Finance costs	(5.3)	0.7	(4.6)
Finance income	0.3	–	0.3
Profit before tax	51.5	–	51.5

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES APPLIED IN THE CURRENT REPORTING PERIOD THAT RELATE TO THE FINANCIAL STATEMENTS AS A WHOLE CONTINUED*Impact on the Group's Balance Sheet*

	1 July 2019 prior to adoption of IFRS 16 (as reported) £m	Recognised on adoption of IFRS 16 £m	1 July 2019 post adoption of IFRS 16 £m
Non-current assets			
Property, plant, motor vehicles and equipment	86.0	26.6	112.6
Current liabilities			
Obligations under leases	(2.2)	(7.5)	(9.7)
Non-current liabilities			
Obligations under leases	(3.9)	(19.1)	(23.0)

The following table shows a reconciliation between the operating lease obligations reported at 30 June 2019 and the amount recognised on adoption of IFRS 16 using the weighted average incremental borrowing rate of 2.6% at the date of adoption.

	£m
Operating lease commitments (as at 30 June 2019)	32.7
Leases classified as low value or short term	(0.9)
Software licences outside the scope of IFRS 16	(2.3)
Operating lease commitments to be capitalised under IFRS 16	29.5
Impact of discounting	(2.9)
Lease liability (1 July 2019)	26.6

Impact on the Group's Statement of Cash Flows

	Year ended 30 June 2020 (as reported) £m	Reclassification on adoption of IFRS 16 £m	Year ended 30 June 2020 (under IAS 17) £m
Net cash from operating activities	65.8	(7.6)	58.2
Net cash outflow from investing activities	(30.7)	–	(30.7)
Net cash outflow from financing activities	(23.1)	7.6	(15.5)
Net increase in cash and cash equivalents	12.0	–	12.0

The reconciliation of the impact on net debt of adopting IFRS 16 can be found in the analysis of the net debt note 32.

Following adoption there was no material impact to adjusted earnings per share, earnings per share or taxation.

Leases accounting policy under IFRS 16

In accordance with IFRS 16, we recognise as an expense any payments made in respect of short-term leases (those with a term of less than 12 months) and leases for low-value items on a straight-line basis over the life of the lease.

For all other leases we recognise a right-of-use asset and corresponding liability at the date at which the leased asset is made available for use. Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be measured, at an incremental borrowing rate.

Right-of-use assets are measured initially at cost based on the value of the associated lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease. Subsequent to initial recognition, we record an interest charge in respect of the lease liability. The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written-off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

We remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- > The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- > The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- > A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.



3. SIGNIFICANT ACCOUNTING POLICIES APPLIED IN THE CURRENT REPORTING PERIOD THAT RELATE TO THE FINANCIAL STATEMENTS AS A WHOLE CONTINUED

New standards and interpretations not yet adopted

At the date of the Annual Report, the following standards and interpretations which have not been applied in the report were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The Group will continue to assess the impact of these amendments prior to their adoption.

These are:

- > Amendments to IAS 1 and IAS 8 – ‘Definition of Material’;
- > Amendments to IFRS 3 – ‘Definition of a Business’;
- > Amendments to IFRS 9, IAS 39 and IFRS 7 – ‘Interest Rate Benchmark Reform’;
- > Conceptual Framework for Financial Reporting; and
- > IFRS 16 ‘COVID-19 Related Rent Concessions’.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Consolidated Financial Statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts.

Critical judgements represent key decisions made by management in the application of the Group’s accounting policies where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next 12 months are discussed below.

Critical accounting judgements

Adjusting items

The Directors believe that the adjusted profit and earnings per share measures provide additional information to shareholders on the performance of the business. These measures are consistent with how business performance is measured internally by the Board and the executive leadership team.

The profit before tax and adjusting items measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The classification of adjusting items requires significant judgement after considering the nature and intentions of a transaction. The Group’s definitions of adjusting items are outlined within the Group accounting policies and have been applied consistently year on year.

Key sources of estimation uncertainty

Determination of the fair value of biological assets (note 16)

Determining the fair values of our bovine and porcine biological assets requires the application of a number of estimates and assumptions.

Below is a list of these estimates and assumptions, showing whether we consider them to be observable or unobservable inputs to the fair value determination. In addition, we identify those inputs that are ‘readily obtainable’ transactional data or ‘open market prices’.

	Estimates and assumptions	Observable/Unobservable	Source
Bovine	Long-term dairy volume growth rate	Unobservable	n/a
	Short-term dairy volume growth rate	Unobservable	n/a
	Value at point of production ¹	Unobservable	n/a
	Unit prices	Observable	Readily obtainable
	Animals’ useful lifespan	Observable	Readily obtainable
	Percentage of new dairy bulls to be produced internally each year ¹	Unobservable	n/a
	Age profile of bulls ¹	Unobservable	n/a
	Risk adjusted discount rate ¹	Unobservable	n/a
Porcine (non pure line herds)	Animals’ useful lifespan	Observable	Readily obtainable
	The proportion of animals that go to slaughter	Observable	Readily obtainable
	The mix of boars and gilts	Observable	Readily obtainable
	Risk adjusted discount rate	Unobservable	n/a
Porcine (pure line herds)	Number of future generations attributable to the current herds	Observable	Readily obtainable
	Fair value prices achieved on sales	Observable	Open market prices
	Animals’ expected useful lifespan and productivity	Observable	Readily obtainable
	The proportion of animals that go to breeding sales ¹	Observable	Readily obtainable
	Risk adjusted discount rate ¹	Unobservable	n/a

¹ Key sources of estimation uncertainty.

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

5. SEGMENTAL INFORMATION

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive and the Board to allocate resources to the segments and to assess their performance. The Group's operating and reporting structure comprises three operating segments: Genus PIC, Genus ABS and Research and Development. These segments are the basis on which the Group reports its segmental information. The principal activities of each segment are as follows:

- > Genus PIC – our global porcine sales business;
- > Genus ABS – our global bovine sales business; and
- > Research and Development – our global spend on research and development.

A segmental analysis of revenue, operating profit, depreciation, amortisation, non-current asset additions, segment assets and liabilities and geographical information is provided below. We do not include our adjusting items in the segments, as we believe these do not reflect the underlying performance of the segments. The accounting policies of the reportable segments are the same as the Group's accounting policies, as described in the Financial Statements.

Revenue	2020 £m	2019 £m
Genus PIC	298.8	253.7
Genus ABS	237.6	222.6
Research and Development		
Porcine Product Development	11.7	9.4
Bovine Product Development	3.3	2.8
Gene Editing	-	-
Other Research and Development	-	-
	15.0	12.2
	551.4	488.5

Adjusted operating profit by segment is set out below and reconciled to the Group's adjusted operating profit. A reconciliation of adjusted operating profit to profit for the year is shown on face of the Group Income Statement.

Adjusted operating profit	2020 £m	2019 £m
Genus PIC	113.3	93.1
Genus ABS	32.5	29.9
Research and Development		
Porcine Product Development	(28.9)	(18.4)
Bovine Product Development	(20.6)	(19.7)
Gene Editing	(5.2)	(7.3)
Other Research and Development	(10.2)	(9.0)
	(64.9)	(54.4)
Adjusted segment operating profit	80.9	68.6
Central	(15.6)	(10.9)
Adjusted operating profit	65.3	57.7

Our business is not highly seasonal and our customer base is diversified, with no individual customer generating more than 2% of revenue.

Exceptional items of £19.2m expense (2019: £21.8m expense), relate to Genus ABS (£18.4m expense), Genus PIC (£0.5m expense) and our central segment (£0.3m expense). Note 7 provides details of these exceptional items.

We consider share-based payment expenses on a Group-wide basis and do not allocate them to reportable segments.

Other segment information

	Depreciation		Amortisation		Additions to non-current assets	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Genus PIC	4.5	0.7	7.6	7.2	2.7	1.3
Genus ABS	11.4	2.3	3.2	2.4	24.7	6.8
Research and Development						
Research	0.5	0.5	0.9	1.2	1.5	0.8
Porcine Product Development	2.4	2.3	-	-	1.4	3.0
Bovine Product Development	1.5	3.4	0.2	2.9	4.2	11.5
	4.4	6.2	1.1	4.1	7.1	15.3
Segment total	20.3	9.2	11.9	13.7	34.5	23.4
Central	3.7	3.4	1.5	-	10.0	9.4
Total	24.0	12.6	13.4	13.7	44.5	32.8

**5. SEGMENTAL INFORMATION** CONTINUED

	Segment assets			Segment liabilities		
	2020 £m	(restated) ¹ 2019 £m	(restated) ¹ 2018 £m	2020 £m	(restated) ¹ 2019 £m	(restated) ¹ 2018 £m
Genus PIC	247.6	262.1	235.9	(72.6)	(51.6)	(48.3)
Genus ABS	201.3	157.1	160.6	(52.9)	(41.9)	(41.2)
Research and Development						
Research	7.2	7.4	12.5	(3.5)	(0.6)	(1.3)
Porcine Product Development	226.3	180.0	189.0	(56.3)	(50.8)	(71.2)
Bovine Product Development	146.5	161.5	152.8	(33.6)	(32.8)	(31.1)
	380.0	348.9	354.3	(93.4)	(84.2)	(103.6)
Segment total	828.9	768.1	750.8	(218.9)	(177.7)	(193.1)
Central	39.8	35.5	17.9	(142.0)	(138.8)	(171.7)
Total	868.7	803.6	768.7	(360.9)	(316.5)	(364.8)

¹ See note 2 for details of the prior period restatement.

Geographical information

The Group's revenue by geographical segment is analysed below. This analysis is stated on the basis of where the customer is located.

Revenue

	2020 £m	2019 £m
North America	226.4	211.8
Latin America	81.8	81.1
UK	94.4	83.7
Rest of Europe, Middle East, Russia and Africa	78.0	67.7
Asia	70.8	44.2
	551.4	488.5

Non-current assets (excluding deferred taxation and financial instruments)

The Group's non-current assets by geographical segment are analysed below and are stated on the basis of where the assets are located.

	2020 £m	(restated) ¹ 2019 £m	(restated) ¹ 2018 £m
North America	454.4	400.2	429.7
Latin America	37.3	45.7	37.4
UK	78.8	70.6	41.0
Rest of Europe, Middle East, Russia and Africa	41.5	59.3	42.2
Asia	29.2	14.7	18.4
	641.2	590.5	568.7

¹ See note 2 for details of the prior period restatement.

6. REVENUE**Accounting policy**

The Group recognises revenue from the following sources:

- > sale of bovine and porcine semen, porcine breeding animals, embryos and ancillary products;
- > royalties;
- > consulting;
- > technical services and advice revenues;
- > installation and maintenance of IntelliGen technology;
- > licensing of IntelliGen technology;
- > slaughter animal sales; and
- > bovine partnership contracts.

Revenue is measured based on the consideration the Group expects to be entitled to under a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

6. REVENUE CONTINUED*The sale of bovine and porcine semen, porcine breeding animals, embryos and ancillary products*

Revenue from the sale of bovine and porcine semen, porcine breeding animals, embryos and ancillary products is recognised when the control of the goods has transferred to the customer or distributor. This is either when we ship to customers or on delivery, depending on the terms of sale. Payment of the transaction price is due immediately, or within a short period of time, from the point the customer or distributor controls the goods.

Royalties

Royalties are recognised when the performance obligation is met. We receive royalty payments from certain porcine customers based on key performance variables, such as the number of pigs born per litter, the number of litters born per sow and the average slaughter weight of the animals born. This amount is confirmed directly to Genus by the customer. Payment of the transaction price is due immediately from the customer, or within a short period of time, once the performance obligation is satisfied.

Consulting

Revenue from consulting represents the amounts we charged for services we provided during the year, including recoverable expenses. We recognise consulting services provided but not yet billed as revenue, based on a fair value assessment of the work we have delivered and our contractual right to receive payment. Where unbilled revenue is contingent on a future event, we do not recognise any revenue until the event occurs.

Technical services and advice revenues

Revenue from technical services and advice revenues represents the amounts we charged for services we provided during the year, including recoverable expenses. We recognise technical services and advice revenues provided but not yet billed as revenue, based on a fair value assessment of the work we have delivered and our contractual right to receive payment. Where unbilled revenue is contingent on a future event, we do not recognise any revenue until the event occurs. Technical services and advice revenues are presented in ancillary services in the following table.

Installation and maintenance of IntelliGen technology

Revenue from the installation of IntelliGen technology is recognised by reference to the stage of completion of the installation and is based on milestones being met. Maintenance is provided as a distinct service to customers and is recognised over the period of the service agreement. These revenues are presented in ancillary services in the following table.

Licensing of IntelliGen technology

Revenue from the licensing of IntelliGen technology is recognised at a point in time when the licence is granted. In determining the transaction price any minimum royalties due under the contracts are included in the value apportioned to the grant of the licence, excluding any royalties that arise on units produced in excess of the guaranteed minimums. These additional royalties have been determined to be a usage-based royalty and are recognised as revenue at the point in time that the units are produced. These revenues are presented in ancillary services in the following table.

Slaughter of animals

Revenue from the slaughter of animals is recognised when control of the goods has transferred to the slaughterhouse, which is generally on the delivery of animals to the slaughterhouse. Payment of the transaction price is due immediately, or within a short period of time, from the point the slaughterhouse controls the goods.

Bovine partnership contracts

Partnership contracts include the provision of multiple bovine products and services for a single price. The contract price is allocated to the individual performance obligations based on their standalone selling prices. The revenue is recognised for the products and services once the individual performance obligation has been satisfied. Revenues from partnership contracts are presented in sale of animals, semen, embryos, products and ancillary services.

	2020 £m	2019 £m
Sale of animals, semen, embryos, products and ancillary services	408.1	358.9
Royalties	136.2	122.0
Consulting services	7.1	7.6
	551.4	488.5

Revenue from contracts with customers

The Group's revenue is analysed below and stated by the timing at which it is recognised.

	2020 £m	2019 £m
Genus PIC	295.5	251.3
Genus ABS	217.7	200.3
Research and Development	14.9	12.2
Recognised at a point in time	528.1	463.8
Genus PIC	3.3	2.4
Genus ABS	19.9	22.3
Research and Development	0.1	-
Recognised over time	23.3	24.7
Total revenue	551.4	488.5

An analysis of contract assets and contract liabilities is provided in note 24.



7. EXCEPTIONAL ITEMS

Accounting policy

We present exceptional items separately, as we believe it helps to improve the understanding of the Group's underlying performance.

In determining whether an item should be presented as exceptional, we consider items which are material either because of their size or their nature, and those which are non-recurring. For an item to be considered as exceptional, it must initially meet at least one of the following criteria:

- > it is a one-off material item;
- > it has been directly incurred as the result of either an acquisition, integration or other major restructuring programme;
- > it has been previously classified as an exceptional item, and as such consistent accounting treatment is being applied; or
- > it is unusual in nature, e.g. outside the normal course of business.

If an item meets at least one of the criteria, we then exercise judgement as to whether the item should be classified as exceptional.

For the tax and cash impact of exceptional items see note 11 and 32, respectively.

Operating expense	2020 £m	2019 £m
Litigation and damages	(16.4)	(5.0)
Acquisition and integration	(2.1)	(0.7)
Other	(0.7)	(0.9)
Pension related	-	(15.2)
	(19.2)	(21.8)

Litigation and damages

Litigation includes legal fees of £5.6m (2019: £5.0m) related to the actions between ABS Global, Inc. and certain affiliates ('ABS') and Inguran, LLC and certain affiliates (aka Sexing Technologies ('ST')) and £10.8m (2019: £nil) for damages and costs related to patent infringement.

In July 2014, ABS launched a legal action against ST in the US District Court for the Western District of Wisconsin and initiated anti-trust proceedings which ultimately enabled the launch of ABS's IntelliGen sexing technology in the US market ('ABS I'). In June 2017, ST filed proceedings against ABS in the same District Court, where ST alleged that ABS infringed seven patents and asserted trade secret and breach of contract claims ('ABS II'). The ABS I and ABS II proceedings in the periods before the year ended 30 June 2020 are more fully described in the Notes to the Financial Statements in previous Annual Reports.

Material litigation activities during the year ended 30 June 2020

In relation to ABS II, a hearing proceeded in September 2019, and on 9 September a jury held that ABS' IntelliGen technology infringed US patents 8,206,987 (the '987 patent'), 7,311,476 (the '476 patent') and 7,611,309 (the '309 patent'), and also found that ST was not in material breach of the 2012 Semen Sorting Agreement. The infringement of the '987 patent confirms ABS' existing obligation from ABS I to pay a royalty of \$1.25 for each straw of sexed semen produced in the US and the jury later held that ABS should pay a royalty of \$2.60 per straw for infringement of the '476 and '309 patents for 3,295,355 straws sold by ABS up to 30 June 2019. This royalty is retrospective, as ABS had reengineered the IntelliGen technology by incorporating a non-infringing microfluidic chip known as 'SSC(B)' prior to the hearing. ST confirmed in court that the SSC(B) chip did not infringe the '476 or '309 patents. ABS has sought judgments as a matter of law ('JMOL') in relation to the invalidity of the '987, '476 and '309 patents, JMOLs in relation to the non-infringement of the '309 and '476 patents, and a reduction in damages awarded by the jury. Once the court has decided on the JMOLs, the parties will consider their options for appeal.

On 29 January 2020, ST filed a new US complaint against ABS ('ABS III'). ST allege infringement of the '987 patent through: (i) the sale, lease or transfer of the IntelliGen technology to third parties; (ii) the importation of sexed semen straws made outside the US using the IntelliGen technology; and (iii) the use of the IntelliGen technology to produce IVF products. ABS has prepared and filed a response to the ABS III complaint, including a motion to dismiss, on the basis that all these issues were fully resolved in either the ABS I or ABS II litigations. The parties await the court's decision.

On March 10, 2020, the USPTO issued patent 10,583,439 (the '439 patent'), and subsequently ST asked the court for permission to file a supplemental complaint in ABS III asserting infringement of the '439 patent. ABS believes that ST's claim for infringement falls short and has filed an opposition to ST's request.

On April 15, 2020, ST filed a new complaint ('ABS IV'), asserting the same claim of infringement of the '439 patent alleged in its supplemental complaint and then moved to consolidate the ABS IV and ABS III litigation. ABS has opposed this action and has filed a motion for summary dismissal.

On 23 June 2020, the USPTO issued patent 10,689,210 (the '210 patent'), and on 6 July 2020, ST sought a second supplement of ABS III by adding a claim of '210 patent infringement. ABS has opposed this action. The parties await the court's decision, and in the meantime, ABS is considering its options for responding to ST's assertion of the '439 and '210 patents.

A provision of £10.5m has been recognised in the year ended 30 June 2020 in respect of the royalty per straw for infringement of the '476 and '309 patents claimed by ST through ABS II.

Indian Litigation: In September 2019, ST also filed parallel patent infringement proceedings against ABS in India alleging infringement of the Indian patent 240790 ('790 patent'). The '790 patent is the equivalent of the US '476 patent relating to microfluidic chips. ABS had already sought the revocation of the '790 patent in April 2017 and filed a response and counterclaim seeking the revocation of the '790 patent. This matter is next before the Indian Courts on 8 October 2020 to consider the timetable and the application for a preliminary injunction. All microfluidic chips used by ABS in India are the non-infringing SSC(B) chips.

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

7. EXCEPTIONAL ITEMS CONTINUED**Acquisitions and integration**

During the year, £2.1m (2019: £0.7m) of expenses were incurred in relation to potential acquisitions that were not completed.

Other

Included within 'Other' are £0.8m (2019: £1.5m) of expenses which relate to the costs of entering into our strategic porcine collaboration in China. Included within the 2019 balance is an insurance receipt of £0.6m from a legacy environmental claim.

Pension related

In the prior year, the High Court handed down judgment in the Lloyds Bank pensions case, requiring pension schemes to equalise Guaranteed Minimum Pensions ('GMPs'). Genus's legacy pension schemes are affected by this ruling, resulting in an aggregate past service charge of £16.1m, partially offset by a settlement gain of £0.9m (net of fees).

8. OPERATING PROFIT

Operating costs comprise:

	2020 £m	2019 £m
Cost of sales excluding net IAS 41 valuation movement on biological assets and amortisation of multiplier contract intangible assets	(236.3)	(204.8)
Net IAS 41 valuation movement on biological assets	15.8	(14.7)
Amortisation of multiplier contract intangible assets	(0.3)	(0.3)
Cost of goods sold	(220.8)	(219.8)
Cost of sales (excluding amortisation of acquired intangibles)	(103.5)	(97.7)
Amortisation of customer relationship intangible assets	(5.3)	(6.5)
Cost of sales	(108.8)	(104.2)
Research and Development expenditure	(65.3)	(54.9)
Amortisation and impairment of technology, software and licences and patents	(6.1)	(6.0)
Research and Development costs	(71.4)	(60.9)
Administrative expenses (excluding exceptional items)	(76.1)	(68.0)
Share-based payment expense	(5.8)	(3.0)
Amortisation of software, licences and patents	(1.7)	(2.1)
Exceptional items within administrative expenses	(19.2)	(21.8)
Total administrative expenses	(102.8)	(94.9)
Total operating costs	(503.8)	(479.8)
Profit for the year is stated after charging/(crediting):		
	2020 £m	2019 £m
Net foreign exchange losses	0.9	0.4
Depreciation of owned fixed assets	13.1	10.6
Depreciation of right-of-use assets	10.9	2.0
Loss on disposal of fixed assets and right-of-use assets	3.7	–
Loss/(profit) on disposal of intangible fixed assets	1.2	(0.1)
Rental expense for short-term leases	1.2	–
Employee costs (see note 9)	175.5	154.1
Impairment of inventory	1.2	–
Cost of inventories recognised as an expense	87.3	88.8

Auditor's remuneration is as follows:

	2020 £m	2019 £m
Fees payable to the Company's auditor and its associates for the audit of the Company's Annual Report and Financial Statements	0.4	0.3
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	0.5	0.5
Total audit fees	0.9	0.8
Tax compliance services	0.1	0.1
Transaction support services	0.2	–
Total non-audit fees	0.3	0.1
Total fees to the Group's auditor	1.2	0.9
Fees payable to other auditors of Group companies	–	–

Non-audit tax services principally comprise tax compliance support services and transaction support. These services fall within the non-audit services policy approved by the Company's Audit Committee.



9. EMPLOYEE COSTS

This note shows the total employment costs and the average number of people employed by segment during the year.

Employee costs, including Directors' remuneration, amounted to:

	2020 £m	2019 £m
Wages and salaries (including bonuses and sales commission)	154.3	136.6
Social security costs	15.1	13.3
Contributions to defined contribution pension plans	4.6	4.4
Share-based payment expense (excluding National Insurance)	4.8	2.7
	178.8	157.0

The employee costs above include £3.3m (2019: £2.9m) which has been capitalised into intangible assets as part of the development of GenusOne (see note 15).

The average monthly number of employees and full-time equivalent employees, including Directors, was as follows:

	Number of employees		Full-time equivalent	
	2020 Number	(restated) ¹ 2019 Number	2020 Number	(restated) ¹ 2019 Number
Genus PIC	537	535	518	505
Genus ABS	2,078	1,973	1,991	1,884
Research and Development	346	329	325	298
Central	142	127	135	122
	3,103	2,964	2,969	2,809
Included in the totals above:				
UK	843	818	759	753

The Directors' Remuneration Report sets out details of the Directors' remuneration, pensions and share options.

¹ In the prior year, certain employees were incorrectly allocated as Genus PIC employees but should have been classified as Genus ABS employees. This has been corrected in the prior period numbers to conform with the current year presentation. There is no change to the overall employee numbers reported.

10. NET FINANCE COSTS

Net finance costs mainly arise from interest due on bank loans, pension scheme liabilities, amortisation of debt issue costs, unwinding of discount on put options and the results of hedging transactions used to manage foreign exchange and interest rate movements.

Accounting policy

We recognise interest income and interest expense in the income statement, as they accrue, based on the effective interest rate method.

Interest income includes income on cash and cash equivalents and income on other financial assets. Finance costs include interest costs in relation to financial liabilities. This includes interest on lease liabilities which represents the unwind of the discount rate applied to lease liabilities.

	2020 £m	2019 £m
Interest payable on bank loans and overdrafts	(2.9)	(3.3)
Amortisation of debt issue costs	(0.4)	(0.4)
Other interest payable	(0.1)	–
Unwinding of discount put options	(0.5)	–
Net interest cost in respect of pension scheme liabilities	(0.4)	(0.9)
Interest on lease liabilities	(1.0)	(0.1)
Total interest expense	(5.3)	(4.7)
Interest income on bank deposits	0.3	0.2
Net settlement income on derivative financial instruments	–	0.6
Total interest income	0.3	0.8
Net finance costs	(5.0)	(3.9)

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

11. TAXATION AND DEFERRED TAXATION

This note explains how our Group tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets and liabilities held across the Group, together with our view on whether or not we expect to be able to make use of them in the future.

Accounting policies

Tax on the profit or loss for the year comprises current and deferred tax. We recognise tax in the income statement, unless:

- > it relates to items we have recognised directly in equity, in which case we recognise it in equity; or
- > it arises as a fair value adjustment in a business combination.

We provide for current tax, including UK corporation tax and foreign tax, at the amounts we expect to pay (or recover), using the tax rates and the laws enacted or substantively enacted at the balance sheet date, together with any adjustments to tax payable in respect of previous years.

Deferred tax is tax we expect to pay or recover due to differences between the carrying amounts of our assets and liabilities in our Financial Statements and the corresponding tax bases used in calculating our taxable profit. We account for deferred tax using the balance sheet liability method.

We generally recognise deferred tax liabilities for all taxable temporary differences, and deferred tax assets to the extent that we will probably have taxable profits to utilise deductible temporary differences against. We do not recognise these assets and liabilities if the temporary difference arises from:

- > our initial recognition of goodwill; or
- > our initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither our taxable profit nor our accounting profit.

We recognise deferred tax liabilities for taxable temporary differences arising on our investments in subsidiaries, and interests in joint ventures and associates, except where we can control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

We calculate deferred tax at the tax rates we expect to apply in the period when we settle the liability or realise the asset. We charge or credit deferred tax in the income statement, except when it relates to items we have charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Income tax expense

	2020 £m	2019 £m
Current tax expense		
Current period	13.8	12.6
Adjustment for prior periods	(1.1)	(0.9)
Total current tax expense in the Group Income Statement	12.7	11.7
Deferred tax expense		
Origination and reversal of temporary differences	(2.6)	(7.7)
Adjustment for prior periods	0.5	(0.8)
Total deferred tax credit in the Group Income Statement	(2.1)	(8.5)
Total income tax expense excluding share of income tax of equity accounted investees	10.6	3.2
Share of income tax of equity accounted investees (see note 18)	2.3	1.4
Total income tax expense in the Group Income Statement	12.9	4.6

Reconciliation of effective tax rate

	2020 %	2020 £m	2019 %	2019 £m
Profit before tax		51.5		9.9
Add back share of income tax of equity accounted investees		2.3		1.4
Profit before tax excluding share of income tax of equity accounted investees		53.8		11.3
Income tax at UK corporation tax of 19.0% (2019: 19.0%)	19.0	10.2	19.0	2.2
Effect of tax rates in foreign jurisdictions	6.1	3.3	52.3	5.9
Non-deductible expenses	3.2	1.7	14.3	1.6
Tax exempt income and incentives	(4.4)	(2.4)	(43.3)	(4.9)
Change in tax rate	(2.8)	(1.5)	(3.5)	(0.4)
Movements in recognition of tax losses	0.9	0.5	6.2	0.7
Change in unrecognised temporary differences	(0.4)	(0.2)	(1.8)	(0.2)
Tax overprovided in prior periods	(0.6)	(0.3)	(14.9)	(1.7)
Change in provisions	1.5	0.8	11.5	1.3
Tax on undistributed reserves	1.5	0.8	0.9	0.1
Total income tax expense in the Group Income Statement	24.0	12.9	40.7	4.6

**11. TAXATION AND DEFERRED TAXATION** CONTINUED

The tax rate for the year depends on our mix of profits by country and our ability to recognise deferred tax assets in respect of losses in some of our smaller territories. Tax is calculated using prevailing tax legislation, reliefs and existing interpretations and practice.

The Group's future tax charge and effective tax rate could be affected by factors such as countries reforming their tax legislation to implement the OECD's BEPS recommendations and by European Commission initiatives including state aid investigations.

In October 2017, the European Commission announced that it would be conducting a State Aid investigation into the Group Financing Partial Exemption ('Finco exemption') contained within the UK's controlled foreign company ('CFC') legislation. Genus, in common with many other UK companies has taken advantage of this financing structure to support intra-Group lending to the Group's subsidiaries in the USA. The Commission concluded in April 2019 that the exemption contravened EU law and constituted partial state aid to the extent that the specific people functions ('SPFs') most relevant to managing the financing activities were based in the UK. The UK Government, as well as a number of affected UK tax payers including Genus, have appealed the EU Commission's conclusions and court hearings for these appeals/annulment requests are currently pending.

In the light of the European Commission judgment, we have undertaken a review of our historic Finco structures, to establish the extent to which the SPFs in relation to the economic ownership of the assets and the Key Entrepreneurial Risk Taking functions ('KERTs') of the related foreign finance companies were carried out in the UK. This review has identified some activities performed by UK personnel, including the involvement of the Group Tax & Treasury function in the designing and setting up of the appropriate funding structures before presenting them to the foreign board of directors. On this basis, we are of the opinion that the KERT functions relating to the Finco structures could be regarded as split between the foreign board of directors (on account of the active decision making to lend made by them in board meetings of the CFC) and the UK Group functions (for diligence and groundwork in relation to the design and construction of the arrangement, and the selection and approval of the funding structure).

We have benchmarked the value of the functions performed in the UK based on the reasonable third-party comparable returns of banks and portfolio managers for the three key activities performed by the UK (diligence and groundwork in constructing the arrangement, selection of the investment and ongoing management) to identify the returns attributable to the activities carried out in the UK and have arrived at a total arm's length return in the range of 14.8%–22.8% for the UK, with consequently, the remaining 77.2%–85.2% being attributable to the Fincos. The total value of tax relief claimed in previous years under the Finco structure was £4.3m. Accordingly, based on our benchmarking study a contingent tax liability of between £0.6m and £1m exists depending on the future results of the various appeals and challenges to the European Commission's judgment. The Company made a provision of £1m for this uncertain tax position in the prior year and we believe this provision remains adequate based on the additional work we have performed subsequently on the SPF and KERT analysis.

The tax credit attributable to exceptional items is £4.5m (2019: credit of £3.9m).

Income tax recognised directly in the Statement of Comprehensive Income and Statement of Changes in Equity

	2020 £m	2019 £m
Financial instruments	0.1	0.4
Foreign exchange differences on long-term intra-Group currency loans and balances	–	(0.3)
Actuarial movement on retirement benefit obligations	0.8	(3.2)
Foreign exchange differences on translation of biological assets, intangible assets and leases	(1.5)	(2.6)
	(0.6)	(5.7)
Income tax recognised directly to the Statement of Changes in Equity		
Share-based payment expense	1.1	–
	1.1	–

Unrecognised deferred tax assets and liabilities

At the balance sheet date, the Group had unused tax losses which were available for offset against future profits, with a potential tax benefit of £13.6m (2019: £14.4m). We have recognised a deferred tax asset in respect of £3.9m (2019: £2.9m) of these benefits, as we expect these losses to be offset against future profits of the relevant jurisdictions in the near term. We have not recognised a deferred tax asset in respect of the remaining £9.7m (2019: £11.5m), due to uncertainty about the availability of future taxable profits in the relevant jurisdictions.

At 30 June 2020, the expiry dates of deferred tax assets in respect of losses available for the carry forward were as follows:

	Expiring within		Unlimited £m	Total £m
	1–10 years £m	11–20 years £m		
Losses for which a deferred tax asset is recognised	0.1	0.2	3.6	3.9
Losses for which no deferred tax asset is recognised	0.2	–	9.5	9.7
	0.3	0.2	13.1	13.6

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

11. TAXATION AND DEFERRED TAXATION CONTINUED

At 30 June 2019, the expiry dates of deferred tax assets in respect of losses available for the carry forward were as follows:

	Expiring within		Unlimited £m	Total £m
	1-10 years £m	11-20 years £m		
Losses for which a deferred tax asset is recognised	–	0.2	2.7	2.9
Losses for which no deferred tax asset is recognised	0.2	0.1	11.2	11.5
	0.2	0.3	13.9	14.4

The gross value of losses for which deferred tax assets are recognised is £17.9m (2019: £16.7m). The gross value of losses for which deferred tax assets are not recognised is £33.3m (2019: £37.9m).

We have not recognised deferred tax liabilities totalling £2.1m (2019: £2.3m) for the withholding tax and other taxes that would be payable on the unremitted earnings of certain overseas subsidiaries. This is because we can control the timing and reversal of these differences and it is probable that the differences will not reverse in the foreseeable future.

Recognised deferred tax assets and liabilities

We have offset deferred tax assets and liabilities above, to the extent that they arise in the same tax jurisdiction.

The analysis of deferred tax balances is set out below:

	2020 £m	(restated) ¹ 2019 £m
Deferred tax assets	(3.7)	(3.5)
Deferred tax liabilities	65.5	66.7
	61.8	63.2

¹ See note 2 for details on prior period restatement.

UK deferred tax assets and liabilities are stated at 19%, which is the UK headline rate of tax effective from 1 April 2017. The previously planned rate reduction to 17% was cancelled in the Budget on 11 March 2020, with the continuation of the 19% rate being substantively enacted on 17 March 2020.

Movement in net deferred tax liabilities during the year

	(restated) ¹ As at 1 July 2019 £m	Recognised in income statement £m	Changes in tax rate recognised in income statement £m	Prior year adjustments recognised in income statement £m	Recognised in equity £m	Transfers £m	Foreign exchange difference £m	As at 30 June 2020 £m
Property, plant and equipment	4.5	(0.5)	(0.8)	1.9	–	–	0.1	5.2
Intangible assets	10.7	(1.6)	(0.1)	(0.2)	0.1	–	(0.1)	8.8
Biological assets	66.6	4.2	(0.3)	2.6	1.3	–	–	74.4
Retirement benefit obligations	(4.4)	1.4	0.2	–	(0.7)	–	–	(3.5)
Share-based payment expense	(2.7)	0.2	(0.4)	(0.1)	(0.7)	–	–	(3.7)
Short-term timing differences	(8.7)	(5.1)	0.2	(2.4)	–	0.6	(0.1)	(15.5)
Tax loss carry-forwards	(2.8)	0.3	(0.3)	(1.3)	–	0.2	–	(3.9)
	63.2	(1.1)	(1.5)	0.5	–	0.8	(0.1)	61.8

	(restated) ¹ As at 1 July 2018 £m	Recognised in income statement £m	Changes in tax rate recognised in income statement £m	Prior year adjustments recognised in income statement £m	Recognised in equity £m	Acquisitions £m	Foreign exchange difference £m	(restated) ¹ As at 30 June 2019 £m
Property, plant and equipment	4.9	(0.5)	(0.1)	–	–	–	0.2	4.5
Intangible assets	13.0	(1.5)	(0.2)	0.2	–	(1.1)	0.3	10.7
Biological assets	65.4	(3.2)	(0.1)	–	3.0	1.5	–	66.6
Retirement benefit obligations	(6.0)	(1.4)	–	–	3.1	–	(0.1)	(4.4)
Share-based payment expense	(3.4)	0.2	–	–	0.5	–	–	(2.7)
Short-term timing differences	(6.5)	(0.6)	0.2	(0.9)	(0.8)	–	(0.1)	(8.7)
Tax loss carry-forwards	(2.2)	(0.6)	0.1	(0.1)	–	–	–	(2.8)
	65.2	(7.6)	(0.1)	(0.8)	5.8	0.4	0.3	63.2

¹ See note 2 for details on prior period restatement.

**12. EARNINGS PER SHARE**

Basic earnings per share is the profit generated for the financial year attributable to equity shareholders divided by the weighted average number of shares in issue during the year.

Basic earnings per share from continuing operations

	2020 (pence)	2019 (pence)
Basic earnings per share	62.4	12.4

The calculation of basic earnings per share from continuing operations is based on the net profit attributable to owners of the Company from continuing operations of £40.5m (2019: £7.8m) and a weighted average number of ordinary shares outstanding of 64,908,000 (2019: 63,141,000), which is calculated as follows:

Weighted average number of ordinary shares (basic)

	2020 000s	2019 000s
Issued ordinary shares at the start of the year	65,055	61,542
Effect of own shares held	(168)	(405)
Share placement	–	1,697
Shares issued on exercise of stock options	21	6
Shares issued in relation to Employee Benefit Trust	–	301
Weighted average number of ordinary shares in year	64,908	63,141

Diluted earnings per share from continuing operations

	2020 (pence)	2019 (pence)
Diluted earnings per share	61.9	11.9

The calculation of diluted earnings per share from continuing operations is based on the net profit attributable to owners of the Company from continuing operations of £40.5m (2019: £7.8m) and a weighted average number of ordinary shares outstanding, after adjusting for the effects of all potential dilutive ordinary shares, of 65,427,000 (2019: 65,304,000), which is calculated as follows:

Weighted average number of ordinary shares (diluted)

	2020 000s	2019 000s
Weighted average number of ordinary shares (basic)	64,908	63,141
Dilutive effect of share awards and options	519	763
Impact of share placement	–	1,400
Weighted average number of ordinary shares for the purposes of diluted earnings per share	65,427	65,304

Adjusted earnings per share from continuing operations

	2020 (pence)	2019 (pence)
Adjusted earnings per share	85.4	73.2
Diluted adjusted earnings per share	84.7	70.7

Adjusted earnings per share is calculated on profit before the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items, after charging taxation associated with those profits, of £55.4m (2019: £46.2m), which is calculated as follows:

	2020 £m	2019 £m
Profit before tax from continuing operations	51.5	9.9
Add/(deduct):		
Net IAS 41 valuation movement on biological assets	(15.8)	14.7
Amortisation of acquired intangible assets	8.5	9.5
Share-based payment expense	5.8	3.0
Exceptional items (see note 7)	19.2	21.8
Net IAS 41 valuation movement on biological assets in joint ventures	0.1	1.1
Tax on joint ventures and associates	2.3	1.4
Attributable to non-controlling interest	(0.6)	(0.4)
Adjusted profit before tax	71.0	61.0
Adjusted tax charge	(15.6)	(14.8)
Adjusted profit after tax	55.4	46.2
Effective tax rate on adjusted profit	22.0%	24.3%

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

12. EARNINGS PER SHARE CONTINUED

Reconciliation of effective tax rate

	2020 Profit £m	2020 Tax £m	2020 %
Total income tax expense in the Group Income Statement	53.8	12.9	24.0
Net IAS 41 valuation movement on biological assets	(15.8)	(4.7)	29.7
Amortisation of acquired intangible assets	8.5	1.8	21.2
Share-based payment expense	5.8	1.1	19.0
Exceptional items (see note 7)	19.2	4.5	23.4
Net IAS 41 valuation movement on biological assets in joint ventures	0.1	-	-
Attributable to non-controlling interest	(0.6)	-	-
Adjusted profit before tax	71.0	15.6	22.0
	2019 Profit £m	2019 Tax £m	2019 %
Total income tax expense in the Group Income Statement	11.3	4.6	40.7
Net IAS 41 valuation movement on biological assets	14.7	3.3	22.4
Amortisation of acquired intangible assets	9.5	2.1	22.1
Share-based payment expense	3.0	0.5	16.7
Exceptional items (see note 7)	21.8	3.9	17.9
Net IAS 41 valuation movement on biological assets in joint ventures	1.1	0.4	36.4
Attributable to non-controlling interest	(0.4)	-	-
Adjusted profit before tax	61.0	14.8	24.3

13. DIVIDENDS

Dividends are one type of shareholder return, historically paid to our shareholders in late November/early December and late March.

Amounts recognised as distributions to equity holders in the year

	2020 £m	2019 £m
Final dividend		
Final dividend for the year ended 30 June 2019 of 18.8 pence per share	12.2	-
Final dividend for the year ended 30 June 2018 of 17.9 pence per share	-	11.0
Interim dividend		
Interim dividend of 9.4 pence per share	6.1	-
Interim dividend for the year ended 30 June 2019 of 8.9 pence per share	-	5.8
	18.3	16.8

The Directors have proposed a final dividend of 19.7 pence per share for 2020. This is subject to shareholders' approval at the Annual General Meeting and we have therefore not included it as a liability in these financial statements.

14. GOODWILL

Accounting policies

When we acquire a subsidiary, associate or joint venture, the goodwill arising is the excess of the acquisition cost, excluding transaction costs, over our interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Identifiable assets include intangible assets which could be sold separately, or which arise from legal rights, regardless of whether those rights are separable.

We state goodwill at cost less any accumulated impairment losses. We allocate goodwill to cash-generating units ('CGUs'), which are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. We do not amortise goodwill but we do test it annually for impairment.

IAS 21 'The Effects of Changes in Foreign Exchange Rates' requires us to treat the following as assets and liabilities of the acquired entity, rather than of the acquiring entity:

- > goodwill arising on acquisition of a foreign operation; and
- > any fair value adjustments we make on acquisition to the carrying amounts of the acquiree's assets and liabilities.

We therefore express them in the foreign operation's functional currency and retranslate them at the balance sheet date.

**14. GOODWILL CONTINUED****Impairment**

We review the carrying amounts of our tangible and intangible assets at each balance sheet date, to determine whether there is any indication of impairment. If any indication exists, we estimate the asset's recoverable amount.

For goodwill, and tangible and intangible assets that are not yet available for use, we estimate the recoverable amount at each balance sheet date. The recoverable amount is the greater of their net selling price and value in use. In assessing value in use, we discount the estimated future cash flows to their present value, using a pre-tax discount rate, which is derived from the Group's weighted average cost of capital ('WACC'). For some countries we add a premium to this rate, to reflect the risk attributable to that country. If the asset does not generate largely independent cash inflows, we determine the recoverable amount for the CGU that the asset belongs to.

We recognise an impairment loss in the income statement whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

When we recognise an impairment loss in respect of a CGU, we first allocate it to reduce the carrying amount of any goodwill allocated to the CGU, and then apply any remaining loss to reduce the carrying amount of the unit's other assets on a pro rata basis.

The aggregate carrying amounts of goodwill allocated to each operating segment are as follows:

	Genus PIC £m	Genus ABS £m	Total £m
Cost			
Balance at 1 July 2018	70.8	31.2	102.0
Acquisitions	-	1.1	1.1
Effect of movements in exchange rates	2.2	1.0	3.2
Balance at 30 June 2019	73.0	33.3	106.3
Effect of movements in exchange rates	1.1	(1.8)	(0.7)
Balance at 30 June 2020	74.1	31.5	105.6
Amortisation and impairment losses			
Balance at 1 July 2018, 30 June 2019 and 30 June 2020	-	-	-
Carrying amounts			
At 30 June 2020	74.1	31.5	105.6
At 30 June 2019	73.0	33.3	106.3

To test impairment, we allocate goodwill to our CGUs which are in line with our operating segments. These are the lowest level within the Group at which we monitor goodwill for internal management purposes.

We test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. We determine the recoverable amount of our CGUs by using value in use calculations. The key assumptions for these calculations relate to discount rates, growth rates, expected changes to selling prices, cost saving derived from the IntelliGen technologies, and changes in product mix

We have estimated the pre-tax discount rate using the Group's WACC. We risk-adjusted the discount rate for risks specific to each market, adding between nil and 24% to the WACC as appropriate. The pre-tax discount rate of 11% (2019: 13%) we applied to our cash flow projections equates to a post-tax rate of 9.3% (2019: 8.7%). Our estimates of changes in selling prices and direct costs are based on past experience and our expectations of future changes in the market.

The annual impairment test is performed on 31 May. There have been no additional indicators of impairment identified after this date that would require the impairment test to be reperformed. It is based on cash flows derived from our most recent financial and strategic plans approved by management, over the next five years. A growth rate of 2.5% (2019: 2.5%) has been used to extrapolate cash flows beyond this period. Short-term profitability and growth rates are based on past experience, current trading conditions and our expectations of future changes in the market.

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

14. GOODWILL CONTINUED

The Genus PIC and Genus ABS CGUs are deemed to be significant. The individual country assumptions used to determine value in use for these CGUs are:

	Risk premium used to adjust discount rate		Short-term growth rates (CAGR)		Long-term growth rates	
	2020	2019	2020	2019	2020	2019
Genus PIC	nil-24%	nil-10%	nil-47%	6-29%	2.5%	2.5%
Genus ABS	nil-24%	nil-10%	(7%)-44%	9-19%	2.5%	2.5%

	Weighted average risk adjusted discount rate		Weighted average short-term growth rates (CAGR)	
	2020	2019	2020	2019
Genus PIC	9%	10%	13%	13%
Genus ABS	9%	10%	23%	14%

The rates towards the higher end of the range above represent those which are applied to our smaller entities and those in emerging markets and hence appear high relative to others.

Sensitivity to changes in assumptions

Management has performed the following sensitivity analysis:

- > changing of the key assumptions with other variables held constant;
- > simultaneously changing the key assumptions; and
- > incorporating the potential impact of the principal risks and uncertainties outlined on pages 44 to 46, in particular the impacts of biosecurity, market down turns, continuity of supply, increased competition and the impact of the global COVID-19 pandemic taking into account the likely degree of available mitigating actions.

Management has concluded that there are no reasonably possible changes in any one of the key assumptions that would cause the carrying amounts of goodwill to exceed the value in use of PIC and ABS.

15. INTANGIBLE ASSETS

Our Group Balance Sheet contains significant intangible assets, including acquired technology, customer relationships and our IntelliGen development project.

Accounting policies

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Intangible assets that we have acquired in a business combination since 1 April 2005 are identified and recognised separately from goodwill, where they meet the definition of an intangible asset and we can reliably measure their fair values. Their cost is their fair value at the acquisition date.

After their initial recognition, we report these intangible assets at cost less accumulated amortisation and accumulated impairment losses. This is the same basis as for intangible assets acquired separately.

The estimated useful lives for intangible assets are as follows:

- > Porcine and bovine genetics technology 20 years
- > Multiplier contracts 15 years
- > Customer relationships 10 to 17 years
- > IntelliGen 10 years
- > Patents and licences term of agreement (4 years)
- > Software 2 to 10 years

**15. INTANGIBLE ASSETS** CONTINUED**Intangible assets acquired separately**

We carry intangible assets acquired other than through a business combination at cost less accumulated amortisation and any impairment loss. We charge amortisation on a straight-line basis over their estimated useful lives and review the useful life and amortisation method at the end of each financial year, accounting for the effect of any changes in estimate on a prospective basis.

	Porcine and bovine genetics Technology £m	Brand, multiplier contracts and customer relationships £m	Separately identified intangible assets £m	Software £m	Assets under construction £m	IntelliGen £m	Patents, licences and other £m	Total £m
Cost								
Balance at 1 July 2018	51.7	80.5	132.2	12.0	3.4	22.2	3.9	173.7
Additions	-	-	-	1.4	8.8	1.0	0.5	11.7
Acquisitions	-	1.8	1.8	-	-	-	-	1.8
Transfers	-	-	-	1.2	(1.2)	-	-	-
Disposals	-	-	-	(0.1)	-	-	(0.1)	(0.2)
Effect of movements in exchange rates	1.3	2.8	4.1	0.2	-	0.8	0.1	5.2
Balance at 30 June 2019	53.0	85.1	138.1	14.7	11.0	24.0	4.4	192.2
Additions	-	-	-	0.1	8.9	1.8	-	10.8
Disposals	-	-	-	(0.6)	-	(1.0)	-	(1.6)
Transfers	-	-	-	13.6	(13.6)	-	-	-
Effect of movements in exchange rates	(1.0)	0.8	(0.2)	0.1	-	0.6	-	0.5
Balance at 30 June 2020	52.0	85.9	137.9	27.9	6.3	25.4	4.4	201.9
Amortisation and impairment losses								
Balance at 1 July 2018	27.7	53.7	81.4	9.3	-	2.5	1.8	95.0
Impairment	-	-	-	1.2	-	-	-	1.2
Disposals	-	-	-	(0.1)	-	-	-	(0.1)
Amortisation for the year	2.7	6.8	9.5	1.0	-	2.1	1.1	13.7
Effect of movements in exchange rates	0.4	1.3	1.7	0.2	-	0.4	-	2.3
Balance at 30 June 2019	30.8	61.8	92.6	11.6	-	5.0	2.9	112.1
Impairment	-	-	-	0.2	-	-	-	0.2
Disposals	-	-	-	-	-	(0.4)	-	(0.4)
Amortisation for the year	2.9	5.6	8.5	1.6	-	2.3	1.0	13.4
Effect of movements in exchange rates	(0.5)	0.8	0.3	0.1	-	-	-	0.4
Balance at 30 June 2020	33.2	68.2	101.4	13.5	-	6.9	3.9	125.7
Carrying amounts								
At 30 June 2020	18.8	17.7	36.5	14.4	6.3	18.5	0.5	76.2
At 30 June 2019	22.2	23.3	45.5	3.1	11.0	19.0	1.5	80.1
At 30 June 2018	24.0	26.8	50.8	2.7	3.4	19.7	2.1	78.7

Included within the Software class of assets is £11.5m and included in assets in the course of construction is £5.7m that relate to the ongoing development costs of GenusOne, our single global enterprise system.



NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

16. BIOLOGICAL ASSETS

The Group applies quantitative genetics and biotechnology to animal breeding. We use these techniques to identify and select animals with the genes responsible for superior milk and meat, high health and performance traits. We sell breeding animals and semen to customers, who use them to produce offspring which yield greater production efficiency and milk and meat quality, for the global dairy and meat supply chain. We recognise that accounting for biological assets is an area which includes key sources of estimation uncertainty. These are outlined in note 4 and sensitivities are provided below.

Accounting policies

Biological assets and inventories

In bovine, we use research and development to identify genetically superior bulls in a number of breeds, primarily the Holstein dairy breed. Each selected bull has its performance measured against its peers, by using genomic evaluations and progeny testing of its daughters' performance. We collect and freeze semen from the best bulls, to satisfy our customers' demand. Farmers use semen from dairy breeds to breed replacement milking stock. They use the semen we sell from beef breeds in either specialist beef breeding herds, for multiplying breeding bulls for use in natural service, or on dairy cows to produce animals to be reared for meat.

Our research and development also enables us to produce and select our own genetically superior females, from which we will breed future bulls.

We hold our bovine biological assets for long-term internal use and classify them as non-current assets. We transfer bull semen to inventory at its fair value at the point of harvest, which becomes its deemed cost under IAS 2. We state our inventories at the lower of this deemed cost and net realisable value.

Sorting semen is a production process rather than a biological process. As a result, we transfer semen inventory into sexed semen production at its fair value at the point of harvest, less the cost to sell, and it becomes a component of the production process. We carry sexed semen in finished goods at production cost.

In porcine, we maintain and develop a central breeding stock (the 'nucleus herd'), to provide genetically superior animals. These genetics help make farmers and food processors more profitable, by increasing their output of consistently high-quality products, which yield higher value. So we can capitalise on our intellectual property, we outsource the vast majority of our pig production to our global multiplier network. We also sell the offspring or semen we obtain from animals in the nucleus herd to customers for use in commercial farming.

Pig sales generally occur in one of two ways: 'upfront' and 'royalty'. Under upfront sales, we receive the full fair value of the animal at the point we transfer it to the customer. Under royalty sales, the pig is regarded as comprising two separately identifiable components: its carcass and its genetic potential. We receive the initial consideration, which is approximately the animal's carcass value, at the point we transfer the pig to the customer. We retain our interest in the pig's genetic potential and receive royalties for the customer's use of this genetic potential.

The breeding animal biological assets we own, and our retained interest in the biological assets we have sold under royalty contracts, are recognised and measured at fair value at each balance sheet date. We recognise changes in fair value in the income statement, within operating profit for the period.

We classify the porcine biological assets we are using as breeding animals as non-current assets and carry them at fair value. The porcine biological assets we are holding for resale, which are the offspring of the breeding herd, are carried at fair value and classified as current assets.

Determination of fair values – biological assets

IAS 41 'Agriculture' requires us to show the carrying value of biological assets in the Group Balance Sheet. We determine this carrying value according to IAS 41's provisions and show the net valuation movement in the income statement. There are important differences in how we value our bovine and porcine assets, as explained below.

Bovine – we base the fair value of all bulls, on the net cash flows we expect to receive from selling their semen, discounted at a current risk adjusted market-determined rate. The significant assumptions determining the fair values are the expected future demand for semen, the estimated biological value, and the marketable life of bulls. The biological value is the estimated value at the point of production. We adjust the fair value of the bovine herd and semen inventory where a third-party earns a royalty from semen sales from a particular bull. Females are valued by reference to market prices and published independent genetic evaluations. The net cashflows include any expected impact of the COVID-19 pandemic.

Porcine – the fair value of porcine biological assets includes the animals we own entirely and our retained interest in the genetics of animals we have sold under royalty arrangements. The fair value of animals we own is calculated using the animals' average live weights, plus a premium where we believe that their genetics make them saleable. We base the live weight value and the genetic premium on recent transaction prices we have achieved. The significant assumptions in determining fair values are the breeding animals' expected life, the percentage of production animals that are saleable as breeding animals and the expected sales prices. For our retained interest in the genetics of animals sold under royalty contracts, we base the initial fair value on the fair values we achieved in recent direct sales of similar animals, less the amount we received upfront for the carcass element. We then remeasure the fair value of our retained interest at each reporting date. The significant assumption in determining the fair value of the retained interest is the animals' expected life. The assumptions used include any expected impact of the COVID-19 pandemic.

We value the pigs in our pure line herds, which are the repository of our proprietary genetics, as a single unit of account. We do this using a discounted cash flow model, applied to the herds' future outputs at current prices. The significant assumptions we make are the number of future generations attributable to the current herds, the fair value prices we achieve on sales, the animals' expected useful lifespan and productivity, and the risk adjusted discount rate.

Non-recognition of porcine multiplier contracts where the Group does not retain a contractual interest

To manage commercial risk, a very large part of our porcine business model involves selling pigs to farmers ('multipliers') who produce piglets on farms we neither manage nor control. We have the option, but not the obligation, to buy the offspring at slaughter market value plus a premium. Because the offspring have superior genetics, we can then sell them to other farmers at a premium.

We do not recognise the right to purchase offspring on the Group Balance Sheet, as we enter into the contracts and continue to hold them for the purpose of receiving non-financial items (the offspring), in accordance with our expected purchase requirements. This means the option is outside the scope of IFRS 9. We do not recognise the offspring as biological assets under IAS 41, as we do not own or control them.

**16. BIOLOGICAL ASSETS** CONTINUED

Fair value of biological assets	Bovine £m	(restated) ¹ Porcine £m	(restated) ¹ Total £m
Balance at 30 June 2018 (as previously reported)	104.0	238.8	342.8
Prior period adjustment (see note 2)	–	(20.5)	(20.5)
Balance at 30 June 2018 (restated¹)	104.0	218.3	322.3
Non-current biological assets	104.0	181.3	285.3
Current biological assets	–	37.0	37.0
Balance at 30 June 2018 (restated¹)	104.0	218.3	322.3
Increases due to purchases	9.2	117.5	126.7
Decreases attributable to sales	–	(191.5)	(191.5)
Decrease due to harvest	(25.3)	(22.2)	(47.5)
Changes in fair value less estimated sale costs	7.2	97.2	104.4
Effect of movements in exchange rates	3.6	9.2	12.8
Balance at 30 June 2019 (restated¹)	98.7	228.5	327.2
Non-current biological assets	98.7	188.4	287.1
Current biological assets	–	40.1	40.1
Balance at 30 June 2019 (restated¹)	98.7	228.5	327.2
Increases due to purchases	17.5	118.7	136.2
Decreases attributable to sales	–	(217.3)	(217.3)
Decrease due to harvest	(24.5)	(22.7)	(47.2)
Changes in fair value less estimated sale costs	13.5	130.6	144.1
Effect of movements in exchange rates	2.0	4.9	6.9
Balance at 30 June 2020	107.2	242.7	349.9
Non-current biological assets	107.2	202.9	310.1
Current biological assets	–	39.8	39.8
Balance at 30 June 2020	107.2	242.7	349.9

1 See note 2 for details of prior period restatement.

Bovine biological assets include £5.5m (2019: £3.9m) representing the fair value of bulls owned by third parties but managed by the Group, net of expected future payments to such third parties, which are therefore treated as assets held under finance leases.

There were no movements in the carrying value of the bovine biological assets in respect of sales or other changes during the year.

A risk adjusted rate of 8.8% (2019: 8.8%) has been used to discount future net cash flows from the sale of bull semen.

Decreases due to harvest represent the semen extracted from the biological assets. Inventories of such semen are shown as biological asset harvest in note 20.

In porcine, included in increases due to purchases is the aggregate increase arising during the year on initial recognition of biological assets in respect of multiplier purchases, other than parent gilts, of £46.3m (2019: £36.3m).

Decreases attributable to sales during the year of £217.3m (2019: £191.5m) include £68.1m (2019: £71.4m) in respect of the reduction in fair value of the retained interest in the genetics of animals, other than parent gilts, transferred under royalty contracts.

Also included is £101.6m (2019: £85.4m) relating to the fair value of the retained interest in the genetics in respect of animals, other than parent gilts, sold to customers under royalty contracts in the year.

Total revenue in the year, including parent gilts, includes £205.8m (2019: £179.6m) in respect of these contracts, comprising £69.8m (2019: £57.6m) on initial transfer of animals and semen to customers and £136.0m (2019: £122.0m) in respect of royalties received.

A risk adjusted rate of 9.3% (2019: 11.0%) has been used to discount future net cash flows from the expected output of the pure line porcine herds. The number of future generations which have been taken into account is seven (2019: seven) and their estimated useful lifespan is 1.4 years (2019: 1.4 years).

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

16. BIOLOGICAL ASSETS CONTINUED

Year ended 30 June 2020

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement on biological assets ¹			
Changes in fair value of biological assets	13.5	130.6	144.1
Inventory transferred to cost of sales at fair value	(10.9)	(22.7)	(33.6)
Biological assets transferred to cost of sales at fair value	–	(95.1)	(95.1)
	2.6	12.8	15.4
Fair value movement in related financial derivative	–	0.4	0.4
	2.6	13.2	15.8

Year ended 30 June 2019

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement on biological assets ¹			
Changes in fair value of biological assets	7.2	97.2	104.4
Inventory transferred to cost of sales at fair value	(20.0)	(22.2)	(42.2)
Biological assets transferred to cost of sales at fair value	–	(77.2)	(77.2)
	(12.8)	(2.2)	(15.0)
Fair value movement in related financial derivative	–	0.3	0.3
	(12.8)	(1.9)	(14.7)

¹ This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation to adjusted operating profit.

Fair value measurement

All of the biological assets inputs fall under Level 3 of the hierarchy defined in IFRS 13. Significant increases/(decreases) in any of these inputs in isolation would result in a significantly lower or higher fair value measurement.

Unobservable inputs and key sources of estimation uncertainty

	2020	2019	Sensitivity
Bovine			
Risk adjusted discount rate ¹	8.8%	8.7%	1 percentage point increase in the discount rate would result in approximately a £3.2m (2019: £2.9m) reduction in value.
Value at point of production ¹	36.2%	37.5%	1 percentage point decrease in the rate would result in approximately a £4.8m (2019: £4.2m) reduction in value.
Percentage of new dairy bulls to be produced internally in future years ¹	FY21 68% FY22 78% FY23 81% FY24 and thereafter 83%	FY20 49% FY21 61% FY22 72% FY23 and thereafter 79%	If percentage remained at FY20 level of 36% (2019: 48%) there would be a decrease in value of approximately £12.4m (2019: £4.4m).
Age profile of Holstein bulls generating future sales ¹	FY21 – avg age 3.9 yrs FY22 – avg age 3.9 yrs FY23 – avg age 3.9 yrs FY24 and thereafter – avg age 3.8 yrs	FY20 – avg age 4.0 yrs FY21 – avg age 3.9 yrs FY22 – avg age 3.9 yrs FY23 and thereafter – avg age 3.8 yrs	If age profile remains at FY20 average age of 4.0 years (2019: 4.1 years), there would be an increase in value of approximately £2.4m (2019: £4.3m).
Age profile of US beef on dairy bulls generating future sales ¹	FY21 – avg age 5.0 yrs FY22 – avg age 4.8 yrs FY23 – avg age 4.8 yrs FY24 and thereafter – avg age 4.8 yrs	FY20 – avg age 5.1 yrs FY21 – avg age 5.6 yrs FY22 – avg age 5.2 yrs FY23 and thereafter – avg age 5.3 yrs	If age profile remains at FY20 average age of 5.2 years (2019: 4.2 years), there would be a decrease in value of approximately £1.4m (2019: £1.9m).
Long-term dairy volume growth rate	2.0%	1.4%	1 percentage point decrease in the growth rate would result in approximately a £0.2m (2019: £0.2m) reduction in value.
Short-term dairy volume growth rate	4.8%	4.4%	1 percentage point decrease in the growth rate would result in approximately a £1.7m (2019: £1.6m) reduction in value.
Porcine			
Risk adjusted discount rate – upfront prices	8.8%	8.8%	1 percentage point increase in the discount rate would result in approximately a £0.3m (2019: £0.3m) reduction in value.
Risk adjusted discount rate – pure line herd ¹	9.25%	11%	1 percentage point increase in the discount rate would result in approximately a £3.1m (2019: £3.1m) reduction in value. Any additional increase in the percentage would lead to a linear impact.
Proportion of animals that go to breeding sales ¹	Gilts – 6.8% Boars – 9.0%	Gilts – 4.5% Boars – 12.0%	1 percent point increase in the go to breeding sales would result in approximately £8.8m (2019: £8.1m) increase in value.

¹ Key sources of estimation uncertainty.

**16. BIOLOGICAL ASSETS** CONTINUED

Additional information	2020	2019
Bovine		
Quantities at period end		
Number of bulls in production	808	644
Number of bulls under development (including calves)	652	982
Total number of bulls	1,460	1,626
Number of doses of semen valued in inventory	12.4m	10.9m
Amounts during the year		
Fair value of agricultural produce – semen harvested during the period	£24.5m	£25.3m
Porcine		
Quantities at period end		
Number of pigs (own farms)	93,316	97,468
Number of pigs, excluding parent gilts, despatched on a royalty basis and valued at fair value	89,337	80,992
Amounts during the year		
Fair value of agricultural produce – semen harvested during the period	£22.7m	£22.2m

17. PROPERTY, PLANT AND EQUIPMENT

We make significant investments in our property, plant and equipment. All assets are depreciated over their useful economic lives.

Accounting policies

We state property, plant and equipment at cost, together with any directly attributable acquisition expenses, or at their latest valuation, less depreciation and any impairment losses. Where parts of an item of property, plant and equipment have different useful lives, we account for them separately.

We charge depreciation to the income statement on a straight-line basis, over the estimated useful lives of each part of an asset. The estimated useful lives are as follows:

- > Freehold buildings 10 to 40 years
- > Leasehold buildings over the term of the lease
- > Plant and equipment 3 to 20 years
- > Motor vehicles 3 to 5 years

We do not depreciate land or assets under construction.

Right-of-use assets

Right-of-use assets are measured initially at cost based on the value of the associated lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease. Subsequent to initial recognition, we record an interest charge in respect of the lease liability. The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

17. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Land and buildings £m	Plant, motor vehicles and equipment £m	Assets under construction £m	Total owned assets £m	Land and buildings £m	Plant, motor vehicles and equipment £m	Total right-of-use assets £m	Total £m
Cost or deemed cost								
Balance at 1 July 2018	56.5	78.1	4.0	138.6	-	-	-	138.6
Additions	1.0	10.1	10.0	21.1	-	-	-	21.1
Transfers	3.5	6.0	(9.5)	-	-	-	-	-
Disposals	(1.6)	(6.0)	(0.1)	(7.7)	-	-	-	(7.7)
Effect of movements in exchange rates	2.7	3.1	0.3	6.1	-	-	-	6.1
Balance at 30 June 2019	62.1	91.3	4.7	158.1	-	-	-	158.1
Recognised on the adoption of IFRS 16	-	-	-	-	19.7	6.9	26.6	26.6
Transfers on adoption of IFRS 16	-	(12.2)	-	(12.2)	-	12.2	12.2	-
Additions	0.4	9.4	14.8	24.6	1.9	7.2	9.1	33.7
Transfers	6.6	4.7	(11.3)	-	-	-	-	-
Disposals	(1.6)	(5.4)	-	(7.0)	-	(2.7)	(2.7)	(9.7)
Effect of movements in exchange rates	0.4	-	-	0.4	0.3	0.4	0.7	1.1
Balance at 30 June 2020	67.9	87.8	8.2	163.9	21.9	24.0	45.9	209.8
Depreciation and impairment losses								
Balance at 1 July 2018	18.1	43.6	-	61.7	-	-	-	61.7
Depreciation for the year	3.0	9.6	-	12.6	-	-	-	12.6
Disposals	(1.5)	(4.7)	-	(6.2)	-	-	-	(6.2)
Effect of movements in exchange rates	1.2	2.8	-	4.0	-	-	-	4.0
Balance at 30 June 2019	20.8	51.3	-	72.1	-	-	-	72.1
Transfers on the adoption of IFRS 16	-	(4.8)	-	(4.8)	-	4.8	4.8	-
Depreciation for the year	3.8	9.3	-	13.1	4.4	6.5	10.9	24.0
Disposals	(0.7)	(2.7)	-	(3.4)	-	(1.5)	(1.5)	(4.9)
Effect of movements in exchange rates	0.4	-	-	0.4	-	0.3	0.3	0.7
Balance at 30 June 2020	24.3	53.1	-	77.4	4.4	10.1	14.5	91.9
Carrying amounts								
At 30 June 2020	43.6	34.7	8.2	86.5	17.5	13.9	31.4	117.9
At 30 June 2019	41.3	40.0	4.7	86.0	-	-	-	86.0

18. EQUITY ACCOUNTED INVESTEEES

We hold interests in several joint ventures and associates where we have significant influence.

Accounting policies

Joint ventures are entities over whose activities we have joint control, under a contractual agreement. The Group Financial Statements include the Group's share of profit or loss arising from joint ventures.

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. The Group Financial Statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date it ceases. When our share of losses exceeds our interest in an associate, we reduce the carrying amount to nil and stop recognising further losses, except to the extent that the Group has incurred legal or constructive obligations or made payments on an associate's behalf.

Under the equity method, investments in joint ventures or associates are initially recognised in the Group Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures and associates. Related party transactions with the Group's joint ventures and associates primarily comprise the sale of products and services. As each arrangement is a separate legal entity and control rights are substantially equal with the other parties, no significant judgements are required.

The Group's share of profit after tax in its equity accounted investees for the year was £8.9m (2019: £5.1m).

**18. EQUITY ACCOUNTED INVESTEEES** CONTINUED

The carrying value of the investments is reconciled as follows:

	2020 £m	2019 £m
Balance at 1 July	23.6	19.9
Share of post-tax retained profits of joint ventures and associates	8.9	5.1
Additions	2.2	–
Disposal proceeds	(3.8)	–
Dividends received from Agroceres – PIC Genética de Suínos Ltda (Brazil)	(2.2)	(2.7)
Dividends received from HY-CO Hybridschweine-Cooperations GmbH (Germany)	(0.3)	–
Loan repayment	(1.2)	(0.7)
Effect of other movements including exchange rates	(4.5)	2.0
Balance at 30 June	22.7	23.6

During the year, we invested £2.2m in a new associate Inner Mongolia Haoxiang Pig Breeding Co. Ltd and disposed of its entire holding of Xianyang Yongxiang Agriculture Technology Co., Ltd receiving a return of loan capital and equity totalling £5.0m.

During the prior year, under the subscription agreement with Avlscenter Møllevang A/S ('Møllevang'), Genus purchased 49% of the Danish porcine genetics company and obtained economic control of its elite genetics. Under this agreement, the majority shareholders have a call option to purchase the entire shares held by Genus, after a three-year period, for a consideration which is capped at Genus's share of total retained profits during the period of ownership. Under the same agreement, Genus is also not liable for any losses made by Møllevang in the same three-year period and can sell its entire shareholding for USD 1. Møllevang is treated as an associate but as a result of this call option, Genus will receive no economic benefit from the net assets of the entity other than its expected share of retained interest, and therefore has restricted the net assets to £0.2m.

There are no significant restrictions on the ability of the joint ventures and associates to transfer funds to the parent, other than those imposed by the Companies Act 2006 or equivalent government rules within the joint venture's jurisdiction.

Related party transactions with joint ventures and associates

	Transaction value		Balance outstanding	
	2020 £m	2019 £m	2020 £m	2019 £m
Sale of goods and services to joint ventures and associates	(1.2)	–	–	–
Purchase of goods and services from joint ventures and associates	3.1	2.0	(1.6)	(2.6)

All outstanding balances with joint ventures and associates are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

Summary financial information for equity accounted investees, adjusted for the Group's percentage ownership, is shown below:

Joint ventures and associates – year ended 30 June 2020

Net assets	Ownership	Cash and cash equivalent £m	Current assets £m	Non-current assets £m	Biological assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets £m
Agroceres – PIC Genética de Suínos Ltda (Brazil)	49%	2.9	6.1	8.1	3.5	20.6	(2.4)	(2.4)	18.2
HY-CO Hybridschweine-Cooperations GmbH (Germany)	50%	–	0.2	–	–	0.2	(0.1)	(0.1)	0.1
Inner Mongolia Haoxiang Pig Breeding Co. Ltd. (China) ¹	49%	2.0	1.2	0.3	(0.1)	3.4	(0.3)	(0.3)	3.1
Chitale Genus ABS (India) Private Limited (India)	50%	–	0.4	1.1	–	1.5	–	(0.4)	1.1
Avlscenter Møllevang A/S ¹	49%	–	0.2	–	–	0.2	–	–	0.2
		4.9	8.1	9.5	3.4	25.9	(2.8)	(3.2)	22.7

1 Classified as an associate, all other investments are classified as joint ventures.

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

18. EQUITY ACCOUNTED INVESTEEES CONTINUED

Joint ventures and associates have a December year end, except Chitale Genus ABS (India) Private Limited, which has a March year end.

Income statement	Ownership	Revenue £m	Net IAS 41 valuation movement on biological assets £m	Expenses £m	Operating profit £m	Taxation £m	Profit after tax £m
Agroceres – PIC Genética de Suínos Ltda (Brazil)	49%	28.1	–	(18.9)	9.2	(2.3)	6.9
HY-CO Hybridschweine-Cooperations GmbH (Germany)	50%	0.9	–	(0.7)	0.2	–	0.2
Xianyang Yongxiang Agriculture Technology Co., Ltd. (China) ¹	49%	1.4	–	(0.7)	0.7	–	0.7
Inner Mongolia Haoxiang Pig Breeding Co. Ltd. (China) ¹	49%	2.6	(0.1)	(1.6)	0.9	–	0.9
Chitale Genus ABS (India) Private Limited (India)	50%	0.3	–	(0.3)	–	–	–
Avlscenter Møllevang A/S ¹	49%	0.2	–	–	0.2	–	0.2
		33.5	(0.1)	(22.2)	11.2	(2.3)	8.9

¹ Classified as an associate, all other investments are classified as joint ventures.

Joint ventures and associates have a December year end, except Chitale Genus ABS (India) Private Limited, which has a March year end.

Joint ventures and associates – year ended 30 June 2019

Net assets	Ownership	Cash and cash equivalent £m	Current assets £m	Non-current assets £m	Biological assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets £m
Agroceres – PIC Genética de Suínos Ltda (Brazil)	49%	2.2	6.9	8.1	3.6	20.8	(2.8)	(2.8)	18.0
HY-CO Hybridschweine-Cooperations GmbH (Germany)	50%	–	0.2	0.1	–	0.3	(0.1)	(0.1)	0.2
Xianyang Yongxiang Agriculture Technology Co., Ltd. (China) ¹	49%	0.2	1.9	3.7	(0.1)	5.7	(1.4)	(1.4)	4.3
Chitale Genus ABS (India) Private Limited (India)	50%	–	0.3	0.8	–	1.1	–	–	1.1
Avlscenter Møllevang A/S ¹	49%	–	–	–	–	–	–	–	–
		2.4	9.3	12.7	3.5	27.9	(4.3)	(4.3)	23.6

Income statement	Ownership	Revenue £m	Net IAS 41 valuation movement on biological assets £m	Expenses £m	Operating profit £m	Taxation £m	Profit after tax £m
Agroceres – PIC Genética de Suínos Ltda (Brazil)	49%	25.1	(1.2)	(18.1)	5.8	(1.5)	4.3
HY-CO Hybridschweine-Cooperations GmbH (Germany)	50%	1.3	–	(1.3)	–	–	–
Xianyang Yongxiang Agriculture Technology Co., Ltd. (China) ¹	49%	3.1	0.1	(2.5)	0.7	0.1	0.8
Chitale Genus ABS (India) Private Limited (India)	50%	0.3	–	(0.3)	–	–	–
Avlscenter Møllevang A/S ¹	49%	–	–	–	–	–	–
		29.8	(1.1)	(22.2)	6.5	(1.4)	5.1

¹ Classified as an associate, all other investments are classified as joint ventures.

Joint ventures and associates have a December year end, except Chitale Genus ABS (India) Private Limited, which has a March year end.



19. OTHER INVESTMENTS

We hold a number of unlisted and listed investments, mainly comprising our strategic investment in Caribou Biosciences, Inc. and shares in listed entity National Milk Records plc ('NMR').

Accounting policies

Financial assets at fair value through other comprehensive income ('FVOCI') comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise as FVOCI. The Group considers this classification relevant as these are strategic investments.

Financial assets at FVOCI are adjusted to the fair value of the asset at the balance sheet date with any gain or loss being recognised in other comprehensive income and held as part of other reserves. On disposal any gain or loss is recognised in other comprehensive income and the cumulative gains or losses are transferred from other reserves to retained earnings.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through income statement are expensed in the income statement.

Other investments may include equity investments (where the Group does not have control, joint control or significant influence in the investee), short-term deposits with banks and other investments with original maturities of more than three months. Any dividends received are recognised in the income statement.

Investments carried at fair value	2020 £m	2019 £m
Unlisted equity shares – Caribou Biosciences, Inc.	3.7	3.7
Unlisted equity shares – Other	1.4	1.1
Listed equity shares – NMR	1.8	2.6
	6.9	7.4

We hold a strategic non-controlling interest of 5% in Caribou Biosciences, Inc. which is measured at fair value and the valuation basis is Level 3 classification. The fair value has been calculated using the subject company transaction method with equity adjustment, and the key input into the valuation is the equity adjustment of 10%. The equity adjustment has been determined with reference to the performance of comparable public companies. A 1% movement in the equity adjustment would result in a change in the Group's investment of £0.3m.

NMR ordinary shares were acquired as part of the NMR pension agreement, and are measured at fair value. The valuation basis is Level 1 classification where fair value techniques are quoted (unadjusted) prices in active markets for identical assets and liabilities.

Other unlisted equity investments primarily consist of strategic non-controlling interest in a herd management software company, which is measured at fair value and the valuation basis is Level 3 classification, where fair value techniques use inputs which have a significant effect on the recorded fair value and are not based on observable market data.

20. INVENTORIES

Our inventory primarily consists of bovine semen, raw materials and ancillary products.

Accounting policies

Inventory (excluding biological assets' harvest) is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs and comprises direct materials and, where appropriate, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

For our biological assets accounting policies, see note 16.

	2020 £m	2019 £m
Biological assets' harvest classed as inventories	20.3	19.0
Raw materials and consumables	0.7	0.8
Goods held for resale	16.4	16.2
	37.4	36.0

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

21. TRADE AND OTHER RECEIVABLES

Our trade and other receivables mainly consist of amounts owed to us by customers and amounts we pay to our suppliers in advance.

Accounting policies

We state trade and other receivables at their amortised cost less any impairment losses.

	2020 £m	2019 £m
Trade receivables	83.7	85.4
Less expected credit loss allowance	(3.4)	(2.6)
Trade receivables net of impairment	80.3	82.8
Other debtors	6.3	5.1
Prepayments	6.6	5.3
Accrued income (note 24)	5.1	2.9
Other taxes and social security	2.5	1.9
Current trade and other receivables	100.8	98.0
Non-current other receivables	1.8	-
	102.6	98.0

Trade receivables

The average credit period our customers take on the sales of goods is 53 days (2019: 62 days). We do not charge interest on receivables for the first 30 days from the date of the invoice.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ('ECL'). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the general economic conditions of the industry and country in which the debtor operates and an assessment of both the current and as the forecast direction of conditions at the reporting date. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The Group recognises ECLs with reference to the following matrix, in accordance with the simplified approach permitted in IFRS 9. There has been no change in the estimation techniques during the current reporting period. A component of the calculation is the risk premium of the countries in which our customers operate. The risk premiums are updated on each reporting date to reflect changes in the global economy. The changes in the global economy incorporate the uncertainty caused by the COVID-19 pandemic.

	North America	Latin America	EMEA	Asia
2020	1.6%	6.3%	2.6%	12.2%
2019	1.5%	5.0%	2.3%	5.0%

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	2020 £m	2019 £m
Balance at the start of the year	2.6	4.4
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	2.5	1.7
Amounts written off as uncollectable	(0.3)	(2.2)
Impairment losses reversed	(1.3)	(1.4)
Effect of movements in exchange rates	(0.1)	0.1
Balance at the end of the year	3.4	2.6

The aging of trade receivables is presented below:

	Trade receivables		Trade receivables net of impairment	
	2020 £m	2019 £m	2020 £m	2019 £m
Days past due				
Not yet due	65.4	61.6	62.9	61.6
0-30 days	8.7	11.4	8.3	11.4
31-90 days	5.9	6.7	5.5	6.3
91-180 days	1.5	2.8	1.5	2.3
Over 180 days	2.2	2.9	2.1	1.2
	83.7	85.4	80.3	82.8

No customer represents more than 5% of the total balance of trade receivables (2019: nil).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Receivables denominated in currencies other than Sterling comprise £34.7m denominated in US Dollars (2019: £31.4m), £13.2m denominated in Euros (2019: £12.3m) and £32.1m denominated in other currencies (2019: £34.3m).

**22. CASH AND CASH EQUIVALENTS**

We hold cash and bank deposits which have a maturity of three months or less, to enable us to meet our short-term liquidity requirements.

Accounting policies

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand form an integral part of our cash management and are included in interest-bearing loans and borrowings less than one year.

	2020 £m	2019 £m
Cash at bank and in hand	41.3	30.5

The carrying amount of these assets approximates to their fair value. Included within bank balances above is £nil (2019: £nil) which was subject to certain local restrictions, principally in China.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed.

Counterparties with external credit ratings	2020 £m	2019 £m
A to AA-	31.0	24.0
BBB- to BBB	5.1	3.6
B- to BB+	5.2	2.9
	41.3	30.5

23. TRADE AND OTHER PAYABLES

Our trade and other payables mainly consist of amounts we owe to our suppliers that have been invoiced or are accrued. They also include taxes and social security amounts due in relation to our role as an employer.

Accounting policies

Trade payables are not interest bearing and are stated at their nominal value.

	2020 £m	2019 £m
Trade payables	18.5	24.5
Other payables	4.9	3.9
Accrued expenses	57.2	45.4
Deferred income (note 24)	8.2	6.9
Other taxes and social security	6.2	7.0
Current trade and other payables	95.0	87.7
Deferred income (note 24)	3.3	-
Non-current trade and other payables	3.3	-

The average credit period taken for trade purchases is 21 days (2019: 31 days).

Payables denominated in currencies other than Sterling comprise £39.1m denominated in US Dollars (2019: £32.8m), £11.1m denominated in Euros (2019: £11.3m) and £27.6m denominated in other currencies (2019: £22.4m).

The carrying values of these liabilities are a reasonable approximation of their fair values.

24. CONTRACT BALANCES**Accounting policy**

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time, for example the completion of future performance obligations under the terms of the contract with the customer. In some instances, the Group receives payments from customers based on a billing schedule, as established in the contract, which may not match with the pattern of performance under the contract.

Where payment is received ahead of performance a contract liability will be created and where performance obligations are satisfied ahead of billing then a contract asset will be recognised.

	2020 £m	2019 £m
Contract assets – accrued income (note 21)	5.1	2.9
Current contract liabilities	(8.2)	(6.9)
Non-current contract liabilities	(3.3)	-
Contract liabilities – deferred income (note 23)	(11.5)	(6.9)

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

24. CONTRACT BALANCES CONTINUED

	Contract assets £m	Contract liabilities £m
Balance at 1 July 2018	5.0	(6.3)
Increases as a result of performance in advance of billing	22.0	–
Transfers to receivables during the year	(24.1)	–
Increases as a result of billing ahead of performance	–	(33.3)
Decreases as a result of revenue recognised in the year	–	32.7
Effect of movements in exchange rates	–	–
Balance at 30 June 2019	2.9	(6.9)
Increases as a result of performance in advance of billing	27.3	–
Transfers to receivables during the year	(25.1)	–
Increases as a result of billing ahead of performance	–	(82.0)
Decreases as a result of revenue recognised in the year	–	77.1
Effect of movements in exchange rates	–	0.3
Balance at 30 June 2020	5.1	(11.5)

In some cases, the Group receives payments from customers based on a billing schedule, as established in our contracts. The contract assets relate to revenue recognised for performance in advance of scheduled billing and have increased as the Group has provided more services ahead of the agreed payment schedules for certain contracts. The contract liability relates to payments received in advance of performance under contract and varies based on performance under these contracts.

The transaction price allocated to partially unsatisfied performance obligations at 30 June 2020 is £6.8m (2019: £8.4m). It is expected that the Group will recognise this revenue over the next five years.

25. PROVISIONS

A provision is a liability recorded in the Group Balance Sheet, where there is uncertainty over the timing or amount that will be paid, and is therefore estimated. The main provisions we hold relate to litigation damages, legal provisions, customer claims and share forfeiture.

Accounting policies

We recognise a provision in the balance sheet when an event results in the Group having a current legal or constructive obligation, and it is probable that we will have to settle the obligation through an outflow of economic benefits. If the effect is material, we discount provisions to their present value.

	ST litigation £m	Contingent deferred consideration £m	Share forfeiture £m	Other provisions £m	Total £m
Balance at 1 July 2018	–	4.0	2.2	1.1	7.3
Additional provision in the year	–	0.9	–	1.7	2.6
Utilisation of provision	–	(0.4)	(0.2)	(0.3)	(0.9)
Release of provision	–	–	–	(0.2)	(0.2)
Balance at 30 June 2019	–	4.5	2.0	2.3	8.8
Additional provision in the year	10.2	–	0.3	2.5	13.0
Utilisation of provision	–	–	–	(1.6)	(1.6)
Release of provision	–	–	–	(0.2)	(0.2)
Reclassified to deferred consideration ¹	–	(4.5)	–	–	(4.5)
Effect of movement in exchange rates	0.3	–	–	–	0.3
Balance at 30 June 2020	10.5	–	2.3	3.0	15.8

¹ Contingent deferred consideration has been reclassified to be disclosed within deferred consideration, as the balances are recorded at fair value and not estimated.

	2020 £m	2019 £m
Current	4.0	3.1
Non-current	11.8	5.7
	15.8	8.8

ST litigation relates specifically to our litigation only with Sexing Technologies, as described in note 7.

The share forfeiture provision of £2.3m relates to potential claims that could be made by untraced members over the next two years, relating to the resale proceeds of shares that were identified during the prior year as being forfeited.

Other provisions mainly relate to legal provisions (excluding ST litigation) and customers' claims. The timing and cash flows associated with the majority of legal claims are expected to be less than one year. However, for some legal claims the timing of cash flows may be long term in nature and are disclosed as such.



26. FINANCIAL INSTRUMENTS

This note details our treasury management and financial risk management objectives and policies, as well as the Group's exposure and sensitivity to credit, liquidity, interest and foreign exchange rate risk, and the policies in place to monitor and manage these risks.

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, coordinates our access to domestic and international financial markets, and monitors and manages the financial risks relating to the Group's operations, through internal risk reports that analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

We seek to minimise the effects of these risks by hedging them using derivative financial instruments. Our use of financial derivatives is governed by policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Board of Directors regularly reviews our compliance with policies and exposure limits. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Key financial risks and exposures are monitored through a monthly report to the Board of Directors, together with an annual Board review of corporate treasury matters.

Financial risk

The principal financial risks our activities expose us to are the risks of changes in foreign currency exchange rates, interest rates and commodity prices. We use derivative financial instruments to manage our exposure to interest rate, foreign currency and commodity price risks, including:

- > forward foreign exchange contracts, to hedge the exchange rate risk arising on the sale of goods and purchase of supplies in foreign currencies;
- > interest rate swaps, to mitigate the risk of rising interest rates; and
- > forward commodity contracts, to hedge commodity price risk.

Accounting policies

Financial instruments

Financial assets and liabilities, in respect of financial instruments are recognised on the Group's balance sheet when the Group becomes a party to the instrument's contractual provisions.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that provides a residual interest in the Group's assets after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Put option arrangements over non-controlling interest

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognised at present value within financial liabilities, with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interest, adjacent to non-controlling interest in the net assets of consolidated subsidiaries.

Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost. If the option expires unexercised, the liability is derecognised, with a corresponding adjustment to equity.

Derivative financial instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The fair value of interest rate swaps is the estimated amount that we would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the creditworthiness of the swap counterparties.

The fair values of forward exchange contracts and forward commodity contracts are their quoted market price at the balance sheet date, which is the present value of the quoted forward price.



NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

26. FINANCIAL INSTRUMENTS CONTINUED

Hedging activities

The Group designates certain derivatives as hedging instruments in respect of foreign exchange risk, interest rate risk and commodity risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- > there is an economic relationship between the hedged item and the hedging instrument;
- > the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- > the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in Other Comprehensive Income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to the Income Statement when the hedged item affects the Income Statement. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to the income statement on a rational basis – the Group applies straight-line amortisation. Those reclassified amounts are recognised in the income statement in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to the Income Statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects the income statement, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to the Income Statement.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the Income Statement.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the financial year.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in Other Comprehensive Income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement, and is included in the 'other gains and losses' line item.

Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to the Income Statement on the disposal or partial disposal of the foreign operation.

We only apply net investment hedge accounting in the Group Financial Statements.

**26. FINANCIAL INSTRUMENTS CONTINUED****Capital risk management**

The Group manages its capital to ensure that Group entities can continue as going concerns, while maximising the return to shareholders by optimising our debt and equity balance. The Group's capital structure consists of debt, which includes the borrowings disclosed in note 27, cash and cash equivalents, and equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained earnings, as disclosed in note 31.

Gearing ratio

The Group keeps its capital structure under review and monitors it monthly to ensure the gearing ratio remains below 60%. The Group is not subject to externally imposed capital requirements. The gearing ratio at the year end was as follows:

	2020 £m	2019 £m
Debt (see note 27)	143.9	110.1
Cash and cash equivalents (see note 22)	(41.3)	(30.5)
Net debt (see note 32)	102.6	79.6
Equity ¹	507.8	487.1
Net debt to equity ratio	20%	16%

1 See note 2 for details of prior period restatement.

Debt is defined as long and short-term borrowings, including lease obligations as detailed in note 27.

Equity includes all capital and reserves of the Group attributable to equity holders of the Parent.

Categories of financial instruments

We have categorised financial instruments held at valuation into a three-level fair value hierarchy, based on the priority of the inputs to the valuation technique in accordance with IFRS 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, we base the category level on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. We have estimated the fair values of the Group's outstanding interest rate swaps by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13.

	2020 Carrying value				2019 Carrying value			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Other investments	1.8	–	5.1	6.9	2.6	–	4.8	7.4
Trade receivables and other debtors, excluding prepayments and accrued income (see note 21)	–	89.0	–	89.0	–	89.8	–	89.8
Cash and cash equivalents	–	41.3	–	41.3	–	30.5	–	30.5
Derivative instruments in non-designated hedge accounting relationships	–	1.2	–	1.2	–	0.9	–	0.9
Derivative instruments in designated hedge accounting relationships	–	–	–	–	–	0.6	–	0.6
	1.8	131.5	5.1	138.4	2.6	121.8	4.8	129.1
Financial liabilities								
Trade and other payables, excluding other taxes and social security (see note 23)	–	(92.2)	–	(92.2)	–	(80.7)	–	(80.7)
Loans and overdrafts (see note 27)	–	(112.8)	–	(112.8)	–	(104.0)	–	(104.0)
Leasing obligations (see note 28)	–	(31.1)	–	(31.1)	–	(6.1)	–	(6.1)
Derivative instruments in non-designated hedge accounting relationships	–	(0.3)	–	(0.3)	–	(0.6)	–	(0.6)
Derivative instruments in designated hedge accounting relationships	–	(0.2)	–	(0.2)	–	(0.6)	–	(0.6)
Put option over non-controlling interest	–	(6.1)	–	(6.1)	–	(5.5)	–	(5.5)
Deferred consideration (see note 38)	–	(5.1)	(3.6)	(8.7)	–	(6.2)	–	(6.2)
	–	(247.8)	(3.6)	(251.4)	–	(203.7)	–	(203.7)

There have been no transfers between levels during the year.

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

26. FINANCIAL INSTRUMENTS CONTINUED**Foreign currency risk management**

We undertake transactions denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date were as follows:

	Liabilities		Assets	
	2020 £m	2019 £m	2020 £m	2019 £m
US Dollar (including leases)	(76.2)	(83.3)	1.2	11.6
Euro	(5.5)	(11.5)	-	0.5
Chinese Yuan Renminbi	-	-	0.2	1.2

Foreign currency income statement sensitivity analysis

The Group is mainly exposed to movements in the US Dollar, Euro, Brazilian Real, Mexican Peso and Chinese Yuan Renminbi exchange rates.

The following table details the Group's sensitivity to a 10% and 20% increase and decrease in Sterling against these currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management and represents our assessment of a significant change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% or 20% change in foreign currency rates. It includes external loans, as well as loans to foreign operations within the Group where the loan is denominated in a currency other than the lender or borrower's currency. A positive number below indicates an increase in profit when Sterling weakens against the relevant currency. A strengthening of Sterling against the relevant currency would produce an equal but opposite reduction in profit, and the balances below would be negative.

	20% currency movement		10% currency movement	
	2020 £m	2019 £m	2020 £m	2019 £m
Euro	2.2	2.2	1.1	1.1
US Dollar	1.5	3.8	0.8	1.9
Brazilian Real	2.2	1.6	1.1	0.8
Mexican Peso	2.8	2.6	1.4	1.3
Chinese Yuan Renminbi	4.3	0.4	2.2	0.2
Russian Rouble	1.0	0.6	0.5	0.3

**26. FINANCIAL INSTRUMENTS CONTINUED****Forward foreign exchange contracts**

The Group's policy is to enter into forward foreign exchange contracts, to cover specific foreign currency payments and receipts. The following table details the forward foreign currency contracts outstanding as at the year end:

	Average exchange rate		Foreign currency	Contract value		Fair value	
	2020	2019		2020 £m	2019 £m	2020 £m	2019 £m
Outstanding contracts							
Buy DKK	8.34	–	DKK	4.3	–	0.1	–
Sell CAD	–	1.71	CAD	–	0.2	–	–
Sell CNY	8.95	8.8	CNY	2.0	1.3	–	–
Buy AUD	1.83	1.87	AUD	1.1	1.2	–	–
Buy RON	–	5.48	RON	–	0.3	–	–
Sell CLP	–	879.4	CLP	–	–	–	–
Sell BRL	6.36	–	BRL	0.1	–	–	–
Buy BRL	–	4.9	BRL	–	0.2	–	–
Sell PHP	62.85	65.35	PHP	–	–	–	–
Sell RUB	86.97	81.65	RUB	0.1	0.6	–	–
Buy EUR	0.98	1.13	EUR	5.7	3.9	–	–
Sell PLN	4.96	4.79	PLN	0.8	0.7	–	–
Buy MXN	28.21	24.86	MXN	0.1	0.4	0.1	–
Sell USD	1.23	1.27	USD	2.0	1.6	–	–
Buy EUR/Sell CHF	1.06	1.13	CHF	0.3	0.3	–	–
Buy EUR/Sell CAD	–	1.51	CAD	–	0.2	–	–
Buy EUR/Sell BRL	5.88	–	BRL	0.2	–	–	–
Buy USD/Sell COP	–	3,253	COP	–	0.6	–	–
Buy USD/Sell BRL	5.22	3.88	BRL	3.3	1.7	0.1	–
Buy USD/Sell CLP	798.13	–	CLP	0.3	–	–	–
Buy CLP/Sell USD	–	686.2	CLP	–	0.2	–	–
Buy ARS/Sell USD	–	45.83	ARS	–	0.3	–	–
Buy USD/Sell CNY	7.09	6.91	CNY	1.8	0.8	–	–
Buy PHP/Sell USD	49.96	52.67	PHP	3.9	3.4	–	0.1
Buy USD/Sell CAD	1.36	1.33	CAD	3.1	0.8	–	–
Buy MXN/Sell USD	–	19.25	MXN	–	0.2	–	–
Buy USD/Sell MXN	22.74	–	MXN	0.1	–	–	–
Buy USD/Sell EUR	1.12	1.14	EUR	0.3	0.9	–	–
Buy USD/Sell RUB	69.92	64.99	RUB	0.9	0.2	–	–
Buy USD/Sell INR	76.33	69.65	INR	4.0	2.4	–	–
Buy USD/Sell ZAR	17.25	14.90	ZAR	0.3	0.2	–	–
						0.3	0.1

Interest rate risk management

The Group is exposed to interest rate risk, as Group entities borrow funds at both fixed and floating interest rates. We manage this risk centrally, by maintaining an appropriate mix between fixed and floating rate borrowings, using interest rate swaps. We regularly review our hedging activities, to align with our interest rate views and defined risk appetite, thereby ensuring we apply optimal hedging strategies to minimise the adverse impact of fluctuations in interest expense through different interest rate cycles.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

We have determined the sensitivity analyses below, based on the Group's exposure to interest rates for both derivatives and non-derivative instruments, at the balance sheet date. For floating rate liabilities, we prepared the analysis assuming the liability outstanding at the balance sheet date was outstanding for the whole year. A 1.0 percentage point increase or decrease is used when reporting interest rate risk internally to key management and is our assessment of a significant change in interest rates.

If interest rates had been 1.0 percentage point higher or lower and all other variables were held constant, the Group's profit would have decreased or increased by £0.7m (2019: decrease/increase by £0.1m). This impact is smaller than would otherwise be the case, due to our fixed rate hedging.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts, calculated on agreed notional principal amounts. These contracts enable us to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate debt we hold. We determine the fair value of interest rate swaps at the reporting date by discounting the future cash flows, using the yield curves at the reporting date and the credit risk inherent in the contract. This fair value is disclosed on the following page. The average interest rate is based on the outstanding balances at the end of the financial year.

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

26. FINANCIAL INSTRUMENTS CONTINUED**Cash flow hedges**

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding, as at the reporting date:

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2020 %	2019 %	2020 £m	2019 £m	2020 £m	2019 £m
Outstanding receive floating pay fixed contracts						
USD interest rate swaps						
Less than one year	1.22	1.10	36.3	35.4	–	0.1
One to five years	–	1.22	–	35.5	–	0.4
			36.3	70.9	–	0.5
GBP interest rate swaps						
One to five years	1.61	1.07	25.0	25.0	(0.2)	(0.2)

The interest rate swaps settle on a quarterly basis. The corresponding floating rate on the interest rate swaps is three-month LIBOR. We settle the difference between the fixed and floating interest rate on a net basis.

Interest rate swap contracts that exchange floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges, to reduce our cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and we recognise the amount deferred in equity in the income statement, over the period that the floating rate interest payments on debt affect the income statement.

It is anticipated that LIBOR will cease to exist after December 2021 and the Group will transition to a similar but more robust alternative. All of the existing interest rate swaps expire before 31 December 2021 and as such there is no assumed impact from LIBOR reform in assessing whether these swaps continue to meet the documented hedging criteria.

Commodity hedges

The Group hedges both feed and slaughter exposures using Chicago Mercantile Exchange lean hog, corn and soybean meal commodity futures contracts.

	Average price		Notional principal amount		Fair value	
	2020 US\$	2019 US\$	2020 £m	2019 £m	2020 £m	2019 £m
Commodity hedge						
Open commodity contracts as at June 2019						
Lean hog	0.58	0.74	4.7	6.0	0.9	–
Corn	3.82	4.06	(2.0)	(4.0)	(0.1)	0.3
Soybean meal	300	314	(2.1)	(2.8)	–	0.1
			0.6	(0.8)	0.8	0.4

Net investment hedges

The Group policy is to hedge no more than 70% of its wholly owned subsidiaries. The Group has designated EUR 7.5m of Pig Improvement Company España, S.A. as a hedged item using EUR 7.5m of the revolving credit facility as a net investment hedge.

The table below shows a reconciliation of the gains or loss deferred in equity:

	2020 £m	2019 £m
Loss at the start of the year	(0.4)	(0.3)
Effective losses recognised in equity in period	(0.1)	(0.1)
Balance carried forward in equity as effective losses	(0.5)	(0.4)

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. We have a policy of only dealing with creditworthy counterparties. We regularly monitor our exposure and the credit ratings of our counterparties, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure on financial instruments is controlled by counterparty limits that the Board reviews and approves annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. We carry out ongoing credit evaluation of the financial condition of accounts receivable.

Liquidity risk management

The Board of Directors has ultimate responsibility for managing liquidity risk. We manage this risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**26. FINANCIAL INSTRUMENTS CONTINUED****Liquidity and interest risk tables**

For non-derivative financial liabilities, see notes 27, 28 and 38.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities, excluding trade payables and other creditors which are short term and as disclosed in note 23 have an average credit period of 21 days (2019: 31 days). We have drawn up the table based on the undiscounted cash flows of financial liabilities, using the earliest date on which we can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month £m	1-3 months £m	3 months-1 year £m	1-5 years £m	5+ years £m	Total £m
2020							
Loans and borrowings	0.92	9.8	0.2	0.2	106.5	-	116.7
Lease liabilities	3.00	-	2.8	8.4	19.7	3.9	34.8
Deferred consideration	-	-	4.6	2.9	1.2	-	8.7
Variable interest rate instruments	1.53	9.8	7.6	11.5	127.4	3.9	160.2
2019							
Loans and borrowings	2.75	0.2	3.1	5.0	113.9	-	122.2
Lease liabilities	4.01	-	0.6	1.6	3.9	-	6.1
Deferred consideration	-	-	1.2	0.8	4.2	-	6.2
Variable interest rate instruments	2.96	0.2	4.9	6.6	122.8	-	134.5

The following table details the Group's expected maturity for other non-derivative financial assets, excluding trade receivables and other debtors. We have drawn up this table based on the undiscounted contractual maturities of the assets, including interest we will earn on them, except where we expect the cash flow to occur in a different period.

	Weighted average effective interest rate %	Less than 1 month £m	1-3 months £m	3 months-1 year £m	1-5 years £m	5+ years £m	Total £m
2020							
Variable interest rate instruments	1.10	41.3	-	-	-	-	41.3
2019							
Variable interest rate instruments	1.04	30.5	-	-	-	-	30.5

The Group has financing facilities with a total unused amount of £125.4m (2019: £125.6m) at the balance sheet date. We expect to meet our other obligations from operating cash flows and the proceeds of maturing financial assets. We expect to reduce the debt to equity ratio, as borrowings decrease through repayment from operating cash flows.

The following table details the Group's liquidity analysis for its derivative financial instruments. We have drawn up the table based on the undiscounted net cash outflows on derivative instruments that settle on a net basis and the undiscounted gross outflows on derivatives that require gross settlement. When the amount payable or receivable is not fixed, we have determined the amount disclosed by reference to the projected interest and foreign currency rates, as illustrated by the yield curves at the reporting date.

	Less than 1 month £m	1-3 months £m	3 months to 1 year £m	1-5 years £m	5+ years £m	Total £m
2020						
Foreign exchange contracts	0.2	-	-	-	-	0.2
Commodity swaps	0.3	0.5	-	-	-	0.8
Interest rate swaps	-	0.1	0.1	-	-	0.2
2019						
Foreign exchange contracts	0.1	-	-	-	-	0.1
Commodity swaps	0.4	0.1	(0.1)	-	-	0.4
Interest rate swaps	(0.1)	(0.2)	(0.4)	-	-	(0.7)

Commodity swaps and interest rate swaps are always settled on a net basis. Foreign exchange contracts can be settled on a net or gross basis; the net cash flows presented in the table above reflect an inflow of £70.3m and outflow of £70.1m (2019: inflow of £44.0m and outflow of £43.9m).

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

27. LOANS AND BORROWINGS

The Group's borrowing for funding and liquidity purposes comes from a range of committed bank facilities.

Interest-bearing loans and borrowings

We initially recognise interest-bearing loans and borrowings at their fair value, less attributable transaction costs. After this initial recognition, we state them at amortised cost and recognise any difference between the cost and redemption value in the income statement over the borrowings' expected life, on an effective interest rate basis. The carrying values of these liabilities are a reasonable approximation of their fair values.

	2020 £m	2019 £m
Non-current liabilities		
Unsecured bank loans	103.6	101.9
Obligations under leases (see note 28)	21.1	3.9
	124.7	105.8
Current liabilities		
Unsecured bank loans and overdrafts	9.2	2.1
Obligations under leases (see note 28)	10.0	2.2
	19.2	4.3
Total interest-bearing liabilities	143.9	110.1

Terms and debt repayment schedule

Terms and conditions of outstanding loans and overdrafts were as follows:

	Currency	2020 Interest rate	2020 £m	2019 £m
Revolving credit facility and overdraft	GBP	1.1%	28.6	25.0
Revolving credit facility, term loan and overdraft	USD	1.4%	68.5	77.2
Revolving credit facility and overdraft	EUR	0.9%	6.8	–
Obligations under leases	USD	3.0%	31.1	6.1
Other unsecured bank borrowings	Other	0.7%	8.9	1.8
Total interest-bearing liabilities			143.9	110.1

The above revolving credit facilities are unsecured. Information about the Group's exposure to interest rate and foreign currency risks is shown in note 26.

Loans and borrowings (excluding leases) comprise amounts falling due:	2020 £m	2019 £m
In one year or less or on demand	9.5	2.5
In more than one year but not more than two years	103.6	–
In more than two years but not more than five years	–	102.2
	113.1	104.7
Less: unamortised issue costs	(0.3)	(0.7)
	112.8	104.0
Current liabilities	(9.2)	(2.1)
Non-current liabilities	103.6	101.9

At the balance sheet date, the Group's credit facilities comprised a £95m multi-currency revolving credit facility ('RCF') and a USD165m RCF. £47m of the Group's credit facilities expire in February 2021, with the remaining facilities expiring in February 2022.

A new credit facility agreement with a syndicate of eight banks was signed post year end on 24 August 2020. The new facility consists of a £150m multi-currency RCF, a USD125m RCF and a USD20m bond and guarantee facility. The term of the new facility is for three years with an option to extend the maturity date before the first and second anniversaries of the signing date for a further year. The facility also includes an uncommitted £100m accordion option which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans.

As part of its interest rate strategy, the Group has entered into interest rate swaps to hedge floating LIBOR rates. As a result, bank loan and overdrafts include borrowings of US\$45m (£36.3m) fixed at 1.22% and GBP £20m fixed at 1.08%, excluding applicable bank margin.

28. OBLIGATIONS UNDER LEASES

A lease is a commitment to make a payment in the future, primarily in relation to property, plant and machinery and motor vehicles.

Accounting policies

In accordance with IFRS 16, we recognise as an expense any payments made in respect of short-term leases (those with a term of less than 12 months) and leases for low-value items on a straight-line basis over the life of the lease.

For all other leases we recognise a liability at the date at which the leased asset is made available for use, and a corresponding right-of-use asset is recognised and depreciated over the term of the lease (see note 17).

**28. OBLIGATIONS UNDER LEASES** CONTINUED

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be measured, at an incremental borrowing rate.

We remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- > The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- > The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- > A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The change in the lease liabilities are as follows:

	2020 £m	2019 £m
Balance at the start of the year	6.1	3.5
Recognised on the adoption of IFRS 16	26.6	–
Leases entered into during the year	9.1	3.9
Payments made	(12.1)	(2.0)
Interest	1.0	0.5
Effect of movements in exchange rates	0.4	0.2
Balance at the end of the year	31.1	6.1

At 30 June 2020, the Group is committed to £0.1m for short-term leases.

The maturity of the obligations under leases are as follows

	2020 £m	2019 £m
FY20	–	2.2
FY21	10.0	1.9
FY22	7.8	1.4
FY23	5.2	0.6
FY24	3.2	–
FY25	1.6	–
FY26	1.2	–
FY27	1.2	–
After FY27	0.9	–
	31.1	6.1
Presented as		
Current	10.0	2.2
Non-current	21.1	3.9
	31.1	6.1

Lease obligations denominated in currencies other than Sterling comprise £18.0m denominated in US Dollars (2019: £6.1m), £3.3m denominated in Euros (2019: £nil) and £2.6m denominated in other currencies (2019: £nil).



NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

29. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined contribution and defined benefit pension schemes covering many of its employees. The principal funds are the Milk Pension Fund ("MPF") and the Dalgety Pension Fund ("DPF") in the UK, which are defined benefit schemes. The assets of these funds are held separately from the Group's assets, are administered by trustees and managed professionally.

Accounting policies

Defined contribution pension schemes

A number of our employees are members of defined contribution pension schemes. We charge contributions to the income statement as they become payable under the scheme rules. We show differences between the contributions payable and the amount we have paid as either accruals or prepayments in the balance sheet. The schemes' assets are held separately from the Group's assets.

Defined benefit pension schemes

The Group operates defined benefit pension schemes for some of its employees. These schemes are closed to new members and to further accrual. We calculate our net obligation separately for each scheme, by estimating the amount of future benefit that employees have earned, in return for their service to date. We discount that benefit to determine its present value and deduct the fair value of the plan's assets (at bid price). The liability discount rate we use is the market yield at the balance sheet date on high-quality corporate bonds, with terms to maturity approximating our pension liabilities. Qualified actuaries perform the calculations, using the projected unit method.

We recognise actuarial gains and losses in equity in the period in which they occur, through the Group Statement of Comprehensive Income. Actuarial gains and losses include the difference between the expected and actual return on scheme assets and experience gains and losses on scheme liabilities.

Genus and the other participating employers are jointly and severally liable for the MPF's obligations. We account for our section of the scheme and our share of any orphan assets and liabilities, and provide for any amounts we believe we will have to pay under our joint and several liability. The joint and several liability also means we have a contingent liability for the scheme's obligations that we have not accounted for.

Under the joint and several liability, we initially recognise any changes in our share of orphan assets and liabilities in the income statement. After this initial recognition, any actuarial gains and losses on the orphan assets and liabilities are recognised directly in equity through the Group Statement of Changes in Equity, in the period in which they occur.

During the year, the DPF defined benefit pension scheme purchased annuities in order to hedge longevity risk for pensioners within the scheme. As permitted by IAS 19, the Group has opted to recognise the difference between the fair value of the plan assets and the cost of the policy as an actuarial loss in other comprehensive income.

We measure the fair value our qualifying insurance policy assets to be the deemed present value of the related obligation.

Retirement benefit obligations

The financial positions of the defined benefit schemes, as recorded in accordance with IAS 19 and IFRIC 14, are aggregated for disclosure purposes. The liability split by principal scheme is set out below.

	2020 £m	2019 £m
The Milk Pension Fund – Genus's share	7.5	14.1
The Dalgety Pension Fund	–	–
National Pig Development Pension Fund	0.7	0.8
Post-retirement healthcare	0.6	0.6
Other unfunded schemes	9.3	8.7
Overall net pension liability	18.1	24.2

Overall, we expect to pay £8.0m (2020: £8.4m) in contributions to defined benefit plans in the 2021 financial year.

The defined benefit plans are administered by trustee boards that are legally separated from the Group. The trustee board of each pension fund consists of representatives who are employees, former employees or are independent from the Company. The boards of the pension funds are required by law to act in the best interest of the plan participants and are responsible for setting certain policies, such as investment and contribution policies, and for the governance of the fund.

The defined benefit pension schemes expose the Group to actuarial risks such as greater than expected longevity of members, lower than expected return on investments and higher than expected inflation, which may increase the plans' liabilities or reduce the value of their assets.

UK pensions are regulated by The Pensions Regulator, a non-departmental public body established under the Pensions Act 2004 and sponsored by the Department for Work and Pensions, operating within a legal regulatory framework set by the UK Parliament. The Pensions Regulator has statutory objectives set out in legislation, which include promoting and improving understanding of the good administration of work-based pensions, protecting member benefits and regulating occupational defined benefit and contribution schemes. The Pensions Regulator's statutory objectives and regulatory powers are described on its website at thepensionsregulator.gov.uk.

All defined benefit schemes are registered as an occupational pension plan with HM Revenue & Customs and are subject to UK legislation and oversight from The Pensions Regulator. UK legislation requires that pension schemes are funded prudently and valued at least every three years. Separate valuations are required for each scheme. Within 15 months of each valuation date, the plan trustees and the Group must agree any contributions required to ensure that the plan is fully funded over time, on a suitably prudent measure.

Funding plans are individually agreed with the respective trustees for each of the Group's defined benefit pension schemes, taking into account local regulatory requirements.



29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

In the prior year, the High Court issued a judgment in a claim involving Lloyds Banking Group's defined benefit pension schemes. This judgement concluded the schemes should be amended in order to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment have reduced the value of the assets in the Group's defined benefit pension schemes by £16.1m. This increase was reflected in the results as a past service cost in the prior year.

The Milk Pension Fund ('MPF')

The MPF was previously operated by the Milk Marketing Board and was also open to staff working for Milk Marque Ltd (the principal employer, now known as Community Foods Group Limited), National Milk Records plc, First Milk Ltd, hauliers associated to First Milk Ltd, Dairy Farmers of Britain Ltd (which went into receivership in June 2009) and Milk Link Ltd.

We have accounted for our section of the scheme and our share of any orphan assets and liabilities, which together represent approximately 86% of the MPF (2019: 86%). Although the MPF is managed on a sectionalised basis, it is a 'last man standing scheme', which means that all participating employers are jointly and severally liable for all of the fund's liabilities. With effect from 30 June 2013, Genus's remaining active members ceased accruing benefits in the fund and became deferred pensioners.

The most recent actuarial triennial valuation of the MPF was at 31 March 2018 and was carried out by qualified actuaries. The valuation has been agreed by the trustees.

The principal actuarial assumptions adopted in the 2018 valuation were that:

- > investment returns on existing assets would exceed fixed interest gilt yields by 1.6% per annum until 31 March 2030, then by 0.5% per annum thereafter;
- > Consumer Price Index ('CPI') price inflation is expected to be 0.9% per annum lower than Retail Price Index ('RPI') price inflation; and
- > pensions in payment and pensions in deferment would increase in future in line with CPI price inflation, subject to various minimum and maximum increases.

At 31 March 2018, the market value of the fund's assets was £454m. This represented approximately 95% of the value of the uninsured liabilities, which were £480m at that date.

The deficit in the fund as a whole, by reference to the 31 March 2018 valuation, was £26m (of which Genus's notional share was £22m). This shortfall is being addressed by additional contributions from the participating employers. Under the trustee prepared schedule of contributions, Genus is required to make deficit repair contributions of £6.0m per annum commencing 1 April 2018, and rising thereafter by 3.4% per annum until 30 September 2021, in addition to funding the scheme's operating expenses.

The disclosures required under IAS 19 have been calculated by an independent actuary, based on accurate calculations carried out as at 31 March 2018 and updated to 30 June 2020.

Genus has assessed its additional pension liability under IFRIC 14 by reference to this schedule of contributions, resulting in an amount of £22.6m (2019: £26.7m) being recognised in the Group Statement of Comprehensive Income.

Dalgety Pension Fund ('DPF')

The most recent actuarial valuation of the DPF was at 31 March 2018 and was carried out by qualified actuaries.

The principal actuarial assumptions adopted in the 2018 valuation were that:

- > investment returns on existing assets would exceed fixed interest gilt yields by 1.6% per annum until 31 March 2018, then equal the gilt yield per annum thereafter;
- > CPI price inflation is expected to be 0.7% per annum lower than RPI price inflation; and
- > pensions in payment and pensions in deferment would increase in future in line with CPI price inflation, subject to various minimum and maximum increases.

The market value of the available assets at 31 March 2018 was £32.9m. The value of those assets represented approximately 109% of the value of the uninsured liabilities, which were £30.2m at 31 March 2018. Under the funding agreement, the Company will not have to make deficit repair contributions.

The disclosures required under IAS 19 have been calculated by an independent actuary, based on accurate calculations carried out as at 31 March 2018 and updated to 30 June 2020.

As at 30 June 2020 the DPF, which includes a £22.5m separate reserve held against future unknown liabilities materialising, was in an overall net pension asset position of £8.7m. However, the Company does not have the unilateral right to this surplus and therefore in line with IFRIC 14 the recognition of this asset is restricted.

In August 2019, the Trustees purchased an additional bulk buy-in annuity policy with Legal and General in respect of the remaining deferred and pensioner members, at a cost of £38m. This reflected a £15m premium over an estimated IAS 19 liability of £23m, reducing the restriction on the recognition of assets.

The primary bulk annuity policy was secured with an insurance company in July 1999, which matched the benefit entitlement of almost all of the fund's current and deferred pension liabilities at that time. The value of the policy and related liabilities at 30 June 2020 was £691m (2019: £727m). We do not have any legal rights to any surplus relating to these bulk annuity policies.



NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

National Pig Development Company Pension Fund ('NPD')

The Group operates a closed defined benefit scheme for a small number of former employees of the National Pig Development Company Limited. The total market value of scheme assets and liabilities at 30 June 2020, under the provisions of IAS 19, were £6.1m (2019: £5.7m) and £6.8m (2019: £6.5m), respectively.

The most recent actuarial triennial valuation of the MPF was at 30 June 2017 and was carried out by qualified actuaries. The valuation has been agreed by the trustees.

The principal actuarial assumptions adopted in the 2017 valuation were that:

- > investment returns on existing assets would exceed fixed interest gilt yields by 1.7% per annum;
- > CPI price inflation is expected to be 1.0% per annum lower than RPI price inflation; and
- > pensions in payment and pensions in deferment would increase in future in line with CPI price inflation, subject to various minimum and maximum increases.

The market value of the available assets at 30 June 2017 was £5.2m. The value of those assets represented approximately 78% of the value of the uninsured liabilities, which were £6.7m at 30 June 2017. Under the trustee prepared schedule of contributions, Genus is required to make deficit repair contributions of £250k per annum commencing 1 July 2017.

The disclosures required under IAS 19 have been calculated by an independent actuary, based on accurate calculations carried out as at 30 June 2017 and updated to 30 June 2020.

Other unfunded schemes

When the Group acquired Sygen International plc in 2005, it also acquired three unfunded defined benefit schemes and an unfunded retirement health benefit plan, which it now operates for the benefit of the previous Group's senior employees and executives.

Unfunded defined benefits schemes

The scheme liabilities for the three unfunded defined benefit schemes amounted to £8.4m (2019: £7.9m), based on IAS 19's methods and assumptions. This amount is included within pension liabilities in the Group Balance Sheet. It also operates several unfunded defined benefits which amounted to £0.9m (2019: £0.8m). Interest on pension scheme liabilities amounted to £0.2m (2019: £0.2m). The disclosures required under IAS 19 have been calculated by an independent actuary, using the principal assumptions used to calculate the scheme liabilities as for the defined benefit schemes.

Post-retirement healthcare

The scheme liabilities for the unfunded retirement health benefit plan amounted to £0.6m (2019: £0.6m), based on IAS 19's methods and assumptions. This amount is included within retirement benefit obligations in the Group Balance Sheet. Interest on plan liabilities amounted to £nil (2019: £nil).

The principal assumptions used to calculate the plan liabilities were that the discount rate would be 1.65% (2019: 2.35%) and that the long-term rate of medical expense inflation would be 6.8% (2019: 7.2%).

The 2019 comparative figures have been restated to include in the aggregated disclosures the assets and related liabilities of the bulk annuity policies. The deficit recognised in 2019 has not been impacted.

Aggregated position of defined benefit schemes

	2020 £m	(Restated) 2019 £m
Present value of funded obligations (includes Genus's 86% share of MPF (2019: 86%))	1,159.5	1,170.3
Present value of unfunded obligations	9.8	9.2
Total present value of obligations	1,169.3	1,179.5
Fair value of plan assets (includes Genus's 86% share of MPF (2019: 86%))	(1,182.5)	(1,201.1)
Restricted recognition of asset (DPF)	8.7	19.1
Recognition of additional liability (MPF)	22.6	26.7
Recognised liability for defined benefit obligations	18.1	24.2

Each of the defined benefit schemes manages risks through a variety of methods and strategies, including equity protection, to limit the downside risk of falls in equity markets, as well as inflation and interest rate hedging. By funding its defined benefits schemes, the Group is exposed to the risk that the cost of meeting its obligations is higher than anticipated. This could occur for several reasons, for example:

- > Investment returns on the schemes' assets may be lower than anticipated, especially if falls in asset values are not matched by similar falls in the value of the schemes' liabilities.
- > The level of price inflation may be higher than that assumed, resulting in higher payments from the schemes.
- > Scheme members may live longer than assumed, for example due to advances in healthcare. Members may also exercise (or not exercise) options in a way that leads to increases in the schemes' liabilities, for example through early retirement or commutation of pension for cash.
- > Legislative changes could also lead to an increase in the schemes' liabilities.

**29. RETIREMENT BENEFIT OBLIGATIONS** CONTINUED**Aggregated position of defined benefit schemes**

The fair value of the total plan assets at the end of the reporting period for each category is as follows:

	Level 1 £m	Level 2 £m	Level 3 £m	2020 £m	Level 1 £m	Level 2 £m	Level 3 £m	(restated) 2019 £m
Equities	-	50.6	-	50.6	-	60.7	-	60.7
Diversified growth funds	0.2	91.5	-	91.7	11.4	111.1	-	122.5
Liability driven investments	-	145.4	-	145.4	-	139.1	-	139.1
Gilts and corporate bonds	-	115.5	-	115.5	-	105.8	-	105.8
Cash	1.6	7.4	-	9.0	0.6	4.8	-	5.4
Property	3.3	-	33.6	36.9	2.3	-	38.5	40.8
Direct lending	-	2.8	14.8	17.6	-	-	-	-
Bulk annuity policy	-	-	714.6	714.6	-	-	726.8	726.8
Other	1.2	-	-	1.2	-	-	-	-
	6.3	413.2	763.0	1,182.5	14.3	421.5	765.3	1,201.1

Note:

Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2: valued using techniques based on information that can be obtained from observable market data.

Level 3: valued using techniques incorporating information other than observable market data.

For the property assets only given in the table above amounting to £33.6m. Due to the unprecedented market situation related to COVID-19, valuation of the property is requiring significant judgement and is subject to significant uncertainty at the Balance Sheet date. Consequently, a higher degree of caution should be attached to the valuation of those assets than would normally be the case.

Movement in the liability for defined benefit obligations

	2020 £m	(restated) 2019 £m
Liability for defined benefit obligations at the start of the year (including the bulk annuity policy (DPF))	1,179.5	1,094.7
Benefits paid by the plans	(58.1)	(65.0)
Current service costs and interest	27.1	30.8
Actuarial gains recognised on fund liabilities arising from changes in demographic assumptions	(23.0)	(21.4)
Actuarial losses recognised on fund liabilities arising from changes in financial assumptions	85.4	96.9
Actuarial (gains)/losses recognised on fund liabilities arising from experience (other)	(41.5)	33.3
Gains on curtailments and settlements	-	(6.0)
Past service cost	-	16.1
Exchange rate adjustment	(0.1)	0.1
Liability for defined benefit obligations at the end of year	1,169.3	1,179.5

Movement in plan assets

	2020 £m	(restated) 2019 £m
Fair value of plan assets at the start of the year (including the bulk annuity policy (DPF))	1,201.1	1,129.3
Administration expenses	(0.5)	(0.9)
Gains on curtailments and settlements	-	(4.9)
Contributions paid into the plans	8.4	7.6
Benefits paid by the plans	(58.1)	(65.0)
Interest income on plan assets	27.3	31.9
Actuarial gains recognised in equity	4.3	103.1
Fair value of plan assets at the end of the year	1,182.5	1,201.1

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Aggregated position of defined benefit schemes

Summary of movements in Group deficit during the year

	2020 £m	2019 £m
Deficit in schemes at the start of the year	(24.2)	(33.9)
Administration expenses	(0.5)	(0.9)
Exceptional cost of GMP equalisation	-	(16.1)
Exceptional gain on settlement	-	1.1
Contributions paid into the plans	8.4	7.6
Net pension finance cost	(0.4)	(0.9)
Actuarial losses recognised during the year	(16.6)	(5.4)
Movement in restriction of assets	10.4	(10.1)
Release of additional liability	4.7	34.5
Exchange rate adjustment	0.1	(0.1)
Deficit in schemes at the end of the year	(18.1)	(24.2)

Amounts recognised in the Group Income Statement

	2020 £m	(Restated) 2019 £m
Administrative expenses	0.5	0.9
Interest obligation	27.1	30.8
Interest income on plan assets	(27.3)	(31.6)
Interest on additional liability	0.6	1.7
Exceptional cost of GMP equalisation	-	16.1
Exceptional gains on settlement and past service	-	(1.1)
	0.9	16.8

The expense is recognised in the following line items in the Group Income Statement

	2020 £m	2019 £m
Administrative expenses	0.5	0.9
Exceptional cost of GMP equalisation	-	16.1
Exceptional gains on settlement and past service	-	(1.1)
Net finance charge	0.4	0.9
	0.9	16.8

Actuarial losses/(gains) recognised in the Group Statement of Comprehensive Income

	2020 £m	2019 £m
Cumulative loss at the start of the year	61.9	80.8
Actuarial losses recognised during the year	16.6	5.4
Movement in restriction of assets	(10.4)	10.1
Release of additional liability	(4.7)	(34.5)
Exchange rate adjustment	(0.1)	0.1
Cumulative loss at the end of the year	63.3	61.9

Actuarial assumptions and sensitivity analysis

Principal actuarial assumptions (expressed as weighted averages) are:

	2020	2019
Discount rate	1.65%	2.35%
Consumer Price Index	2.10%	2.15%
Retail Price Index	2.80%	3.15%

The mortality assumptions used are consistent with those recommended by the schemes' actuaries and reflect the latest available tables, adjusted for the experience of the scheme where appropriate. For 2020, the mortality tables used are 97% of the S2NA tables, with birth year and 2019 CMI projections with a smoothing parameter of $Sk = 7.0$, subject to a long-term rate of improvement of 1.25% for males and females and 2019, the mortality tables used are 97% of the S2NA tables, with birth year and 2017 CMI projections with a smoothing parameter of $Sk = 7.5$, subject to a long-term rate of improvement of 1.25% for males and females.

**29. RETIREMENT BENEFIT OBLIGATIONS** CONTINUED**Aggregated position of defined benefit schemes**

The following table shows the assumptions used for all schemes and illustrates the life expectancy of an average member retiring at age 65 at the balance sheet date and a member reaching age 65 in 20 years' time.

		2020 Years	2019 Years
Retiring at balance sheet date at age 65	Male	22.0	22.4
	Female	24.3	24.7
Retiring at age 65 in 20 years' time	Male	23.3	23.8
	Female	25.8	26.2

Duration of benefit obligations

	2020 Years	2019 Years
Weighted average duration of the defined benefit obligations	13.9	13.7
Weighted average duration of the defined benefit obligations, excluding defined benefit obligations backed by purchased annuities	17.1	17.4

Sensitivity analysis

Measurement of the Group's defined benefit obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase or decrease in the present value of the defined benefit obligation as at 30 June 2020. We have included additional sensitivity analysis, which excludes the value of our defined benefit obligations backed by purchased annuities, as the asset value is the deemed present value of obligations, with no movement to the overall scheme deficits. Given recent market volatility due to the impact of COVID-19, we have increased the sensitivity analysis from 0.25% to 0.50%.

	Discount rate		Rate of inflation		Life expectancy	
	Decrease by 0.5% £m	Increase by 0.5% £m	Decrease by 0.5% £m	Increase by 0.5% £m	Decrease by 1 year £m	Increase by 1 year £m
Increase/(decrease) in present value of defined obligation	93.2	(89.9)	(63.6)	71.8	(47.7)	47.7
Excluding purchased annuity obligations						
Increase/(decrease) in present value of defined obligation	36.2	(34.9)	(24.7)	27.9	(18.5)	18.5

The sensitivity analysis may not be representative of an actual change in the defined benefit obligation, as it is unlikely that changes in assumptions would occur in isolation from one another.

The sensitivities assume the funds' assets remain unchanged. However, in practice changes in interest rates and inflation will also affect the value of the funds' assets. The funds' investment strategy is to hold matching assets with values that move in line with the liabilities of the fund; to protect against changes in interest rates and inflation

This sensitivity analysis has been prepared using the same method adopted when adjusting results of the latest funding valuation to the Balance Sheet date. This is the same approach adopted in previous periods.

The history of experience adjustment is as follows:

	2020 £m	(restated) 2019 £m	(restated) 2018 £m	(restated) 2017 £m	(restated) 2016 £m
Present value of the defined benefit obligation	1,169.3	1,179.5	1,094.7	1,141.2	1,059.8
Fair value of plan assets	(1,182.5)	(1,201.1)	(1,129.3)	(1,126.4)	(1,037.0)
Restrict recognition of asset and recognition of additional liability	31.3	45.8	68.5	26.1	21.7
Deficit in the plans	18.1	24.2	33.9	40.9	44.5
Experience adjustments arising on plan liabilities (%)	1.8	4.8	2.7	2.7	1.8
Experience adjustments arising on plan assets (%)	1.6	2.5	1.0	2.8	0.5



NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

30. SHARE-BASED PAYMENTS

We have a number of share plans used to award shares to Directors and senior management as part of their remuneration. To record the cost of these, a charge is recognised over the vesting period in the Group Income Statement, based on the fair value of the award on the date of grant.

Accounting policies

We recognise the fair value of share awards and options granted as an employee expense, with a corresponding increase in equity. We measure the fair value at the grant date and spread it over the vesting period of each option. We use a binomial valuation model to measure the fair value of options and a Black-Scholes valuation model to measure the fair value of share awards. We adjust the amount we recognise as an expense, to reflect the estimated performance against non-market related conditions and the number of share awards and options that actually vest at the end of the vesting period.

The Group recognised a total share-based payment expense of £5.8m (2019: £3.0m), including National Insurance contributions of £1.0m (2019: £0.3m).

Share awards

There were 770,690 conditional share awards outstanding at 30 June 2020. These conditional shares were awarded to Executive Directors and senior management under the 2014 Performance Share Plan on 20 November 2014, 14 September 2015, 14 September 2016, 13 September 2017, 9 October 2018, 11 September 2019 and 7 April 2020. In accordance with the plan's terms, participants have received a conditional annual award of shares or nil cost option awards which will normally vest after three years, with the proportion of the award vesting depending on growth in the Group's adjusted earnings per share. Further details of the plan's performance conditions are given in the Directors' Remuneration Report.

During the year ended 30 June 2020:

- > 228,247 awards were granted on 11 September 2019, with an aggregate fair value of £6,380,000. The fair value of services received in return for share awards granted is based on the fair value of share awards granted, measured using a Black-Scholes valuation model. At the date of grant, the fair value of a share awarded was £27.91, based on an expected dividend yield of 1.16%.
- > 22,435 awards were granted on 7 April 2020, with an aggregate fair value of £686,000. The fair value of services received in return for share awards granted is based on the fair value of share awards granted, measured using a Black-Scholes valuation model. At the date of grant, the fair value of a share awarded was £30.58, based on an expected dividend yield of 0.9%.

	Number of awards 2020	Number of awards 2019
Outstanding at the start of year	933,772	980,421
Exercised during the year	(203,438)	(190,812)
Forfeited during the year	(210,326)	(181,651)
Granted during the year	250,682	325,814
Outstanding at 30 June	770,690	933,772
Exercisable at 30 June	14,694	36,359

Bonus and restricted stock share awards

In addition to the outstanding share awards above, there were 84,061 bonus and restricted stock share awards outstanding at 30 June 2020. The bonus shares were awarded to Executive Directors and senior management as part of the compulsory deferred bonus, and restricted stock share awards were granted to senior management in connection with recruitment. In accordance with the awards' terms, participants have received a conditional annual bonus award of shares or nil cost option awards, which will normally vest between one and three years, after award, providing the participant is employed by the Group at that time.

In the year ended 30 June 2020, 20,738 bonus share awards were granted on 11 September 2019, with an aggregate fair value of £587,000.

	Number of awards 2020	Number of awards 2019
Outstanding at the start of year	138,633	128,843
Exercised during the year	(33,269)	(50,909)
Forfeited during the year	(42,041)	(6,239)
Granted during the year	20,738	66,938
Outstanding at 30 June	84,061	138,633
Exercisable at 30 June	-	1,833

Share options

On 12 August 2004, the Group established a share option programme that entitles key management and other senior employees to purchase shares in the Company. Further grants on similar terms were offered to these employee groups as set out below. The terms and conditions of the grants are as set out below. All options are to be settled by physical delivery of shares and meet the criteria for being treated as equity settled.

Employees entitled	Grant date	Number of instruments	Vesting conditions	Option exercise price	Contractual life of options
2004 Company share plan	10 September 2010	7,760	Exercisable	729.83p	10 years
2004 Company share plan	9 September 2011	21,581	Exercisable	977.83p	10 years
2004 Company share plan	7 September 2012	17,655	Exercisable	1,334.00p	10 years
2004 Company share plan	26 September 2013	20,135	Exercisable	1,413.00p	10 years
Total share options		67,131			

**30. SHARE-BASED PAYMENTS** CONTINUED**Share options**

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2020	Number of options 2020	Weighted average exercise price 2019	Number of options 2019
Outstanding at the start of year	1,137p	120,688	1,121p	145,828
Share appreciation rights effected during the year	1,184p	(16,491)	1,128p	(10,248)
Exercised during the year	1,021p	(37,066)	987p	(14,892)
Outstanding at 30 June	1,173p	67,131	1,137p	120,688
Exercisable at 30 June	1,173p	67,131	1,137p	120,688

The options at 30 June 2020 had a weighted average remaining contractual life of 2.0 years (2019: 2.6 years). No share options were granted during the year (2019: nil). The weighted average share price at the date of exercise during the year was £31.34p (2019: £25.21p).

31. CAPITAL AND RESERVES

Called up share capital is the number of shares in issue at their par value. A number of shares were issued in the year, in relation the employee share schemes.

Accounting policies

Equity instruments issued by the Group are recorded at the amounts of the proceeds received, net of direct issuance costs.

Own shares

We include the transactions, assets and liabilities of the Group-sponsored Qualifying Employee Share Ownership Trust ('QUEST') in the Group Financial Statements. In particular, the trust's purchases of the Company's shares are deducted from shareholders' funds until they vest unconditionally with employees.

Share capital

	2020 Number	2019 Number	2020 £m	2019 £m
Issued and fully paid				
Ordinary shares of 10 pence	65,091,625	65,054,559	6.5	6.5

There is no authorised share capital limit.

The holders of ordinary shares are entitled to receive dividends, as declared from time to time.

The movement in share capital for the period was as follows:

	2020 Number	2019 Number	2020 £m	2019 £m
Issued under the Executive Share Option Plan	37,066	14,892	–	–
Issued to Employee Benefit Trust	–	400,000	–	–
Issued at share placement	–	3,097,200	–	0.3
	37,066	3,512,092	–	0.3

Shares issued under the Executive Share Option Plan were issued at option prices as follows:

	2020 Number	2020 Price	2019 Number	2019 Price
Executive Share Option Plan	–	776.00p	3,932	776.00p
	6,097	654.50p	2,106	654.50p
	9,213	729.83p	1,915	729.83p
	7,175	977.83p	1,463	977.83p
	6,209	1334.00p	3,685	1334.00p
	8,372	1413.00p	1,791	1413.00p
	37,066		14,892	

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

31. CAPITAL AND RESERVES CONTINUED**Reserve for own shares**

The Company's shares are held by a QUEST, which is an employee benefit trust established to facilitate the operation of our long-term incentive scheme for senior management. The reserve amount represents the deduction in arriving at shareholders' funds for the consideration the trust paid for the Company's shares, which had not vested unconditionally at the Balance Sheet date. The number and market value of the ordinary shares held by the Employee Benefit Trust and the QUEST were:

	2020 Number	2019 Number	2020 £m	2019 £m
Shares allocated but not vested	75,184	313,125	2.6	8.3
Unallocated shares	92,334	92,334	3.3	2.4
	167,518	405,459	5.9	10.7

The shares have a nominal value of £16,752 (2019: £40,546).

Translation reserve

The translation reserve comprises all foreign currency differences arising from translating the financial statements of our foreign operations.

The Group uses foreign currency denominated borrowings of £6.8m (2019: £6.7m) as a hedge against the translation exposure on the Group's net investment in overseas companies. Where the hedge is fully effective at hedging the variability in the net assets of such companies caused by changes in exchange rates, the changes in value of the borrowings are recognised in the Consolidated Statement of Comprehensive Income and accumulated in the hedging and translation reserves. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Consolidated Income Statement.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of taxation.

Hedging and translation reserves

	Hedging reserve £m	Translation reserve £m
Balance at 30 June 2018	2.0	20.5
Exchange differences on translation of overseas operations	–	19.8
Gain recognised on net investment hedges	–	(1.6)
Gain recognised on cash flow hedges – interest swaps	(2.2)	–
Income tax related to net gains/(losses) recognised in other comprehensive income	0.4	(2.9)
Balance at 30 June 2019	0.2	35.8
Exchange differences on translation of overseas operations	–	(4.8)
Gain recognised on net investment hedges	–	(0.1)
Gain recognised on cash flow hedges – interest swaps	(0.4)	–
Income tax related to net gains/(losses) recognised in other comprehensive income	–	(1.4)
Balance at 30 June 2020	(0.2)	29.5

**32. NOTES TO THE CASH FLOW STATEMENT**

	2020 £m	2019 £m
Profit for the year	40.9	6.7
Adjustment for:		
Net IAS 41 valuation movement on biological assets	(15.8)	14.7
Amortisation of acquired intangible assets	8.5	9.5
Share-based payment expense	5.8	3.0
Share of profit of joint ventures and associates	(8.9)	(5.1)
Finance costs (net)	5.0	3.9
Income tax expense	10.6	3.2
Exceptional items	19.2	21.8
Adjusted operating profit from continuing operations	65.3	57.7
Depreciation of property, plant and equipment	24.0	12.6
Loss on disposal of plant and equipment	3.7	–
Loss/(profit) on disposal of intangible assets	1.2	(0.1)
Amortisation and impairment of intangible assets	5.1	5.4
Adjusted earnings before interest, tax, depreciation and amortisation	99.3	75.6
Cash impact of exceptional items	(5.8)	(7.3)
Other movements in biological assets and harvested produce	(2.9)	(5.5)
(Decrease)/increase in provisions and release in deferred consideration	(2.2)	1.5
Additional pension contributions in excess of pension charge	(7.9)	(6.7)
Other	(0.9)	(4.1)
Operating cash flows before movement in working capital	79.6	53.5
Decrease/(increase) in inventories	0.1	(3.2)
Increase in receivables	(8.8)	(6.6)
Increase in payables	12.0	4.7
Cash generated by operations	82.9	48.4
Interest received	0.3	0.2
Interest and other finance costs paid	(3.4)	(3.2)
Interest on leased assets	(1.0)	(0.1)
Cash flow from derivative financial instruments	0.5	0.6
Income taxes paid	(13.5)	(12.5)
Net cash from operating activities	65.8	33.4

Analysis of net debt

Total changes in liabilities due to financing activities are as follows:

	At 1 July 2019 £m	Adoption of IFRS 16 leases £m	At 1 July 2019 £m	Net cash flows £m	Foreign exchange £m	Other non-cash movements £m	At 30 June 2020 £m
Cash and cash equivalents (see note 22)	30.5	–	30.5	12.0	(1.2)	–	41.3
Interest-bearing loans – current (see note 27)	(2.1)	–	(2.1)	(6.6)	(0.1)	(0.4)	(9.2)
Lease liabilities – current (see note 28)	(2.2)	(7.5)	(9.7)	11.1	(0.1)	(11.3)	(10.0)
	(4.3)	(7.5)	(11.8)	4.5	(0.2)	(11.7)	(19.2)
Interest-bearing loans – non-current (see note 27)	(101.9)	–	(101.9)	0.4	(2.1)	–	(103.6)
Lease liabilities – non-current (see note 28)	(3.9)	(19.1)	(23.0)	–	(0.3)	2.2	(21.1)
	(105.8)	(19.1)	(124.9)	0.4	(2.4)	2.2	(124.7)
Total debt financing	(110.1)	(26.6)	(136.7)	4.9	(2.6)	(9.5)	(143.9)
Net debt	(79.6)	(26.6)	(106.2)	16.9	(3.8)	(9.5)	(102.6)

Included within non-cash movements is £9.5m in relation to new leases and unwinding of debt issue costs.

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

33. OPERATING LEASES**Accounting policies**

For short-term leases (those with a term of less than 12 months) and low-value items we charge the rentals payable to the income statement on a straight-line basis over the lease term.

The Company has elected not to apply IFRS 16 to contracts where the right-of-use asset would be recognised as an intangible asset (e.g. software licences).

Total of future minimum lease payments under non-cancellable operating leases which expire:

	2020 £m	2019 £m
In less than one year	0.8	9.2
Between one and five years	0.8	18.2
In more than five years	–	5.3
	1.6	32.7

The reduction in future minimum lease payments relates to the adoption of IFRS 16 (see note 3).

34. CAPITAL AND OTHER COMMITMENTS

At 30 June 2020, outstanding contracted capital expenditure amounted to £13.2m and related to the purchase of property, plant and equipment (2019: £2.2m).

35. CONTINGENCIES AND BANK GUARANTEES

Contingent liabilities are potential future cash outflows, where the likelihood of payments is considered more than remote but is not considered probable or cannot be measured reliably. Assessing the amount of liabilities that are not probable is highly judgemental.

The retirement benefit obligations referred to in note 29 include obligations relating to the MPF defined benefit scheme. Genus, together with other participating employers, is joint and severally liable for the scheme's obligations. Genus has accounted for its section and its share of any orphan assets and liabilities, collectively representing approximately 86% (2019: 86%) of the MPF. As a result of the joint and several liability, Genus has a contingent liability for the scheme's obligations that it has not accounted for. The total deficit of the MPF from the most recent triennial valuation can be found in note 29.

The Group has widespread global operations and is consequently a defendant in many legal, tax and customs proceedings incidental to those operations. In addition, there are contingent liabilities arising in the normal course of business in respect of indemnities, warranties and guarantees. These contingent liabilities are not considered to be unusual in the context of the normal operating activities of the Group. Provisions have been recognised in accordance with the Group accounting policies where required. None of these claims are expected to result in a material gain or loss to the Group.

As described in note 7, the Group is involved in ongoing litigation proceedings and investigations with ST that are at various legal stages. The Group makes a provision for amounts to the extent where an outflow of economic benefit is probable and can be reliably estimated. However, there are specific claims identified in the litigation which the Group considers the outcome of the claim is not probable and will not result in the outflow of economic benefit.

The Group's future tax charge and effective tax rate could be affected by factors such as countries reforming their tax legislation to implement the OECD's BEPS recommendations and by European Commission initiatives including state aid investigations. Further information can be found in note 11.

At 30 June 2020, we had entered into bank guarantees totalling £5.9m (2019: £4.0m).

36. DIRECTORS AND KEY MANAGEMENT COMPENSATION

In accordance with IAS 24 'Related Party Disclosures', key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel comprise the Directors and the other members of the Executive Management Committee.

	2020 £m	2019 £m
Salaries and short-term employee benefits	7.2	5.4
Post-employment benefits	0.3	0.3
Share-based payment expense	2.0	1.3
	9.5	7.0

Directors

Further details of Directors' compensation are included in the Directors' Remuneration Report.

Other transactions with key management personnel

Other than remuneration, there were no transactions with key management personnel.

**37. GROUP ENTITIES**

In accordance with section 409 of the Companies Act 2006, a list of subsidiaries and joint ventures and associates as at 30 June 2020 is set out below. All subsidiary undertakings are subsidiary undertakings of their immediate parent undertaking(s), unless otherwise indicated.

NATURE OF BUSINESS*Bovine*

Name of undertaking	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies
ABS Argentina S.A.	A. Castellanos 1169, (3080) Esperanza, Sante Fe, Argentina	Argentina	Direct	ARS1 Ordinary	100%
ABS Chile Limitada	Avenida del Parque #4161 office #601, Huechuraba, Santiago, Chile	Chile	Direct	CLP1 Common Stock	100%
ABS Genetics South Africa (Pty) Ltd	Prestige Park Block B, Unit No 5B, Pastoral Street, Durbanville Industrial Park, Durbanville, 7550, South Africa	South Africa	Indirect	ZAR1 Ordinary	100%
ABS Global (Canada) Inc.	1525 Floradale Road, Elmira ON N3B 2Z1, Canada	Canada	Indirect	CAD1 Ordinary	100%
ABS Global, Inc.	1525 River Road, De Forest WI 53532, United States	United States	Indirect	USD0.01 Common	100%
ABS Italia S.r.l.	Via Bastida nr. 6, loc. Cavatigozzi, 26020, Cremona, Italy	Italy	Indirect	€1 Quota	100%
ABS México, S.A. de C.V.	Kansas No. 2028, Quintas Campestre, 31214, Chihuahua, Chih., Mexico	Mexico	Direct	MXN10 Class 1 MXN10 Class 2	100%
ABS Polska Sp. z o.o.	Szafirowa 22A, 82-300 Gronowo Górne, Poland	Poland	Indirect	PLN1,000 Ordinary	100%
ABS Progen Ireland Limited	Suite 6, Rineanna House, Shannon Free Zone, Co. Clare, Ireland	Ireland	Indirect	€1.25 Ordinary	100%
Bovec SASU	69 Chemin des Molières, 69210, Lentilly, France	France	Indirect	€10 Ordinary	100%
Chitale Genus ABS (India) Private Limited	Amar Neptune, Office No.406, off Baner Road, S. No.6/1/1, Village Baner, Tal. Haveli, Pune, Pune, Maharashtra, India	India	Indirect	INR100 Ordinary	50% ¹
De Novo Genetics LLC	1286 Oriole Drive, New Albin IA 52160, United States	United States	Indirect	No Par Value LLC Units	51%
Genus ABS Colombia SAS	Avenida Carrera 70, No. 105 – 51, Bogota, Colombia	Colombia	Indirect	COP10,000 Ordinary	100%
Genus Australia Pty Ltd	15 Scholar drive, Bundoora VIC 3063, Australia	Australia	Indirect	No Par Value Ordinary	100%
Genus (Beijing) International Trade Co., Ltd.	B1608, Lucky Tower, East5 3rd Ring Road, Chaoyang District, Beijing, 100027, China	China	Indirect	No Par Value Common Stock	100%
Genus Breeding India Private Limited	Amar Neptune, Office No.406, off Baner Road, S. No.6/1/1, Village Baner, Tal. Haveli, Pune, Pune, Maharashtra, India	India	Indirect	INR1 Ordinary	100%
Genus Breeding Limited (01192037) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Direct	£1 Ordinary	100%
'Genus Ukraine' LLC	Pidlisna str., 1, KYIV 03164, Ukraine	Ukraine	Indirect	No Par Value Common Stock	100%
Inimex Genetics Limited (01315335) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Indirect	£1 Ordinary	100%
In Vitro Brasil México, S.A. de C.V.	Plaza Comercial Punto Colorines, Boulevard Independencia #746, Interior 6, CP. 27140, Cidade Torreon – Estado, Coahuila, Mexico	Mexico	Indirect	MXN1 Ordinary	99%
LLC Genus ABS Rus	Zheleznodorozhnaya Street, House 51, Letter Zh, Premises 2, 300062, Tula, Russian Federation	Russia	Indirect	RUB1 Ordinary	100%
Pecplan ABS Imp. e Exp. Ltda.	Rod. BR 050 Km 196 + 150metros, Zona Rural, Delta, MG – 38108-000, Brazil	Brazil	Indirect	BRL1 Ordinary	100%
St Jacobs Animal Breeding Corp.	1525 River Road, De Forest WI 53532, United States	United States	Indirect	No Par Value Common	100%
Zitery S.A	Maximo Tajes 7189, Uruguay	Uruguay	Indirect	UYU0.54 Provisional Certified Registered UYU1.00 Registered	100%

**NOTES TO THE GROUP FINANCIAL STATEMENTS** CONTINUED

For the year ended 30 June 2020

37. GROUP ENTITIES CONTINUED

Nature of business

Porcine

Name of undertaking	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies
Agroceres PIC Genética de Suínos Ltda	Rua 1 JN, n° 1411, Sala 16 – Jardim Novo, Rio Claro/SP – CEP, 13.502-741, Brazil	Brazil	Indirect	BRL1 Ordinary	49% ¹
Agroceres PIC Suínos Ltda	Rua 1 JN, n° 1411, Sala 17 – Jardim Novo, Rio Claro/SP – CEP, 13.502-741, Brazil	Brazil	Indirect	BRL1 Ordinary	49% ¹
Avlscenter Mollevang A/S	Mollevvej 3, 6670 Holsted, Denmark	Denmark	Indirect	DKK 1 Ordinary	49% ¹
Genus Biotechnology (Shanghai) co. LTD	Office 1106, Ramada Plaza, 509 Caobao Road, Xuhui District, Shanghai, 200233, China	China	Indirect	No Par Value Common Stock	100%
HY-CO Hybridschweine-Cooperations GmbH	Tegelberg 19 – 21, 24576 Bad Bramstedt, Germany	Germany	Indirect	No Par Value Common Stock	50% ¹
Inner Mongolia Haoxiang Pig Breeding Co. Ltd	Jintang Village, Jinding Town, Zhidan County, Yan An Municipality, Shaanxi Province, China	China	Indirect	CNY1 Ordinary	49% ¹
PIC (Zhangjiagang) Pig Improvement Co., Ltd.	Office 1210, International Finance Tower, 20 Jingang Road, Zhangjiagang Bonded Zone, Zhangjiagang City, Jiangsu Province, China	China	Indirect	USD1 Ordinary	100%
PIC Andina SpA	Avenida del Parque #4161 office #601, Huechuraba, Santiago, Chile	Chile	Indirect	USD65.449 Ordinary	100%
PIC Canada Ltd.	Borden Ladner Gervais LLP, 1900-520, 3rd Avenue, S.W., Calgary, Alberta T2P OR3, Canada	Canada	Indirect	CAD1 Ordinary	100%
PIC France SA	69 Chemin des Molières, 69210, Lentilly, France	France	Indirect	€17 Ordinary	100%
PIC Genetics Designated Activity Company	Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland	Ireland	Indirect	€1.27 Ordinary €1.27 Redeemable preference shares	100%
PIC Genetics LLC	79 Narodnyy Boulevard, 308000, Belgorod, Russian Federation	Russia	Indirect	RUB1 Ordinary	100%
PIG Datendienst GmbH	Ratsteich 31, 24837 Schleswig, Germany	Germany	Indirect	No Par Value Common Stock	50% ¹
Pig Improvement Company de México, S. de R.L. de C.V.	Wenceslao de la Barquera No.7, Col. Villas del Sur, 76040 Queretaro, Queretaro, Mexico	Mexico	Indirect	No Par Value Common Stock	100%
PIG Improvement Company Deutschland GmbH	JathostraÙe 11a, D-30163 Hannover, Germany	Germany	Indirect	No Par Value Common Stock	100%
Pig Improvement Company España, S.A.	C/Pau Vila, 22.2ª puerta 6, 08174 Sant Cugat del Valles, Barcelona, Spain	Spain	Indirect	€25 Ordinary	100%
Pig Improvement Company UK Limited (00716304) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£0.10 Ordinary	100%
PIC Italia S.r.l.	Strada dei Loggi 22, 06135, Ponte San Giovanni, Perugia, Italy	Italy	Indirect	€1 Ordinary	85%
PIC Philippines, Inc.	Unit 2101/2102, 21st Floor Jollibee Plaza, F. Ortigas, Jr. Rd., Ortigas Center, Pasig City, 1605, Philippines	Philippines	Indirect	PHP100 Ordinary	100%
PIC USA, Inc.	100 BlueGrass Commons Blvd, Suite 2200, Hendersonville, TN 37075 United States	United States	Indirect	USD1 Ordinary	100%
RenOVate Biosciences, Inc.	3500 South Dupont Highway, Dover, Delaware 19901, United States	United States	Direct	USD0.001 Series Seed Preferred	20% ¹
Reprodutores PIC, Lda	Av. Eng. Duarte Pacheco, Amoreiras, Torre 2 – 14ª, 1070-102 Lisboa, Portugal	Portugal	Indirect	No Par Value Common Stock	100%
Shaanxi PIC Pig Improvement Co., Ltd.	12105, 21st floor, Yun tian Building, 12 Feng Cheng Second Street, Xian Economic Development District, Xian City, Shaanxi Province, China	China	Indirect	No Par Value Common Stock	100%
Xianyang Yongxiang Agriculture Technology Co., Ltd.	Qiaojiaguan Village, Jianjun Town Yongshou County, Xianyang Shaanxi Province, China	China	Indirect	No Par Value Common Stock	49% ¹

**37. GROUP ENTITIES** CONTINUED

Nature of business

Other

Name of undertaking	Registered Address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies
Accounting & Managerial Services S. de R.L. de C.V.	Kansas No. 2028, Quintas Campestre, 31214, Chihuahua, Chih., Mexico	Mexico	Indirect	MXN1 Class 1	96%
ABS International, Inc.	1525 River Road, De Forest WI 53532, United States	United States	Indirect	USD1 Ordinary	100%
ABS Pecplan Ltda.	Rod. BR 050 Km 196 + 150metros, Zona Rural, Delta, MG – 38108-000, Brazil	Brazil	Direct	BRL1 Ordinary	100%
Agence Spillers N.V.	Place Saint-Lambert 14, 1200 Woluwe-Saint-Lambert, Belgium	Belgium	Indirect	No Par Value Common Stock	100%
Brazilian Holdings Limited (00479048) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Brazilian Properties Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
Busby Participações Ltda.	Av. Leopoldino de Oliveira, 4.113, Sala 303, Centro, CEP: 38010-000, UBERABA-MG	Brazil	Indirect	BRL1 Ordinary	100%
Cannavaro Participações Ltda.	Av. Leopoldino de Oliveira, 4.113, Sala 303, Centro, CEP: 38010-000, UBERABA-MG	Brazil	Indirect	BRL1 Ordinary	100%
Dalco Exportadora Ltda.	Av. Leopoldino de Oliveira, 4113 – Sala 303, Uberaba, Minas Gerais, CEP 38010-000, Brazil	Brazil	Indirect	BRL1 Ordinary	100%
Dalgety Pension Trust Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Elmira ABC Ltd.	1525 Floradale Road, Elmira ON N3B 2Z1, Canada	Canada	Indirect	NPV Class "A" special shares NPV Class "B" special shares NPV Common shares	100%
Fyfield (SM) Limited (01026475) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Fyfield Dormant	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Fyfield Holland B.V.	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	Netherlands	Indirect	NLG100 Ordinary	100%
Fyfield Ireland Limited	One Spencer Dock, North Wall Quay, Dublin 1, Ireland	Ireland	Indirect	€1.25 'A' Ordinary €1.25 'B' Ordinary	100%
Genus Investments Limited (02028517) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
Genus Quest Trustees Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
Genus Trustees Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
GIL Finance S.à.r.l.	121 Avenue de la Faiencerie, L – 1511, Luxembourg	Luxembourg	Indirect	USD1 Ordinary	100%
PIC (UK) Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
PIC Do Brasil Empreendimentos e Participações Ltda.	Rua 1 JN, no. 1411, Sala 13, Jardim Novo, Rio Claro, Estado De Sao Paulo, CEP 13.502.741, Brazil	Brazil	Indirect	BRL0.01 Ordinary	100%
PIC Fyfield Limited (00019739) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
PIC Servicios Agropecuarios, S.A. de C.V.	Wenceslao de la Barquera No.7, Col. Villas del Sur, 76040 Queretaro, Queretaro, Mexico	Mexico	Indirect	MXN1,000 Ordinary	100%
Pig Improvement Company Overseas Limited (00716304) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Pigtales Limited (01809650) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%

**NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

37. GROUP ENTITIES CONTINUED**NATURE OF BUSINESS***Other*

Name of undertaking	Registered Address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies
Premium Genetics (UK) Limited (08461779) ²	Alpha Building, London Road, Nantwich, Stapeley, Cheshire, CW5 7JW, United Kingdom	UK	Indirect	£0.10 Ordinary	100%
Premium Genetics Limited	Suite 6, Rineanna House, Shannon Free Zone, Co. Clare, Ireland	Ireland	Indirect	€1.27 Ordinary	100%
Promar International Limited (03004562) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
Skogluno Participações Ltda.	Av. Leopoldino de Oliveira, 4.113, Sala 303, Centro, CEP: 38010-000, UBERABA-MG	Brazil	Indirect	BRL1 Ordinary	100%
Spillers Limited (00024021) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£0.25 Ordinary £1 Preference	100%
Spillers Overseas Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£0.25 Ordinary	100%
Sygen, Inc.	100 BlueGrass Commons Blvd, Suite 2200, Hendersonville, TN 37075 United States	United States	Indirect	USD1 Common	100%
Sygen International Limited (03215874) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Direct	£0.10 Ordinary	100%
Sygen Investimentos Ltda.	Av. Leopoldino de Oliveira, 4113 – Sala 303, Uberaba, Minas Gerais, CEP 38010-000, Brazil	Brazil	Indirect	BRL0.63 Ordinary	100%
Usicafé SA	c/o Cabinet Mayor, avocats, Rue Jean-Gabriel Eynard 6, 1205 Genève	Switzerland	Indirect	CHF1,000 Ordinary	100%

1 Associated undertakings including joint venture interests.

2 UK subsidiaries taking advantage of the audit exemption within section 479A of the Companies Act 2006.

38. DEFERRED CONSIDERATION**Accounting policies**

We recognise deferred consideration on the balance sheet when a business combination contains a contractual clause that defers a portion of the purchase price. When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Subsequent contingent consideration fair value remeasurements that do not qualify as measurement period adjustments are recognised in the income statement.

Contingent deferred consideration is measured at fair value and the valuation basis is Level 3 classification, where fair value techniques use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Contingent deferred consideration £m	Deferred consideration £m	Total £m
Balance at 1 July 2018	–	19.3	19.3
Additional provision in the year	–	6.2	6.2
Payment of consideration	–	(19.3)	(19.3)
Balance at 30 June 2019	–	6.2	6.2
Reclassified from provisions (see note 25)	4.5	–	4.5
Payment of consideration	(0.6)	(1.1)	(1.7)
Release of unutilised contingent consideration	(0.4)	–	(0.4)
Effect of movement in exchange rates	0.1	–	0.1
Balance at 30 June 2020	3.6	5.1	8.7
Current	2.8	4.7	7.5
Non-current	0.8	0.4	1.2
Balance at 30 June 2020	3.6	5.1	8.7
Current	–	2.0	2.0
Non-current	–	4.2	4.2
Balance at 30 June 2019	–	6.2	6.2

**38. DEFERRED CONSIDERATION** CONTINUED

The balance at 30 June 2020 relates to the following transactions:

	Fiscal year of transaction	Contingent deferred consideration £m	Deferred consideration £m	Total £m
De Novo Genetics LLC	2017	–	0.8	0.8
Hermitage Genetics DAC	2017	2.8	–	2.8
Avlscenter Møllevang A/S	2018	–	4.3	4.3
Dairy LLC (n/a Bovisync)	2019	0.4	–	0.4
Progenex S.L.	2019	0.4	–	0.4
Balance at 30 June 2020		3.6	5.1	8.7

Hermitage Genetics DAC

The contingent deferred consideration is based on fees paid to the seller and the earning of PIC – Hermitage LP during the period 1 July 2018 and 30 June 2020.

39. NON-CONTROLLING INTEREST

	2020 £m	2019 £m
Non-controlling interest	4.6	4.2
Put option over non-controlling interest at inception	(5.6)	(5.5)
Total non-controlling interest	(1.0)	(1.3)

Summarised financial information in respect of each of the Group's subsidiaries that has a material non-controlling interest is set out below before intra-Group eliminations.

	De Novo Genetics LLC £m	PIC Italia S.r.l £m	2020 £m
Revenue	3.7	4.1	7.8
Expenses	(3.1)	(3.2)	(6.3)
Total comprehensive income for the year	0.6	0.9	1.5
Total comprehensive income attributable to owners of the Company	0.3	0.8	1.1
Total comprehensive income attributable to the non-controlling interest	0.3	0.1	0.4
Biological assets	14.9	–	14.9
Current assets	1.3	1.2	2.5
Other non-current assets	0.8	0.9	1.7
Current liabilities	(8.8)	(0.6)	(9.4)
Net assets	8.2	1.5	9.7
Equity attributable to owners of the Company	(3.8)	(1.3)	(5.1)
Non-controlling interest	4.4	0.2	4.6

No dividends were paid to non-controlling interests (2019: £nil).

	De Novo Genetics LLC £m	PIC Italia S.r.l £m	2019 £m
Revenue	2.1	2.9	5.0
Expenses	(4.6)	(2.1)	(6.7)
Total comprehensive income/(loss) for the year	(2.5)	0.8	1.7
Total comprehensive (loss)/income attributable to owners of the Company	(1.3)	0.7	0.6
Total comprehensive (loss)/income attributable to the non-controlling interest	(1.2)	0.1	(1.1)
Biological assets	11.6	–	11.6
Current assets	1.2	0.8	2.0
Other non-current assets	0.8	1.4	2.2
Current liabilities	(6.1)	(0.7)	(6.8)
Net assets	7.5	1.5	9.0
Equity attributable to owners of the Company	(3.5)	(1.3)	(4.8)
Non-controlling interest	4.0	0.2	4.2



NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

40. RELATED PARTY TRANSACTIONS

Bomaz, Inc. and Bogz Dairy, LLC, are well-recognised breeders in the industry, and are related parties to the Group as these entities are under the control of relatives of Nate Zwald, our ABS Dairy COO.

We transact with Bomaz, Inc. and Bogz Dairy, LLC as part of our bull product development effort, under a variety of contracts and agreements. Payments in 2020 amounted to £1.5m (2019: £1.3m). As at 30 June 2020, the balance owing to these entities was £nil, all amounts were settled in cash.

These related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

41. POST BALANCE SHEET EVENTS

A new credit facility agreement with a syndicate of eight banks was signed post year end on 24 August 2020. The new facility consists of a £150m multi-currency RCF, a USD125m RCF and a USD20m bond and guarantee facility. The US Dollar bond is being used to provide security in relation to damages claimed under the ABS II litigation relating to the '987 patent royalties (up to 5 June 2020), the '476 and '309 patent royalties (up to 8 June 2020) and includes accrued interest and is subject to the outcome of any appeal.

The term of the new credit facility is for three years with an option to extend the maturity date before the first and second anniversaries of the signing date for a further year. The facility also includes an uncommitted £100m accordion option which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans.

**PARENT COMPANY BALANCE SHEET**

As at 30 June 2020

	Note	2020 £m	2019 £m
Non-current assets			
Intangible assets	C3	18.3	11.3
Property, plant and equipment	C4	1.3	0.5
Investments in subsidiaries	C5	116.2	109.3
Other investments	C6	1.8	2.6
Derivative financial asset	C15	-	0.4
Deferred tax asset	C8	1.4	-
		139.0	124.1
Current assets			
Other receivables	C7	444.7	443.7
Cash and cash equivalents		1.0	2.0
		445.7	445.7
Current liabilities			
Current payables	C9	(224.1)	(216.7)
Provisions	C11	(2.0)	-
		(226.1)	(216.7)
Net current assets		219.6	229.0
Total assets less current liabilities		358.6	353.1
Non-current liabilities			
Non-current payables	C10	(105.8)	(102.1)
Provisions	C11	(0.4)	(2.0)
		(106.2)	(104.1)
Net assets		252.4	249.0
Equity			
Called up share capital	C16	6.5	6.5
Share premium account		179.1	179.0
Own shares		(0.1)	(0.1)
Retained earnings		67.1	63.4
Hedging reserve		(0.2)	0.2
Total equity		252.4	249.0

The Company recognised profit for the year of £17.1m (2019: £16.8m profit).

The Financial Statements were approved and authorised for issue by the Board of Directors on 7 September 2020.

Signed on behalf of the Board of Directors.

STEPHEN WILSON

Chief Executive

ALISON HENRIKSEN

Chief Financial Officer

Company number: 02972325

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2020

	Called up share capital £m	Share premium account £m	Own shares £m	Retained earnings £m	Hedging reserve £m	Total equity £m
Balance at 1 July 2018	6.2	112.8	(0.1)	62.7	2.0	183.6
Actuarial loss on retirement benefits obligations	-	-	-	(2.2)	-	(2.2)
Movement on pension asset recognition restriction	-	-	-	2.6	-	2.6
Other comprehensive income for the year	-	-	-	0.4	-	0.4
Total profit for the financial year	-	-	-	16.8	-	16.8
Total comprehensive income for the financial year	-	-	-	17.2	-	17.2
Shares issued	0.3	66.2	-	-	-	66.5
Dividends	-	-	-	(16.8)	-	(16.8)
Share-based payment expense, net of tax	-	-	-	0.3	-	0.3
Fair value of movement on cash flow hedges, net of tax	-	-	-	-	(1.8)	(1.8)
Balance at 30 June 2019	6.5	179.0	(0.1)	63.4	0.2	249.0
Actuarial gain on retirement benefits obligations	-	-	-	0.5	-	0.5
Movement on pension asset recognition restriction	-	-	-	(0.4)	-	(0.4)
Other comprehensive income for the year	-	-	-	0.1	-	0.1
Total profit for the financial year	-	-	-	17.1	-	17.1
Total comprehensive income for the financial year	-	-	-	17.2	-	17.2
Shares issued	-	0.1	-	-	-	0.1
Dividends paid	-	-	-	(18.3)	-	(18.3)
Share-based payment expense, net of tax	-	-	-	4.8	-	4.8
Fair value of movement on cash flow hedges, net of tax	-	-	-	-	(0.4)	(0.4)
Balance at 30 June 2020	6.5	179.1	(0.1)	67.1	(0.2)	252.4

For information on dividends see note 13, cash flow hedges see note 26 and share-based payment expense see note 30.

**NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**

For the year ended 30 June 2020

C1. ACCOUNTING INFORMATION AND POLICIES**Basis of preparation**

The Parent Company Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 (the 'Act'). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRSs.

The Company Financial Statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities and in accordance with the Act. The Financial Statements have been prepared on a going concern basis, as set out in note 1 of the Consolidated Financial Statements of Genus plc. The accounting policies set out below and stated in the relevant notes have been applied consistently to all periods presented in these Financial Statements.

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payments, business combinations, financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards issued not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Consolidated Financial Statements of Genus plc.

As permitted by section 408 of the Act, the Company has not presented its own income statement in this Annual Report.

The functional currency of the Company is Sterling.

Critical accounting judgements and key sources of estimation uncertainty

Preparing Company Financial Statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Company Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Management have not identified any critical accounting judgements or key sources of estimation uncertainty.

Adoption of IFRS 16 'Leases'

The Company has adopted IFRS 16 using the modified retrospective approach with the value of the right-of-use asset being equal to the lease liability at the date of adoption.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (those with a purchase price of less than GBP 4,000), and lease payments associated with those assets will be recognised as an expense on a straight-line basis. The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. When the contracts are modified on or after 1 July 2019, they are reassessed to determine if it contains a lease as defined by IFRS 16. The Company has not elected to apply IFRS 16 to contracts where the right-of-use asset would be recognised as an intangible asset.

In addition, the Company will utilise the following practical expedients, permitted by IFRS 16:

- > the right-of-use asset for each lease has been measured as the present value of the lease liability adjusted for any prepaid or accrued lease payments prior to application;
- > for leases where the remaining term was less than 12 months at 1 July 2019 the Company has elected to treat these as short term;
- > for leases that were previously classified as an operating lease under IAS 17 'Leases' the lease liability on 1 July 2019 was calculated as the present value of the remaining lease payments using the incremental borrowing rate as at 1 July 2019;
- > for existing leases that incurred initial direct costs, these were excluded from the measurement of the right-of-use asset as at 1 July 2019;
- > the use of hindsight for existing leases has been applied in determining options to extend or terminate the lease;
- > has not elected to separate lease components from non-lease components; and
- > has elected to apply a single discount rate to a portfolio of leases with similar characteristics.

Impact on the Company's Balance Sheet

	1 July 2019 prior to adoption of IFRS 16 (as reported) £m	Recognised on adoption of IFRS 16 £m	1 July 2019 post adoption of IFRS 16 £m
Non-current assets			
Property, plant and equipment	1.1	1.0	2.1
Current liabilities			
Obligations under Leases	-	(0.1)	(0.1)
Non-current liabilities			
Obligations under Leases	-	(0.9)	(0.9)

**NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

C1. ACCOUNTING INFORMATION AND POLICIES CONTINUED

The following table shows a reconciliation between the operating lease obligations reported at 30 June 2019 and the amount recognised on adoption of IFRS 16 using the weighted average incremental borrowing rate of 1.65% at the date of adoption.

	£m
Operating lease commitments (as at 30 June 2019)	3.4
Leases classified as low value or short term	–
Software licences outside the scope of IFRS 16	(2.3)
Operating lease commitments to be capitalised under IFRS 16	1.1
Impact of discounting	(0.1)
Obligations under Leases (1 July 2019)	1.0

Significant accounting policies applied in the current reporting period that relate to the Financial Statements as a whole

This section sets out our significant accounting policies that relate to the Financial Statements as a whole. Where an accounting policy is generally applicable to a specific note to the Financial Statements, the policy has been described in that note.

Other income and deferred income

In the prior year, the Company entered into a strategic collaboration with Beijing Capital Agribusiness ('BCA') under which BCA will establish and fund a collaboration specific entity ('BCA Future Bio-Tech') which will use Genus' intellectual property and know-how to pursue the PRRSv resistance regulatory and development work in China. Genus will receive consideration after meeting certain milestones in the development programme.

Each milestone is considered to be either a separate performance obligation, or a set of groups of separate performance obligations, under this agreement and are unbundled in the contractual arrangement as if they are distinct from one another.

We assess each separate performance obligation relating to the milestone payments, and upon completion of those performance obligations recognise the fair value of amounts earned in other income. Some performance obligations, such as the transfer of know-how, are recognised at a point in time where others, such as the provision of technical services, are recognised over time. We recognise any received but unearned consideration as deferred income.

We will apply the same accounting policy to any other comparable agreements.

Pensions

A number of our employees are members of defined contribution pension schemes. We charge contributions to profit and loss as they become payable under the schemes' rules. We show differences between the contributions payable and the amounts actually paid as either accruals or prepayments in the balance sheet. The schemes' assets are held separately from those of the Company.

Certain former employees of the Company are members of one of the Group's defined benefit pension schemes, details of which are given in note 28 to the Group Financial Statements. The schemes are all multi-employer defined benefit schemes, whose assets and liabilities are held independently from the Group but within their sponsored Group company.

Taxation

We provide for current tax, including UK corporation tax and foreign tax, at the amounts we expect to pay or recover, using the tax rates and the laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

We record transactions in foreign currencies at the rate ruling at the transaction date. We retranslate monetary assets and liabilities denominated in foreign currencies at the prevailing rate of exchange at the balance sheet. All differences are taken to the income statement.

Own shares

The Company has adopted FRS 101, which requires us to recognise the assets and liabilities associated with the Company's investment in its own shares in the Company's Financial Statements, where there is de facto control of the assets and liabilities.

The Company's own shares held by a Qualifying Employee Share Ownership Trust remain deducted from shareholders' funds until they vest unconditionally with employees.

Employee share schemes

The Company's Executive Directors and Chief Operating Officers receive part of their remuneration in the form of share awards, which vest upon meeting performance criteria over a three-year period.

We measure the cost of these awards by reference to the shares' fair value at the award date. At the end of each financial reporting period, we estimate the extent to which the performance criteria will be met at the end of three years and record an appropriate charge in the profit and loss account, together with a corresponding credit to profit and loss reserves. Changes in estimates of the number of shares vesting may result in charges or credits to the profit and loss account in subsequent periods.

Share-based payments

We have implemented the generally accepted accounting principle for accounting for share-based payments with subsidiary undertakings under FRS 101, whereby the Company has granted rights to its shares to employees of its subsidiary undertakings under an equity-settled arrangement, and the subsidiaries have not reimbursed the Company for these rights. Under this arrangement, the Company treats the share-based payment recognised in the subsidiary's Financial Statements as a cost of investment in the subsidiary and credits equity with an equal amount.

**C1. ACCOUNTING INFORMATION AND POLICIES** CONTINUED**Derivative financial instruments and hedging**

Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

We use interest rate swaps to hedge interest rate risk. We also use forward foreign currency contracts, implemented through a medium-term US Dollar cross currency borrowing and related interest rate swap, to hedge exposure to translation risk associated with US Dollar net assets of subsidiaries. Forward foreign currency contracts do not qualify for hedge accounting in the Parent Company Financial Statements, as the hedged item is not in its balance sheet.

Our use of financial derivative instruments is governed by the Group's policies, which are approved by the Board of Directors. The notes to the Group Financial Statements include information about the Group's financial risks and their management, and its use of financial instruments and their impact on the Group's risk profile, performance and financial condition.

The fair value of the US Dollar and interest rate swaps is the estimated amount that we would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, which is the present value of the quoted forward price.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the periods when the hedged item affects the income statement, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to the Income Statement.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the Income Statement.

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the financial year.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Company's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

C2. EMPLOYEES

Staff costs including Directors' remuneration during the year amounted to:

	2020 £m	2019 £m
Wages and salaries	7.5	5.6
Social security costs	1.1	0.7
Pension costs	0.2	0.1
Share-based payment expense	1.8	0.6
	10.6	7.0

The employee costs above are inclusive of £0.3m (2019: £0.2m) which has been capitalised into intangible assets as part of the development of GenusOne (see note C3).

The Directors' Remuneration Report sets out details of the Directors' remuneration, pensions and share options.

The average monthly number of employees including Directors during the year was as follows:

	2020 Number	2019 Number
Administration	40	34



NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

C3. INTANGIBLE ASSETS

Accounting policies

Patents, licences and software are stated at acquisition cost less accumulated amortisation. The amortisation period is determined by reference to expected useful life, which is reviewed at least annually. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

See note 15 for useful economic life. We do not amortise assets under construction.

	Software £m	Patents and licences £m	Asset under construction £m	Total £m
Cost				
Balance at 1 July 2019	1.7	3.7	10.1	15.5
Additions	-	-	8.6	8.6
Transfers	12.7	-	(12.7)	-
Balance at 30 June 2020	14.4	3.7	6.0	24.1
Amortisation				
Balance at 1 July 2019	1.3	2.9	-	4.2
Amortisation for the year	0.8	0.8	-	1.6
Balance at 30 June 2020	2.1	3.7	-	5.8
Carrying amounts				
At 30 June 2020	12.3	-	6.0	18.3
At 30 June 2019	0.4	0.8	10.1	11.3

Assets under construction primarily relate to the ongoing development of GenusOne, a unified enterprise-wide business system.

C4. PROPERTY, PLANT & EQUIPMENT

Accounting policies

We state property, plant and equipment at cost, together with any incidental acquisition expenses, or at their latest valuation, less depreciation and any provision for impairment. We calculate depreciation on a straight-line basis, to write the assets down to their estimated residual values over their estimated useful lives. The rates of annual depreciation on tangible fixed assets are as follows:

- > Leasehold improvements period of lease
- > Leased buildings period of lease
- > Equipment 3 to 20 years

We review the carrying value of fixed assets for impairment, if events or changes in circumstances indicate that the carrying value may not be recoverable.

Right-of-use assets

Right-of-use assets are measured initially at cost based on the value of the associated lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease. Subsequent to initial recognition, we record an interest charge in respect of the lease liability. The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life ("UEL") of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written-off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

	Leasehold improvements £m	Equipment £m	Owned assets £m	Leased buildings £m	Total £m
Cost					
Balance at 1 July 2019	0.5	0.6	1.1	-	1.1
Recognised on adoption of IFRS 16	-	-	-	1.0	1.0
Balance at 30 June 2020	0.5	0.6	1.1	1.0	2.1
Depreciation					
Balance at 1 July 2019	0.2	0.4	0.6	-	0.6
Depreciation for the year	-	0.1	0.1	0.1	0.2
Balance at 30 June 2020	0.2	0.5	0.7	0.1	0.8
Carrying amounts					
At 30 June 2020	0.3	0.1	0.4	0.9	1.3
At 30 June 2019	0.3	0.2	0.5	-	0.5

**C5. INVESTMENTS IN SUBSIDIARIES****Accounting policies**

Shares in subsidiary undertakings are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, then we estimate the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, it is considered to be impaired and we write it down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

	Shares in subsidiary undertakings £m
Cost	
Balance at 1 July 2019	302.5
Additions	6.9
Balance at 30 June 2020	309.4
Provision for impairment	
Balance at 1 July 2019	193.2
Provided during the year	-
Balance at 30 June 2020	193.2
Carrying amounts	
At 30 June 2020	116.2
At 30 June 2019	109.3

Additions relate to increasing our investment in ABS Argentina S.A., ABS Pecplan Ltda. and Genus Investments Limited.

The Company considers the relationship between its market capitalisation and the carrying value of its investments, among other factors, when reviewing for indicators of impairment. As at 30 June 2020, the net investment in four of the companies subsidiary undertakings exceeded the companies share of the net assets. Each of these subsidiaries are denominated in Latin American currencies all of which have seen significant weakening against Sterling during the year end 30 June 2020. For each of these undertakings the recoverable value has been estimated using the Board approved Strategic Plan. There were no indicators of impairment for the companies other subsidiary undertakings.

The key assumptions for the value in use calculation are those regarding the discount rate, growth rates and expected trading performance.

Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the Group. The pre-tax discount rates are derived from the Group's post-tax weighted average cost of capital ('WACC'), which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). Cash flows beyond the five-year period are extrapolated using a long-term growth rate of 2.5%.

As a result of this analysis, the Company has not recognised any additional impairment charge during the year.

Principal subsidiary undertakings

The Company's principal subsidiaries and their main activities are given in note 36 to the Group Financial Statements.

C6. OTHER INVESTMENTS**Accounting policies**

Listed equity investments are stated at fair value.

	2020 £m	2019 £m
Listed investment	1.8	2.6

C7. OTHER RECEIVABLES**Accounting policies**

We state other receivables at their amortised cost less any impairment losses.

	Note	2020 £m	2019 £m
Amounts due within one year			
Amounts owed by Group undertakings		440.7	438.3
Corporation tax recoverable		-	0.9
Other taxes and social security		-	0.3
Prepayments		2.2	1.6
Deferred taxation	C8	0.6	1.5
Derivative financial asset	C15	1.2	1.1
		444.7	443.7

At the Balance Sheet date, the amounts owed by Group undertakings were £440.7m (2019: £438.3m). The carrying amount of these assets approximates their fair value. There are impaired receivable balances of £nil (2019: £nil) as the Company does not expect any credit losses on amounts owed by Group undertakings due to the centralised management of these balances. Of the amounts owed by Group undertakings, £324.5m (2019: £320.9m) is interest-bearing and any interest charged is at current market rates.



NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

C8. DEFERRED TAXATION

Accounting policies

We recognise deferred taxation in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the Balance Sheet date.

We only recognise deferred taxation assets if we consider it more likely than not that we will have suitable profits from which we can deduct the future reversal of the underlying timing differences. Timing differences are differences arising between the Company's taxable profits and its results as stated in the Financial Statements, and which are capable of reversing in one or more subsequent periods.

We only recognise deferred taxation in respect of the future remittance of retained earnings of overseas subsidiaries to the extent that, at the balance sheet date, dividends have been accrued as receivable.

We measure deferred taxation on a non-discounted basis, at the tax rates we expect to apply in the periods in which we expect the timing differences to reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

	2020 £m	2019 £m
Deferred tax asset due within one year	0.6	1.5
Deferred tax asset due after more than one year	1.4	–
	2.0	1.5

The movements in deferred taxation are as follows:

	2020 £m	2019 £m
At the start of the year	1.5	1.5
Recognised in the income statement	0.1	–
Recognised in equity	0.4	–
At the end of the year	2.0	1.5

The amounts provided are as follows:

	2020 £m	2019 £m
Share-based payment expense	1.2	0.9
Other timing differences	0.7	0.3
Losses	0.1	0.3
	2.0	1.5

At the balance sheet date, the Company had unused tax losses available for offset against future profits, with a potential tax benefit of £0.1m (2019: £0.3m). We have recognised a deferred tax asset in respect of this benefit, as we expect these losses to be offset against future profits of the UK tax group in the near term.

C9. CURRENT PAYABLES

Accounting policies

Trade payables are not interest bearing and are stated at their nominal value.

	Note	2020 £m	2019 £m
Bank loans and overdrafts	C12	9.2	2.1
Corporation tax payable		0.3	–
Trade payables		0.7	2.0
Other payables		0.2	0.3
Amounts owed to Group undertakings		209.7	208.2
Accruals		3.2	3.1
Deferred income		0.3	–
Obligations under leases	C13	0.1	–
Derivative financial liabilities	C15	0.4	1.0
		224.1	216.7

Included within amounts owed to Group undertakings are amounts of £185.8m (2019: £192.4m) which are unsecured, repayable on demand and any interest charged is at current market rates.

There are no outstanding contributions due to defined contribution pension schemes for the benefit of the employees (2019: £nil).

**C10. NON-CURRENT PAYABLES**

	Note	2020 £m	2019 £m
Bank loans and overdrafts	C12	103.8	101.9
Obligations under leases	C13	0.8	–
Derivative financial liabilities	C15	0.1	0.2
Deferred income		1.1	–
		105.8	102.1

C11. PROVISIONS

	2020 £m	2019 £m
Provisions due within one year	2.0	–
Provisions after more than one year	0.4	2.0
	2.4	2.0

The provisions primarily consist of a share forfeiture provision of £2.3m which relates to potential claims that could be made by untraced members over the next years, relating to the resale proceeds of shares that were identified during the prior years as being forfeited (see note 25).

C12. LOANS AND BORROWINGS**Accounting policies**

We initially state debt at the amount of the net proceeds, after deducting issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

We charge the finance costs of debt to the profit and loss account over the debt term, at a constant rate on the carrying value of the debt to which they relate.

	2020 £m	2019 £m
Loans and borrowings comprise amounts falling due:		
In one year or less or on demand	9.5	2.5
In more than one year but not more than two years	103.8	–
In more than two years but not more than five years	–	102.2
	113.3	104.7
Less: unamortised issue costs	(0.3)	(0.7)
	113.0	104.0
Amounts falling due within one year	(9.2)	(2.1)
Amounts falling due after more than one year	103.8	101.9

At the balance sheet date, the Company's credit facilities comprised a £95m multi-currency revolving credit facility ('RCF') and a USD165m RCF. £45m of the Company's credit facilities expire in February 2021, with the remaining facilities expiring in February 2022.

A new credit facility agreement with a syndicate of eight banks was signed post year end on 24 August 2020. The new facility consists of a £150m multi-currency RCF, a USD125m RCF and a USD20m bond and guarantee facility. The term of the new facility is for three years with an option to extend the maturity date before the first and second anniversaries of the signing date for a further year. The facility also includes an uncommitted £100m accordion option which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans.

As part of its interest rate strategy, the Company has entered into interest rate swaps to hedge floating LIBOR rates. As a result, bank loan and overdrafts include borrowings of US\$45m (£36.3m) fixed at 1.22% and £20m fixed at 1.08%, excluding applicable bank margin.

Terms and debt repayment schedule

The terms and conditions of outstanding loans and overdrafts were as follows:

	Currency	Interest rate	2020 £m	2019 £m
RCF and overdraft	GBP	1.1%	28.7	25.0
RCF, term loan and overdraft	USD	1.4%	68.6	77.2
RCF and overdraft	EUR	0.9%	6.8	–
Other unsecured bank borrowings	Other	0.7%	8.9	1.8
Total interest-bearing liabilities			113.0	104.0

The above RCFs are unsecured.

**NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED**

For the year ended 30 June 2020

C13. OBLIGATIONS UNDER LEASES

A lease is a commitment to make a payment in the future, primarily in relation to property, plant and machinery and motor vehicles.

Accounting policies

In accordance with IFRS 16, we recognise as an expense any payments made in respect of short-term leases (those with a term of less than 12 months) and for low-value items on a straight-line basis over the life of the lease.

For all other leases we recognise a liability at the date at which the leased asset is made available for use, a corresponding right-of-use asset is recognised and depreciated over the term of the lease (see note C4).

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be measured, at an incremental borrowing rate.

We remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- > The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- > The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- > A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The company did not make any such adjustments during the periods presented.

The change in the lease liabilities are as follows:

	2020 £m
Balance at the start of the year	–
Recognised on the adoption of IFRS 16	1.0
Payments made	(0.1)
Balance at the end of the year	0.9

In accordance with the reduced disclosure exemptions included in FRS 101 a maturity analysis has not been presented. The maturity analysis of the Group's lease obligations is included in note 27 to the Group Financial Statements.

C14. OPERATING LEASES**Accounting policies**

For short-term leases (those with a term of less than 12 months) and low-value items we charge the rentals payable to the income statement on a straight-line basis over the lease term.

The Company has elected not to apply IFRS 16 to contracts where the right-of-use asset would be recognised as an intangible assets (e.g. software licences).

Total of future minimum lease payments under non-cancellable operating leases which expire:

	2020 £m	2019 £m
In less than one year	0.8	0.9
Between one and five years	0.8	2.1
In more than five years	–	0.4
	1.6	3.4

The reduction in future minimum lease payments relates to the adoption of IFRS 16 (see note C1).

Operating lease rentals charged in the year:

	2020 £m	2019 £m
Other	0.7	0.9

C15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Additional disclosures on financial instruments can be found in note 26.

**C16. CAPITAL AND RESERVES**

Share capital

	2020 Number	2019 Number	2020 £m	2019 £m
Issued and fully paid				
Ordinary shares of 10 pence	65,091,625	65,054,559	6.5	6.5

There is no authorised share capital limit.

The holders of ordinary shares are entitled to receive dividends, as declared from time to time.

The movement in share capital for the period was as follows:

	2020 Number	2019 Number	2020 £m	2019 £m
Issued under the Executive Share Option Plan	37,066	14,892	–	–
Issued to Employee Benefit Trust	–	400,000	–	–
Issued at share placement	–	3,097,200	–	0.3
	37,066	3,512,092	–	0.3

Shares issued under the Executive Share Option Plan were issued at option prices as follows:

	2020		2019	
	Number	Price	Number	Price
Executive Share Option Plan	–	776.00p	3,932	776.00p
	6,097	654.50p	2,106	654.50p
	9,213	729.83p	1,915	729.83p
	7,175	977.83p	1,463	977.83p
	6,209	1334.00p	3,685	1334.00p
	8,372	1413.00p	1,791	1413.00p
	37,066		14,892	

Reserve for own shares

The Company's shares are held by a QUEST, which is an employee benefit trust established to facilitate the operation of our long-term incentive scheme for senior management. The reserve amount represents the deduction in arriving at shareholders' funds for the consideration the trust paid for the Company's shares, which had not vested unconditionally at the balance sheet date. The number and market value of the ordinary shares held by the Employee Benefit Trust and the QUEST were:

	2020 Number	2019 Number	2020 £m	2019 £m
Shares allocated but not vested	75,184	313,125	2.6	8.3
Unallocated shares	92,334	92,334	3.3	2.4
	167,518	405,459	5.9	10.7

The shares have a nominal value of £16,752 (2019: £40,546).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments net of taxation – see note 26.

C17. RELATED PARTY TRANSACTIONS

The Company is exempt under FRS 101 from disclosing transactions with other members of the Group.

C18. CAPITAL AND OTHER COMMITMENTS

At 30 June 2020, outstanding contracted capital expenditure amounted to £nil (2019: £nil).



NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

C19. PENSIONS, GUARANTEES AND CONTINGENCIES

The NMR pension assigned to Genus plc under the Flexible Apportionment Agreement, recorded an actuarial gain of £0.5m which has increased the asset restriction made in the previous years. As the Company does not have unilateral right to this surplus, as required in accordance with IFRIC 14 it is restricted to £nil. For additional information on the MPF pension scheme, of which NMR was one of the participating employers, please see note 29.

The retirement benefit obligations referred to in note 29 to the Group Financial Statements include obligations relating to the MPF defined benefit scheme. Genus, together with other participating employers, is joint and severally liable for the scheme's obligations. Genus has accounted for its section and its share of any orphan assets and liabilities, collectively representing approximately 86% (2019: 86%) of the MPF. As a result of the joint and several liability, Genus has a contingent liability for the scheme's obligations that it has not accounted for. The total deficit of the MPF scheme from the most recent triennial valuation can be found in note 29.

Certain UK subsidiaries, which are detailed in note 37 to the Group Financial Statements, will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 30 June 2020. The Company has assessed the probability of loss under the guarantee as remote.

At 30 June 2020, the Company had entered into bank guarantees totalling £nil (2019: £nil).

C20. POST BALANCE SHEET EVENTS

A new credit facility agreement with a syndicate of eight banks was signed post year end on 24 August 2020. The new facility consists of a £150m multi-currency RCF, a USD125m RCF and a USD20m bond and guarantee facility. The term of the new facility is for three years with an option to extend the maturity date before the first and second anniversaries of the signing date for a further year. The facility also includes an uncommitted £100m accordion option which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans.



FIVE-YEAR RECORD – CONSOLIDATED RESULTS

The information included in the five-year record below is in accordance with IFRS as adopted for use in the European Union.

Financial results	2020 £m	2019 ² £m	2018 ² £m	2017 ³ £m	2016 ³ £m
Revenue from continuing operations	551.4	488.5	470.3	459.1	388.3
Adjusted operating profit from continuing operations ¹	65.3	57.7	57.7	55.1	49.3
Adjusted operating profit including joint ventures and associates ¹	76.0	64.9	63.1	60.1	54.3
Adjusted profit before tax ¹	71.0	61.0	58.5	56.4	49.7
Basic adjusted earnings per share ¹	85.4p	73.2p	75.9p	69.4p	60.7p
Diluted adjusted earnings per share ¹	84.7p	70.7p	74.9p	68.4p	60.1p
Operating profit from continuing operations	47.6	8.7	8.2	38.2	58.6
Profit before tax from continuing operations	51.5	9.9	7.8	40.7	60.9
Profit after tax from continuing operations	40.9	6.7	41.6	34.3	50.3
Basic earnings per share	62.4p	12.4p	69.7p	53.8p	81.1p
Diluted earnings per share	61.9p	11.9p	68.7p	53.0p	80.3p
Net assets	507.8	487.1	403.9	402.1	368.1
Net debt	102.6	79.6	108.5	111.6	89.7

1 Adjusted operating profit, adjusted profit before tax and adjusted basic and diluted earnings per share are before net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense, exceptional items and other gains and losses.

2 Restated see note 2.

3 As previously reported. The results of FY16 and FY17 have not been restated for the prior period adjustment outlined in note 2 as it would be impracticable to do so. Consequently, the net assets of these periods are not directly comparable to those in the subsequent years.



ALTERNATIVE PERFORMANCE MEASURES ('APMs') GLOSSARY

The Group tracks a number of APMs in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and executive leadership team. Some of these APMs are also used for the purpose of setting remuneration targets.

These APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial information relating to the Group, which are prepared in accordance with IFRS. The Group believes that these APMs are useful indicators of its performance. However, they may not be comparable to similarly-titled measures reported by other companies due to differences in the way they are calculated. The key APMs that the Group uses include:

Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Income statement measures		
Adjusted operating profit exc JVs	Adjusted operating profit is operating profit with the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items added back and excludes JV and associate results. <i>Closest equivalent IFRS measure: Operating profit¹</i> See reconciliation on page 180.	<p>Allows the comparability of underlying financial performance by excluding the impacts of exceptional items and is a performance indicator against which short-term and long-term incentive outcomes for our senior executives are measured:</p> <ul style="list-style-type: none"> > net IAS 41 valuation movements on biological assets – these movements can be materially volatile and do not directly correlate to the underlying trading performance in the period. Furthermore, the movement is non-cash related and many assumptions used in the valuation model are based on projections rather than current trading; > amortisation of acquired intangible assets – excluding this improves the comparability between acquired and organically grown operations, as the latter cannot recognise internally generated intangible assets. Adjusting for amortisation provides a more consistent basis for comparison between the two; > share based payments – this expense is considered to be relatively volatile and not fully reflective of the current period trading, as the performance criteria are based on EPS performance over a three-year period and include estimates of future performance; and > exceptional items – these are items which due to either their size or their nature are excluded to improve the understanding of the Group's underlying performance.
Adjusted operating profit inc JVs	Including adjusted operating profit from JV and associate results. See reconciliation on page 180.	
Adjusted operating profit inc JVs exc gene editing costs	Including adjusted operating profit from JV and associate results but excluding gene editing costs. See reconciliation on page 180.	
Adjusted operating profit inc JVs exc impact of IFRS 16 adoption	Excludes the impact of IFRS 16 on adoption. See reconciliation on page 180.	
Adjusted operating profit inc JVs after tax	Adjusted operating profit including JV less adjusted effective tax. See reconciliation on page 180.	
Adjusted operating profit inc JVs exc impact of IFRS 16 adoption after tax	Adjusted operating profit before tax, excluding the impact of IFRS 16 on adoption less adjusted effective tax. See reconciliation on page 180.	
Adjusted profit inc JVs before tax	Adjusted operating profit including JVs less net finance costs. See reconciliation on page 180.	
Adjusted profit inc JVs after tax	Adjusted profit including JVs before tax less adjusted effective tax. See reconciliation on page 180.	



Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Adjusted effective tax rate	<p>Total income tax charge for the Group excluding the tax impact of adjusting items divided by the adjusted operating profit.</p> <p><i>Closest equivalent IFRS measure: Effective tax rate</i></p> <p>See reconciliation on page 181.</p>	<p>Provides an underlying tax rate to allow comparability of underlying financial performance by excluding the impacts of net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items.</p>
Adjusted basic earnings per share	<p>Adjusted profit after tax profit divided by the weighted basic average number of shares.</p> <p><i>Closest equivalent IFRS measure: Earnings per share</i></p> <p>See calculation on page 181.</p>	<p>On a per share basis, this allows the comparability of underlying financial performance by excluding the impacts of adjusting items.</p>
Adjusted diluted earnings per share	<p>Underlying attributable profit divided by the diluted weighted basic average number of shares.</p> <p><i>Closest equivalent IFRS measure: Diluted earnings per share</i></p> <p>See calculation on page 181.</p>	
Adjusted earnings cover	<p>Adjusted earnings per share divided by the expected dividend for the year.</p> <p>See calculation on page 181.</p>	<p>The Board dividend policy targets the adjusted earning cover to be between 2.5 – 3 times.</p>
Adjusted EBITDA – calculated in accordance with the definitions used in our financing facilities	<p>This is adjusted operating profit, adding back cash received from our joint ventures, depreciation of property, plant and equipment, depreciation of the historical cost of biological assets, operational amortisation (i.e. excluding amortisation on acquired intangibles) and deducting the amount attributable to minority interest.</p> <p><i>Closest equivalent IFRS measure: Operating profit¹</i></p> <p>See reconciliation on page 181.</p>	<p>This APM is presented because it is used in calculating our ratio of net debt to EBITDA and our interest cover which we report to our banks to ensure compliance with our bank covenants.</p>
Adjusted operating margin	<p>Adjusted operating profit (including JV) divided by revenue.</p>	<p>Allows for the comparability of underlying financial performance by excluding the impacts of exceptional items.</p>
Adjusted operating margin (exc JV)	<p>Adjusted operating profit.</p>	
Constant currency basis	<p>The Group reports certain financial measures, on both a reported and constant currency basis and retranslates the current year's results at the average actual exchange rates used in the previous financial year.</p>	<p>The Group's business operates in multiple worldwide countries and its trading results are translated back into the Group's functional currency of Sterling. This measure eliminates the effects of exchange rate fluctuations when comparing year-on-year reported results.</p>

**ALTERNATIVE PERFORMANCE MEASURES GLOSSARY** CONTINUED

Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Balance sheet measures		
Net debt	<p>Net debt is gross debt, made up of unsecured bank loans and overdrafts and obligations under finance leases, with a deduction for cash and cash equivalents.</p> <p>See reconciliation on page 182.</p>	This allows the Group to monitor its levels of debt.
Net debt exc the impact of IFRS 16	<p>Net debt less the impact of adopting IFRS 16 leases over IAS 17.</p> <p>See reconciliation on page 182.</p>	This allows a comparative to prior year.
Net debt - calculated in accordance with the definitions used in our financing facilities	<p>Net debt excluding the impact of adopting IFRS 16 and adding back guarantees and deferred purchase arrangements.</p> <p>See reconciliation on page 182.</p>	This is a key metric that we report to our banks to ensure compliance with our bank covenants.
Cash flow measures		
Cash conversion	<p>Cash generated by operations as a percentage of adjusted operating profit excluding JVs.</p> <p>See calculation on page 182.</p>	This is used to measure how much operating cash flow we are generating and how efficient we are at converting our operating profit into cash.
Cash conversion exc the impact of adopting IFRS 16	<p>Cash generated by operations as a percentage of adjusted operating profit excluding joint ventures excluding the impact of adopting IFRS 16.</p> <p>See calculation on page 182.</p>	This allows a comparative to the prior year.
Free cash flow	<p>Cash generated by the Group before debt repayments, acquisitions and investments, dividends and proceeds from share issues.</p> <p><i>Closest IFRS measure: Net cash flow from operating activities</i></p> <p>See reconciliation on page 182.</p>	Shows the cash retained by the Group in the year.
Other measures		
Interest cover	<p>The ratio of adjusted net finance costs, calculated in accordance with the definitions used in our financing facilities, is net finance costs with a deduction for pension interest, interest from adopting IFRS 16, unwinding of discount on put options and amortisation of refinancing fees, to Adjusted EBITDA.</p> <p><i>Closest equivalent IFRSs components for the ratio: The equivalent IFRS components are finance costs, finance income and operating profit</i></p> <p>See calculation and reconciliation on page 183.</p>	This APM is used to understand our ability to meet our interest payments and is also a key metric that we report to our banks to ensure compliance with our bank covenants.
Ratio of net debt to adjusted EBITDA	<p>The ratio of net debt, calculated in accordance with the definitions used in our financing facilities, is gross debt, made up of unsecured bank loans and overdrafts and obligations under finance leases, with a deduction for cash and cash equivalents and adding back amounts related to guarantees and deferred purchase arrangements, to EBITDA.</p> <p><i>Closest equivalent IFRSs components for the ratio: The equivalent IFRS components are gross debt, cash and cash equivalents and operating profit.</i></p> <p>See calculation on page 183.</p>	This APM is used as a measurement of our leverage and is also a key metric that we report to our banks to ensure compliance with our bank covenants.
Return on adjusted invested capital	<p>The Group's return on adjusted invested capital is measured on the basis of adjusted operating profit including JV's after tax, which is operating profit with the pre-tax share of profits from JV's and associates, net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items added back, net of amounts attributable to non-controlling interest and tax.</p>	This APM is used to measure our ability to efficiently invest our capital and gives us a sense of how well we are using our resources to generate returns.



Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Return on adjusted capital invested (continued)	<p>The adjusted operating profit including joint ventures after tax is divided by adjusted invested capital, which is the equity attributable to owners of the Company adding back net debt, pension liability net of related deferred tax and deducting biological assets (less historical cost) and goodwill, net of related deferred tax.</p> <p><i>Closest equivalent IFRSs components for the ratio:</i> <i>Return on invested capital</i></p> <p>See calculation and reconciliation on page 183 and 184.</p>	
Return on adjusted invested capital exc the impact of IFRS 16 adoption	<p>Excludes the impact of IFRS 16 on adoption.</p> <p>See reconciliation on page 183.</p>	<p>This allows a comparative to the prior year.</p>

1 Operating profit is not defined per IFRS. It is presented in the Group Income Statement and is shown as profit before tax, finance income/costs and share of post-tax profit of joint ventures and associates retained.

**ALTERNATIVE PERFORMANCE MEASURES GLOSSARY** CONTINUED

THE TABLES BELOW RECONCILE THE CLOSEST EQUIVALENT IFRS MEASURE TO THE APM OR OUTLINE THE CALCULATION OF THE APM

INCOME STATEMENT MEASURES

ADJUSTED OPERATING PROFIT EXC JVs

ADJUSTED OPERATING PROFIT INC JVs

ADJUSTED OPERATING PROFIT INC JVs AND EXC GENE EDITING COSTS

	2020		2019		Reference
	£m	£m	£m	£m	
Operating profit		47.6		8.7	Group Income Statement
Add back:					
Net IAS 41 valuation movement on biological assets	(15.8)		14.7		Group Income Statement
Amortisation of acquired intangible assets	8.5		9.5		Group Income Statement
Share-based payment expense	5.8		3.0		Group Income Statement
Exceptional items	19.2		21.8		Group Income Statement
Adjusted operating profit exc JVs		65.3		57.7	Group Income Statement
Less: amounts attributable to non-controlling interest		(0.6)		(0.4)	
Operating profit from joint ventures and associates	8.9		5.1		Group Income Statement
Tax on joint ventures and associates	2.3		1.4		Note 11 – Income tax expense
Net IAS 41 valuation movement	0.1		1.1		Note 18 – Equity accounted investees
Adjusted operating profit from JV's		11.3		7.6	
Adjusted operating profit inc JVs		76.0		64.9	
Gene editing costs		5.2		7.3	Note 5 – Segmental information
Adjusted operating profit inc JVs and exc gene editing costs		81.2		72.2	

ADJUSTED OPERATING PROFIT INC JVs EXC IMPACT OF IFRS 16 ADOPTION

	2020		2019		Reference
	£m	£m	£m	£m	
Adjusted operating profit inc JVs		76.0		64.9	See APM
Deduct:					
Finance costs on impact of IFRS 16 adoption		(0.7)		–	Note 1 – Reporting entity
Adjusted profit inc JVs exc impact of IFRS 16 adoption		75.3		64.9	

ADJUSTED OPERATING PROFIT INC JVs AFTER TAX

	2020		2019		Reference
	£m	£m	£m	£m	
Adjusted operating profit inc JV		76.0		64.9	See APM
Adjusted tax		(16.7)		(15.8)	At effective tax rate – see note 12
Adjusted operating profit inc JV after tax		59.3		49.1	

ADJUSTED OPERATING PROFIT INC JVs EXC IMPACT OF IFRS 16 ADOPTION AFTER TAX

	2020		2019		Reference
	£m	£m	£m	£m	
Adjusted operating profit inc JV exc impact of IFRS 16 adoption		75.3		64.9	See APM
Adjusted tax		(16.6)		(15.8)	At effective tax rate – see note 12
Adjusted operating profit inc JV exc impact of IFRS 16 adoption after tax		58.7		49.1	

ADJUSTED PROFIT INC JVs BEFORE TAX

ADJUSTED PROFIT INC JVs AFTER TAX

	2020		2019		Reference
	£m	£m	£m	£m	
Adjusted operating profit inc JVs		76.0		64.9	See APM
Less net finance costs		(5.0)		(3.9)	Note 10 – Net finance costs
Adjusted profit inc JVs before tax		71.0		61.0	
Adjusted tax		(15.6)		(14.8)	Note 12 – Earnings per share
Adjusted profit inc JVs after tax		55.4		46.2	



ADJUSTED EFFECTIVE TAX £M/RATE

	2020		2019		Reference
	£m	%	£m	%	
Adjusted effective tax £m/rate	15.6	22.0	14.8	24.3	Note 12 – Earnings per share
Exceptional items	(4.5)	(23.4)	(3.9)	(17.9)	
Share-based payment expense	(1.1)	(19.0)	(0.5)	(16.7)	
Amortisation of acquired intangible assets	(1.8)	(21.2)	(2.1)	(22.1)	
Net IAS 41 valuation movement on biological assets	4.7	29.7	(3.3)	(22.4)	
Net IAS 41 valuation movement on biological assets in JVs	–	–	(0.4)	(36.4)	
Effective tax £m/rate	12.9	24.0	4.6	40.7	Note 11 – Taxation and deferred taxation

ADJUSTED BASIC EARNINGS PER SHARE

	2020		2019		Reference
	£m	m	£m	m	
Adjusted profit after tax (£m)	55.4		46.2		See APM
Weighted average number of ordinary shares (m)		64.908		63.141	Note 6 – Earnings per share
Adjusted Earnings per share (pence)		85.4		73.2	

ADJUSTED DILUTED EARNINGS PER SHARE

	2020		2019		Reference
	£m	m	£m	m	
Adjusted profit inc JVs after tax (£m)	55.4		46.2		See APM
Weighted average number of diluted ordinary shares (m)		65.427		65.304	Note 6 – Earnings per share
Adjusted earnings per share (pence)		84.7		70.7	

ADJUSTED EARNINGS COVER

	2020		2019		Reference
	pence	times	pence	times	
Adjusted earnings per share	85.4		73.2		See APM
Dividend for the year	29.1		27.7		Note 13 – Dividends
Adjusted earnings cover		2.9		2.6	

ADJUSTED EBITDA – AS CALCULATED UNDER OUR FINANCING FACILITIES

	2020		2019		Reference
	£m	£m	£m	£m	
Operating profit		47.6		8.7	Group Income Statement
Add back:					
Net IAS 41 valuation movement on biological assets	(15.8)		14.7		Group Income Statement
Amortisation of acquired intangible assets	8.5		9.5		Group Income Statement
Share-based payment expense	5.8		3.0		Group Income Statement
Exceptional items	19.2		21.8		Group Income Statement
Adjusted operating profit exc JVs		65.3		57.7	Group Income Statement
Adjust for:					
Cash received from JVs (dividend and loan repayment)	3.7		3.4		Group Statement of Cash Flows
Depreciation: property, plant and equipment owned assets	13.1		12.6		Note 17 – Property, plant and equipment
Depreciation: historical cost of biological assets	11.0		9.4		See Financial Review
Amortisation and impairment (excluding separately identifiable acquired intangible assets)	5.1		5.4		Note 15 – Intangible assets
Less amounts attributable to non-controlling interest	(0.6)		(0.4)		Group Income Statement
Adjusted EBITDA – as calculated under our financing facilities		97.6		88.1	

**ALTERNATIVE PERFORMANCE MEASURES GLOSSARY** CONTINUED**BALANCE SHEET MEASURES**

NET DEBT

NET DEBT EXC IMPACT OF IFRS 16 ADOPTION

NET DEBT AS CALCULATED UNDER OUR FINANCING FACILITIES

	2020		2019	
	£m	£m	£m	Reference
Unsecured bank loans and overdrafts	112.8		104.0	Group Balance Sheet
Obligations under finance leases	31.1		6.1	Group Balance Sheet
Total debt financing	143.9		110.1	Note 32 – Notes to the cash flow statement
Deduct:				
Cash and cash equivalents	(41.3)		(30.5)	Group Balance Sheet
Net debt	102.6		79.6	
Deduct:-				
Impact of IFRS 16 adoption	(24.7)		–	No direct reference
Net debt exc impact of IFRS 16 adoption	77.9		79.6	
Add back:- Guarantees	5.9		4.0	Note 35 – Contingencies and bank guarantees
Deferred purchase arrangements	0.2		1.3	No direct reference
Net debt – as calculated under our financing facilities	84.0		84.9	

CASH FLOW MEASURES

CASH CONVERSION

	2020		2019	
	£m	£m	£m	£m Reference
Cash generated by operations		82.9		48.4 Note 32 – Notes to the cash flow statement
Operating profit	47.6		8.7	Group Income Statement
Add back:				
Net IAS 41 valuation movement on biological assets	(15.8)		14.7	Group Income Statement
Amortisation of acquired intangible assets	8.5		9.5	Group Income Statement
Share-based payment expense	5.8		3.0	Group Income Statement
Exceptional items	19.2		21.8	Group Income Statement
Adjusted operating profit exc JVs		65.3		57.7 Group Income Statement
Cash conversion (%)		127%		84%

CASH CONVERSION EXC IMPACT OF IFRS 16 ADOPTION

	2020		2019	
	£m	£m	£m	£m Reference
Cash generated by operations	82.9		48.4	Note 32 – Notes to the cash flow statement
Deduct Impact of IFRS 16 adoption	(7.6)		–	Note 1 – Reporting entity
Cash generated by operations exc impact of IFRS 16 adoption	75.3		48.4	
Adjusted operating profit exc JVs	65.3		57.7	Group Income Statement
Cash Conversion exc impact of IFRS 16 adoption (%)	115%		84%	

FREE CASH FLOW

	2020		2019	
	£m	£m	£m	£m Reference
Cash generated by operations	82.9		48.4	Note 32 – Notes to cash flow statement
Interest and tax paid	(17.1)		(15.0)	Note 32 – Notes to cash flow statement
Capital expenditure	(35.4)		(28.3)	Group Statement of Cash flows
Cash received from JV (dividends and loan repayment)	3.7		3.4	Group Statement of Cash flows
Other	1.1		1.5	Group Statement of Cash flows
Free cash flow	35.2		10.0	

**OTHER MEASURES****INTEREST COVER**

	2020		2019		Reference
	£m	Times	£m	Times	
Finance costs	5.3		4.7		Group Income Statement
Finance income	(0.3)		(0.8)		Group Income Statement
Net finance costs	5.0		3.9		Note 10 – Net finance costs
Deduct:					
Pension interest	(0.4)		(0.9)		Note 10 – Net finance costs
Additional interest from adopting IFRS 16	(0.7)		–		Note 10 – Net finance costs
Unwinding discount on put options	(0.5)		–		Note 10 – Net finance costs
Amortisation of refinancing fees	(0.4)		(0.4)		Note 10 – Net finance costs
Adjusted net finance costs	3.0		2.6		
Adjusted EBITDA – as calculated under our financing facilities	97.6		88.1		See APM
Interest cover		32		34	

RATIO OF NET DEBT TO ADJUSTED EBITDA

	2020		2019		Reference
	£m	Times	£m	Times	
Net debt – as calculated under our financing facilities	84.0		84.9		See APM
Adjusted EBITDA – as calculated under our financing facilities	97.6		88.1		See APM
Ratio of net debt to EBITDA		0.9		1	

RETURN ON ADJUSTED INVESTED CAPITAL

	2020		2019		Reference
	£m	%	£m	%	
Adjusted operating profit inc JVs after tax	59.3		49.1		See APM
Equity attributable to owners of the Company	508.8		488.4		Group Balance Sheet
Add back:					
Net debt	102.6		79.6		Note 32 – Notes to the cash flow statement
Pension liability	18.1		24.2		Group Balance Sheet
Related deferred tax	(3.5)		(4.4)		Note 11 – Taxation and deferred Taxation
Deduct:					
Biological assets – carrying value	(370.2)		(346.2)		See Financial Review
Biological assets – historic cost	57.5		58.2		See Financial Review
Goodwill	(105.6)		(106.3)		Group Balance Sheet
Related deferred tax	74.4		66.6		Note 11 – Taxation and deferred Taxation
Adjusted invested capital	282.1		260.1		
Return on adjusted invested capital		21.0%		18.9%	

RETURN ON ADJUSTED INVESTED CAPITAL EXC IMPACT OF IFRS 16 ADOPTION

	2020		2019		Reference
	£m	%	£m	%	
Adjusted operating profit inc JVs exc impact of IFRS 16 adoption after tax	58.7		49.1		
Equity attributable to owners of the Company	508.8		488.4		Group Balance Sheet
Add back:					
Net debt (excluding IFRS 16 leases)	77.9		79.6		
Pension liability	18.1		24.2		Group Balance Sheet
Related deferred tax	(3.5)		(4.4)		Note 11 – Taxation and deferred taxation
Deduct:					
Biological assets – carrying value	(370.2)		(346.2)		See financial review
Biological assets – historic cost	57.5		58.2		See financial review
Goodwill	(105.6)		(106.3)		Group Balance Sheet
Related deferred tax	74.4		66.6		Note 11 – Taxation and deferred taxation
Adjusted invested capital	257.4		260.1		
Return on adjusted invested capital exc impact of IFRS 16 adoption		22.8%		18.9%	

**ALTERNATIVE PERFORMANCE MEASURES GLOSSARY** CONTINUED

RETURN ON ADJUSTED INVESTED CAPITAL

	2020		2019		Reference
	£m	%	£m	%	
Return on adjusted invested capital		21.0%		18.9%	see APM
Adjusted operating profit inc JVs after tax	59.3		49.1		- No direct reference in the Financial Statements
Tax rate	16.7	22.0%	15.8	24.3%	Note 12 – Earnings per share
Adjusted operating profit including JV's	76.0		64.9		Group Income Statement
Adjusted operating profit attributable to non-controlling interest	0.6		0.4		Group Income Statement
Pre-tax share of profits from JV's exc net IAS 41 valuation movement	(11.3)		(7.6)		Group Income Statement
Adjusted operating profit exc JVs	65.3		57.7		Group Income Statement
Fair value movement on biological assets	15.8		(14.7)		Group Income Statement
Amortisation of acquired intangibles	(8.5)		(9.5)		Group Income Statement
Share-based payment expense	(5.8)		(3.0)		Group Income Statement
Exceptional items	(19.2)		(21.8)		Group Income Statement
Share of post-tax profit of JV's	8.9		5.1		Group Income Statement
Finance costs	(5.0)		(3.9)		Group Income Statement
Profit before tax	51.5		9.9		Group Income Statement
Tax	(10.6)		(3.2)		Group Income Statement
Profit	40.9		6.7		Group Income Statement
Equity attributable to owners of the Company	508.8		488.4		Group Balance Sheet
Return on invested capital		8.0%		1.4%	



GLOSSARY

AGM – Annual General Meeting.

Artificial insemination ('AI') – Using semen collected from a bull or boar to impregnate a cow or sow when in estrus. Artificial insemination allows a genetically superior male to be used to mate with many more females than would be possible with natural mating.

ASF – African Swine Fever.

Biosecurity – The precautions taken to reduce the chance of transmitting disease agents from one livestock operation to another.

Boar – A male pig.

BRD – Bovine Respiratory Disease, a complex, bacterial and viral infection that causes lung disease in cattle (particularly calves) and is often fatal.

CPI – Consumer Price Index.

CRISPR-Cas 9 – Technology which accurately targets and cuts DNA to produce precise and controllable changes to the genome.

CSR – Corporate Social Responsibility.

DSBP – Deferred Share Bonus Plan.

EPS – Earnings per share.

Farrow – When a sow gives birth to piglets.

GELT – Genus Executive Leadership Team.

Gender skew – The ability to influence the proportion of offspring being of a particular sex.

Genetic gain – The change of the genetic make up of a particular animal population in response to having selected parents that excelled genetically for important traits.

Genetic lag – The amount of time required to disseminate genetic gain from a nucleus herd to the commercial customer.

Genetic nucleus – A specialised pig herd, where Genus PIC keeps its pure lines. Pigs are genetically tested at the nucleus to select the best animals to produce the next generation.

Genomic bull – A bull which has been assessed through genomic testing. This typically refers to bulls which have not been progeny-tested.

Genomically tested – An animal that has been DNA profiled.

Genomics – The study of the genome, which is the DNA sequence of an animal's chromosomes.

Gilt – A young female pig, which has not yet given birth.

GMS – ABS's Genetic Management System, which creates a genetic solution tailored to each individual dairy producer to obtain improved herd genetics.

Grandparent – The relationship of a breeding pig to the generation of terminal market pigs. A grandparent produces parents, who in turn produce the commercial generation of terminal pigs.

Group – Genus plc and its subsidiary companies.

In vitro fertilisation ('IVF') – The fertilisation of an oocyte with semen (outside an animal) in a laboratory for transfer into a surrogate.

Index/Indices – A formula incorporating economically important traits for ranking the genetic potential of animals as parents of the next generation.

Integrated pork producer – Producers of pork typically involved in raising animals to slaughter weight all the way through to packaged and/or branded pork products.

IntelliGen – The technology platform used to process sexed bovine semen for ABS and third-party customers and commercialised by ABS globally as Sexcel.

IP – Intellectual property.

IPR – Inter Partes Review before the US Patent and Trademarks Office.

IVB – In Vitro Brasil S.A.

JV – Joint venture.

Line – Multiple animals that have been mated together in a closed breeding population. Pure lines can have their origins in one founding breed or in several breeds.

Market pig equivalents ('MPE') – Refers to a standardised measure of our customers' production of slaughter animals that contain our genetics with genes from each of the sow and boar counting for half of the animal.

Multiplier – A producer whose farm contains grandparent sows. The farm crosses together two lines of grandparents, multiplying the number of genetically improved parents that are available for sale.

NuEra – The ABS beef breeding programme and index designed to drive the customer's genetic improvement and deliver total system profitability for the beef supply chain.

PQA – Pork Quality Assurance.

Progeny tested – Elite animals whose genetic value as a parent has been tested and validated through the performance of their offspring.



GLOSSARY CONTINUED

PRRSv – Porcine Reproductive and Respiratory Syndrome Virus.

PSP – Performance Share Plan.

PTAB – Patent Trial and Appeal Board before the US Patent and Trademarks Office.

R&D – Research and development.

RMS – ABS's Reproductive Management System, which is a systematic approach to maximising pregnancy production and its contribution to herd profitability.

RPI – Retail Price Index.

RWD – ABS's Real World Data System of observed performance data from many dairy herds.

Sexcel – The ABS brand of sexed bovine genetics produced using IntelliGen.

Sire – The male parent of an animal.

Sire line – The male line selected for traits desirable for the market.

Sow – A female pig which has given birth at least once.

Straw – A narrow tube used to package frozen bull semen.

Stud – Locations where bulls or boars are housed and their semen collected, evaluated, diluted into multiple doses/straws and packaged, ready for shipping to farms.

Terminal boars – The male pig that is used to mate with a parent female to produce a terminal pig.

Trait – A measurable characteristic that may be a target for genetic selection.

TransitionRight – Genus ABS's patent-pending genetic selection tool to help prevent multiple post calving metabolic disorders that occur during transition.

Unit – A straw of frozen bull semen or tube/bag of fresh boar semen sold to a customer.



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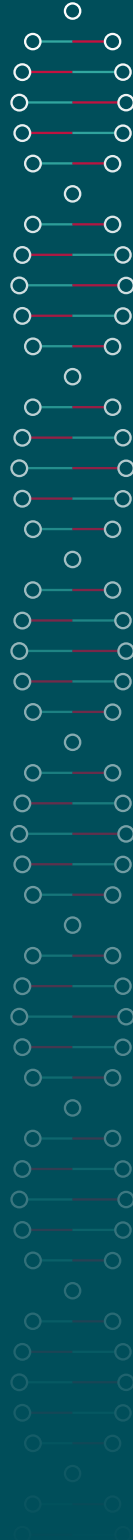
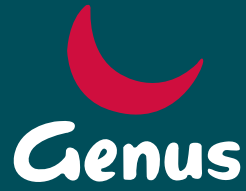
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