GENUS PLC / ANNUAL REPORT 2023

ACCELERATING CUSTOMER SUCCESS

CONTENTS

I'm excited about the prospects for Genus. I see real potential in maximising the benefit of all the investment made to date.

JORGEN KOKKE
Chief Executive

–
genusplc.com

2023 HIGHLIGHTS

SOLID GROUP PERFORMANCE

- Group revenue rose 10%[2] in constant currency (16% in actual currency)
- Adjusted operating profit including joint ventures up 3% in constant currency (10% in actual currency)
- R&D investment increased by 19%[2] as planned, including a 66%[2] rise in gene editing expense, in preparation for the anticipated commercialisation of pigs resistant to porcine reproductive and respiratory syndrome virus ('PRRSv') which continues to make excellent progress
- Adjusted profit before tax ('PBT') flat in actual currency (8% lower in constant currency), with net finance costs up 124%[2]
- Statutory PBT reduced by 19% to £39.4m with a £16.9m reduction in the non-cash fair value IAS 41 valuation of the Group's biological assets

> **Read more on pages 30-33**

RECORD PIC PERFORMANCE, PROFIT GROWTH ACHIEVED IN ALL REGIONS

- Strong demand for PIC's differentiated genetics drove a 5% increase in volumes, revenue up 7%[2], and strategically important royalty revenue growth across all regions, up 10%[2]
- Adjusted operating profit including joint ventures increased by 11%[2], as the business continued to expand and strengthen commercial relationships with producers around the world
- The performance was driven by strong profit growth in North America, Latin America and Asia. Good growth in Europe, with improved performance in the second half
- Performance in China was affected by ongoing market volatility, particularly in the second half of the year. Volumes were 1% lower in the year, with revenue stable. Royalty revenue was up 26%[2] and adjusted operating profit growth was £9.4m (2022: £5.6m, impacted by a £4m customer credit)

> **Read more on pages 24-25**

SOLID ABS PERFORMANCE, PROFIT GROWTH ACHIEVED IN ALL REGIONS, OTHER THAN LATIN AMERICA, WHICH WAS STABLE

- Volumes up 3%, revenue up 12%[2] supported by robust price increases
- Adjusted operating profit up 5%, after a stronger second half. Expansion of long-term partnerships with strategic accounts, underpinned by Sexcel and NuEra beef genetics, drove strong profit growth in North America and good growth in Europe
- Latin America profits stable, despite challenging market conditions, particularly in Brazil where macroeconomic conditions continued to impact beef supply and demand dynamics
- Sexed genetics volumes up 18%; strong growth in volumes of Sexcel and third-party IntelliGen production

> **Read more on pages 26-27**

GOOD CASH FLOW, DEBT LEVERAGE REDUCED AND DIVIDEND MAINTAINED

- Free cash inflow[1] of £18.2m (2022: £13.5m outflow), reflecting record high adjusted EBITDA[1], lower working capital outflows and lower capital expenditure. Strong cash conversion of 105%[1] (2022: 82%) above target level of 90%
- Net debt to EBITDA ratio improved to 1.6x[1] (2022: 1.7x) within the 1.0x-2.0x target range. Net debt[1] of £195.8m (2022: £185.0m) as expected
- Adjusted earnings per share rose 3%, full year dividend maintained at 32.0p per share, with 2.7x[1] adjusted earnings cover comfortably within the 2.5x-3.0x target range.

> **Read more on pages 30-33**

GOOD STRATEGIC PROGRESS AND CONTINUED INVESTMENT FOR GROWTH

- Genus's PRRSv-resistant pigs programme continued to make excellent progress, with submissions to the US Food and Drug Administration ('FDA') completed ahead of schedule and approval expected in the first half of 2024. We are making regulatory progress in Colombia, Brazil and also China, where we have obtained consent for import of PRRSv-resistant pigs for in-country assessment
- PIC's new world-class elite farms in Canada, Brazil and China well positioned to capture future growth opportunities GenusOne successfully deployed throughout the majority of Europe in the year; implementation underway in LATAM
- Strong progress in reducing CO_2 emissions; primary intensity ratio reduced by 36% and Scope 1 and 2 emissions reduced by 14% compared to our 2019 baseline

> **Read more on pages 30-33**

GROUP REVENUE
£689.7m
2022: £593.4m

STATUTORY PROFIT BEFORE TAX
£39.4m
2022: £48.4m

ADJUSTED PROFIT BEFORE TAX[1]
£71.5m
2022: £71.5m

ADJUSTED BASIC EARNINGS PER SHARE[1]
84.8p
2022: 82.7p

FREE CASH FLOW[1]
£18.2m
2022: £(13.5)m

DIVIDEND PER SHARE
32.0p
2022: 32.0p

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 statutory measures, and not as a substitute for or as superior to them. For more information on APMs, see the APM Glossary
2 Constant currency percentage movements are calculated by representing the results for the year ended 30 June 2023 at the average exchange rates applied to adjusted operating profit for the year ended 30 June 2022
3 The primary intensity ratio is a measure of the Group's Scope 1 and 2 emissions per tonne of animal weight

DRIVING GENETIC IMPROVEMENT

> **Trial outcomes validate that PIC800® delivers superior survivability and more full value pigs in commercial settings, leading to a significant economic advantage for customers.**
>
> **MATT CULBERTSON**
> Chief Operating Officer
> Genus PIC

Genus breeds and sells market-leading genetically superior animals, which enable farmers to produce more animal protein with fewer resources. Driving genetic progress lies at the heart of our business.

Genus is a global leader in genetic improvement. Our bovine business, Genus ABS, has a strong dairy genetics portfolio and has a leading beef breeding programme. In Genus PIC, our porcine programme has benefited our customers by delivering over $3.00 profit improvement per commercial pig per year in the past three years[1]. We achieve these results by starting with our world-class, proprietary herds, and applying leading technology and capabilities to rapidly improve them.

Genus is uniquely positioned as a leading player of scale. Serving many of the Top 100 pig producers and dairies globally through our strategic supply chain and distribution networks in over 80 countries. Our cash generation and listed status enables us to invest more in leading technologies[2], which we can leverage across species. We also attract top talent across our 3,500 employees, which include more than 130 PhDs.

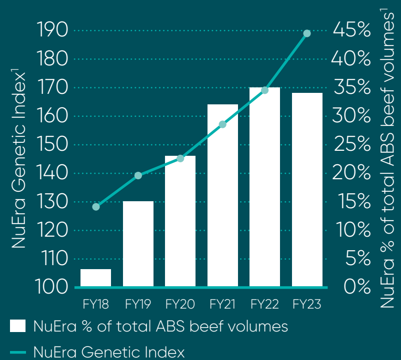
> Read more on pages 24-29

1 Based on three-year rolling average of our porcine genetic index. See Strategic Framework on page 20
2 See Technology section on page 4

OUR INDUSTRY-LEADING NUERA BEEF GENETIC PROGRAMME IS DELIVERING

NuEra, our proprietary beef breeding programme, produces industry-leading genetics for beef supply chains around the globe. These genetics have proven their superiority in head-to-head trials against competitors and also in internal validations using thousands of customer records from NuEra-sired progeny. In these evaluations of thousands of animals, advantages for the beef supply chain have ranged from $38 per animal leaving the grower at four months of age, up to more than $400 per animal, for animals at harvest when using NuEra. This has driven demand for our proprietary NuEra Genetics, which from full commercial launch in FY18 now represent more than a third of overall ABS beef sales volumes in FY23.

GENUS NUERA GENETICS INDEX AND NUERA SALES



1 NuEra genetic index for Genus proprietary T14 line

MEETING THE UNIQUE NEEDS OF THE INDIAN DAIRY MARKET THROUGH SEXED SEMEN

Milk is a major protein source in India and demand is growing. With imported milk being unaffordable, the country needs more productive cows with better genetic potential. However, conventional breeding results in unwanted bulls, which cannot be slaughtered, are a drain on limited resources and a safety risk on Indian roads.

In response, the Federal Government has provided financial assistance to establish sexed semen laboratories and supported the purchase of sexed semen straws. Through the Government programme, we have served six Indian states with over 400,000 Sexcel straws, with repeat orders from five states and over 50% market share.

Training in using sexed semen is vital, since each straw costs up to 50 times as much as conventional semen. In FY23, we trained around 4,000 vets and technicians, to help them understand the importance of genetics and selecting the right animals, and how to store, handle and use the straws. This helps to maximise farmers' returns and creates advocacy for using our genetics.

To further improve outcomes, we imported seven Jersey bulls from the US. Jersey milk has the right level of solids and the cows have longer productive lives and greater sustainability than Holsteins in tropical conditions. The new bulls have contributed to the profitability index for the best Jersey bull in India more than tripling.

Our R&D team in India is now working on targeted improvements to our sexed semen technology, to reflect demand for sexed water buffalo semen. Water buffalo are the most important farm animals in Asia and account for around 58% of all milk production in India.

> **Read more on pages 28-29**

ENHANCING ANIMAL WELFARE AND CUSTOMER PROFITABILITY THROUGH GENE EDITING

In the last year, we have made further good progress with our programme to produce gene-edited pigs that are resistant to the deadly PRRS virus. In particular, we have submitted our final filings to the US FDA, with acceptance expected in early 2024. To support submissions in other key countries, we have prepared an international dossier and engaged with authorities in Colombia, Brazil, Mexico, Canada and Japan.

To encourage customer acceptance, we are nearing completion of our life cycle analysis, to demonstrate their sustainability benefits, and conducting research to show the potential reduction in antibiotic use. We are also focused on consumer acceptance of gene-edited pigs, which is essential for ensuring an end-market for our customers.

As we prepare to offer PRRS-resistant pigs commercially, we have started to expand our pig population with the initiation of a second nucleus farm. This will give us greater scope for detailed animal testing and selection, to accelerate annual genetic improvement, as well as increasing the availability of elite breeding stock, so we can begin sales worldwide.

> Read more on pages 28-29

TECHNOLOGY

THROUGH LEADING-EDGE TECHNOLOGIES

"

Our world-class teams of scientists continue to break new ground, as we invest in our programmes to deliver rapid genetic advances to benefit our customers.

ELENA RICE
Chief Scientific Officer and Head of R&D

To drive genetic improvement in our proprietary herds and deliver superior breeding animals to our customers, we leverage leading-edge technologies that we develop in-house and access through strategic partnerships.

Our genome science and bioinformatics teams have a deep understanding of the link between DNA and animals' observable characteristics, such as protein and fat content, aided by our extensive databases of real-world animal performance data. We employ this knowledge in our proprietary breeding programmes to select superior parents with desirable characteristics to breed successive generations of animals.

10

countries where IntelliGen operates

Our biosystems engineering team uses technology to interrogate and select cells, such as in our proprietary semen sexing technology, IntelliGen, one of only two commercially available bovine sexing technologies globally. Today IntelliGen operates in ten countries, with 15 labs globally.

In gene editing, we have built strong in-house technical and regulatory capabilities. Our PRRSv resistance programme is developing more sustainable, disease-resistant breeding pigs by making precise changes to their genes. We are also exploring whether gene editing can provide solutions to other porcine diseases.

We have active R&D workstreams in multiple advanced reproductive technologies, including enhancing embryo quality, efficient determination of embryo viability and exploring how embryonic stem cells can enhance genetic gain and accelerate traits.

> Read more on pages 28-29

SUPPLY CHAIN

INVESTING IN OUR SUPPLY CHAIN

Genus's global supply chain efficiently delivers porcine and bovine genetics to customers while mitigating risk for us, for example by using third-party multiplier farms and by spreading facilities across the world.

PIC pure-bred pig lines are housed in strategically located biosecure facilities in four continents. 'Market' pigs for processing are then produced in 'breeding pyramids' over four generations. PIC supplies live animals and semen to customers' pyramids, enabling them to produce pigs with the latest, best-performing genetics. Third-party herd multipliers and studs expand our breeding pig populations and produce semen for commercial sale, with PIC controlling the sale of its animals to protect our intellectual property. In total, PIC boars are housed in more than 400 studs globally and there are more than 500 multiplication farms.

New farm builds, such as our owned Atlas (Canada), Granja Genesis (Brazil), and Ankang (China) farms have expanded our global supply of elite porcine genetics. In China our porcine supply chain is unparalleled amongst international genetics companies, with over 180,000 great grandparent and grandparent sows in owned, joint venture and contracted farms locally, enabling us to support industry growth.

ABS breeds elite bulls in four continents. The best bulls go to one of ABS's six owned and contracted stud facilities in the US, Europe, Brazil, India and Australia, where over 1,000 bulls' semen is collected for distribution as frozen semen 'straws' or used to create embryos for sale. ABS operates embryo labs in Brazil, Mexico and the US, and sexing operations in the US, Europe, Latin America and Asia.

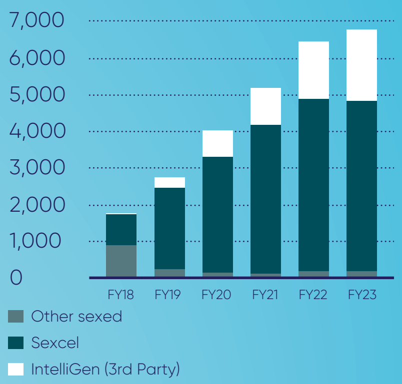
Animals at ABS's and PIC's facilities benefit from industry-leading welfare standards, and we have started to roll-out solar panels, solar generation has increased by more than 100% since FY22.

> Read more on pages 24-27

GROWING OUR SEXING PLATFORM

We have continued to grow our sexing platform to support the growing demand for Sexcel, our proprietary genetics sexed by IntelliGen, and third-party demand for sexing services provided directly by IntelliGen.

TOTAL SEXED SALES VOLUMES (000s)[1]



1 Sexed units delivered or produced for customers in the year

“Pork producers need the right products at the right time to keep their operations running smoothly and profitably. PIC is dedicated to making sure customers can access the high-quality genetics they desire, and we work with a global network of partners to achieve this goal.

NICK MCCULLEY
Global Porcine Supply Chain Director

SUPPORTING SUSTAINABILITY AND PRODUCTIVITY WITH GENEADVANCE

Over the last three years, we have worked with Ancali dairy in Chile to implement our GENEadvance programme. GENEadvance uses genomic testing to predict the genetic merit of heifers at a very young age, so the customer can use our ranking to select the right animals to breed future herd replacements and those to sell or breed to beef. Our revenue is then based on the outcomes for the customer.

“In Ancali, we are building an extremely disruptive business model,” says Miguel Aparicio, General Manager of Agrícola Ancali. “We have built the largest robotic farm worldwide, with the most modern production and environmental strategy, backed by a strong team. This helps us to deliver our key sustainability, social and governance pillars.

“We have a strong and successful business relationship with ABS, using GENEadvance to deliver our ambitious production and sustainability objectives. We are achieving excellent results, and we are now starting a high-quality embryo project for export purposes.”

Read more on pages 26-27

CUSTOMERS

PARTNERING WITH OUR CUSTOMERS

We build long-term relationships with our customers, share in the value we deliver for them and continually look for ways to serve them better.

ANDREW THOMPSON
Head of ABS EMEA

Genus serves over 50,000 customers in more than 80 countries, including many of the Top 100 pig producers and Top 100 dairies globally. Our porcine business is global leader and we are a strong second in bovine. We sell products through different channels, either as multi-annual product and service bundles or transactionally, always looking to align pricing with value delivered to customers. Our technical teams support customers to get the best from our products, delivering a superior customer experience.

We build trust with porcine customers by linking pricing to on-farm performance and by running validation trials. 85% of our volumes[1] are on multi-annual royalty contracts, where PIC supplies animals and semen at cost, and customers typically then pay for every parent selected for breeding, every piglet weaned or every pig sent to market.

In bovine, customers have traditionally purchased semen straws or embryos on a per-unit fee. In FY19, we introduced multi-annual product and service bundles, which typically require customers to commit to a three to five year contract and purchase 100% of their product requirements from ABS[2]. Today, this business represents 32%[3] of our direct sales volumes in EMEA. To serve customers better, we have introduced digital sales channels, which account for around one third of beef semen sales volumes in Latin America, an early adopter. We have also introduced digital tools and services to support contracted customers in key markets. We price each straw of semen according to a genetic index score used by the industry to estimate the economic value of breeding animals for farmers. We have also introduced beef weaned calf fees, which are similar to PIC's model.

Read more on pages 26-27

1 Including our Brazilian joint venture
2 Programme offering, customer commitment, pricing and contract lengths vary
3 Contracted business for 1-5 years, including our key account partner programme, reproductive management services, Breeder Tag programme, and other contracted services where the customer has committed 80-100% business with Genus ABS

NOURISHING THE WORLD SUSTAINABLY

Superior genetics are increasingly important to 'climate smart' production of animal protein, as we work to help further reduce our customers' emissions.

JORGEN KOKKE
Chief Executive

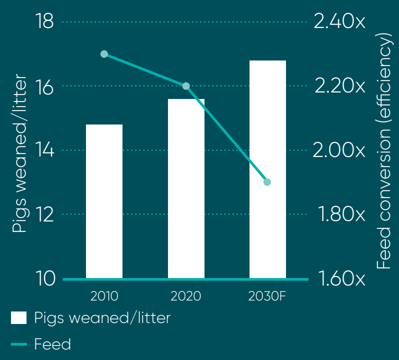
Genus breeds more productive and resilient breeding animals, which enables farmers to produce meat and milk more efficiently and sustainably. Our market-leading breeding animals have a significant impact on whole protein value chains and benefit multiple stakeholders, with customers being our central focus.

In the past 40 years, genetic improvement has contributed to doubling US dairy farmers' average milk per cow, from 5.4 to 10.8 tonnes per year[1]. Genetic progress has also helped to deliver significant resource savings and environmental benefits in protein production. Today it takes 1.6kg less feed to produce a kilogramme of pork in a professional farm system than it did 50 years ago[2]. By improving productivity, cost and resource utilisation, genetic improvement makes nutritious animal protein more accessible to consumers globally, helping to nourish the world more sustainably, in line with our vision.

3,500 employees help to deliver our vision and more than 12,000 shareholders are invested in our opportunity[3]. By sharing in the value that we deliver to meat and milk producers globally, we provide career opportunities to our employees and generate financial returns for our investors.

Read more on pages 36-59

PRODUCTIVITY INCREASES IN PIC HERD[4]



Genetic improvement in PIC herds has delivered benefits across multiple observable traits, including pigs weaned per litter and feed conversion. These all contribute to improving the overall pork produced per sow and reducing the resources required to produce it.

1 USDA ERS data for the period 1980-2020
2 Genus PIC data for the period 1970-2020
3 Number of Genus shareholders as of 30 June 2023
4 Genus PIC data; PIC herd represents top performing PIC customers

PIONEERING ANIMAL GENETIC IMPROVEMENT TO HELP NOURISH THE WORLD

WHAT WE DO

We are a world-leading animal protein genetics company. Our market-leading breeding animals have desirable characteristics such as feed efficiency, disease resistance, growth rate, protein and fat content, and fertility. These characteristics enable farmers to produce better quality meat and milk more efficiently, and to feed the world more sustainably.

HOW WE DO IT

We analyse animals' DNA and look for markers that we know are linked to desirable characteristics for farmers. We then select the 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 superior genetics to customers in the form of live animals, semen or embryos.

We also own technology that enables us to sort semen for desirable traits, for example to produce more female calves for the dairy market. In addition, we make precise gene edits to animals' DNA, which we are employing in our R&D programmes to produce animals which are resistant to fatal disease.

We focus on serving progressive farmers, who are best placed to realise and measure the benefits of our superior genetics and technologies.

INVESTMENT CASE

Leading multi-species market positions
We supply 50,000+ customers in 75+ countries, including some of the world's top pig and dairy farmers. Our international, multi-species model reduces our reliance on individual markets. In contrast, many of our competitors are regional single-species cooperatives.

Focused technology-driven business model
We focus on delivering high-quality breeding animals to farmers by discovering, developing and delivering pioneering technologies spanning the genomics, gene editing, sexing and reproductive technology fields, across multiple species.

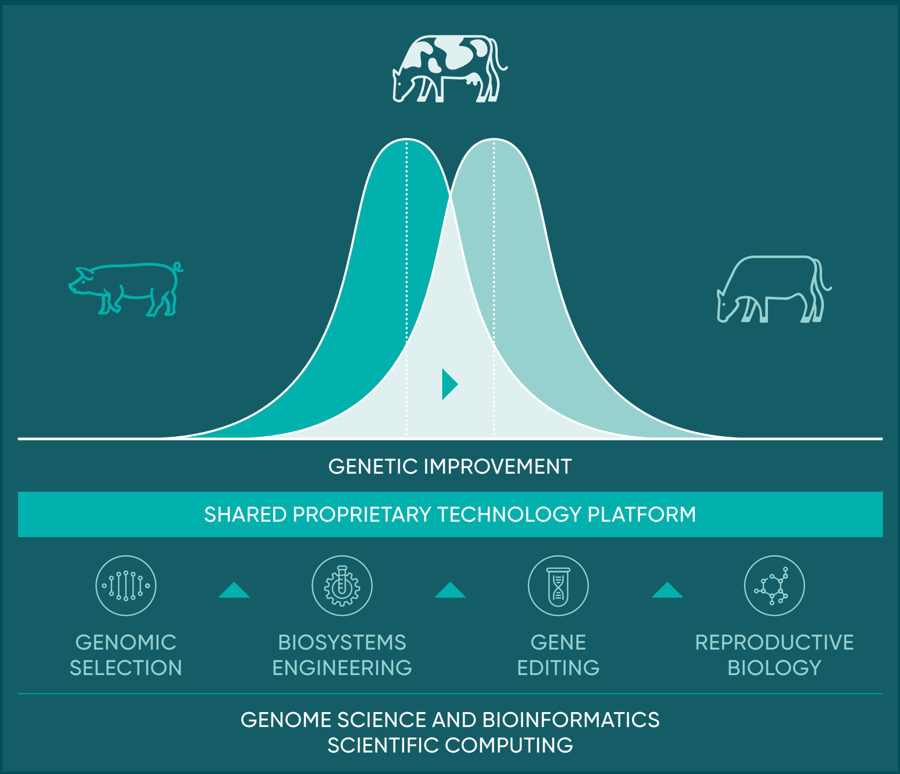
Positive long-term market fundamentals
Demand for animal protein is growing globally, while the need to operate sustainably is becoming even greater. Genus's genetic improvement technologies enable farmers to produce more animal protein with fewer resources, helping to reduce their environmental impact.

People and relationships
We attract some of the best talent in the industry. Our 3,500 employees, including 130+ PhDs, enable us to deliver superior products and services to our customers globally. Close relationships with leading research and strategic partners further strengthen our capabilities.

Scale and financial strength
Genus is the only large, listed animal genetics company operating in pork, beef and dairy. We are cash generative with a strong financial position and access to strategic capital. We leverage our R&D investment across species to further our genetic lead.

OUR INNOVATION-DRIVEN BUSINESS MODEL

Genus's business model is based on creating and delivering genetically improved breeding animals across different species, by leveraging a common, innovation-driven technology platform across different species. Our innovative R&D function includes over 450+ highly skilled employees including scientists, technicians, engineers and bioinformaticians. Our world-leading teams manage our proprietary breeding programmes by leveraging our extensive real-world data, collected on farms and through DNA analysis. More information on the key aspects of our business model can be found on pages 2 to 11.



OUR COMMERCIAL DIVISIONS

Genus's leading porcine and bovine divisions, PIC and ABS, deliver genetically elite breeding animals and services to thousands of farmers globally. Given the different nature of PIC's and ABS's markets and business models, PIC and ABS have different financial profiles.

	PIC	ABS
CUSTOMER PROFILE	Consolidated and vertically integrated	Consolidating
REGIONAL VARIATION	Low	High
GENETIC VALUE BASIS	PIC proprietary index	Moving from public to proprietary indices
GENETICS PURCHASING MODEL	Multi-year, royalty-based contracts	Priced per straw, shifting to multi-year genetic programmes
NUMBER OF EMPLOYEES	650+	2,400+
ADJUSTED REVENUE[1]	£349.5m	£318.8m
ADJUSTED OPERATING PROFIT[1]	£145.3m	£43.6m
ADJUSTED OPERATING MARGIN[2]	38.6%	13.7%

PIC divisional review can be read on pages 24-25

ABS divisional review can be read on pages 26-27

1 Revenue and Adjusted Operating Profit Includes Joint Ventures
2 Excluding Joint Ventures

SEIZING THE OPPORTUNITIES

"The Board carefully considers the balance between investing for the future and ensuring an attractive current return for shareholders.

IAIN FERGUSON CBE
Chairman

Performance was robust in the Group, which enabled us to deliver solid overall results for FY23, despite challenging market conditions for our customers and continued weakness in the porcine market in China. We continued to make excellent progress with implementing our strategy, leaving us well positioned to seize the opportunities in front of us.

PERFORMANCE AND DIVIDEND

Genus PIC achieved strong operating profit growth in most regions. However, the weak Chinese porcine market from December 2022 onwards resulted in PIC China being only modestly profitable in the last six months of FY23. Genus ABS faced very challenging markets in Latin America in the first half but saw better trading in the second half of the year, with operating profit growth in all regions.

Overall, the Group's adjusted profit before tax was £71.5m (2022: £71.5m) and adjusted operating profit excluding gene editing was £100.1m (2022: £85.6m). Statutory PBT was £39.4m (2022: £48.4m).

The Board carefully considers the balance between investing for the future and ensuring an attractive current return for shareholders. Our target is for the annual dividend to be 2.5x-3.0x covered by adjusted earnings. The Board is recommending a final dividend of 21.7p per share, which will give a total dividend of 32.0p (2022: 32.0p), including the unchanged interim dividend of 10.3p per share paid in March 2023. This results in dividend cover of 2.7 times for the year, within our target range. The final dividend will be paid on 8 December 2023, to shareholders on the register at the close of business on 10 November 2023.

CONTINUED STRATEGIC PROGRESS

The nature of our business means that whatever happens in our markets in the near term, we must continue to press forward with our strategic investments. Working to improve the genetic potential of animals and then making that potential available to customers can only take place across multiple breeding cycles, which makes it important to invest consistently.

Our differentiated genetics deliver long-term value to our customers and are key to achieving higher efficiency from their herds, resulting in greater output of animal protein from fewer resources. This is at the heart of our purpose – pioneering animal genetic improvement to help nourish the world – while at the same time reducing the associated environmental impact. Increasingly, we see our genetics as being 'climate smart', equipping our customers to continue as animal producers into the future by protecting their licence to operate.

During the year, we made strong progress with our PRRSv-resistant pigs programme, which opens up significant new opportunities for us. We have also continued to strengthen our supply chains, invest in digitalisation and develop our long-term customer relationships. More information can be found in the Chief Executive Q&A on page 16.

THE BOARD

The most significant development on the Board this year was Stephen Wilson's decision to retire after more than ten years with Genus, including four as our Chief Executive Officer. The Group has made great strides in his time on the Board and Stephen has made a major contribution to its success. He leaves the business in excellent shape. We are delighted to have attracted a high-calibre replacement in Jorgen Kokke, who joined the Board in May 2023 and succeeded Stephen as CEO on 1 July 2023. We have a well-ordered process, supporting an effective handover of responsibility in the lead up to Stephen's retirement at the end of September.

Lykele van der Broek will retire as a Non-Executive Director at the Annual General Meeting in November. He has made an important contribution to the Board over the last nine years and we have begun the process of recruiting a successor who will also offer Lykele's highly valuable experience in science-based agricultural businesses.

OUR PEOPLE

Genus employs highly talented people at all levels of the business and around the world, and I thank them all on the Board's behalf for their contribution this year. We continue to invest in learning and development, strengthen our approach to diversity and inclusion and enable our people to share in the Group's success through a new employee share scheme.

We also celebrate and reward our people in many other ways. The Chairman's Awards highlight outstanding innovation from across the business, while the Genus CEO Scholarships support colleagues to accelerate their professional development. We received a record number of applications for the scholarships this year and will cover the fees for two colleagues to undertake MBAs.

I want to thank Dr Bill Christianson, who has retired as Chief Operating Officer of Genus PIC after three decades with the Group. Our succession planning work identified Dr Matt Culbertson as the outstanding candidate to step up into Bill's role and we are delighted to have filled this key position internally.

LOOKING FORWARD

High inflation, rising interest rates and geopolitical instability mean the near-term economic environment remains uncertain. However, the Board believes that our continued focus on investing in our growth drivers leaves Genus well placed for success. We therefore look forward to the future with confidence.

Iain Ferguson CBE
Chairman

CHIEF EXECUTIVE OFFICERS' Q&A

Our new Chief Executive Jorgen Kokke ('JK') and his predecessor Stephen Wilson ('SW') discuss our performance in the year, our strategic progress and Jorgen's priorities for the future.

> **Genus is very well positioned. We have a very strong workforce around the world.**
>
> **JORGEN KOKKE**
> Chief Executive

Genus has faced some tough market conditions this year. How has this affected performance?

SW: We delivered solid overall results, despite challenging markets and macroeconomic conditions. Genus PIC had good results. The business performed strongly in North America throughout the year and also did well in Latin America. European porcine markets were difficult in H1 but the business had a better second half. However, the first half Chinese market recovery stalled in December 2022, reflecting the high supply of slaughter pigs and soft consumer demand in China. Pig prices fell to the point where producers were unprofitable, causing many to delay restocking their sow herds. That led to PIC China swinging from an adjusted operating profit of £8.8m in the first half to only a modest profit in H2.

Conversely, Genus ABS saw trading improve as the year progressed. The North American business had a strong year and Europe delivered good growth, although market conditions remained challenging in Brazil. Volumes in ABS have continued to benefit from take-up of sexed and NuEra beef genetics.

JK: We're confident that our investments in PIC China give us a strong platform to capture the growth opportunities and build a strong predictable royalty-based business, including commercialising PRRSv-resistant pigs.

What did these conditions mean for Genus's financial results?

SW: We finished the year with good growth in adjusted operating profit excluding gene editing of 9% in constant currency (17% in actual currency). Increased investment in gene editing as planned and higher interest rates meant that our adjusted profit before tax was unchanged from the prior year, at £71.5m (8% lower in constant currency).

Genus PIC's volumes and revenue in constant currency were up 5% and 7% respectively, with strategically important royalty revenue up 10%. Adjusted operating profit (including joint ventures) was 11% higher. Volumes in Genus ABS increased by 3%, revenue was up 12% and adjusted operating profit grew by 5%.

Stephen, you're about to retire after a decade on the Board. How has Genus evolved in that time?

SW: We've seen many challenges through that time but the key thing was that we really stayed the course in building for the long term. The business is in a completely different place in terms of its technology and R&D capability. Some of the Group's major achievements over that time include launching IntelliGen and NuEra beef genetics, the growth of our dairy breeding programme with De Novo, significantly strengthening PIC across all geographies, a number of very value-adding acquisitions and a significant refresh of our facilities, to give us world-class animal housing for the next decade and more. I think the capability in the team is also much stronger across all areas of the business.

In the last 12 months, we've finished the final animal studies for our PRRSv-resistant pigs programme and we're now waiting for approval from the US FDA of the submissions we completed since the year end. In China, the regulatory environment for this technology is moving forward, with the publication of regulations on gene-edited animals. We also have active research programmes on using gene editing to produce animals resistant to other diseases. In addition, we've seen encouraging progress in reproductive biology and we've further enhanced our IntelliGen capabilities and technology.

Our porcine business is benefiting from our Atlas facility in Canada which was fully operational in the year, Granja Genesis in Brazil was stocked and we have started stocking Ankang in China. We've continued to build out ABS's facilities in Leeds, Wisconsin. We've also completed the rollout of GenusOne in the majority of Europe, with Latin America and Asia next in the plan. The system is giving us access to data we didn't have before, so we have much better visibility of performance in the countries where we're using it.

JK: Since I joined the business, I've really seen the benefit of the long-term investment Stephen has talked about. I think Genus is very well positioned. We have a very strong workforce around the world and the passion, professionalism and dedication of the team members is phenomenal. There have been tremendous investments in the animal barns, the R&D capability is even stronger than I would have envisaged and I'm impressed by the cutting-edge science we're performing.

Based on that, what are your immediate priorities Jorgen?

JK: Having made the investments, we need to work hard to monetise them, which means developing programmes and projects that will benefit customers and ultimately shareholders. Commercial excellence and efficiency will be a key part of driving those returns. In ABS, we're already focusing on improving sales, execution and operational performance.

From a technological standpoint the PRRSv-resistant pig is the number one opportunity before us. That will have my full attention and it should make a significant contribution over three to five years. The question then is what's next? Resistance to other diseases may be part of that and the R&D team is working on other game-changing technologies with great potential.

How are your sustainability plans progressing?

SW: We've made real progress and we're continuing to work through our plan, which delivered a 5% reduction in our Scope 1 and 2 emissions during the year. Since 2019 we have reduced our Scope 1 and 2 emissions by 14%, while also growing our business, resulting in a 36% improvement in our primary intensity ratio. At the same time, our genetics can support our customers with reducing the emissions from their herds, which will only become more important.

JK: Helping our customers with their sustainability is a real opportunity for us. We've recently received a grant of £3m from Innovate UK to further our work on climate-smart genetics in beef, which is a validation of the work we have been doing to show that genetics can make an important difference. In addition, we are working in collaboration with the Gates foundation and other partners to improve dairy genetics in East Africa.

What's the outlook for the Group?

JK: From what I've already said, you'll understand that I'm excited about the prospects for this business. I see real potential in maximising the benefit of all the investment that's been done to date and continuing to move the science forward, to benefit customers and society. We have a clear focus on continuing to drive growth through leveraging the significant investments the Group has made in recent years. The PRRSv-resistant pig represents the most substantial opportunity in the medium term with FDA approval expected in the first half of 2024, having completed our submissions ahead of schedule. We will also continue to drive commercial excellence to grow sales, increase efficiency and improve margins.

In the near term, conditions remain challenging for our customers in several parts of the world, most notably for Chinese pig producers and Brazilian beef producers. However, the profit growth achieved by both businesses in FY23 illustrates the strength of our strategy and competitiveness of our offer to customers.

We anticipate that the China porcine market will continue to be volatile, reflecting continued disease outbreaks, a less consolidated industry structure and weak consumer demand. We remain confident PIC China will be a resilient growth business over the medium-term through offering the best genetics, customer service and increasing the penetration of our royalty-based model.

In FY24 we expect to continue to perform in line with our expectations for adjusted operating profit excluding gene editing, in constant currency. However, the recent strengthening of the Pound Sterling relative to several of our key trading currencies is currently anticipated to lead to a currency translation headwind of approximately £5-6m in the year. In addition, we expect finance costs to increase by approximately £2m as a result of the higher interest rate environment. We therefore expect modest growth in adjusted profit before tax in actual currency for FY24.

The Board remains confident in the Group's strategy and our medium-term growth expectations remain unchanged.

MARKET OVERVIEW

FEEDING THE WORLD MORE SUSTAINABLY

WHAT DRIVES DEMAND FOR ELITE GENETICS

INCREASING DEMAND FOR ANIMAL PROTEIN

The global population is expanding and urbanising, and seeking a more varied and nutritious diet. This is driving increases in consumption of pork, milk and beef, which are forecast to grow by 1–2% p.a. in the next decade.[1]

NEED TO PRODUCE FOOD MORE SUSTAINABLY

Competition for resources, such as land and water, and the need to reduce greenhouse gas emissions to tackle climate change, puts pressure on farmers to become more efficient through the use of technology and genetically superior animals, which are demonstrated to be more sustainable.[2]

CONSUMERS DEMANDING BETTER PRODUCTS

Consumers are increasingly demanding healthier and more sustainable products, which are produced with a focus on animal welfare, traceability and reduced drug use. This increases farmers' demand for genetically superior breeding animals, which are naturally more resilient and sustainable.[3]

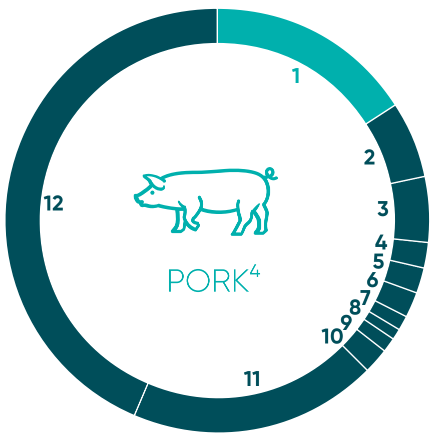
FARM CONSOLIDATION AND TECHNOLOGY ADOPTION

Progressive farmers, who are more open to new technologies and measure performance in more detail, are consolidating the sector. They understand the economic and sustainability benefits of genetically superior animals and optimised breeding strategies, such as combining the use of sexed dairy and beef semen on dairy herds to maximise profit.

1 OECD FAO production forecasts for period 2022–2031
2 As demonstrated through Genus real-world data and various trials in porcine, dairy and beef systems
3 Genus animals are selected according to indices that include productivity and health traits

OUR POSITION

Genus is a leading player in global porcine and bovine genetics markets, serving many of the Top 100 pig producers and dairies globally. Investment in our proprietary genetic programmes has delivered world-leading products in all our species, validated by indices and on-farm trials. Genus is also recognised as a global leader in genomic, gene editing and sexing technologies.



1	**PIC**	**16%**
2	Competitor 1	6%
3	Competitor 2	5%
4	Competitor 3	2%
5	Competitor 4	2%
6	Competitor 5	2%
7	Competitor 6	1%
8	Competitor 7	1%
9	Competitor 8	1%
10	Competitor 9	2%
11	Internal programmes	19%
12	Other	44%

1	Competitor 1	11%
2	**ABS**	**9%**
3	Competitor 2	8%
4	Competitor 3	5%
5	Competitor 4	4%
6	Competitor 5	3%
7	Other	60%

4 Source: Government agencies, Eurostat, pork organisations, Genus estimates. Market shares represent the estimated share of pig production in top pig production markets
5 Source: Government agencies, USDA, OECD, genetics and agriculture organisations, Genus estimates. Market shares represent the estimated share of combined dairy and beef volumes in ABS's Top 32 target markets for dairy and Top 8 target markets for beef

TRENDS IN OUR MARKET[1]

TOTAL PORK
122mt

TOP 3 MARKETS
China 45% · EU 18% · US 10%

ADVANCED GENETICS USE

PRODUCTION

Pig production is largely technified with progressive producers employing similar production systems globally. To stock a farm, producers typically acquire breeding pigs and semen from specialist genetic improvement companies or captive breeding programmes. Thereafter, they periodically acquire semen so they can benefit from the latest and best-performing genetics.

Disease poses a significant risk to pig producers, who rely on biosecurity protocols and health products to manage the threats such as African Swine Fever and PRRSv, which causes billions of dollars of damage to the industry annually.

China is by far the world's largest pork market and pigs there were historically produced mainly in small 'backyard' farms. In 2018, an outbreak of African Swine Fever caused the national sow herd to decline by about one-third. The resulting shortfall in pork drove the expansion of large-scale technified pig production, further aided by the legislative drive to professionalise the sector. Today, the top 50 producers control around a quarter of the sow herd in China.

TOTAL BEEF
721mt

TOP 3 MARKETS
US 17% · Brazil 12% · China 10%

ADVANCED GENETICS USE

PRODUCTION

Beef is produced in a variety of systems globally and from many breeds, using both artificial insemination and 'natural service'. Beef animals are often traded multiple times between birth and processing.

In the US, beef is mainly produced from pure-bred beef animals, which are bred naturally from bulls on farm or sourced from the open market. A modest but growing portion of beef cattle is produced by breeding dairy cattle with beef semen (Beef x Dairy). Beef x Dairy uses 'surplus' dairy breedings to produce high-quality beef animals that are more consistent than those from pure-bred beef systems.

In Brazil, beef is mainly produced from pure-bred 'tropical' beef cattle suited to local conditions, although tropical cattle are increasingly being cross-bred with semen from European breeds. The resulting cross-bred calves have better meat quality and growth rates than tropical animals, and are more heat tolerant than European breeds.

TOTAL MILK[2]
911mt

TOP 3 MARKETS
India 22% · EU 17% · US 11%

ADVANCED GENETICS USE

PRODUCTION

Milk production systems vary due to genetics, technification and the local environment, resulting in the average US cow producing over ten tonnes of milk annually compared with two tonnes in India. Dairy production is fragmented, but progressive farmers are consolidating. Average herd size in the US has grown by 77% over ten years[3], and China's dairy sector has significantly consolidated in recent years with the top three producers controlling almost 20% of production.

Historically farmers selected breeding animals based on their progeny's performance. However, in 2008, genomics enabled the selection of animals at birth from their DNA. Leading studs such as ABS responded by consolidating the ownership of elite genetics and transitioning from purchasing bulls to proprietary breeding programmes. Between 2008 and 2023, the number of breeders featured in the top bull rankings fell from 107 to 30[4].

Sexing technology use has grown rapidly, enabling farmers to produce herd replacements from their best cows with fewer breedings, given the ~90% chance of a female. Other animals in the herd are increasingly bred with beef semen to produce a high value cross-bred beef calf. The proportion of ABS's sales to US dairies consisting of sexed and beef genetics has grown from 16% to 78% between FY16 and FY23.

GENUS OPPORTUNITY (PORK)

- Maintain our genetic lead by driving genetic improvement faster than competitors and customers' internal programmes
- Ensure biosecure supply of breeding stock and semen for progressive producers in all key markets
- Drive market share gains via strategic partnerships with major producers
- Make China a 'home market', with local nucleus herds, supply chain and superior customer service
- Obtain approval for and launch our gene-edited PRRSv-resistant pigs, and explore technology solutions to other diseases

GENUS OPPORTUNITY (BEEF)

- Demonstrate the superiority of our proprietary beef genetics across the value chain through trials and partnerships
- Build on our product leadership in beef semen for dairy and tropical cross-breeding
- Develop naturally more resilient cattle, through genomic selection and gene editing technologies
- Progress pull-through demand partnerships to underpin demand for Beef x Dairy genetics

GENUS OPPORTUNITY (MILK)

- Driving genetic improvement faster than competitors
- Drive the adoption of our sexed and Beef x Dairy genetics amongst dairy farmers, to maximise their profitability
- Grow our presence with progressive industry consolidators globally
- Deploy our proprietary sexing technology with partner studs, delivering competition, value and sustainability to the industry

1 Sources: OECD FAO 2023 (forecast data), Rabobank, Boyar, Journal of Swine Health and Production, Genus Analysis
2 Represents 81% cow milk, 15% buffalo milk, 4% other (OECD FAO 2023 forecast data)
3 USDA data for the period 2011 to 2021
4 Represents the number of US Holstein breeders represented in the Top 200 NM$ rankings by birth year; 2023 data based on Top 200 Holsteins active using August 2023 data from the Council on Dairy Cattle Breeding

DELIVERING AND SHARING IN THE VALUE

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

STRATEGIC PRIORITIES

DELIVER A DIFFERENTIATED PROPRIETARY GENETIC OFFERING

FOCUS ON PROGRESSIVE PROTEIN PRODUCERS GLOBALLY

SHARE IN THE VALUE DELIVERED

SUSTAINABILITY AT THE HEART OF OUR BUSINESS

STRATEGIC IMPLEMENTATION

- Our overarching strategy, success drivers (which feed into the focus areas of our business model), and associated KPIs are determined at Group level. The strategy is then implemented at business unit level. Our overarching business unit priorities and strategic progress in FY23 can be found on **pages 24-29.**
- Sustainability lies at the heart of our business. KPIs marked with the icon on the right are considered by the Board to be indicative of our progress in this area. For more information see **pages 36-57.**

SUCCESS DRIVERS	WHAT DOES SUCCESS LOOK LIKE?
ELITE ANIMALS TECHNOLOGY AND CAPABILITIES DATA	**GENETIC GAIN** Creating superior breeding animals for farmers, measured against indices comprising traits that help to drive farmers' productivity and sustainability.
GLOBAL POSITION GLOBAL SUPPLY CHAIN CUSTOMER EXPERIENCE	**VOLUME GROWTH** Growing volumes, particularly with progressive livestock farmers.
VALUE-BASED PRICING PRODUCT VALIDATION LEVERAGE SCALE	**PROFITABILITY** Generating profit resulting from the performance of our products in customers' systems, and growing margin as we leverage scale and R&D investment across species.

Our strategy is underpinned by our approach to sustainable business and the strength of our people. The Board measures the performance of these key areas using the KPIs opposite.

LINK TO KPIS

> Read more on pages 22-23

$3.74
Porcine Genetic Improvement Index

1,084
Genomic Bull Net Merit Index (NM$)

3%
Dairy & Beef Volume Growth

5%
Porcine Volume Growth

£0.64
Adjusted Operating Profit per Market Pig Equivalent

£0.72
Adjusted Bovine Operating Profit per Dose

6.04
Primary Intensity Ratio

82%[1]
Engagement Survey Results

1 FY22 Result

MEASURING OUR SUCCESS

KEY PERFORMANCE INDICATORS

PORCINE GENETIC IMPROVEMENT INDEX (US$)

2023	3.74
2022	3.73
2021	3.53
2020	3.15
2019	3.12

LINK TO STRATEGIC PRIORITIES:

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.

PERFORMANCE: Genus continues to deliver increasing rates of genetic improvement through expanding and maintaining a large nucleus population for high selection intensity, improving technical processes for genomic evaluation, implementing precision data collection from birth to consumer and continuing to add new traits and data streams.

GENOMIC BULL NET MERIT INDEX (NM$)

2023	1,084
2022	951
2021	900
2020	797
2019	764

LINK TO STRATEGIC PRIORITIES:

Measures the genetic quality of our bulls released to market, based on economically relevant traits for farmers.

DEFINITION: The average NM$ index score of generally available Holstein commercial bulls launched in the year for genomically tested sires. This definition has been revised this year to better reflect the breadth of high quality bulls released to market each year.

PERFORMANCE: Genus continues to improve the quality of its commercially available bulls to maintain a leading genetic position in the dairy industry. Genus also has maintained a strong pipeline of young bulls tested but not yet in production. This is mainly driven by the large proportion of high-quality bulls sourced from our proprietary breeding programme, De Novo.

DAIRY & BEEF VOLUME GROWTH (%)

2023	3
2022	3
2021	15
2020	8
2019	6

LINK TO STRATEGIC PRIORITIES:

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.

PERFORMANCE: Bovine volumes improved 3% to 25.9 million units, with strong growth in Asia and North America. Sexed volumes were up 18%, reflecting strong growth in both Sexcel and third-party IntelliGen production.

PIC VOLUME GROWTH (%)

2023	5%	6% excl China
2022	0	8% excl China
2021	5% excl China	11% including China
2020	6% excl China	13% including China
2019	0	5% excl China

LINK TO STRATEGIC PRIORITIES:

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 5%, 6% excluding China, to 197 million MPEs, with growth across North America, Europe and Asia. Strategically important royalty volumes increased 7%. In China, volumes declined 1%, with strong royalty volume growth of 41%, offset by lower breeding stock volumes.

KEY TO STRATEGIC PRIORITIES

- Deliver a differentiated proprietary genetic offering
- Focus on progressive protein producers globally
- Share in the value delivered
- Sustainability at the heart of our business

ADJUSTED OPERATING PROFIT PER MARKET PIG EQUIVALENT (£)

2023	0.64
2022	0.59
2021	0.65
2020	0.61
2019	0.60

LINK TO STRATEGIC PRIORITIES:

Monitors porcine profitability per unit.

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

PERFORMANCE: Operating profit per MPE was £0.64, £0.05 higher (stable in constant currency). This was primarily due to continued royalty revenue growth across all regions, up 10% in constant currency, partially offset by growth in porcine product development due to the start of operations at our Atlas facility in Canada.

BOVINE ADJUSTED OPERATING PROFIT PER DOSE (£)

2023	0.72
2022	0.71
2021	0.69
2020	0.55
2019	0.50

LINK TO STRATEGIC PRIORITIES:

Monitors bovine profitability per unit.

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

PERFORMANCE: Operating profit per dose was £0.72, up £0.01 (up £0.04 in constant currency). This was due to profit margin expansion through continued sales growth of our premium Sexcel product, robust pricing strategies to mitigate cost inflation impacts and effective cost management, including across our bovine product development investment.

OTHER NON-FINANCIAL KEY PERFORMANCE INDICATORS

PRIMARY INTENSITY RATIO

2023	6.04
2022	6.98
2021	8.31
2020	8.33
2019	9.37

LINK TO STRATEGIC PRIORITIES:

Measures the emissions intensity of the Group's operations, which are largely driven by animal weight.

DEFINITION: The primary intensity ratio is a measure of the Group's Scope 1 and 2 emissions per tonne of animal weight.

PERFORMANCE: The primary intensity ratio has reduced by 14.6% from FY22. This is driven by improved efficiency of producing animals, improved manure management to reduce methane and nitrous oxide emissions, and increased herd size. We have continued to invest in biogas capture, renewable energy generation and our elite genetics which have driven an absolute reduction in our Scope 1 and 2 emissions in FY23.

ENGAGEMENT SURVEY RESULTS

2022	82%
2019	79%
2017	75%

LINK TO STRATEGIC PRIORITIES:

Measures levels of employee engagement over time.

DEFINITION: Employees' response to the statement "I would recommend a friend to work at Genus".

PERFORMANCE: Our employee engagement survey, Your Voice, is conducted every two years. No survey was carried out in FY23 although management remain focused on embedding the actions which arose from the last survey in FY22.

The next survey will be conducted in FY24.

INCREASING OUR IMPACT

DR MATT CULBERTSON
Chief Operating Officer
Genus PIC

BUSINESS PRIORITIES

SHORT TERM
Begin offering PRRSv-resistant pigs to customers in target markets, once regulatory approval has been received

MEDIUM TERM
Expand availability of PRRSv-resistant pigs and keep building our royalty business in China

LONG TERM
Continue to strengthen relationships with customers by enhancing genetic gain, product performance and consistency of supply

STRATEGIC PROGRESS IN 2022-2023

CREATE DIFFERENTIATED PROPRIETARY GENETIC SOLUTIONS

- Continued to enhance genetic gain for target traits (including prolificacy, throughput, carcass value and efficiency)
- Expanded use of digital phenotyping to four further sites, helping us identify patterns in movement and behaviour to aid improvement of robustness and longevity
- Added three facilities to our nucleus network, enhancing resilience of supply and expanding capacity in preparation for the marketing of PRRSv-resistant pigs

SERVE PROGRESSIVE PROTEIN PRODUCERS EFFECTIVELY

- Delivered growth across all regions through strong product performance, a robust supply chain and world-class support services
- Increased our share of damline and sireline business with producers across North America, contributing to a 9% rise in operating profit
- Continued to invest in our team, services and supply chain in China, enabling us to increase operating profit by 32% despite challenging market conditions
- Maintained momentum in Latin America and Europe by strengthening relationships with strategic accounts, enhancing operating profits by 12% and 6% respectively

SHARE IN THE VALUE DELIVERED

- Grew royalty volumes in China by 41%, while increasing the proportion of global business covered by royalty contracts to 85%[1]
- Increased the volume of boars distributed through our CBV Max programme, in which our most elite genes command a higher price, by 80%
- Commitment to improve the knowledge of our products and to show the economic benefits of using PIC's genetics was shown through 61 product validation and management trials in 10 countries, involving over 98,000 pigs

1 Genus Group (inc Brazil JV)

Year ended 30 June	Actual currency 2023 £m	2022 £m	Change %	Constant currency change %
Revenue	**349.5**	306.6	14	7
Adjusted operating profit exc JV	**135.0**	112.3	20	11
Adjusted operating profit inc JV	**145.3**	121.2	20	11
Adjusted operating margin exc JV	**38.6%**	36.6%	2.0pts	1.6pts

Porcine markets around the world continued to face challenging conditions during the year. These included economic uncertainty, volatile pig prices and outbreaks of disease, especially African Swine Fever (ASF') and PRRSv. China, the world's largest porcine market, experienced greater volatility than other markets. Pig prices in China averaged 18.8 RMB/kg through the year and were much weaker than expected in the second half, averaging 14.7 RMB/kg since January.

Price declines in many regions caused significant pressure on producer margins. This, together with inflation increasing input costs, drove some producers to reduce or delay replenishing their herds.

Despite such challenging conditions impacting porcine markets, PIC increased adjusted operating profit by 11% as the business continued to expand and strengthen commercial relationships with producers around the world. Volumes rose by 5%, aided by increased breeding stock sales in Europe and further growth in market share within North America. Revenue growth across all regions resulted in overall revenue increasing by 7% and strategically important royalty revenue rising by 10%.

All growth rates on this page are presented in constant currency, where relevant.

NORTH AMERICA

The US breeding herd declined slightly, with slower production growth in the second half of the year as domestic demand was lower in the face of rising inflation and competition from other proteins. Pig prices fell sharply as a result, reducing producer margins already under pressure from high input costs. However, exports continued to grow, aided by lower prices compared with some other markets and the weakening US dollar. This was driven particularly by strong demand from China and Mexico.

PERFORMANCE: The business performed strongly throughout the year, with market share gains across our customer base through sales of both sireline and damline products (volumes up 4% and 15% respectively). This was aided particularly by the continuing popularity of the PIC800® sire and Cambrough sow. The increases in market share and contributions from Olymel's AlphaGene programme drove strong royalty revenue growth and a double-digit increase in adjusted operating profit.

+9%	+4%	+8%	+9%
volumes	revenue	royalty revenue	adjusted operating profit

EUROPE

The region experienced the greatest reduction in its breeding herd for 10 years and production contracted in major markets, due to the ongoing economic, geopolitical and regulatory challenges impacting the agricultural sector. This led to tight supply, driving pig prices to record highs and significantly improving producer margins. These factors, along with high feed costs, disease challenges and declining pork exports, are likely to constrain industry recovery and sow herd growth in the future.

PERFORMANCE: Despite challenging market conditions, breeding stock sales in relation to royalty contracts rose and led to revenue growing by 20%. Rising royalty revenue, including double-digit growth in Spain, PIC's largest European market, and Russia, from previous expansion projects, helped the business deliver further growth in adjusted operating profit.

+8%	+20%	+9%	+6%
volumes	revenue	royalty revenue	adjusted operating profit

LATIN AMERICA

In Mexico, pork prices were lower than the previous year but remained well above the five-year average and rose again in the final quarter. Production increased slightly, as expected, but weaker domestic demand meant many producers made losses for much of the year, although they are now approaching or above breakeven. In Brazil, declining feed prices fuelled an increase in production and helped to meet rising export demand, particularly from China. These exports, when combined with seasonal domestic demand, helped pig prices rise by over 10% in the final quarter, but strengthening producer margins.

PERFORMANCE: Lower breeding stock sales meant sales revenue declined. However, strong royalty revenue from Mexico, Chile, and Colombia, as well as 14% growth in income from our joint venture with Agroceres, drove a double-digit increase in adjusted operating profit, with all the larger countries contributing.

0%	-6%	+12%	+12%
volumes	revenue	royalty revenue	adjusted operating profit

ASIA

Volatility in the China porcine market continued through this fiscal year, with pig prices declining from a high of 28 RMB/kg in October 2022 to 14 RMB/kg by the end of June 2023. In addition, China experienced significant ASF outbreaks, which created high levels of pork inventory, and there was a slow recovery in domestic demand following the relaxation of COVID-19 restrictions. All these factors resulted in many producers operating at a loss and remaining cautious. Elsewhere in the region, ASF outbreaks affected both Vietnam and the Philippines, although pork production is gradually growing in both markets.

PERFORMANCE: Rising sales in the Philippines and Asia franchise businesses, including Vietnam and South Korea, led to increased revenue. In China, market volatility caused a decline in breeding stock sales, but overall revenue remained stable, aided in particular by solid growth in royalty revenue. The growth in royalty revenue, as well as the impact of a one-time £4m customer credit in the prior year, meant there was a double-digit rise in adjusted operating profit despite lower breeding stock margins and the impact of two disease outbreaks on joint venture farms in the second half of the year. Continued investment in China's supply chain and biosecurity means Genus is well positioned to benefit as the market stabilises.

+0%	+3%	+20%	+32%
volumes	revenue	royalty revenue	adjusted operating profit
(PIC China -1%)	(PIC China stable)	(PIC China +26%)	(PIC China +62%)

SHARING IN CUSTOMER SUCCESS

DR NATE ZWALD
Chief Operating Officer
Genus ABS Dairy

JERRY THOMPSON
Chief Operating Officer
Genus ABS Beef

BUSINESS PRIORITIES

SHORT TERM
Implement actions arising from our review of approach to serving customers in core markets

MEDIUM TERM
Leverage our world-leading genetics, technology and people to secure further partnerships with progressive producers

LONG TERM
Drive innovative strategies to develop more sustainable food systems through further genetic progress

STRATEGIC PROGRESS IN 2022-2023

CREATE DIFFERENTIATED PROPRIETARY GENETIC SOLUTIONS

- Expanded GENEadvance, the programme through which producers agree a 100% partnership with ABS, to more than 600 herds globally
- Increased sales of Sexcel and Beef InFocus genetics, so they now represent 75% of units for GENEadvance customers
- Expanded production of NuEra Genetics, our proprietary beef range, and accelerated genetic improvement in our nucleus herds

SERVE PROGRESSIVE PROTEIN PRODUCERS EFFECTIVELY

- Initiated an extensive review of our approach to serving customers in core markets, identifying key success factors and sharing learning between markets
- Expanded use of digital platforms, particularly in Latin America, with nearly 30% of sales in Brazil now online (over 20% of Brazil's digital sales this year were to new customers)
- Increased market share in key territories including Brazil, US and China – despite challenging market conditions in each – and achieved record results in Australia

SHARE IN THE VALUE DELIVERED

- Grew UK beef pull-through volumes, with over 700 farms now committed to ABS supply chains, increased calf flow to the Schmucker network in the US and established new supply chains in Spain, France and the Netherlands
- Continued to ensure GENEadvance contracts are built around outcome-based pricing, which rewards us for the progress we help customers make towards their goals
- Began five new product performance trials to provide further evidence of the superior value NuEra Genetics delivers across the beef supply chain

	Actual currency			Constant currency change
Year ended 30 June	**2023 £m**	2022 £m	Change %	%
Revenue	**318.8**	272.0	17	12
Adjusted operating profit	**43.6**	40.5	8	5
Adjusted operating margin	**13.7%**	14.9%	(1.2)pts	(1.1)pts

Declining feed costs encouraged producers in Europe to maintain high levels of milk production, but markets in Latin America were affected by high costs, drought and limited forage. Growth in China was more modest than expected due to slow recovery following the relaxation of COVID-19 restrictions. High inventory and weaker consumer demand led to reduced milk prices in Brazil and China, and prices in the US declined significantly in the second half of the year.

Global beef production remained steady, with dips in the US and Europe offset by rises in Brazil and Australia. Beef prices remained high in the US, but declined year-on-year in Brazil due to high inventory and lower consumer spending power. Prices in Europe declined as more animals were sent to slaughter in response to the falling milk prices.

Despite the challenging market conditions, ABS continued to expand and strengthen its partnerships with strategic accounts around the world. Through these exclusive relationships, ABS is developing and delivering bespoke genetic plans and growing sales of Sexcel and NuEra beef genetics to accelerate customer success. These relationships drove a 3% increase in volumes, which more than offset lower sales of conventional beef and dairy genetics in some markets. More widely, the business continued to follow robust pricing strategies to mitigate the impact of cost inflation and exercised effective cost management. Such factors helped to deliver a 12% rise in revenue, which translated into 5% growth in adjusted operating profit, after taking account of the impact of higher supply chain costs following an IT incident in June 2022.

All growth rates on this page are presented in constant currency, where relevant.

NORTH AMERICA

Dairy demand remained stable, but milk prices fell significantly in the second half of the year. This reduced producer margins, leading to higher herd culling and feed ration changes, which is likely to slow growth in milk production. The US beef herd contracted due to drought conditions and production has declined during 2023 to date, with tighter supply driving wholesale prices to approach record highs. These have yet to impact retail demand, but the high prices and lower domestic production have significantly reduced export volumes.

PERFORMANCE: Double-digit growth in revenue was driven by robust price increases, rising sales of sexed genetics and ancillary products and services. This more than offset lower volumes of conventional and beef genetics as customers used sexed genetics to invest in more replacement heifers, rather than beef by-product income. These activities, along with continued expansion of our IntelliGen sexed processing for third-party customers, achieved a 17% increase in adjusted operating profit.

+5% volumes

+15% revenue

+17% adjusted operating profit

EUROPE

Lower input costs encouraged producers to maintain milk production levels. Following highs in the previous year, milk prices declined amid concerns over weakening consumer demand in the face of inflationary pressure. Beef production across the region dipped and carcass prices have begun to decline as more cows are sent for slaughter in response to the falling milk price, although it remains well above the five-year average. Beef exports fell by more than 20% during the year, as high carcass prices led customers in some markets to source cheaper alternatives.

PERFORMANCE: Increased sales in most retail markets, particularly France and Russia, were partially offset by lower volumes in some distributor-led markets, due to economic conditions and limited availability of certain types of bulls for those markets. However, both revenue and adjusted operating profit rose following targeted price increases and the expansion of GENEadvance long-term contracts with strategic accounts. IntelliGen third-party business in the region continued to grow, with new customers in Italy, the Netherlands and Israel.

+1% volumes

+8% revenue

+7% adjusted operating profit

LATIN AMERICA

High costs, drought and limited forage availability affected milk production in Argentina and Uruguay, reducing producer margins. Milk production in Brazil remained subdued and previously rising prices are now declining due to lower consumer demand and the increase in supply following imports. Strong beef exports from Brazil were driven by growing demand from China in particular, but high inventory and lower consumer purchasing power impacted the domestic market. Demand for beef in Mexico remains steady and exports have recently improved after a slow start to 2023.

PERFORMANCE: A transition from conventional to sexed genetics across the region, along with robust prices increases, led to a 12% rise in revenue on broadly stable volumes comparable to the prior year. Growth and effective cost management in Argentina supported an increase in adjusted operating profit there, although this was offset by declines in other countries, primarily Brazil, where there were challenging market conditions that particularly impacted the embryo business, along with high business cost inflation.

–1% volumes

+12% revenue

+0% adjusted operating profit

ASIA

Milk production in China continued to grow, albeit more slowly in the second half of the year, but high domestic inventory and weak consumer demand meant that milk prices declined. This led to growing numbers of animals being sent to slaughter, boosting beef production. Slaughter volumes also increased in Australia, but lower domestic milk production contributed to a double-digit reduction in exports. Growth in India's milk production slowed, despite increasing consumer demand, due to the impact of disease outbreaks and rising costs, particularly for feed. Demand for beef in Japan continued to fall.

PERFORMANCE: Overall volumes rose by 8%, with double-digit growth in sales of sexed genetics in Australia, China and India tempered by fewer deliveries through our distributor network, particularly in Japan due to a market slowdown in the second half of the year. Growth in volumes in India was driven particularly by a contract with the Government of India and support for third-party customers through IntelliGen technology. This increase in volumes, together with significant strategic account growth in China, drove a 20% rise in revenue and 4% increase in adjusted operating profit.

+8% volumes

+20% revenue

+4% adjusted operating profit

OPERATING REVIEW: R&D

ADVANCING INNOVATION

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

BUSINESS PRIORITIES

SHORT TERM

Gain regulatory approvals for PRRSv-resistant pigs in the US, Colombia and Brazil. Secure third-party customers for our dashboard integrating data from different instruments

MEDIUM TERM

Achieve regulatory approval for PRRSv-resistant pigs in China and other target markets and accelerate work on reproductive technology

LONG TERM

Continue using pioneering technology to enhance genetic gain, combat disease and support a sustainable food system

STRATEGIC PROGRESS IN 2022-2023

GENE EDITING

- Completed data package submissions to seek approval for PRRSv-resistant pigs from the Food and Drug Administration in the US, while also completing regulatory submissions in Colombia and Brazil
- Gained approval to import PRRSv-resistant pigs to China, for in-country regulatory assessment
- Continued to evaluate potential target edits to combat Swine Influenza
- Established several collaborations with academic partners to accelerate work on identifying target edits to combat African Swine Fever

REPRODUCTIVE BIOLOGY

- Introduced our new medium for embryo culture, which improves the quantity and quality of embryos produced, in commercial laboratories
- Expanded our work exploring how embryonic stem cells could enhance genetic gain, following encouraging results from initial research, and began a new collaboration with the University of Florida

GENDER SKEW

- Continued to enhance the efficiency of our proprietary bovine sexing technology, increasing the number of straws produced from each bull
- Established a further three IntelliGen Technologies laboratories for third-party customers and signed one technology transfer contract, licensing customers to use our process and instruments

DATA STRATEGY

- Completed implementation of our data analytics strategy, enabling us to link and query different data sets simultaneously and elicit faster and deeper insights to inform genetic improvement
- Integrated data from different locations around the world and developed dashboards to monitor production performance, instrument efficiency and quality control parameters: aiding our operations and establishing a new product offer for third-party customers

Year ended 30 June	Actual currency 2023 £m	2022 £m	Change %	Constant currency change %
Porcine product development	**29.7**	22.5	32	24
Bovine product development	**24.9**	22.7	10	1
Gene editing	**14.3**	7.9	81	66
Other research and development	**17.4**	14.0	24	13
Net expenditure in R&D	**86.3**	67.1	29	19

During the year, net research and development expenditure rose by 19% in constant currency as planned. This increase enabled further investment in a wide range of areas, including the research and development pipeline, new technologies, gene editing projects and product development initiatives.

+19%

net research and development expenditure

PORCINE PRODUCT DEVELOPMENT

Porcine product development made further progress on genomic selection and enhanced genetic gain for target traits, including prolificacy, throughput, carcass value and efficiency. We also expanded our use of digital phenotyping to four further sites, helping us identify patterns in movement and behaviour to aid improvement of robustness and longevity. These advances, along with continued expansion of our global supply chain (including the addition of three facilities to our nucleus network) enabled us to enhance resilience of supply for customers around the world. Product development costs increased by 24% during the year, due principally to the start of operations at our Atlas facility in Canada. Higher feed prices during the year also contributed to the increase in expenditure.

BOVINE PRODUCT DEVELOPMENT

We continued to strengthen our proprietary range of NuEra beef genetics and to invest in further product trials, from which preliminary data shows positive performance against competitor genetics in areas such as feed efficiency and growth rates.

We made further investments in our proprietary bovine sexing technology, enabling us to continue strengthening our capability to produce sexed genetics for ABS and for third-party customers through IntelliGen technology.

GENE EDITING

We made significant progress on our PRRSv-resistant pig programme, as we seek regulatory approval for our gene-edited animals in target markets around the world. This included completing data submissions to the FDA ahead of schedule and we expect approval in the first half of 2024. We are also making regulatory progress in Brazil and Colombia and we gained consent to import PRRSv-resistant pigs to China, for in-country regulatory assessment. In parallel, we continued to expand capacity across our nucleus network in preparation for the potential marketing of our gene-edited animals. We also continued to explore how responsible use of gene editing could combat other porcine diseases. This included evaluating potential target edits and establishing further collaborations with academic partners.

OTHER RESEARCH AND DEVELOPMENT

Other research and development expenditure increased by 13%, compared to the previous year. This enabled us to make further progress with our pioneering work on reproductive biology, including collaborating with the University of Florida to explore how embryonic stem cells could enhance genetic gain, and introducing a new medium for embryo culture, which improves the quantity and quality of embryos produced in commercial laboratories.

The increased investment also helped us develop our work on biosystems engineering and data analytics, with progress in the latter area enabling us to link and query different data sets simultaneously and elicit faster and deeper insights to inform genetic improvement. We also continued to collaborate with external partners on a series of discovery projects.

SOLID PERFORMANCE AND GOOD STRATEGIC PROGRESS

“

In the year, the Group achieved revenue growth of 16% in actual currency (10% in constant currency).

ALISON HENRIKSEN
Chief Financial Officer

Year ended 30 June	Adjusted results[1] Actual currency 2023 £m	2022 £m	Change %	Constant currency change %[2]	Statutory results Actual currency 2023 £m	2022 £m	Change %
Revenue	**689.7**	593.4	16	10	**689.7**	593.4	16
Operating profit	**74.6**	68.8	8	2	**40.5**	49.4	(18)
Operating profit inc JVs	**85.8**	77.7	10	3	**n/a**	n/a	n/a
Operating profit inc JVs exc gene editing	**100.1**	85.6	17	9	**n/a**	n/a	n/a
Profit before tax	**71.5**	71.5	–	(8)	**39.4**	48.4	(19)
Free cash flow	**18.2**	(13.5)	n/a	n/a			
Basic earnings per share (pence)	**84.8**	82.7	3	(5)	**50.8**	62.5	(19)
Dividend per share (pence)					**32.0**	32.0	–

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 APM Glossary

2 Constant currency percentage movements are calculated by representing the results for the year ended 30 June 2023 at the average exchange rates applied to adjusted operating profit for the year ended 30 June 2022

In the year ended 30 June 2023, the Group achieved revenue growth of 16% in actual currency (10% in constant currency). Adjusted operating profit including joint ventures was up 10% (3% in constant currency), reflecting good profit growth across our businesses, and was 17% higher (9% in constant currency) before gene editing costs. R&D investment increased by 29% (19% in constant currency), as planned due to an increase in gene editing costs as we move closer to commercialisation of the PRRSv-resistant pig and higher porcine product development costs, primarily due to the start of operations at our Atlas facility in Canada.

On a statutory basis, profit before tax was £39.4m (2022: £48.4m). The difference between the movement in statutory and adjusted profit before tax was mainly due to a reduction in the non-cash fair value of IAS 41 porcine biological assets, and a higher share-based payment charge. Basic earnings per share on a statutory basis were 50.8 pence (2022: 62.5 pence).

Adjusted profit before tax remained at £71.5m (down 8% in constant currency), with the improved trading performance being offset by higher interest expense, which increased from £6.2m to £14.3m (up 124% in constant currency).

The effect of exchange rate movements on the translation of overseas profits was to increase the Group's adjusted profit before tax for the year by £5.4m, compared with 2022, primarily due to the strength of the Brazilian Real and Mexican Peso against Sterling during the year. All growth rates quoted are in constant currency unless otherwise stated. Constant currency percentage movements are calculated by representing the results for the year ended 30 June 2023 at the average exchange rates applied to adjusted operating profit for the year ended 30 June 2022.

REVENUE

Revenue increased by 16% (10% in constant currency) to £689.7m (2022: £593.4m). PIC's revenue rose by 14% (7% in constant currency) with growth across all regions and a double-digit increase in strategically important royalty revenue. In ABS, revenue was up 17% (12% in constant currency), reflecting the continuing success of Genus's sexed genetics and NuEra beef genetics as well as the implementation of robust prices increases to offset the effects of cost inflation.

ADJUSTED OPERATING PROFIT INCLUDING JVS

Year ended 30 June Adjusted Profit Before Tax[1]	Actual currency 2023 £m	2022 £m	Change %	Constant currency change %
Genus PIC	**145.3**	121.2	20	11
Genus ABS	**43.6**	40.5	8	5
R&D	**(86.3)**	(67.1)	(29)	(19)
Central costs	**(16.8)**	(16.9)	1	1
Adjusted operating profit inc JVs	**85.8**	77.7	10	3
Net finance costs	**(14.3)**	(6.2)	(131)	(124)
Adjusted profit before tax	**71.5**	71.5	0	(8)

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

Adjusted operating profit including joint ventures was £85.8m (2022: £77.7m), 3% higher in constant currency. The Group's share of adjusted joint venture operating profit, primarily from our Brazilian joint venture with Agroceres, was higher at £10.8m (2022: £9.2m).

Gene editing investment, which is primarily focused on the PRRSv-resistant pig programme, increased to £14.3m (2022: £7.9m) as planned. This enabled us to continue expanding our population of gene-edited animals and increase preparation for commercialisation. Adjusted operating profit including joint ventures and excluding gene editing investment was £100.1m (2022: £85.6m), 9% higher in constant currency. Over the last five years our compound annual growth rate in this profit measure remains at 10% in constant currency, in line with our medium-term objective.

PIC's performance was a record level, with adjusted operating profit including joint ventures up 11% in constant currency. Volumes were up by 5% and strategically important royalty revenue was up 10%, with increases across all regions.

ABS's volumes rose by 3% and adjusted operating profit also rose by 5%. Demand for Sexcel, our proprietary bovine sexed product, continued to increase, as well as our IntelliGen third-party sexed processing, supporting an 18% rise in sexed volumes and further growth in our proprietary NuEra beef genetics. There was adjusted operating profit growth across most regions, with North America increasing adjusted operating profit by 17% in constant currency. Latin America's profits were stable, despite the region continuing to suffer from challenging market conditions. Europe's adjusted operating profit grew by 7%, due to growth across most countries, and in Asia adjusted operating profit was 4% higher, due to strong growth in our India IntelliGen business.

Central costs were stable, at £16.8m (2022: £16.9m) in constant currency, primarily due to prudent cost management.

FINANCIAL REVIEW CONTINUED

STATUTORY PROFIT BEFORE TAX

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

	2023 £m	2022 £m
Adjusted Profit Before Tax	**71.5**	71.5
Operating profit attributable to non-controlling interest	**(0.4)**	0.3
Net IAS 41 valuation movement on biological assets in JVs and associates	**3.6**	(1.4)
Tax on JVs and associates	**(3.9)**	(2.6)
Adjusting items:		
Net IAS 41 valuation movement on biological assets	**(16.9)**	(5.4)
Amortisation of acquired intangible assets	**(7.7)**	(8.3)
Share-based payment expense	**(6.0)**	(3.7)
Other gains and losses	**2.7**	–
Exceptional items	**(3.5)**	(2.0)
Statutory Profit Before Tax	**39.4**	48.4

Statutory profit before tax was £39.4m (2022: £48.4m), with improved trading performance being offset by higher interest expense, a higher non-cash fair value net charge for IAS 41 biological asset movement, higher share-based payment expenses and higher net exceptional items. Within this, there was a £24.9m reduction (2022: £24.5m uplift) in porcine biological assets, primarily due to the temporary destocking of the Aurora farm in Canada to complete a facility and health upgrade, and a £8.0m uplift (2022: £29.9m reduction) in bovine biological assets, due to certain fair value model estimate changes. Share-based payment expense was £6.0m (2022: £3.7m). These reconciling items are primarily non-cash, can be volatile and do not correlate to the underlying trading performance in the year.

EXCEPTIONAL ITEMS

There was a £3.5m net exceptional expense in the year (2022: £2.0m net expense), which included legal fees of £5.4m (2022: £1.4m) primarily related to Genus ABS's ongoing litigation with STgenetics and a £0.9m credit for a part that was settled during the year. It also included a £1.7m credit relating to an in-year sale of our Canadian ABS facilities, following the prior year ABS restructuring.

The prior year benefited from a £3.3m credit relating to a non-refundable cash receipt related to a legacy legal claim in Brazil, and £2.8m of restructuring expense, principally related to the closure of ABS supply chain barns in Canada and £0.5m of one-time costs to resolve an IT security incident.

NET FINANCE COSTS

Net finance costs increased to £14.3m (2022: £6.2m), primarily due to interest rate rises during the year. Average interest rates more than doubled to 4.94% (2022: 2.27%), raising the cost of like-for-like borrowings by £4.6m. Average borrowings increased by 30% to £226.9m (2022: £173.9m), primarily due to the cash investments in the prior period on supply chain capacity and the acquisition of Olymel's AlphaGene programme, resulting in a further £2.6m increase in interest costs in this year. The interest rate increases were partially mitigated by the Company's fixed interest cover, which reduced the impact of rate increases by around £1.0m.

Amortisation costs in the year were £1.1m (2022: £0.9m) and within other interest there was IFRS 16 finance lease interest of £1.2m (2022: £1.1m) and both a discount interest unwind on the Group's pension liabilities and put options totalling £0.5m (2022: £0.4m). Foreign interest in the year was an expense of £0.2m (2022: £0.3m income).

TAXATION

The statutory profit tax charge for the period, including share of income tax of equity accounted investees, of £11.5m (June 22: £14.3m) represents an effective tax rate ('ETR') of 26.6% (June 22: 28.0%). The reduction in the statutory ETR of 1.4 points results from the recognition of additional deferred tax assets, net of increased UK and foreign tax rates, as explained further below.

The adjusted profit tax charge for the year of £15.9m (June 22: £17.4m) represents an ETR on adjusted profits of 22.2% (June 22: 24.3%), a reduction of 2.1 points. Of this, a decrease of 6.2 points is due to the recognition of deferred tax assets for brought forward losses in Genus's Australia and France subsidiaries. This is offset by a 1.5 point increase, due to the rise in the UK and Consolidation Tax rates from 19% to 20.5%, and by a further 2.6 point increase in overseas taxes during the year. These higher overseas taxes are due to an increased share of Group profits in higher tax jurisdictions and reduced tax credits relating to agricultural activity in China. The Group's anticipated adjusted ETR for 2024 is 24% to 27%, which is higher than the current year due to the full year impact of the UK tax rate increase to 25% that took effect from April 2023 and the above noted change in profit mix to higher tax rate jurisdictions.

EARNINGS PER SHARE

Adjusted basic earnings per share increased by 3% (5% reduction in constant currency) to 84.8 pence (2022: 82.7 pence), reflecting the improved trading performance and lower effective tax rate and offset by higher interest expenses. Basic earnings per share on a statutory basis were 50.8 pence (2022: 62.5 pence), taking into account the factors above and the impact of a higher non-cash fair value net charge for IAS 41 biological asset movement, higher share-based payment expenses and higher net exceptional items.

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 2023, the carrying value of biological assets was £364.7m (2022: £387.7m), as set out in the table below:

	2023 £m	2022 £m
Non-current assets	**318.2**	333.7
Current assets	**23.8**	33.1
Inventory	**22.7**	20.9
	364.7	387.7
Represented by:		
Porcine	**242.7**	278.8
Dairy and beef	**122.0**	108.9
	364.7	387.7

The movement in the overall balance sheet carrying value of biological assets of £23.0m includes the effect of an exchange rate translation decrease of £17.2m. Excluding the translation effect there was:

- a £23.7m reduction in the carrying value of porcine biological assets, due principally to the depopulation of animals held in Aurora, our genetic nucleus farm in Canada, in preparation for an upgrade to the farm facilities and health status, and higher global interest rates which impact the valuation discount rates; and
- a £17.9m increase in the bovine biological assets carrying value, primarily reflecting increases in average selling prices.

The historical cost of these assets, less depreciation, was £83.4m at 30 June 2023 (2022: £77.2m), which is the basis used for the adjusted results. The historical cost depreciation of these assets included in adjusted results was £13.4m (2022: £10.7m).

RETIREMENT BENEFIT OBLIGATIONS

The Group's retirement benefit obligations at 30 June 2023 were £6.9m (2022: £8.3m) before tax and £5.6m (2022: £7.0m) net of related deferred tax. The largest element of this liability now relates to some legacy unfunded pension commitments dating prior to Genus's acquisition of PIC.

Despite difficult stock market conditions, robust investment strategies and higher bond yields during the year mean our two main defined benefit obligation schemes remained in sound financial positions. Prior to any IFRIC 14 amendments, both the Dalgety Pension Fund and our share of the Milk Pension Fund reported IAS 19 surpluses.

CASH FLOW

Cash flow (before debt repayments)	2023 £m	2022 £m
Cash generated by operations	**78.7**	56.6
Interest and paid taxes	**(28.3)**	(22.3)
Capital expenditure	**(35.2)**	(50.9)
Net cash received from JVs	**0.7**	3.2
Other	**2.3**	(0.1)
Free cash flow	**18.2**	(13.5)
Acquisitions and investments	**1.2**	(19.5)
Dividends	**(21.0)**	(20.9)
Net cash outflow (before debt repayments)	**(1.6)**	(53.9)

Cash generated by operations of £78.7m (2022: £56.6m) represented cash conversion of 105% (2022: 82%) of adjusted operating profit excluding joint ventures. The cash conversion rate of adjusted operating profit to cash exceeded our objective to achieve conversion of at least 90% annually. We expect to continue meeting this objective in the coming year. The increase in cash generation primarily reflected a record adjusted EBITDA performance of £110.6m (2022: £99.9m), along with lower working capital and biological asset outflows. Working capital improvement was aided particularly by focused accounts receivable collections, which improved days sales outstanding by 8 days to 48 days.

Capital expenditure cash flow of £35.2m (2022: £50.9m) was significantly lower as planned, after our peak year of investment in 2022. Spend included £19.8m of continued investment in our global facilities, as well as work to upgrade our Whenby UK facility, further investment in global IntelliGen capabilities and investment in software development, including the continued rollout of our GenusOne platform and improvements to our digital platform.

Net cash inflow from joint ventures was £0.7m (2022: £3.2m). After interest and tax paid, total free cash flow was £18.2m inflow (2022: £13.5m outflow).

The cash inflow from investments was £1.2m (2022: £19.5m outflow), with proceeds from the sale of Caribou shares of £3.4m being offset by investments in our China joint ventures of £1.0m, to increase production capacity, and £0.8m of deferred consideration payments from previous acquisitions. The prior-year investments included £14.5m to acquire the intellectual property in Olymel's elite porcine genetics.

NET DEBT AND CREDIT FACILITIES

Net debt increased to £195.8m at 30 June 2023 (2022: £185.0m). Cash inflows and outflows in the year largely balanced, with the increase in net debt primarily driven by new lease agreements. The ratio of net debt to EBITDA as calculated under our financing facilities at the year-end has reduced to 1.6 times (2022: 1.7 times) which remains in line with our medium-term objective of having a ratio of net debt to EBITDA of between 1.0–2.0 times. At the end of June 2023, interest cover was at 10 times (2022: 27 times).

During the year, the Group's principal credit facilities comprised a £190m multi-currency revolving credit facility ('RCF'), a USD 150m RCF and a USD 20m bond and guarantee facility. An additional £40m of accordion facility remains available for the duration of the facility agreement. The maturity date of the facility was extended by a further year in August 2022, to 24 August 2025. EBITDA, as calculated under our financing facilities, includes cash received from joint ventures. Net debt as calculated under our financing facilities excludes IFRS 16 lease liabilities up to a cap of £30m but includes bank guarantees.

On 30 June 2023, the Group had headroom of £118.7m (2022: £77.8m) under its available credit facilities.

CAPITAL ALLOCATION PRIORITIES AND RETURN ON ADJUSTED CAPITAL

Our capital allocation prioritises the investment of cash in areas that will deliver future earnings growth and strong cash returns on a sustainable basis. This includes investment for organic growth as a first priority through investment in our existing businesses, including capital expenditure in infrastructure, innovation in new products and the development of our people. We supplement organic growth with value enhancing acquisitions in current and adjacent market niches, aligned with our purpose. This brings new technology, intellectual property and talent into the Group and expands our market reach, keeping Genus well-positioned in growing markets over the long term.

The return on adjusted invested capital, as defined in the alternative performance measures glossary, was higher at 14.7% (2022: 13.9%), reflecting growth of 14% in adjusted operating profit including joint ventures after tax to £66.8m (2022: £58.8m), due to the 10% increase in operating profit including joint ventures, and a 2.1 point improvement in the adjusted effective tax rate. Adjusted invested capital increased at a slower rate, by 8% to £455.0m (2022: £422.0m), as we continued to invest in facilities, IntelliGen capacity, digital capability and our biological assets.

DIVIDEND

Recognising the importance of balancing investment for the future with ensuring an attractive return for shareholders, the Board is recommending a final dividend of 21.7 pence per ordinary share, consistent with the prior year final dividend. When combined with the interim dividend, this will result in a total dividend for the year of 32.0 pence per ordinary share (2022: 32.0 pence per share). Dividend cover from adjusted earnings of 2.7 times (2022: 2.6 times), is within the medium-term target of an adjusted earnings cover range of 2.5 to 3.0 times.

It is proposed that the final dividend will be paid on 8 December 2023 to the shareholders on the register at the close of business on 10 November 2023.

PASSIONATE AND PURPOSE-DRIVEN PEOPLE

ANGELLE ROSATA
Group HR Director

We empower, equip and support our talented global team to fulfil their potential.

OUR VALUES

- CUSTOMER CENTRIC
- RESULTS DRIVEN
- PIONEERING
- PEOPLE FOCUSED
- RESPONSIBLE

Across 24 countries, we employ a global team of 3,500 colleagues, many of them world-leading experts in their field.

MAINTAINING OUR CULTURE

We nurture an open, supportive and enjoyable working environment, built on mutual respect and equal opportunity. Our Company values remain at the heart of this culture. Our global employee handbook sets out behaviours expected of all Genus employees to ensure a workplace free from discrimination of any kind. We embed this philosophy in practice through recruitment, onboarding, training and performance management.

These steps are helping us build an increasingly diverse team and inclusive Company. Examples include our ongoing focus on recruiting, developing and promoting more women across the Company. We are continuing to enhance inclusion of people with different needs, with steps including the establishment of a Company-wide minimum level of leave for parents or carers when a new child joins their family (through natural birth, adoption or a long-term fostering arrangement). Our employee resource group AWAKE (Advancing Women's Advocacy, Knowledge and Empowerment) is also helping us strengthen efforts to enhance gender inclusion.

ATTRACTING AND DEVELOPING TALENT

We continue to offer a wide range of internships, trainee schemes and graduate programmes in different parts of the world. Since 2018, for example, we have attracted nearly 175 people to join our programmes in the UK and North America. This year, we received recruitment industry recognition for our early career hiring programme in North America.

Our global jobs framework maps out career paths for colleagues and clarifies the skills and competencies needed to support their development and career progression. This year, we also introduced a global jobs portal to help colleagues search and apply for vacancies around the world. This also enables employees to upload CVs and career goals, to aid internal talent sourcing for roles.

We offer a wide range of training and development opportunities to help our people progress through career paths, including the bespoke leadership and management programmes explored opposite. We also empower colleagues to advance their own development through a suite of on-demand courses and content, with much of the material available in multiple languages. All employees also take a series of mandatory annual training modules, including on our Code of Conduct and role-specific health and safety topics.

REVIEWING PAY AND BENEFITS

We regularly review our range of employee benefits to ensure it caters for colleagues with different needs, making improvements where we identify opportunities. This year, we also introduced a new benefits portal in several countries to increase understanding of, and access to, benefits information and well-being resources.

This year, we also launched TakeStock, a new share plan enabling employees to become shareholders in the business. Employees receive one free share for every three purchased. We introduced the plan in the US and UK, with over 25% of eligible employees taking part, spanning all segments of our workforce. To build on this success, we are now exploring how we can roll out this plan in other countries.

More widely, we continue to benchmark local pay in the markets where we operate, to ensure we are offering a competitive package to attract and retain talent.

ENHANCING ENGAGEMENT

We continue to increase employee involvement in the Company through a multimedia communication and engagement programme (from newsletters and videos to town halls and CEO round table discussions). Our two Non-Executive Director 'employee representatives', Lesley Knox and Lykele van der Broek, also held a breakfast discussion with employees at our Uberaba site in Brazil, gathering feedback and insights that they shared with the Board.

We introduced our new CEO, Jorgen Kokke, to colleagues across the Company through a range of communications. Jorgen also held informal discussions and Q&A discussions with colleagues on site visits during his onboarding programme.

We are planning our next global employee engagement survey, *Your Voice*, for late 2023.

SAFEGUARDING HEALTH AND SAFETY

We maintained our focus on continuous improvement of health and safety, with developments this year including a redesign of health and safety audit reports, which are shared with a wide range of leaders and key stakeholders to enhance understanding of performance and inspire action on findings. We also introduced a dashboard for managers, providing real-time incident data for their teams.

More widely, we continued to support employee wellbeing through a range of initiatives. These included holding a series of webinars exploring different aspects of mental well-being, in support of World Mental Health Day.

Our recordable injury rate for the year was 2.03 incidents per 100 employees, slightly lower than last year and in line with our target of a 5% reduction year-on-year (which we established three years ago). We also reduced vehicle incidents by 13% compared to the previous year, surpassing our 5% reduction target.

ROUTES FOR RAISING CONCERNS

We have established a range of routes, available in multiple languages, through which employees can raise any issues about unethical behaviour, including an independent and anonymous hotline (which supports our whistleblowing policy). Any reports 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.

DEVELOPING LEADERS

Our global jobs framework, which contains career paths for each role across Genus, has strengthened conversations regarding career goals, development and progression. It also underpins a process that invests in tailored support for colleagues at different stages of their career.

Our process spans four key elements:

- Learning through online courses and content, either on an individual's own initiative or following discussion with their manager
- Targeted training for front-line people leaders, relevant to both new and experienced managers
- A programme to help colleagues transition from leading individuals to leading teams
- Support for colleagues who lead other leaders

We complement these activities with training on behavioural competencies, helping people managers role model our values. We also offer an annual CEO Scholarship, which helps an aspiring leader accelerate their development by sponsoring them for a part-time or online leadership programme.

This year, we also held our first Global Leadership Conference since COVID-19. This drew together more than 100 leaders to review business progress, align with peers and learn from external speakers.

62%

of people managers have completed a leadership development programme

For details of current career opportunities at Genus, please visit **www.genusplc.com/work-for-us**

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.

STRATEGIC REPORT

SUSTAINABILITY AT THE HEART OF OUR BUSINESS

Our genetic improvement work is directly focused on helping farmers to meet the challenge of producing more healthy and happy animals with less resources.

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

We make a positive contribution to the world around us. According to the UN, today the global population is over eight billion people and is projected to reach 9.7 billion people by 2050. Our genetic improvement work is directly focused on helping farmers to meet the challenge of producing meat and milk more efficiently and sustainably, increasing the availability of high-quality, affordable animal protein around the world. This challenge is exacerbated by global climate change, and the risks to food security which flow from it. As a result of bovine and porcine genetic improvement, our customers require fewer animals and use far less land, water and other natural resources to produce more milk or meat than they did some decades ago. We are therefore providing fundamental sustenance to the world whilst reducing the impact agriculture has on the environment. We continue to drive our genetic improvement and gene editing programmes as we aim to lead the market in sustainable animal protein production.

In parallel, we 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 our primary intensity ratio[1] against our 2019 baseline by 2030, and becoming a net zero greenhouse gas ('GHG') emissions business by 2050.

Our operations will always have animal-related emissions associated with them, so our environmental focus is on delivering practical solutions to reduce or offset our residual emissions to net zero by 2050[2], whilst our genetic improvement programmes will make our animals more efficient.

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. To reflect the importance of sustainability to our business, we continued to refine our governance to ensure that sustainability issues are receiving focus at the highest levels of our organisation. Our Sustainability Committee, chaired by the Chief Executive, is attended by our executive team, along with Lysanne Gray, our Non-Executive sustainability champion. The Committee's activities are reported directly to the Board of Directors, ensuring that oversight of sustainability is a matter for the Board as a whole.

For Genus, sustainability also means ensuring our operations around the world are underpinned by policies and practices which reflect our core principles such as the protection of animal well-being, supporting community causes, and ensuring we foster a dynamic, inclusive and safe working environment for our people. We articulate expectations, provide information and deliver training where needed to embed responsible business practices across our organisation and the people we work with.

For more information, refer to: **www.genusplc.com/sustainability.**

Genus commits to equality across all of its businesses. It recognises these targets are challenging given the current availability of women within the overall global agriculture workforce. Our People and Culture reports provide information on the targets we have internally to promote or recruit more women to management grade roles. The agriculture sector has an unenviable safety record both here in the UK and internationally, and we are seeking to be class leaders in this area.

We are continuing to focus on efforts to improve health and safety standards across our business. We set and monitor progress of key performance indicators (see pages 38 to 39). We also ensure employees have multiple routes to raise any concerns (including the independent whistleblowing hotline explained earlier (page 35 Routes for Raising Concerns).

During the year Genus was not subject to any enforcement action by regulators in any jurisdiction where we operate for health, safety or environmental reasons. We had no environmental incidents and continued to maintain high standards across the business.

External assurance

DNV Business Assurance Services UK Limited ('DNV') were commissioned by Genus to provide limited assurance over selected information presented in the 2023 Annual Report for the FY23 reporting year. The scope of the assurance was designed to reflect some of the important FY23 sustainability goals and was restricted to the non-financial metrics identified below:

- total Scope 1 emissions – combustion of fuel, own transport and livestock emissions;
- total Scope 2 emissions – purchased electricity (and renewable generated), steam, heat and cooling;
- total energy consumed;
- the percentage of women in management roles; and
- for health and safety, the recordable injury frequency rate.

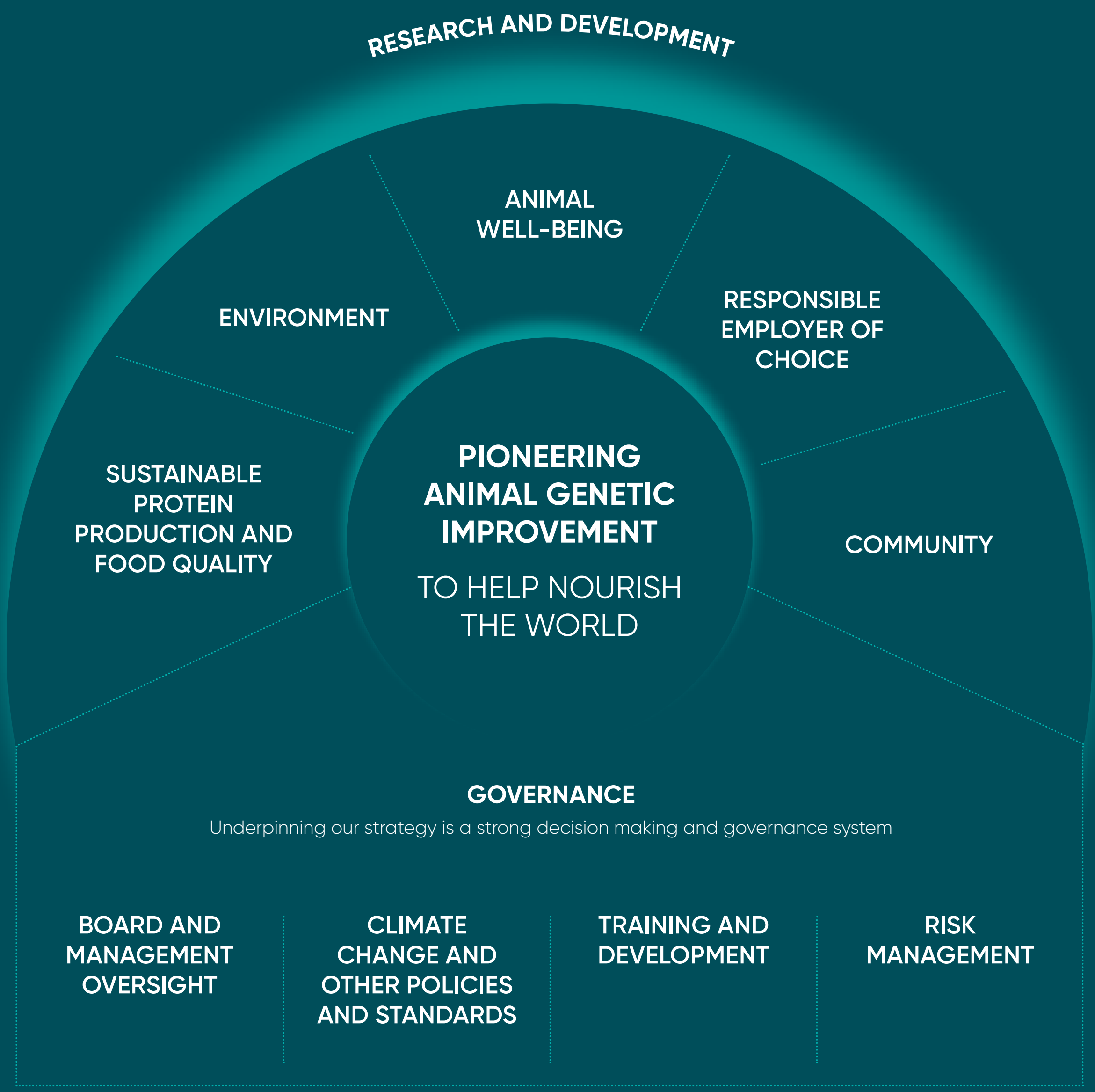
We have published DNV's Assurance Statement on our website with its observations and opportunities for improvement see: **www.genusplc.com/sustainability/policies-and-reports/.**

1 More information can be found on our website: www.genusplc.com/sustainability
Full details of how we measure the primary intensity ratio can be found in our Basis of Reporting for Non-Financial Metrics

2 Becoming a net zero business means that our business activities and our value chain will have no net impact on the climate from our GHG emissions

SUSTAINABILITY STRATEGY

Our sustainability strategy comprises five pillars which support our purpose.



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 overleaf.

For more information on our work, progress against the five pillars of our strategy and our Sustainability Committee, please see our website: **www.genusplc.com/sustainability**

SUSTAINABILITY REPORT CONTINUED

SUSTAINABILITY OBJECTIVE (AND RELATED SDG)	HIGHLIGHTS IN FY23	FY24 GOALS
SUSTAINABLE PROTEIN PRODUCTION AND FOOD QUALITY Advancing animal genetic improvement to help our customers breed more productive and resilient animals which produce high-quality milk and meat more efficiently and sustainably 2 ZERO HUNGER – zero hunger 2 ZERO HUNGER – productivity and incomes of small-scale food producers 13 CLIMATE ACTION – strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	• Genetic improvement targets have been met for the year. • The PRRSv project is on track. • The Life Cycle Assessment ('LCA') for the porcine business is nearing completion for North America and Europe. Data for China and Japan is being sourced and validated for the standard market pig to act as a comparator against our elite genetics and our PRRSv-resistant pigs. • LCA work for our T14 beef cattle has commenced and will follow the same approach as used for the porcine LCA. • UK Biotechnology and Biological Sciences Research Council project with Roslin/Scotland's Rural College ('SRUC') to look at inheritability of traits linked to enteric methane emissions has been started.	• Continue driving porcine and bovine genetic improvement and rapidly disseminate the genetics to customers globally by: (i) increasing porcine genetic improvement index by 0.75 standard deviation[1] per generation (ii) increasing dairy genetic improvement index by one standard deviation[1] per generation (iii) increasing beef genetic improvement index by one standard deviation[1] per generation • Using LCA to quantify the potential reduction of GHG emissions from the use of PIC genetics and PRRSv-resistant pigs. • Using LCA to quantify the benefits and reduction of GHG emissions from the use of T14 beef cattle. • Working on projects to understand the common causes of early death on US beef feedlots, and the impact of genetic selection. • Working with Innovate UK and SRUC to examine the impact of genetics and the micro-biome in T14 and T15 beef cattle to drive reductions of GHG emissions.
ENVIRONMENT Reduce the environmental impact of our own operations 12 RESPONSIBLE CONSUMPTION AND PRODUCTION – waste/manures 7 AFFORDABLE AND CLEAN ENERGY – renewables and energy efficiency 13 CLIMATE ACTION – low carbon transition	• Initiated manure methane capture at slurry ponds at our PIC Aurora facility. • Initiated an energy contract for all of our UK facilities that ensures use of renewable electricity. • Commissioned independent external assurance of our Scope 1 and 2 emissions. • Captured and validated remotely sensed satellite carbon data for 11 Genus facilities. This project was cancelled as the technology did not meet our expectations. • Initiated solar projects in Cheshire (UK), Cremona (Italy), and Atlas (Canada). • Manure management project at the Dekorra site in Wisconsin (US) was completed. • Conducted environmental audits of material facilities (Brazil and China).	• Examine and quantify water and waste use to better determine risks and opportunities. • Pilot project to install electricity sub-metering at a UK site to better assess energy savings and the benefits of solar photovoltaics. • Transitioning to hybrid and electric vehicles for all new pool vehicles in the UK. • Continue our investment in renewable energy projects at: (i) Bluegrass (US) – anaerobic digestion (ii) Aurora (US) – biogas project commission and assess investment opportunities (iii) Atlas and Aurora (US) – solar photovoltaics • Continue to implement an energy efficiency programme, with energy audits in the UK at key facilities and an updated UK energy savings plan. • Further work on improving emissions data collection and reporting of Scope 3 emissions.

SUSTAINABILITY OBJECTIVE (AND RELATED SDG)	HIGHLIGHTS IN FY23	FY24 GOALS
ANIMAL WELL-BEING Continuously improve animal well-being across our business worldwide	• 100% of employees with animal care responsibilities received training on Genus animal care standards. • Continued investment in PIC and ABS animal housing facilities including construction of Atlas and investment at Gourley and Bluegrass. • Maintained animal care standards • Published updated Animal Health & Welfare Principles document.	• Update the Animal Welfare Policy and ensure revised policy is rolled out globally. • Ensure employees with animal care responsibilities are regularly trained on Genus animal care standards.
RESPONSIBLE EMPLOYER OF CHOICE Be a people magnet with a dynamic, inclusive and safe working environment gender equality	• Achieved recordable injury frequency rate[2] of 2.03 against a target of 2.36 • Commissioned independent external assurance of our health and safety data, and total number of women in management (M-Grade) roles. • Percentage of women in M-Grade roles currently at 30.2%, with the number of women newly recruited or promoted to M-Grade roles in FY23 at 36.2%.	• Achieve at least a rolling 5% year-on-year reduction in recordable injury frequency rate, equivalent to at least 2.24 or less. • Maintain or improve employee engagement, by: (i) implementing 'Your Voice' Action Plans and publishing the key opportunities in our FY24 report. (ii) launching an awareness campaign of Company values. (iii) increasing the proportion of female employees recruited or promoted to M-Grade roles (target new female appointments: minimum 33%; stretch 50%).
COMMUNITY Proactively engage and make a positive contribution in communities of which we are a part disaster deaths equitable sharing of genetic resources	• Roll out of our PIC Aurora & Atlas 'Never Stop Improving' high school scholarship programme (see page 40). • The Company has been working in partnership with the Gates Foundation, Land O'Lakes, Vetline and AbacusBio to bring our elite genetics to farmers in Africa (see page 41).	• Support measures to prevent and respond to local community issues. • Recruit locally into nucleus farms, and encourage support for local charities that align with our mission. • Continue our 'Never Stop Improving' high school scholarship programme and our intern programme to invest in future skills our business needs (see page 40). • Continue to deliver elite genetics to farmers in Ethiopia, Kenya and Uganda in collaboration with the local partners.

1 Genetic improvement considers factors that shape each animal's carbon footprint during their lifetime. These include farm inputs which support growth (such and feed, supplements and water) and outputs from the animals and their manures (including direct emissions and manure methane/nitrous oxide emissions). By calculating inputs and outputs in this way, we can identify total emissions involved in the production of milk or meat and track the reduction from one generation to the next. For a detailed explanation of how these targets are set and calculated, and the impact of genetic improvement on our and our customers' carbon footprints, see our website: www.genusplc.com/sustainability

2 Recordable injury frequency rate is the number of work related incidents that result in injury or illness, work restriction, or require treatment other than first aid

The year's highlights from our sustainability programme

REDUCING GREENHOUSE GAS EMISSIONS

ENVIRONMENT – METHANE CAPTURE FROM MANURE

As a business producing animals used in breeding programmes across the globe, Genus's GHG emissions are largely from livestock sources – the methane from animals' manures.

We have invested £1.2m at our PIC Aurora facility in Canada to install covers across our slurry lagoons that will enable the biogas to be captured. Preparatory works started in FY23 and the project will reduce emissions by ~1,000 tonnes of carbon from methane that would have been emitted from the surface of the lagoon. Commissioning of the full system will take place in autumn 2023 and spring 2024, with a break for the winter where the amount of biogas generated is expected to slow, due to the cold weather conditions. This project builds on our successful project in Granja in Brazil with our joint venture partners, Agroceres.

Further investments of £1.5m are planned to install solar photovoltaic panels during FY24 at our PIC Aurora and Atlas facilities in Canada to displace the relatively dirty grid electricity and to build resilience to climate change through the generation of low carbon renewable energy.

ENVIRONMENT – CARBON CAPTURE IN SOILS

In the current year, we have also changed the way we manage our land and soils, to provide greater opportunity for carbon sequestration into soils and improve soil biomass. We have examined the use of satellite remote sensing technology to look for and to track carbon sequestration opportunities on our farmland. Unfortunately, the technology was not mature enough for us to accurately record the capture of carbon and we are reassessing how we can demonstrate carbon capture in our soils.

COMMUNITY

ABS GENETIC IMPROVEMENT IN ETHIOPIA AND KENYA

ABS has been working in partnership with the Gates Foundation and Land O'Lakes to deliver a $10m project to bring our elite genetics to farmers in Ethiopia and Kenya. The project aims to deliver safe, affordable and locally sourced dairy protein to meet local consumer demand. We also aim to develop local acceptance of the East African Dairy Profit Index, to increase the adoption of sexed genetics and to improve profitability for local farmers. Currently, these farmers are unable to meet domestic demand or compete with cheaper dairy imports.

The dairy industry in Ethiopia and Kenya faces a number of issues that block its progress. For example, calf mortality can be as high as 16%, which is further compounded by the young stock having slow growth rates and maturing later. This results in less milk being produced, higher input costs and higher GHG emissions per unit of milk produced. Lower fertility rates of sub 50%, further delay the time to maturity of the animal, and increase, by almost a third, the proportion of the dairy cattle that are non-productive, yet still emitting methane and consuming feed. The amount of milk produced by the traditional breeds of cattle in Ethiopia and Kenya are also low (0.5–2 litres per day), whereas on average a cow in the UK will produce 26 litres per day with peak production at around 60 litres per day.

Our partnership with Land O'Lakes ensures they can work with farmers to improve animal husbandry, health, nutrition and welfare. This has already delivered results through improved health and growth rates, and lower mortality. ABS has been providing elite genetics of cattle that are more capable of delivering greater milk yields, with health traits that are more suited for the East African environment. This has increased productivity and reduced the costs of production, increasing the farmer's ability to meet domestic market needs, compete with imports and reduce GHG emissions.

Over the next three years the project will deliver: (i) 46,000 improved dairy cows; (ii) 10,000 genomic samples to contribute towards developing an East African dairy index; (iii) 170 million litres of additional milk; and (iv) provide valuable new skills and jobs for technicians in these countries.

PIC GENETIC IMPROVEMENT IN UGANDA

PIC, Vetline and AbacusBio are working together to improve Uganda's pig production, health, and welfare in a sustainable way. The aim of the venture is to provide economic stability for pig farmers and their families in Uganda, while ultimately addressing broader food production and food safety issues in the supply chain to deliver nutritious, healthy, and safe food. This will be done through an integrated combination of PIC genetics and expertise, artificial insemination and veterinary services, provided by Vetline, underpinned by the database and information platform delivered by AbacusBio.

By focusing on areas surrounding urban development in Uganda and exploring sustainable modern pig production techniques, the venture has the potential to positively impact the wider Ugandan society. Pig farming is one of the fastest growing livestock activities in Uganda and is a means of increasing food, income, and employment. Uganda is among the largest per capita consumers of pork in sub-Saharan Africa, but productivity is low, and demand outstrips supply. This venture with PIC, Vetline and AbacusBio will greatly benefit local farmers in producing pigs more efficiently and sustainably. Through this project we aim to provide more affordable nutrition for the benefit of the local farmers and their communities which fully aligns to the core of our sustainability goals.

INTERNS AND SCHOOL SCHOLARSHIP PROGRAMME

The PIC Aurora & Atlas 'Never Stop Improving' high school scholarship programme was started this year with the goal of supporting our local youth to use that very motto in their education, career and family. Applicants were required to submit a letter about themselves describing their career plans and goals. They also submitted an essay on the topic of our PIC motto: 'Never Stop Improving' – outlining why this motto is important in the swine industry and how PIC has applied this method to the agricultural industry.

133

students sponsored who have now successfully completed the programme

We were very excited to announce our first recipients of the PIC 'Never Stop Improving' high school scholarship in Kipling & Carlyle, Canada. Alexys Roppel is a graduate from Kipling High School. She is continuing her education at the University of Saskatchewan for Agriculture in Crop Science, and hopes to become an agronomist, travelling from farm to farm advising farmers with their crops. Kerri Lachapelle graduates from Carlyle's Gordon F. Kells High School and is enrolled at the Saskatchewan Polytechnic College in Saskatoon. She is working towards a career first in nursing and then hopes to become an obstetrician.

In 2018 our North American ABS business started its award-winning 'early careers' intern programme www.startingatgenus.com. To date we have sponsored 133 students who have now successfully completed the programme.

Of the students recruited 60% are female and 40% male, and we have retained 44% of the interns within our own business, whilst providing opportunities for others to join the sector or to go onto new roles elsewhere within agriculture or the biotech industry. The interns that we have retained have gone on to hold a range of diverse positions in ABS such as Beef Sustainability Scientist, Livestock Supervisor, Sales Team Leader, Technical Services Consultant and Beef Business Development Specialist. This year we welcomed our new intake of interns who received a warm welcome from the ABS and Genus management team and were given an opportunity to hear and meet some of the leaders covering topics such as sustainability, leadership, and to learn more about our elite genetics.

44%

of interns were retained within our own business

SUSTAINABLE PROTEIN PRODUCTION

GENETIC IMPROVEMENT

As global climate change increases the risks to global food security, our work in genetic improvement provides livestock which is more robust and resilient to climatic extremes, helping farmers produce milk and meat more efficiently and sustainably, using fewer natural resources. We measure progress by assessing the factors that shape each animal's carbon footprint during their lifetime, including the efficiency with which the animal feeds, the production of milk, and the health and robustness of the animal during its lifetime. We set genetic improvement targets each year, which relate to life cycle carbon emissions. We met all of our genetic improvement targets in FY23 (see page 38).

Based on genetic improvements the use of our improved genetics produces the following estimated annual reductions in carbon emissions[1]:

- Porcine – 429,000 tonnes CO_2e;
- Dairy – 851,000 tonnes CO_2e; and
- Beef – 70,800 tonnes CO_2e.

1 These reductions in GHG emissions are estimates only based on the calculation of CO_2e reduction from genetic improvement multiplied by the estimated number of animals created each year using our genetics. See page 56

CLIMATE CHANGE POLICY AND GREENHOUSE GAS ('GHG') REPORTING

Genus acknowledges the reality of climate change and recognises the lasting impact it will have on our business and our communities.

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 health and feed efficiency, enabling a reduction in the production of GHG emissions per unit of milk or meat produced;
- reducing the carbon footprint of our operations through better manure management, applying renewable power solutions to our vehicles and facilities and more efficient power use; and
- partnering and advocating for policies that advance positive climate goals and identified United Nations Sustainable Development Goals ('SDGs').

OUR REPORTING APPROACH

We are committed to reducing GHG emissions in our operations and we use the 'primary intensity ratio' ('PIR') to report emissions reductions. In FY20, we refined our methods to measure GHG emissions and developed an FY19 emission baseline (FY19 Baseline). We aim to reduce the PIR by 25% by 2030 compared to our FY19 Baseline, and to have net zero GHG emissions by 2050[1]. This means that even as our business grows, we are seeking to ensure that over time our GHG emissions shrink.

Genus is on a journey to meet the TCFD recommendations and as with most businesses, measuring emissions is difficult. In FY24 we will take time to examine our processes and procedures for calculating emissions, to ensure our data is accurate and robust, with a focus on Scope 3 emissions. Many businesses are currently grappling with complexities associated with measuring Scope 3 emissions, but the agriculture sector presents additional challenges with obtaining reliable data in support of production and carbon performance, which can become more complex when managing globally traded commodities.

For Scope 1 and 2 emissions, we use the percentage of our equity stake in joint ventures to determine our share of joint venture emissions, and omit some livestock held by third parties where we have limited information or control over the management of livestock. We have determined and reported the emissions we are responsible for within this boundary and believe there are no material omissions for Scope 1 and 2 emissions.

EXTERNAL ASSURANCE

DNV provided limited assurance over our Scope 1 and 2 emissions (see page 36).

GHG EMISSIONS REPORTING OUTCOMES

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

Our total Scope 1 and 2 emissions have reduced from 81,051 tonnes of CO_2e in FY22 to 77,366 tonnes of CO_2e in FY23, a reduction of 3,685 tonnes of CO_2e. This is a 4.6% reduction year-on-year, and is a 13.5% reduction against our FY19 Baseline. When the data is normalised using our PIR, the ratio has reduced from 6.98t CO_2e per tonnes of animal weight in FY22 to 6.04t CO_2e per tonnes of animal weight in FY23. This is a reduction of 13.5% year-on-year and a 35.5% reduction from our FY19 Baseline which is driven by improved efficiency of producing animals, the closure of some older farms and opening of newer facilities, improved manure management to reduce methane and nitrous oxide emissions, improved energy efficiency, and increased herd size.

The transformation of our vehicle fleet is making less progress than we had hoped for. Emissions have continued to increase by 10% relative to the FY19 Baseline due to increased travel following on from COVID, but they are down on the FY22 absolute emissions by 208 tonnes of CO_2e. The roll out of cleaner vehicles is still being constrained by the availability of replacement vehicles from the manufacturers. In North America, the lack of vehicles and infrastructure are major barriers to progress. As an interim measure for North America, we are seeking to reduce the dependence of the business on large V8 petrol engine vehicles and to move to smaller V6 petrol trucks with turbo support to improve fuel efficiency. The average fuel efficiency of vehicles in the North American market is generally half of the European fleet. In the UK we currently have a fleet of 235 cars and vans. We have stopped replacing vehicles with petrol or diesel only vehicles and have been switching to petrol hybrid vans. We have 36 pure electric vehicles in our fleet. The transition to lower carbon vehicles will continue with a further 26 diesel/petrol vehicles being replaced with hybrids this year. By the end of 2026 we will no longer have any diesel vehicles in our fleet. From 2026 onwards we will then seek to transition to electric vehicles if the market is able to support this transition, and this should be completed as the four-year replacement cycle for our vehicles works through. Scope 3 Category 6 business travel emissions for FY23 were 5,245 tCO_2e.

We have published our Basis of Reporting on our website: **www.genusplc.com/sustainability/policies-and-reports/.**

1 More information on our pathway to net zero emissions by 2050 can be found on our website: www.genusplc.com/sustainability

Emissions from	FY23 Tonnes of CO_2 UK and offshore	FY23 Tonnes of CO_2 Global (excluding UK and offshore)	FY22 Tonnes of CO_2e UK and offshore	FY22 Tonnes of CO_2e Global (excluding UK and offshore)	FY21 Tonnes of CO_2e UK and offshore	FY21 Tonnes of CO_2e Global (excluding UK and offshore)	FY20 Tonnes of CO_2e UK and offshore	FY20 Tonnes of CO_2e Global (excluding UK and offshore)	FY19 Tonnes of CO_2e UK and offshore	FY19 Tonnes of CO_2e Global (excluding UK and offshore)	FY23 % change from FY19 Baseline
Scope 1 – combustion of fuel, own transport and livestock emissions	2,923	64,677	2,461	68,217	2,626	72,314	2,630	77,673	3,178	78,773	
Total Scope 1	**67,601**		**70,678**		**74,940**		**80,303**		**81,951**		**-18%**
Scope 2 – purchased electricity, steam, heat and cooling	162	9,603	150	10,223	130	6,695	168	6,850	171	7,268	
Total Scope 2	**9,765**		**10,373**		**6,825**		**7,018**		**7,439**		**31%**
Total Scope 1 and 2	**3,086**	**74,280**	**2,611**	**78,440**	**2,756**	**79,009**	**2,798**	**84,523**	**3,349**	**86,041**	**-14%**
Scope 3 emissions	13,542		16,195		14,664		16,119		21,489		-37%
Total emissions	**90,908**		**97,246**		**96,429**		**103,440**		**110,879**		**-18%**
Primary intensity measure – animal weight (tonne)	12,812		11,611		9,839		10,488		9,543		34%
Primary intensity ratio – Scope 1 and 2 (tCO_2e/tonne animal weight)	**6.04**		**6.98**		**8.31**		**8.33**		**9.37**		**-36%**

GENUS ENERGY DATA

In line with the UK Government's energy and carbon reporting requirements, further information on our energy consumption for FY23 and FY22 across Genus is set out on the next page, along with historic data back to FY19. This is sourced from data for the carbon data reported and is tracked internally. 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 2022 to 30 June 2023.

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	FY23	FY22	FY21	FY20	FY19	% change from FY19 Baseline
Electricity	Electricity imported	kWh	21,423,724	16,871,327	15,309,577	20,156,010	17,599,380	41%
	Electricity generated from renewable sources and used on site	kWh	1,120,678	590,330	384,012	334,670	303,800	269%
	Electricity generated from renewable sources and exported	kWh	251,901	–	–	–	–	–
	Electricity Imported – UK	kWh	769,580	629,120	511,703	559,905	584,405	32%
	Electricity Imported – RoW	kWh	20,654,143	16,242,207	14,797,874	19,596,105	17,014,975	21%

GENUS'S NET ZERO ROADMAP

ACTIONS FOR CONTINUING OUR JOURNEY TOWARDS NET ZERO

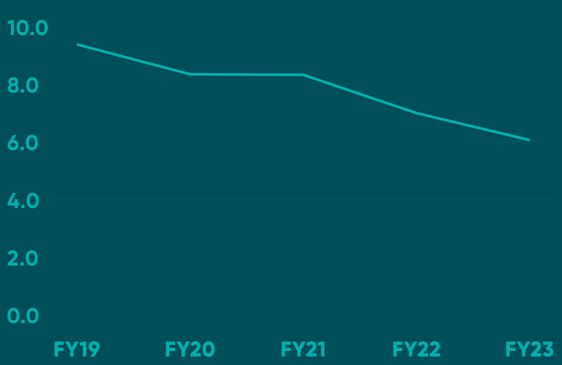
The TCFD recommendations and recommended disclosures recommend that companies that have made GHG reduction commitments should describe their plans for the transition to a low-carbon future and economy.

For Genus we have a wide range of activities that will contribute to our own decarbonisation efforts (as shown in the graphic opposite) and in helping our farmers and the wider value chain to collectively move towards net zero using our elite genetics. We are currently reviewing our 2030 and 2050 targets to ensure that they remain relevant and continue to meet stakeholders' expectations. The review will include the outcomes from the TCFD scenario analysis (see TCFD disclosures section) and aim to ensure that our strategy and financial planning considers the future climate risks and opportunities that may have a material impact.

KEY

- Energy
- Water
- Genetic improvement
- Data
- Environment
- Financial impact
- Hybrid and electric vehicle
- Capital investment

GENUS PLC PRIMARY INTENSITY RATIO



Taking positive actions to reduce our emissions

PRIMARY INTENSITY RATIO: 100% / 75% / 50% / 25% / 0%

2019 — 2023 — 2025

Ongoing Genetic Improvement

Investment in Solar PV
Dekorra, USA; Cremona, Italy; APEX, Canada; Cheshire UK

Biogas projects
Brazil and Canada

No new petrol or diesel cars in UK. Fleet of 235 cars/vans, with 98 hybrids and 36 EVs

Composting Project
Dekorra, USA

Ongoing investment in renewables in Europe and the Americas

Aurora biogas project commissioned Green Power Procurement contract for UK

36 new petrol-hybrid vans and 4 EVs. Charging infrastructure review

Ongoing transition to fuel efficient vehicles in the US

Assurance of Scope 1 and 2 emissions and PIR

Develop Scope 3 assessment for porcine. Target FY24 Annual Report

No diesel or petrol-only vehicles in fleet 2026

New Power Purchase Agreement for energy needs

Set water and waste baselines and reduction targets

LCAs for Porcine and Beef genetics used to measure emissions and set targets

Building a climate resilient business and continuing towards net zero

Achieving net zero and a climate resilient business

2030

Achieve 25% reduction of Primary Intensity Ratio

Ongoing Genetic Improvement

Update LCAs for Porcine and Bovine Elite Genetics

Phase out of hybrid vehicles and transition to EVs in Europe

Ongoing investment in renewable energy globally

Ongoing investment in slurry pond covers and anaerobic digesters

Ongoing investigation into carbon sequestration in soils

Ongoing investment in improvement in electricity use efficiency

2040

Develop comprehensive Biodiversity Footprint

Ongoing Genetic Improvement

Update LCAs for Porcine and Bovine Elite Genetics

Water and waste baselines and reduction targets achieved

Climate Change Adaptation investment

2050

Offset remaining emissions to achieve net zero

Update LCAs for Porcine and Bovine Elite Genetics

NET ZERO CO_2e

Genus

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD') STATEMENT

The following statement is consistent with the TCFD Recommendations and Recommended Disclosures, identifying the risks and opportunities arising from climate change, the potential impact on our business and the actions we're taking to respond, except as identified on page 57. This provides a description of the specific TCFD Recommendations and Recommended Disclosures with which we have not yet achieved compliance and a response to explain how we plan to close this gap.

During the year the Financial Reporting Council ('FRC') Corporate Review team carried out a review of our Annual Report and Accounts for the year ended 30 June 2022 ('FY22 Report'). Their review highlighted areas where the FY22 Report did not comply with the TCFD Recommendations and Recommended Disclosures. The FRC noted that the FY22 Report did not include a clear statement explaining whether the report included climate-related financial disclosures consistent with the Recommendations and Recommended Disclosures of the TCFD, as required by Listing Rule 9.8.6(8)R, and identified a number of areas where improvements could be made to the Company's disclosures. Genus welcomed this feedback and is providing a clearer statement in this year's Annual Report.

TCFD AND CLIMATE CHANGE SUMMARY

Genus recognises that climate change is a significant systemic and strategic risk and that livestock farming and management is a contributor to climate change. Climate change may exacerbate fluctuations in animal feed costs (over the medium to long term), cause more frequent impacts from adverse weather conditions, and limit access to water or increase the costs of accessing and treating water. Our qualitative and initial quantitative risk assessments show that whilst we may be at a greater risk from these events in the short to medium term, the geographical spread of our sites (largely driven by the need to meet market demand and to mitigate biosecurity risks), in conjunction with our normal business continuity plans ('BCPs') ensures that we are unlikely to experience a material climate-related loss in the next two to five years.

We are continuing to assess our exposure to climate risks, and recently conducted an independent consultant scenario analysis that indicates, in the long term, physical climate risks are not likely to result in material losses for the business in North America, Brazil or the UK. However, the scenario analysis has its limitations, and for example excludes our operations in Asia which currently sit below the materiality thresholds used in the analysis. We recognise that we will need to revisit the assumptions for Asia as the business grows to meet the growing demand for sustainably produced animal protein in that region. The scenario analysis also identifies the material climate transition risks, with the most significant transition risk relating to the exposure of the business to carbon taxes and emission trading. This is also linked to the energy transition opportunities, and to a lesser extent, to increased costs of producing raw materials. The findings from this scenario analysis support the climate strategy that we have followed to date.

We have made commitments to reduce our PIR and carbon footprint for Scope 1 and 2 emissions (see page 38) where we are investing ~£2m per annum in biogas, renewables and similar energy projects. These projects reduce our exposure to future increases in energy prices and significantly reduce the Scope 1 and 2 emissions from our business operations that could be subject to future carbon taxation. Genus is also working to improve its understanding of its Scope 3 emissions and will work to reduce these embedded emissions.

Genus has a global reach that seeks to support leading farmers with more productive and resilient breeding animals, which enables farmers to produce meat and milk more efficiently and sustainably. As a global company we are aware of the regional and global risks and opportunities linked to changes of diet. Our elite animal genetics have a significant impact on the whole protein value chain and benefit multiple stakeholders. With an increasing world population that is expected to reach 8.6 billion in 2030, and 9.8 billion in 2050, we recognise that there will be regional variations in demands for animal protein, but see an overall increasing global demand, requiring our improved genetics to feed a growing global population with greater aspirations to eat a safe, affordable, and sustainable diet.

In the next sections we will examine our progress in each of the core elements of TCFD reporting, being Governance, Strategy, Risk Management, and Metrics and Targets.

GOVERNANCE

The Board has overall responsibility and accountability for our Climate Change Policy and TCFD reporting. Genus's Chief Executive has formal responsibility for implementing and monitoring the strategy to manage climate-related risks and realise the opportunities, and the Board reviews the business's annual budgets, strategic plans and capital investments to ensure that the Company's climate change action plans are implemented and integrated into the Company's wider financial planning and strategy.

Sustainability Committee
Genus updated its oversight on climate-related issues in FY23 to ensure that climate change risks and opportunities receive management focus at the highest level. As a result of this review, all members of the GELT as well as the Chairman of the Board's Audit & Risk Committee have been appointed to the Sustainability Committee, alongside operational leaders, and subject matter experts with accountability for delivering the Group's sustainability objectives, including emissions reduction. The Sustainability Committee meets three times a year and is chaired by Genus's Chief Executive.

Remuneration Policy
Genus has incorporated incentives for the management of climate-related issues into its remuneration policy for Executives. Strategic objectives covering strategy, leadership and culture, innovation, and sustainability account for 25% of the Executive Directors' and other Group executives' total annual bonus opportunity. From FY23 20% of the Performance Share Plan opportunity for the Executive Directors is linked to the delivery of specific actions targeted at emissions reductions within the Company's operations and driving genetic improvements which make our customers' operations more efficient and sustainable (see page 103).

STRATEGY AND RISK MANAGEMENT

Strategy
In the short to medium term, the most significant impacts for Genus and its strategies around porcine and bovine genetic improvement are likely to arise from transition risks, specifically policy-driven carbon price increases. This risk may impact the cost of feed and electricity used in the animal protein supply chain, increasing the price of the product for the consumer in some regions. We also recognise consumer preference and technological change could have an impact on our business strategies.

Genus believes that our ongoing climate change mitigation activities, in connection with our genetic improvement programmes and our carbon footprint, along with our continued investment in R&D, will continue to deliver sustainability and environmental benefits.

Genus derives almost all of its revenue from products and services that make a positive contribution towards climate change mitigation and adaptation, by breeding animals which are healthier, grow faster, consume less feed and emit fewer emissions, whilst being more profitable for the farmers. We see strong demand for our improved genetics, and anticipate that this demand will grow over time, particularly where customer demand is supported and stimulated by decarbonisation policies.

Our current actions to reduce emissions, BCPs and the isolated location of our facilities provide additional climate change mitigation and adaptation benefits that will seek to ensure that, in the short to medium term, there is no material detriment to our business. In the longer term, increases in the frequency and severity of physical risks, such as extreme weather events, water stress and higher ambient temperatures could have a greater potential to impact sites, supply networks and consumer value chains, whilst changes to regional climates may lead to changes to costs, the availability of raw materials, and the ability of our customers to produce feed and livestock.

Risk Management
As part of our Group Risk Management process, the Sustainability Committee oversees our sustainability principal risk, including the impacts of climate change. For more information, see page 61. The Sustainability Committee oversees the Company's performance against its emissions reduction targets and makes recommendations to the Board in relation to our business strategy and risk management processes.

We regularly review and update our sustainability risks, including climate change, and update our Group Risk Registers. We include in our review climate-related risks for alternative climate scenarios (1.5°C and 4.0°C of warming). This has informed our risk descriptions and management response in relation to our aim to lead the market in climate-focused breeding and our focus towards our customers' challenge of managing fluctuations in animal feed costs which we believe will be exacerbated by climate-related factors over the medium to long term.

Climate-Related Risks and Opportunities – Identification, Determining Materiality
At the end of FY22, Genus had not complied with TCFD Recommendations and Recommended Disclosures to undertake a qualitative and quantitative assessment of our climate-related risks and opportunities under different climate scenarios. We had only undertaken a limited qualitative analysis of climate-related risks and opportunities for alternative climate scenarios (RCP 2.6 versus RCP 4.5) and this had previously been used to form an initial risk description and management response.

We enhanced the risk and opportunity assessment process through the following initiatives:
- Risks and opportunities identification project;
- Qualitative risks and opportunities assessment, using Marsh Consulting; and
- Quantitative risks and opportunities scenario analysis using a big four environmental consultancy team.

These activities are described in further detail below.

Risks and opportunities identification project
We performed a detailed business-wide review of all sustainability risks (this included climate change) and opportunities, with an update to include an assessment of risks and opportunities by geographic region. We ran a series of workshops to validate the risks and opportunities within finance, sustainability, and business leadership teams across Genus. We ensured that we had a common understanding of the risk horizon, the qualitative understanding of the risk impact to our financial position and the variation within the geographical regions where we operate. We have also taken the decision to align our use of climate scenarios with the latest TCFD Recommendations and Recommended Disclosures. The risk assessment was between RCP 2.6 climate scenario (where global warming is limited to below 2°C of pre-industrial temperatures) and RCP 8.5 (which assumes business as usual and therefore catastrophic global warming of 4.5°C).

Qualitative Assessment of Risks and Opportunities
We commissioned Marsh Consulting to undertake a deep-dive qualitative assessment of the following climate change risks – sea level rise, riverine flooding, flash flooding, drought, extreme temperatures, cyclone and wildfires. The sources utilised for this analysis include private risk information providers, such as Think Hazard, and global entities such as the World Bank. Academic sources were also used to gain a qualitative understanding of specific regional complexities to complement the quantitative risk data. Marsh also reviewed relevant news sources to gather information on local natural disasters that have occurred in recent years.

SUSTAINABILITY REPORT CONTINUED
TCFD STATEMENT CONTINUED

FY23 Risk and Opportunity Identification and Management Process

The table opposite shows the most significant physical and transition risks identified by Genus and the qualitative assessment of their impact through the Marsh input. Our risk assessment included over one hundred individual risks that have been assessed as being of minor concern because they are either unlikely to materialise or they are of low materiality for our business. The risks identified opposite are those we consider most significant. In line with the requirements of the TCFD, we have assessed how these risks may vary by region. Generally, most of the risks apply at a global level, but in some cases, we have considered specific geographies, supply chain and transition risks at a market level (i.e., diet change for environmental and climate reasons). We will continue to keep these risks under review, and to evaluate market trends over time and by region and market demographics, where appropriate.

Genus assesses risk by considering the likelihood of the risk or opportunity materialising within the time horizons noted in the time horizons table and having a potential financial impact of >£3m. Where risks are deemed to be high or medium, they have received additional focus, and we plan to look at additional climate mitigation actions in FY24. Once the mitigating actions have been agreed, we will re-score the risk, minus the impact of the mitigating actions, to ensure we have reached an acceptable level of risk or to identify further mitigation activities.

In FY24, we will disclose how we have improved our physical climate risk exposure. The changes may be relatively small given that our sites are not exposed to significant physical climate risks, because they are reasonably isolated and not near forested areas, the coast or major rivers. For the purposes of this report we have only presented the gross-risk score (i.e., pre-mitigation and re-scoring). This simple assessment helped Genus to prioritise our operational sites where there is the greatest potential for a material loss or disruption to our operations.

RISK OR OPPORTUNITY	TIME HORIZON			POTENTIAL IMPACT
	1–2 YEARS	3–5 YEARS	5+ YEARS	
Physical Risks	–	–	Λ	**Extreme weather events disrupting the value chain or our operations** (e.g. flooding, drought, extremes of temperature, cyclones, and wildfires impacting the value chain, including the cost of raw materials).
	V	V	–	**Increased prevalence of pests, diseases, and zoonotic infections** (e.g. climate change expands the range and rate of spread for diseases).
	–	–	Λ	**Risks to critical infrastructure** (e.g. risk to critical facilities or utilities, including increased costs of, or disruption to, water, energy, transport, information technology).
Transition Risks	+	+	V	**Increasing consumer interest in alternative proteins.**
	V	+	+	**Failure to produce genetic improvement that adapts to different climatic environments.**
	V	+	+	**Influence of regulators, investors, or other stakeholders** (e.g. increased disclosure requirements in the medium to long term).
	V	+	+	**Government policies encouraging carbon emissions reduction** (e.g. carbon pricing which is a cost or incentive imposed by governmental or sub-governmental authority on carbon emissions, generating a financial motivation for companies to decarbonise).

KEY TO TABLE

- V Low risk
- — Medium risk
- Λ High risk
- + Opportunity
- = No material difference relative to the global risk
- > Elevated relative to global risk
- < Low relative to global risk

VARIATION BY REGION				HOW WE MANAGE RISKS
UK/EU	NAM	LATAM	ASIA	
=	=	=	=	1. Review the existing infrastructure (i.e., that outside of our business) and supply chain to evaluate the robustness in the event of regional/countrywide weather event, and review BCPs. 2. Identify any opportunities for value chain diversification across different locations to reduce the impact of localised disruptions. 3. Review existing insurance policies and BCPs along with identifying key sites that warrant investment to mitigate risks.
>	>	=	=	1. Identify the regions where in the long-term new pests, diseases and zoonotic infections may migrate to. 2. Review the biosecurity and BCP controls to ensure they remain fit for purpose.
<	<	>	>	1. Periodically, conduct a comprehensive infrastructure vulnerability assessment to identify potential weak points and develop contingency plans to update BCP processes. 2. Continue to diversify and secure alternative sources of energy and transportation to reduce reliance on vulnerable infrastructure. 3. Recognise that some regions have less resilient infrastructure and stress test the BCP plans and assumptions on a more regular basis with the need for extended resilience measures.
>	=	=	<	1. Watching brief. In the EU/UK we may see reduced protein consumption linked to environmental concerns or government policy, balanced by increased consumption in other regions.
>	=	=	>	1. Genus is well placed to produce elite genetics or cross breeds that are suited to different climatic environments. 2. Ensure that product development and R&D processes continue to manage these genetic improvement opportunities.
>	=	=	=	1. EU/UK greater focus on disclosure and interest from stakeholders versus other regions. The LCAs will provide third-party validation and a strong business case for our genetics. 2. In the short to medium term we are likely to see the greatest changes in EU/UK/US markets. Ensure environmental legislation register continues to be updated to monitor changing regulations and ensures compliance with applicable legal requirements. 3. Genus is well placed to produce elite genetics that are suited to different climates. Ensure that product development and R&D processes continue to manage these genetic improvement opportunities.
>	=	=	>	1. Genus is well placed to produce elite genetics that will reduce GHG emissions. 2. Continued refinement of risks and opportunities through focused R&D programmes. 3. EU/UK greater focus on disclosure and interest from stakeholders versus other regions. The LCAs will provide third-party validation and a strong business case for our genetics.

SUSTAINABILITY REPORT CONTINUED
TCFD STATEMENT CONTINUED

TIME HORIZONS AND MATERIALITY

We use the following definitions and classifications to help us ensure alignment of the TCFD qualitative and quantitative scenario analysis with our existing annual and strategic business planning cycles (see table below). We have set the materiality threshold at £3m, which is consistent with our internal risk management assessment process.

Genus Time Horizon	Alignment within Genus	Scenario Analysis Time Horizon
Short 0–2 years (2023–2025)	0–2 years linked to our annual business planning and risk management cycle.	N/A
Medium 3–5 years	3–5 years links to our strategic planning cycle, but it also captures the transition risks and opportunities, and links to the planned R&D investment cycle (which is also linked to government funded opportunities with this time horizon).	Short-term (2023–2030)
Long 5+ years	5 years plus runs beyond our normal strategic planning cycle. This captures physical and transition risks over the longer term, our achievement of net zero goals, and emerging risks and opportunities that we are tracking.	Medium Term (2031-2040)
	Asset planning and depreciation is evaluated and considered by Genus within these timeframes. See note 17 To the Group Financial Statements for the Year ended 30 June 2023.	Long Term (2041–2050)

Quantitative Scenario Analysis
Genus also sought a consultant's support to conduct scenario analysis to understand the potential financial impact of key physical and transition risks and opportunities. The scenario analysis also supports Genus with strategic business planning as findings from scenario analysis can highlight key elements of a possible future and draw attention to the key factors that will drive future developments. The scenario analysis sought to review and shortlist key risks and opportunities to be quantified relating to:

- Transition risks and opportunities – carbon pricing, electricity cost (energy transition), raw material costs.
- Physical risks – across 11 key Genus sites in the US, Canada, UK and Brazil (but not including Asia).

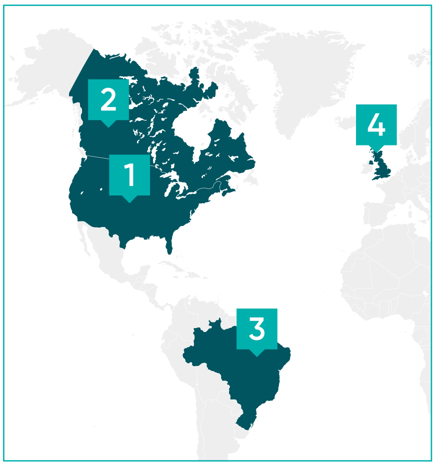
A scenario analysis is a tool used to explore different futures, by capturing different assumptions about policy and physical climate impacts to project into a range of potential future outcomes. The main benefits of the scenario analysis are its value in informing strategic business decisions, in that we can: (i) enhance our risk management and identify potential new revenue opportunities; (ii) identify the appropriate climate change adaptation and mitigation options to support our transition; and (iii) meet regulatory requirements and provide enhanced disclosures to our stakeholders. However, there are limitations as scenarios are hypothetical, usually limited in scope and do not encompass all business activities or locations.

The significance of any exposure was assessed in line with Genus's materiality threshold of £3m and the data from the Marsh qualitative analysis was reviewed and used to assess the physical and transition risks for the scenario analysis.

Scenario Analysis – Method
The scenario analysis modelled the impacts for the 1.5°C (Paris agreement aligned) and 4°C (Business as usual) climate projections and across the Shared Socioeconomic Pathway 2 ('SSP2') transition pathway and used the 'best-fit' sectors for Genus (i.e., agriculture, manufacturing and energy intensive technology). These climate scenarios are considered to highlight the variation in risks and opportunities directly, and model 'best-case' and 'worst-case' outcomes for our business and the planet. The scenario analysis used our financial data from FY22, because this data had been audited and the FY23 financials were still incomplete.

The scenario analysis assessed physical risk at 11 Genus sites (see figure opposite) using consistent assessment criteria which included both physical and transition risks. We have modelled price changes for our key raw materials (i.e., soya and corn) where we have an active hedging strategy. Energy costs and usage were also modelled for the 11 Genus sites. The outputs from the qualitative review of climate-related risks and opportunities were considered, through a series of reviews and workshops to enable the transition risks to be rationalised for the scenario analysis to those shown in the table on page 48. It should be noted that some of our transition risks were deemed to be intangible and therefore unsuitable for modelling at this stage. For example, we explored how diet change and interest in alternative proteins could impact our business in the short, medium, and long term. Unfortunately, the diet change transition risk is extremely difficult to quantify and model, and we will continue to manage this risk and opportunity using a qualitative assessment. Other climate risks such as new regulations, influence of investors, stakeholders, and disclosure requirements were also deemed to be unsuitable for the quantitative scenario analysis. The scenario analysis does not model transition risks associated with access to, or the cost of water, or the interaction with biodiversity.

The regions and locations that were assessed for the scenario analysis for both transition and physical climate risks.



1. USA
- Apex
- Dekorra
- DeForest
- Leeds
- Waunakee
- Windsor (Pepsi Way)

2. CANADA
- Atlas
- Aurora

3. BRAZIL
- Uberaba

4. UK
- Ruthin
- Towcester

The consultant used workshops to identify three key transition risks and opportunities (carbon pricing, electricity cost, and raw material cost) in addition to the physical risk assessment of the 11 sites.

As mentioned, the consultant considered Genus's climate risks and opportunities against a 1.5°C and a 4°C pathway. In a 1.5°C scenario, GDP is shown to increase over time across all countries, with all developed/service-based economies faring well, including countries included in this analysis: the USA, UK, Canada and Brazil. Economic performance is relatively constrained in Canada and the USA when compared to a 4°C scenario, due in part to carbon pricing. In comparison, constraints in Brazil's economy in a 1.5°C scenario are offset by a relatively low carbon price and already significant hydropower generation, resulting in a lower cost of transition relative to other emerging economies. In a 4°C scenario, GDP could increase at a greater rate in all countries. In particular, emerging economies grow at an accelerated pace in this scenario. This is driven by business-as-usual production pathways with no further policy intervention to curb emissions, thereby avoiding potential lost production, stranded labour or assets.

When considering emissions across both scenarios, emissions decline significantly in a 1.5°C scenario due to decarbonisation measures across all sectors and countries. Residual emissions derive from hard-to-abate sectors such as steel, cement and petrochemicals. In a 4°C scenario global emissions still grow notably.

In each climate transition pathway, economic and sector performance was aligned with SSP2 which was a middle of the road assumption, with moderate population growth levelling in the second half of the century, and GDP growing in line with historical trends.

The consultant constructed a proprietary economic model that calculates multiple variables for the future climate and economic projects (e.g., labour supply and costs, cost and availability of capital, carbon emissions, economic activity, price changes for key commodities). The output is then used to assess how Genus's financials are potentially affected in these potential futures.

Method for assessment of Genus's transition risks, sites and scenario analysis parameters.

SELECTION METHODOLOGY
- Our consultants considered Genus's documents and data for physical and transition themes to identify a long-list of relevant risks and opportunities.
- We reviewed the impact/likelihood as well as specificity of transition risks to determine a short-list of risks for quantified scenario analysis. For physical risk analysis on Genus sites, we assessed site replacement value, strategic importance, and existing physical hazard analysis to down-select a proposed list.
- In workshops, we identified and agreed upon three key transition risks and opportunities, as well as 11 Genus sites for a deep dive physical risk assessment.
- Risks and opportunities that are relevant but identified to be non-quantifiable were excluded. We have provided some qualitative narrative in this annual report. Risks classed as non-quantifiable are those that, while may be significant, are broad, without clear metrics used to track materiality necessary for quantified scenario analysis.

SELECTED CLIMATE SCENARIOS AND QUANTIFICATION
- In line with TCFD Recommendations and Recommended Disclosures, our consultants have considered Genus's climate risks and opportunities against two temperature pathways, 1.5°C (Paris-aligned) and 4°C (business-as-usual).
- Both scenarios are aligned to the SSP2, which also feeds into the IPCC's sixth assessment report.
- The scenarios were selected to represent two potential outcomes of global emission trajectories and their potential financial impact for Genus.
- The scenario analysis conducted to quantify Genus's key risk involved overlaying Genus specific scope and data (e.g. electricity cost/ volume and Scope 1 emissions) with a proprietary integrated assessment models economic and climate science impact projects to calculate the cost of decarbonising the economy. The carbon price used is calculated as the cost to the economy in order to meet a 1.5°C scenario.

SUSTAINABILITY REPORT CONTINUED
TCFD STATEMENT CONTINUED

Scenario Analysis – Findings
The findings of the scenario analysis indicate:

- Genus's most significant risk is carbon cost – carbon pricing poses a potentially significant financial impact to Genus in a 1.5°C scenario, with the analysis indicating an additional annual cost of approximately £22m (NPV from 2022-2050 ~£53m) by 2050 for Scope 1 emissions (e.g. fuel and livestock) across the 11 sites. At present, Genus currently does not incur any carbon costs at these sites.
- An opportunity to reduce electricity cost through the use of renewables in countries where the electricity grid is fossil fuel based. There is a greater risk to Genus's electricity cost from carbon pricing in a 1.5°C scenario. On an annual basis, the electricity cost in a 1.5°C scenario will be around £1.8m by 2050.
- There are limited physical risks to Genus sites from extreme weather, with risk highlighted at the low level across extreme heat, extreme wind, soil subsidence and forest fire.
- There is limited physical risk for feed and raw materials. The transition risk for raw materials and feed costs also indicated a low significance.

The scenario analysis showed that Genus's physical risk exposure at its 11 sites is limited. The table below, quantifies the exposure at the sites to physical risk including, extreme heat, forest fires, extreme wind and soil subsidence.

The 2025 physical risk figures only include potential business interruption, but from 2030 to 2050 the figures include additional costs that could be associated with site damage. While the risk is limited, the aggregated financial impact for extreme heat could become more significant between 2040 and 2050.

				Potential Financial Impact NPV			
				1.5°C Scenario			
Type	Risk/Opportunity	Aggregated Potential Impact (2050 NPV)	Region	Genus (2025)	Short (2030)	Medium (2040)	Long (2050)
Physical Risk	Extreme Heat[1]	£1.2m Business interruption by 2050 for NAM	NAM				
			EMEA				
			LATAM				
	Forest Fires	£0.2m Negligible for most sites	NAM				
			EMEA				
			LATAM				
	Extreme Wind	<£0.2m Limited, but more likely in the USA	NAM				
			EMEA				
			LATAM				
	Soil Subsidence	<£0.2m Potentially low financial impact	NAM				
			EMEA				
			LATAM				

1 Extreme heat only considers the impacts to business disruption such as drought, but not the direct impacts on the welfare of our people and livestock. We are aware that extreme heat can cause semen production and quality to drop in our bulls. This will be an area for more detailed discussion and future analysis. The scenario analysis indicates we have sufficient time to review and implement cost-effective mitigation options before 2040-2050

KEY TO SCENARIO POTENTIAL IMPACTS

Potential saving

Potential costs

Low <£1m

Medium £1–3m

High >£3m

4°C Scenario				
Genus (2025)	Short (2030)	Medium (2040)	Long (2050)	Drivers and if no mitigating actions taken by Genus
				Local temperatures changing based on climate projections. Heat extremes are assumed to be associated with site disruption rather than asset damage.
				Change in local temperature, humidity, wind speeds and forest fire prone land based on climate projections. Very few of Genus's sites are near heavily forested areas. Across all assets the overall financial impact is negligible in both scenarios, but more likely for Brazil and DeForest in a 4°C scenario.
				Change in baseline wind gust speed based on changing weather systems. Analysis does not include tropical cyclones, hurricanes or tornadoes because these are difficult to predict and model at an appropriate scale.
				Change in soil moisture, and for soils that are particularly prone to shrinkage during prolonged drought occurring at a site's location, increases the probability of soil subsidence that results in damage to buildings, drainage, and other site infrastructure.

SUSTAINABILITY REPORT CONTINUED
TCFD STATEMENT CONTINUED

The scenario analysis also concluded that Genus's overall transition risk exposure is limited. The table below identifies the transition risks of carbon price, energy and raw materials (expressed with no mitigating actions) and an aggregated potential financial impact to 2050.

A failure of sufficient action to decarbonise the business could lead to significant costs in the future of approximately £53m in net present value in a 1.5°C scenario for carbon taxation and pricing, along with an additional potential exposure of approximately £2m in electricity costs. In each case, much of the additional cost impacts were in the US with a lower share of renewable energy, and more aggressive transition towards the Paris agreement goals.

The Next Steps
Following the scenario analysis, it is anticipated that the following will occur:
- Continued review and analysis of the implications of the scenario analysis;
- Embedding the scenario analysis within the business to seek to mitigate risks and capture opportunities;
- Conduct a broader scenario analysis which includes Genus's Asian sites;
- Create a more holistic transition plan; and
- Improve Scope 3 emissions data.

				Potential Financial Impact NPV				
				1.5°C Scenario				
Type	Risk/Opportunity	Aggregated Potential Impact (2022–2050 NPV)	Region	Genus (2025)	Short (2030)	Medium (2040)	Long (2050)	4°C Scenario
Transition Risk	Carbon Cost	Potential exposure of £53.3m concentrated in USA and Canada	NAM	Medium	High	High	High	Not applicable – The scenario analysis considers the potential remaining exposure between a BAU 4°C scenario and the transition to a 1.5°C scenario.
			EMEA	Low	Low	Medium	Medium	
			LATAM	Low	Low	Low	Medium	
	Energy Transition	Potential Exposure of £2.0m with the USA more exposed	NAM	Low	Low	Medium	Medium	
			EMEA	Low	Low	Low	Low	
			LATAM	Low	Low	Low	Low	
	Raw Materials (Corn)[1]	Low Risk £0.1m	NAM	Low	Low	Low	Low	
		None	EMEA	Not applicable because corn is not used in this region's operations.				
			LATAM	Not applicable because corn is not used in this region's operations.				
	Raw Materials (Soya)[1]	Low Risk £0.9m	NAM	Low	Low	Low	Low	
			EMEA	Potential saving	Potential saving	Potential saving	Potential saving	
			LATAM	Potential saving	Potential saving	Potential saving	Potential saving	

KEY TO SCENARIO POTENTIAL IMPACTS

Potential saving

Potential costs

Low <£1m

Medium £1-3m

High >£3m

1 Physical risk analysis for heat stress on crop production, water availability etc have not been considered as part of this initial scenario analysis

METRICS AND TARGETS

Genus has committed to climate-related carbon reduction targets to drive performance in areas both directly controlled by us and which provide usefulness across our value chain, including:

- Total Scope 1 & 2 emissions;
- Primary Intensity Ratio (Tonnes of CO_2e/Tonne Live weight of animals produced); and
- Genetic Improvement (separate indices for Pork, Beef and Dairy sectors)

Genus also has goals and incentives for Executives and executive management for these climate-related targets (see Remuneration Committee Report).

Scope 1 and 2 emissions and Primary Intensity Ratio

Our total Scope 1 and 2 emissions and PIR targets, and performance against those targets, are set out on page 43.

Genetic Improvement Targets

We believe genomic approaches to animal breeding offer the most cost-effective way to lower carbon emissions. Our approach focuses not only on improved animal performance, but also on improved health and wellbeing, which has the potential to reduce the need for antibiotics and veterinary care. We are pioneering a number of breakthrough technologies, such as gene editing and advanced reproductive techniques. These offer an immediate and effective response to food security threats such as those posed by novel viruses like PRRS.

In view of the impact our products have on carbon emissions in our value chain, we have adopted genetic improvement targets which consider generational change in the carbon impact of pork, beef and dairy products. We believe that animal genetics are core to helping producers meet the increased demands for affordable, nutritious food for all, using fewer resources of water, energy and land, at a fraction of the greenhouse gas emissions of alternative systems. Through our genetic improvement programmes, which we have pioneered over many decades, we offer our customers an opportunity for measurable reductions in their carbon emissions, use of water, land and other natural resources.

The figures in the table overleaf highlight the value our genetics provide per animal. The real strength of our elite genetics builds down successive generations and with the number of animals produced by our farmers across the globe. When we have completed our LCA for our porcine and bovine beef genetic lines, we will be able to provide an accurate assessment of the value our genetics brings to the value chain and the corresponding savings in carbon emissions.

SUSTAINABILITY REPORT CONTINUED
TCFD STATEMENT CONTINUED

GENETIC IMPROVEMENT TARGETS	TARGET DESCRIPTION	KPI	FY23 KPI ACHIEVED	COMMENTARY
PORCINE	2.22 kg reduction in life cycle carbon emissions required to produce one market pig.	One standard deviation of improvement equivalent to 20 index points on PIC's proprietary index. -2.22 kg CO_2e per market pig.	22.4 points improvement in PIC index per market pig.	The improvement of the PIC index translates into a reduction of 2.18 kg CO_2e per market pig in FY23. We will be seeking to replace this metric in FY24 with data obtained from our peer reviewed LCA.
BOVINE – BEEF	0.127 kg reduction in the life cycle carbon emissions required to produce 1 kg of beef.	Change in feed conversion ratio ('FCR') of 0.8, equivalent to a yearly change in CO_2e emissions of 0.127 kg CO_2e/kg carcass weight.	0.287 kg CO_2e/kg carcass weight.	Reduction of 0.287 kg CO_2e/kg carcass weight exceeds target of 0.127 kg CO_2e/kg carcass weight. The work to develop a beef LCA will over time replace this metric.
BOVINE – DAIRY	Yearly improvement of $66.9 in the $ net merit index (a public US dairy industry index measuring commercial performance traits).	Yearly improvement of $NM 66.9 index.	$NM 133	Annual improvement of $NM 133 index, exceeding annual improvement target of $NM 66.9. FY23-sired cows would produce 279 kg less CO_2e than the FY22-sired cows to produce the equivalent amount of lifetime milk.

For a detailed explanation of our genetic improvement targets, how these targets are calculated, and the impact of genetic improvement on the animals ultimate carbon footprint, see our website: **www.genusplc.com/sustainability.**

NON-COMPLIANCE WITH THE TCFD RECOMMENDATIONS AND RECOMMENDED DISCLOSURES

Strategy and Risk Management
We have not complied with Strategy recommendations B and C. TCFD requires companies to describe the impact of climate related risks and opportunities on the organisation's business, strategy, and financial planning and to describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario. We have recently undertaken our first scenario analysis (see above), which assessed the physical and transitional risks and opportunities at 11 sites. We will expand this assessment to additional Genus sites in FY24, as well as performing a quantitative analysis of the Company's climate-related opportunities. In relation to the scenario analysis, we note that we need more time to: (i) fully evaluate the scenario analysis findings; (ii) review and update our climate transition plan; and (iii) fully understand how we can work in partnership with our value chain to drive down Scope 3 emissions. This will be the focus of further work in FY24.

Metrics and Targets
We have not complied with Metrics and Targets recommendations B and C. TCFD requires companies to disclose Scope 1, Scope 2, and if appropriate, Scope 3 emissions, and the related risks, and describe the targets used by the organisation to manage climate-related risks and opportunities, including the performance against targets. Whilst we have disclosed our Scope 3 emissions relating to business travel and waste management, we have not yet established a robust baseline for our Scope 3 value chain emissions, nor have we published details of how the boundary for the Scope 3 emissions has been set. In addition, we do not yet have the processes and governance in place to enable us to work with our strategic value chain partners to agree and deliver Scope 3 emission reductions.

In FY24, we will use the scenario analysis to inform and update our transition plan and road map (see page 44). In addition, we will examine and report on material porcine Scope 3 emissions and follow this in FY25 with material beef Scope 3 emissions.

STAKEHOLDER ENGAGEMENT

The Group actively engages with its stakeholders, to keep them updated and ensure we understand their priorities.

We look to understand our customers' and consumers' priorities, support our employees in pursuing our strategic goals and maintain strong relationships with shareholders while being a responsible and environmentally conscious citizen within our communities. 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 opposite describes our key stakeholders and examples of engagement during the year and actions which arose.

CUSTOMERS AND CONSUMERS

Board representative:
All Directors

HOW WE ENGAGE

- The Board visits key customers and operators at different levels of the supply chain, including meeting with farmers, meat packers and processors, to understand what they look for in genetics to meet consumer demands
- 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
- Keeping under review growth of alternative non-animal proteins, in light of consumer preference

KEY ISSUES IDENTIFIED

- Need for a high-quality customer experience at an appropriate cost to serve

ACTIONS ARISING

- Continued to roll out GenusOne for customers in Latin America, Europe and the UK
- The Board scrutinised ABS management's strategy, plans and actions to address its go-to market approach in five key markets

EMPLOYEES

Board representative:
Lesley Knox, Lykele van der Broek

HOW WE ENGAGE

- Direct engagement by Workforce Engagement Directors
- Employee Your Voice survey
- Chief Executive video updates, manager-led updates and updates via intranet following results announcements
- Global town hall meetings
- Leadership calls and quarterly manager briefings
- Regular internal communications from management
- Employee-led resource groups
- Health and safety training programme and regular updates/briefings

KEY ISSUES IDENTIFIED

- Improvement areas raised in the Your Voice survey:
  - Strengthen employee experience
  - Learning and development
  - Increase focus on sustainability
  - Health and safety

ACTIONS ARISING

- The Board reviewed feedback from employees received directly and continued to monitor management's plans to address the key points raised in the FY22 Your Voice survey
- Ensuring safe working environments with a strong focus on health and safety strategy and culture

SHAREHOLDERS

Board representative:
Iain Ferguson

HOW WE ENGAGE

- Investor roadshows, led by the Chief Executive and Chief Financial Officer
- Results announcements, presentations and webcasts
- AGM and trading update in November 2022
- Annual Report
- Regular news flow on key developments
- Shareholder consultation on governance matters

KEY ISSUES IDENTIFIED

- Ongoing shareholder interest in sustainability and environmental performance

ACTIONS ARISING

- Continued focus on sustainability (see page 36 to 57)

COMMUNITIES AND ENVIRONMENT

Board representative:
Lysanne Gray

HOW WE ENGAGE

- 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 GHG emissions, consistent with our Climate Change Policy

KEY ISSUES IDENTIFIED

- Potential impact of climate change on the business and our communities

ACTIONS ARISING

- The Board continued to scrutinise management's strategy, plans and actions to achieve climate change targets
- The Board reviewed and approved the Company's TCFD disclosures, including an updated assessment of the Company's climate-related risks and opportunities and related climate scenario analysis (see pages 50 to 54)

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 pages 36 to 56
Employees	Global Employee Handbook;	See pages 35 to 35
	Whistleblower Policy	See page 35
Human rights	Global Employee Handbook;	See page 35
	Whistleblower Policy	See page 35
Social matters	Charitable Donations Policy	See page 39
Anti-corruption and anti-bribery	Anti-Bribery and Corruption Policy	See page 35
Policy embedding, due diligence and outcomes	Global Employee Handbook	See Strategic Report on pages 1 to 33
Description of principal risks and impact of business activity	n/a	See Principal Risks and Uncertainties on pages 61 to 64
Description of the business model	n/a	See Business Model on pages 1 to 10
Non-financial key performance indicators	Sustainability Framework	See page 38 to 39

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 has complied with its obligations under section 172.

LONG-TERM CONSEQUENCES OF BOARD DECISIONS

Genus has a business model and strategy that deliver results on a multi-year basis. For example, we target customers where we can build long-term and mutually beneficial relationships, rather than seeking one-off transactions. Our investment in R&D can also take several years to result in revenue generating products, meaning our success in the short-term depends on long-term decisions taken in previous years. As a consequence, long-term decision making is a natural part of the Board's approach.

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 page 58 to 59.

The agenda for each Board meeting indicates the relevant stakeholder groups against each item, ensuring the Directors are aware of the stakeholder interests they need to consider in their decisions.

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 pages 34 to 35 and as made available on our website www.genusplc.com.

Maintaining high standards of business conduct also relies on having the right culture within the Group. Page 72 describes how the Board maintains oversight of culture.

ENVIRONMENTAL IMPACT

Information on the Group's environmental impact can be found on pages 36 to 56.

Lysanne Gray is the Board's Sustainability Sponsor. She is a member of the Sustainability Committee, which monitors progress against the five pillars of the Group's sustainability framework including the actions identified in the Group's Climate Change Policy.

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.

RISK MANAGEMENT

Genus is exposed to a wide range of risks and uncertainties as it fulfils its purpose of providing farmers with superior genetics, which in turn supports the fulfilment of its vision of nourishing the world more sustainably.

LINK TO STRATEGY

> Read more on pages 20 to 21

Delivering a differentiated proprietary genetic offering

Focusing on large and progressive protein producers globally

Sharing in the value delivered

Considered for Viability Assessment

Risk item focused on sustainability and TCFD reporting

Some of these risks relate to our business operations, 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 attributed to the on-going Russia-Ukraine conflict and slow economic recovery in China post COVID-19.

As part of our risk management process we monitor emerging risks and consider when to include them in our main risk assessment process. This year our reviews of risks focused on:

- the continued impact of the Russia-Ukraine conflict;
- geopolitical tensions across the globe;
- macroeconomic conditions;
- impacts of climate change;
- carbon pricing; and
- cyber security.

There have been two changes to our principal risks this year. The first is an increase to our Sustainability risk given increased regulations, reporting requirements and carbon pricing. The second is a reduction in our Hiring and Retaining Talented People risk based on our successful recruitment and succession planning for key positions. Last year we elevated cyber security to a principal risk and we continue to see an increase in the sophistication and frequency of cyber crime across industries.

From our broad risk universe, we have identified 11 principal risks, which we regularly evaluate based on an assessment of the likelihood of occurrence and the magnitude of potential impact, together with the effectiveness of our risk mitigation controls.

The Directors confirm that they have undertaken a robust assessment of the principal and emerging risks and uncertainties facing the Group. More information on our risk management framework can be found in the Corporate Governance Statement on pages 72 to 79.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	RISK DESCRIPTION	HOW WE MANAGE RISK	RISK CHANGE IN FY23
Strategic Risks			
DEVELOPING PRODUCTS WITH COMPETITIVE ADVANTAGE STRATEGIC LINK	• **Development programmes fail to produce best genetics for customers.** • **Increased competition to secure elite genetics.**	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. We also partner with universities and other bodies to further our developments.	No change. Our analysis and benchmarking continue to support our genetic improvements.
CONTINUING TO SUCCESSFULLY DEVELOP INTELLIGEN TECHNOLOGY STRATEGIC LINK	• **Failure to manage the technical, production and financial risks associated with the rapid development of the IntelliGen business.**	Our continued development of the technology and its deployment to new markets is supported by dedicated internal resources and agreements with suppliers. To ensure optimum performance we provide maintenance and specialist training to our customers and continuously monitor productivity. Current patent infringement proceedings initiated by STgenetics in the US continue to be vigorously defended.	No change. We have expanded the number of machines and our customer base this year and continue to optimise performance. Continued uncertainty over further legal actions and uncertainties in relation to patent infringements.
DEVELOPING AND COMMERCIALISING GENE EDITING AND OTHER NEW TECHNOLOGIES STRATEGIC LINK	• **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.**	We stay aware of new technology opportunities through a wide network of academic and industry contacts. Our Genus Portfolio Steering Committee oversees our 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.	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. We work closely with regulators to ensure our products meet exacting standards. We are expecting US FDA regulatory approval for our PRRSv-resistant pigs in the first half of 2024.
CAPTURING VALUE THROUGH ACQUISITIONS STRATEGIC LINK	• **Failure to identify appropriate investment opportunities or to perform sound due diligence.** • **Failure to successfully integrate an acquired business.**	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 focused on maximising value.	No change. We continue to work diligently to identify areas of opportunity consistent with our strategic plans. Values, and our aim to accelerate growth and create value for our shareholders. Our experiences with post-acquisition integration provide a platform for successfully integrating newly acquired businesses.
SUCCEEDING IN GROWTH MARKETS STRATEGIC LINK	• **Failure to appropriately develop our business in China and other growth markets.**	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 and comply with sanctions. We also establish local partnerships where appropriate, to increase market access.	No change. The global macroeconomic conditions driven by post COVID-19 recovery and the Russia-Ukraine conflict have driven market price volatility. This has been especially felt in the China porcine market. The risks to our business in Russia are described in note 4.

RISK	RISK DESCRIPTION	HOW WE MANAGE RISK	RISK CHANGE IN FY23
Strategic Risks continued			
SUSTAINABILITY STRATEGIC LINK	• **Failure to lead the market in sustainable animal protein production and help our customers to meet the challenge of producing meat and milk efficiently and sustainably as climate change increases demand.** • **Failure to fulfil our commitment to reduce the environmental impact of our own operations and implement our Climate Change Policy and TCFD reporting.**	We have a global sustainability strategy and Climate Change Policy that are approved, and regularly reviewed, at Board level. Our Sustainability Committee oversees the implementation of the strategy and the annual objective setting process as well as monitoring progress using key performance indicators and our sustainability risk register. We have developed our 2030 emissions reduction plan (and 2050 net zero plan) and developed quantifiable, robust performance indicators in relation to life cycle carbon reduction (per generation) of pigs, beef and dairy cows. See our TCFD reporting on pages 46 to 57.	Λ Increased. There is increasing regulation and demand for transparency and accuracy of reporting on sustainability targets. There is an increase in carbon cost and a notable change in more frequent weather related events across the globe. Our carbon reduction plans are on track to meet our 2030 goals and we have achieved a significant reduction in our intensity measures since 2019.
Operational Risks			
PROTECTING IP STRATEGIC LINK	• **Failure to protect our IP could mean Genus-developed genetic material, methods, systems and technology become freely available to third parties.**	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 appropriate landscape watches and where necessary conduct robust 'freedom to operate' searches, to identify third-party rights to technology.	= No change. We continue actively to protect our IP by filing patents attributed to our R&D activity.
ENSURING BIOSECURITY AND CONTINUITY OF SUPPLY STRATEGIC LINK	• **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.**	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.	= No change. There continue to be global supply chain challenges driven by the current economic climate, increased trade sanctions, and, the continued spread of ASF, especially in China.
HIRING AND RETAINING TALENTED PEOPLE STRATEGIC LINK	• **Failure to attract, recruit, develop and retain the global talent needed to deliver our growth plans and R&D programmes.**	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, and we have a long-term retention incentive scheme. We work closely with several specialist recruitment agencies, to identify candidates with the skills we need.	V Reduced. We have been able to attract and recruit key talent to critical roles including the new CEO. Post-COVID employee turnover in certain areas has now returned to normal levels.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	RISK DESCRIPTION	HOW WE MANAGE RISK	RISK CHANGE IN FY23
Operational Risks continued			
CYBER SECURITY STRATEGIC LINK	• **Failure to adequately detect and mitigate a malicious cyber attack by internal or external activists and the ability to quickly recover.** • **Failure to properly protect our data and systems from an attack.**	We utilise a flexible multi-layered approach that focuses on employee awareness and training, policies, software, and a third-party 24/7 monitoring Security Operations Centre and follow ISO 27001 standards. We have improved our system and data backup procedures and hardened our servers to further strengthen our resilience and have a programme focused on continued cyber security improvements. Our GenusOne programme continues to progress well, improving our operational controls and IT security as we move to the cloud.	= No change. There has been a continued rise in the sophistication, methods of attack and frequency of cyber crime against global organisations. Increased geopolitical tensions also heighten the risks of a targeted cyber attacks. To mitigate these risks, our programme of enhancing cyber protection following the IT security incident in June 2022 was successfully implemented in the year.
Financial Risks			
MANAGING AGRICULTURAL MARKET AND COMMODITY PRICES VOLATILITY STRATEGIC LINK	• **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.** • **Longer-term influence of climate factors on the cost and availability of agricultural inputs (animal feed).** • **Geopolitical tensions and the Russia-Ukraine conflict impact on agricultural markets.**	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.	= No change. There has been a slow post-COVID 19 economic recovery and global inflationary pressure, however agricultural input prices are now reducing for producers in many of our markets. The China pork market continues to deal with the challenges of ASF, volatile prices and weak demand.

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 considered:

- Genus's Strategic Plan which forms management's best estimate of the future performance and position of the Group;
- Genus's results on 30 June 2023 whereby the Group recorded adjusted profit before tax of £71.5m in actual currency;
- Genus's cash position on 30 June 2023 with net debt of £195.8m (2022: £185.0m) and had substantial headroom of £119m over available facilities (2022: £78m);
- Genus's credit facility agreement which consists of a £190m multi-currency RCF, a 150m US dollar RCF and a US 20m USD bond guarantee. The term of the facility is for four years to August 2025 having already exercised both extension options. Additionally, there is an uncommitted £40m accordion option which can be requested a further two occasions over the remaining lifetime of the facility. The Group have yet to enter discussions with the banking syndicate regarding a new facility, however given the current standing of our business relationship with the syndicate we have a reasonable expectation that a new facility would be offered on appropriate terms; and
- the potential use of mitigating actions including reduction in dividends and postponing certain capital spend and investments.

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, as well as their assessment of the Group's viability, the Board considered several key factors, including our business model (see page 2) and our strategic framework (see page 20). In addition, all principal risks identified by the Group were considered in a downside scenario within the viability assessment with specific focus paid to those that could reasonably have a material impact within our outlook period, including:

	Three-year cumulative impact to free cash flow £m
Growing in emerging markets, which we have modelled through reductions to short-term growth expectations, particularly in China;	(114.7)
Managing agricultural market and commodity prices volatility; modelled through reductions in price expectations, particularly in China;	
Developing products with competitive advantage, modelled through reductions to short-term growth expectations because of failing to produce best genetics for our customers or to secure elite genetics;	(1.5)
Ensuring biosecurity or continuity of supply, which is modelled through one-off impacts of disease outbreaks and border closures; and	(42.4)
Impact of the war in Ukraine, modelled through reduction in profit expectations and cash restrictions.	(47.2)

We have considered the position if each of the identified principal risks materialised individually and where multiple risks occur in parallel. In addition, we have overlaid this downside scenario, net of mitigating actions, with reverse stress tests on both our headroom and banking covenants to ensure the range beyond the downside scenario is fully assessed.

Based on this assessment our headroom remains adequate under these sensitivities and reverse stress tests, including our mitigating actions and expectation of renewing appropriate facilities.

In their assessment of the Group's viability, the Directors have determined that a three-year time horizon, to June 2026, is an appropriate period to adopt. This was based on the Group's visibility of its product development pipeline, for example, because 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 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.

Also, based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 June 2026.

There are no indications from this assessment that change this expectation when looking beyond 30 June 2026 at the Group's longer-term prospects.

The Strategic Report was approved by the Board of Directors on 6 September 2023 and signed on its behalf by:

Jorgen Kokke
Chief Executive
6 September 2023

Alison Henriksen
Chief Financial Officer
6 September 2023

ENSURING SUSTAINABLE SUCCESS

IAIN FERGUSON CBE
Non-Executive Chairman

"We devote time at every Board meeting to discuss strategy and ensure we are focused on the areas critical to Genus's sustainable success.

Dear Shareholder

This section of the report explains our corporate governance arrangements and demonstrates how we complied with the UK Corporate Governance Code throughout the year.

As I outlined in my statement in the Strategic Report, the key governance event of the year was the recruitment of Jorgen Kokke as our new Chief Executive. Having joined the Board on 2 May 2023, Jorgen formally took over from Stephen Wilson on 1 July 2023, with Stephen supporting the transition of responsibility until he retires at the end of September. Jorgen has undertaken a thorough induction programme and more information on this and his recruitment can be found in the Nomination Committee report on page 80.

Approving and overseeing the Group's strategy is one of our most important responsibilities as a Board. In addition to our annual strategy session (see page 75), we are devoting time within every Board meeting to discussing strategy and ensuring we are focused on the areas that are critical to Genus's sustainable success. The Non-Executive Directors' external perspective is particularly valuable when considering questions such as the Group's geographical balance and where best to commit the Group's people and capital. Our work this year has reaffirmed our opinion that Genus's strategy is correct and will continue to deliver for all our stakeholders.

In last year's report, we outlined our reasons for continuing to operate in Russia, following the invasion of Ukraine. In summary, we concluded that we had been granted licences from HM Treasury and the Department of International Trade to continue to trade and while we continued to comply with all laws and sanctions, we should adhere to our purpose and principles and maintain our operations in the country. In our view, this was in the best interests of our employees, our animals and the many people who ultimately depend on our work for their food. The Board has reviewed this position throughout the year and our view is currently unchanged. We will continue to keep a close eye on the situation as it develops.

For the coming year, the Board has a number of priorities. These include ensuring a successful CEO transition and recruiting a replacement for Lykele van der Broek, who will retire as a Non-Executive Director at November's AGM. We will also play close attention to the Group's key strategic initiatives, such as the commercialisation of PRRSv-resistant pigs and the refinement of ABS's go-to-market approach.

Iain Ferguson CBE
Non-Executive Chairman
6 September 2023

UK CORPORATE GOVERNANCE CODE

COMPLIANCE STATEMENT

The UK Corporate Governance Code 2018 (the 'Code') applied to the financial year ended 30 June 2023. The Code is available at **www.frc.org.uk**.

During the year ended 30 June 2023, Genus applied all the principles of the UK Corporate Governance Code and complied with all of the Code's provisions.

More information on our application of the Code can be found in the sections indicated in the table opposite.

CODE PRINCIPLES

CORPORATE GOVERNANCE HEADLINES AT A GLANCE

32.0p

Full Year Dividend

The Board is recommending a final dividend of 21.7p per share, which will give a total dividend of 32.0p (2022: 32.0p. The final dividend will be paid on 8 December 2023, to shareholders on the register at the close of business on 10 November 2023.

BOARD TENURE[1]

1	0–2 years	1
2	2–4 years	3
3	4–6 years	2
4	6–8 years	0
5	8–9 years	2

1 As at 30 June 2023

INDEPENDENCE OF THE BOARD[2]

(Excluding the chair)

A Independent	4 (57%)
B Executive	3 (43%)

2 Board members as at 30 June 2023 and remains correct as at the date of publication of the Annual Report

BOARD ETHNIC DIVERSITY[3]

A White	7 (87%)
B Mixed	1 (13%)

3 See the Company's 2022 submission to the Parker Review for more information.

BOARD OF DIRECTORS AND COMPANY SECRETARY




	IAIN FERGUSON CBE Non-Executive Chairman	**JORGEN KOKKE** Chief Executive	**STEPHEN WILSON** Executive Director	**ALISON HENRIKSEN** Chief Financial Officer
COMMITTEE MEMBERSHIP	● ■		●	
BOARD APPOINTMENT	July 2020	May 2023	January 2013	January 2020
SKILLS AND EXPERIENCE	• 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	• Deep experience in the international food and agriculture sectors • 14 years in global leadership roles at Ingredion Incorporated, a leading New York listed food and beverage ingredient solutions company • Led Ingredion's North and South American businesses, driving growth by leveraging R&D-led innovation and commercial and operational excellence • Masters in Economics from the University of Amsterdam	• 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	• Over 25 years of international experience in finance, mergers and acquisitions, business transformation and investor relations, 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 a Chartered Accountant with Ernst & Young
CURRENT APPOINTMENTS	Chairman of Crest Nicholson Holdings plc; Chairman of Personal Assets Trust plc; Pro-Chancellor of Cranfield University.	None	Non-Executive Director of Renishaw plc; Non-Executive Director of Canonical Holdings Limited.	None
PAST APPOINTMENTS	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 roles at Ingredion, including Executive Vice President & President Americas, president, Asia Pacific and EMEA, and president, North America; Vice President of Food & Nutrition and Director of Strategy and Business Development at Corbion, a producer of sustainable ingredient solutions; and leadership positions at Loders Croklaan.	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.	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.

BOARD GENDER BREAKDOWN

M = Male	5 (62.5%)
F = Female	3 (37.5%)

M F

KEY TO COMMITTEES

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

LYSANNE GRAY
Non-Executive Director

●●■

April 2016

- Significant experience of risk management, audit, business operations, acquisitions and disposals, and corporate governance, gained within the food sector
- Qualified Chartered Accountant
- The Board's Sustainability Sponsor

Executive Vice President Sustainable Business Performance and Reporting at Unilever plc.

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.

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
- One of our designated Workforce Engagement Directors

Chair of Eden Research plc

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.

LESLEY KNOX
Senior Independent 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
- One of our designated Workforce Engagement Directors

Senior Independent Director of 3i Group plc; Non-Executive Director of Legal & General, where she also chairs the Remuneration Committee.

Founder Director of British Linen Advisers; senior roles at 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.

PROFESSOR JASON CHIN
Non-Executive Director

●●●

April 2021

- Extensive experience in academic and commercial research institutions, giving him deep scientific expertise
- Working to develop and apply methods for reprogramming the genetic code of living organisms, spanning chemistry, chemical biology and synthetic biology
- Associate Faculty at the Wellcome Sanger Institute, where he researches synthetic genomics
- Fellow of the Academy of Medical Sciences; Trinity College, Cambridge; and the Royal Society

Head of the Centre for Chemical and Synthetic Biology at the Medical Research Council Laboratory for Molecular Biology; Director and Chief Scientific Officer of Constructive Biology; Non-Executive Director of Department for Science, Innovation and Technology.

Positions on the scientific advisory boards of a number of companies, including Synaffix BV.

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

None

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

GENUS EXECUTIVE LEADERSHIP TEAM ('GELT')

ANGELLE ROSATA
Group HR Director

SKILLS AND EXPERIENCE

- 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

DR MATT CULBERTSON
Chief Operating Officer, Genus PIC

SKILLS AND EXPERIENCE

- Spent entire career in porcine industry
- Has led the development and implementation of Genus PIC's genetic strategy and technical services capability, as well as leading the commercial engagement with many of PIC's most significant customers
- Doctorate in Animal Breeding and Genetics from the University of Georgia

CAREER

- Joined Genus in 2011 as PIC's Director of Genetic Services and Sales and took on the role of Global Product Development and Technical Services Director in 2012 before becoming Chief Operating Officer in July 2023
- Previously spent nine years working for Murphy-Brown (now Smithfield Foods), where he managed the internal genetics programme and technical operations for its Eastern operations

JERRY THOMPSON
Chief Operating Officer, Genus ABS Beef

SKILLS AND EXPERIENCE

- Natural entrepreneur with substantial 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
- Degree in Agriculture from the University of Plymouth and a graduate of Harvard Business School's Advanced Management

CAREER

- 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

EXEC GENDER BREAKDOWN

M = Male	6 (67%)
F = Female	3 (33%)

M F

DR NATE ZWALD
Chief Operating Officer, Genus ABS Dairy

- Significant 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 and 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
- Has led the development and introduction of 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 on 15 July 2019
- Spent 18 years in increasingly senior roles at Bayer, leading teams using pioneering science and cutting-edge technology to help farmers grow food more sustainably

JORGEN KOKKE
Chief Executive

STEPHEN WILSON
Executive Director

ALISON HENRIKSEN
Chief Financial Officer

DAN HARTLEY
Group General Counsel and Company Secretary

See **pages 68 and 69** for Jorgen's, Stephen's, Alison's and Dan's biographies.

BOARD LEADERSHIP AND PURPOSE

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 ensure we have the right funding;
- approving material contracts, acquisitions, licences and investments; and
- reporting to shareholders.

PURPOSE, CULTURE AND VALUES

Genus is a purpose-driven business, which is reflected in our vision of pioneering animal genetic improvement to help nourish the world. This purpose provides the bedrock for our strategy, with its focus on improving genetics for the benefit of progressive livestock farmers and helping them to maximise their performance on their farms, and with a growing emphasis on using genetic advances to reduce the environmental impact of animal protein production. The Board regularly revisits the Group's purpose, including as part of its annual strategy sessions, to ensure it remains relevant to the business.

To deliver our strategy and achieve our purpose, we must have the right culture. Genus aims to maintain a positive, inclusive and cooperative culture, with a global outlook and a focus on excellent customer service.

This culture is underpinned by a set of values that exemplify the business we want to be: customer centric, results driven, pioneering, people-focused and responsible.

These values are aligned to both our purpose and our strategy. More information on our values can be found on page 34.

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 below. 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 review other measures that indicate the Group's culture, such as employee churn rates and success with developing people and filling vacancies from within the Group.

The Directors also meet numerous people from around the Group, including members of management who present at Board meetings and through site visits, giving them further insight into the culture and talent within the Group. During the year, the Board undertook visits to sites in Brazil (see page 73).

The Board ensures its own culture is aligned to the culture across the Group, through the annual evaluations of the Board and its Committees. More broadly, the Group's employee performance management process also has a strong focus on behaviours that are aligned to our values.

The Group has a Whistleblowing Policy and an independent hotline to allow employees to raise any concerns anonymously. This process is overseen by the Audit & Risk Committee on the Board's behalf. More information can be found on page 83.

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.

OVERSEEING STRATEGY

The Group's corporate governance framework plays a key role in the successful delivery of our strategy. The table on pages 74 to 75 shows how the Board's discussions during the year related to specific aspects of the strategy. In addition, the Board holds an annual strategy session, focusing on the strategic direction and goals of the Group and its business units. More information on this can be found in the Board's Year in Review on page 73.

WORKFORCE ENGAGEMENT

Lykele van der Broek and Lesley Knox are the designated Workforce Engagement Directors. They continued to engage with employees this year, holding face-to-face meetings with ABS employees in Brazil. The key points raised at town hall meetings are set out in our Section 172 Statement on page 60. The Board will continue to monitor progress made against these points as well as feedback received in our global employee survey, Your Voice, which will be conducted again in FY24. For more information see page 35. In addition, Lesley Knox and Lysanne Gray met with members of our employee resource group AWAKE to share insights into their personal and professional journeys.

The Workforce Engagement Directors will continue to work around the Group's different sites, to collect feedback and wherever possible to hold face-to-face meetings with employees as part of the Board's programme of annual visits.

ENGAGEMENT WITH OTHER STAKEHOLDERS

The Group's interactions with its other stakeholders, including engagement undertaken directly by the Board, is summarised on page 58 in the Strategic Report.

INFORMATION FLOW TO THE BOARD

The diagram to the right 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. To assist the Directors with discharging their duties under Section 172 of the Companies Act, each item included in the Board papers indicates the relevant considerations. More information can be found in the Section 172 statement on page 60.

1. The Chairman sets the agenda for the meeting, with input from the Chief Executive, Chief Financial Officer and Group Company Secretary.
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. The Group Company Secretary monitors decisions and actions agreed at each meeting.
5. The updated list of actions becomes part of the agenda for the next Board meeting.

THE BOARD'S YEAR IN REVIEW

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 Officer;
- 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.

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

Director	Board	Nomination	Audit & Risk	Remuneration
Non-Executive Chairman				
Iain Ferguson	8/8	2/2	5/5	5/5
Executive Directors				
Stephen Wilson	8/8	0/2[3]	5/5[2]	5/5
Jorgen Kokke[1]	1/1	N/A	1/1[2]	1/1
Alison Henriksen	8/8	2/2[2]	5/5[2]	5/5
Non-Executive Directors				
Lysanne Gray	8/8	2/2	5/5	5/5
Lykele van der Broek	7/8	2/2	5/5	5/5
Lesley Knox	8/8	2/2	4/5	4/5
Jason Chin	8/8	2/2	5/5	5/5

Note: The maximum number of meetings that Directors could have attended during the year: Board eight, Nomination Committee two, Audit & Risk Committee five and Remuneration Committee five.

1 Jorgen Kokke was appointed to the Board on 2 May 2023
2 By invitation
3 Stephen Wilson did not attend committee meetings dealing with his own successor

VISITING OUR SITES

Site visits are an important part of the Board's annual programme.

In May 2023, the Board went to the Group's locations in Uberaba, Brazil. This included tours of ABS production facilities, ABS genetic nucleus, IntelliGen and embryo laboratories, customer site visits and business presentations, as well as PIC and ABS business presentations. The Board also had opportunities to meet with employees at all locations.

CORPORATE GOVERNANCE STATEMENT CONTINUED

KEY TO STRATEGY

Deliver a differentiated proprietary genetic offering
Focus on progressive protein producers globally
Share in the value delivered

KEY TO STAKEHOLDERS

E	**Employees**	**SC**	**Supply Chain**
S	**Shareholders**	**EN**	**Environment**
C	**Customers**		

The table below provides more detail of the Board's discussions and activities, and the outcomes from them. It also sets out how each topic supports the delivery of our strategy and the fulfilment of the Directors' duties under s172 of the Companies Act.

Topic and link to our strategy	Activity	Actions arising	Progress
Leadership and Effectiveness LINK TO OUR STRATEGY STAKEHOLDERS E, S S172 CONSIDERATIONS a, b	Monitor Board effectiveness	Internal evaluation undertaken during the year.	Focus areas identified (see page 79)
	Monitor pipeline of senior talent	Board visits identify and set time aside to meet talent within the organisation. Workforce Engagement Directors meet talent at employee meetings. Presentations to AWAKE members.	
Business Development and Strategy LINK TO OUR STRATEGY STAKEHOLDERS S, C, SC S172 CONSIDERATIONS a	Monitor progress against our strategic objectives	Held strategy session with GELT and other business leaders.	See page 75
	Review and approve business activities	Approved: • PIC investment in SwineTech	
	Monitor strategic developments	Received updates on: • The activities of the Sustainability Committee and the Company's sustainability strategy • The ABS digital and go-to-market strategies • Material business development opportunities • Continued regulatory progress of the PRRSv development programme • The Company's cyber security improvements • The Company's activities in Russia • Collaborations and potential collaborations including business activities in China	
Research and Development LINK TO OUR STRATEGY STAKEHOLDERS S, C S172 CONSIDERATIONS a, c	Monitor R&D progress	Received updates on: • The scientific progress of the PRRSv development programme and other gene editing projects • Ongoing improvements in IntelliGen technology and its global rollout • R&D programmes including the progress in reproductive biology and other material projects • The activities of the GPSC and the Scientific Advisory Board	See pages 28-29
People LINK TO OUR STRATEGY STAKEHOLDERS E S172 CONSIDERATIONS a, b	Review recruitment pipeline	Received updates on: • Key vacancies and hires including key roles in the business, Group Finance and R&D • Talent development in leadership below GELT level	See pages 34-35
	Update on employee feedback	Held Town Hall meetings with employees and the Chief Executive, and received updates on meetings between employees and the Workforce Engagement Directors. Your Voice updates.	See pages 34-35
Shareholders LINK TO OUR STRATEGY STAKEHOLDERS S S172 CONSIDERATIONS c, f	Monitor investor attitudes towards Genus	Updated on meetings with shareholders, potential investors and analysts.	See pages 58-59

KEY TO S172 CONSIDERATIONS

(a) **Consequence of decisions in the long-term**

(b) **Interests of the Company's employees**

(c) **Need to foster the Company's business relationships with suppliers, customers and others**

(d) **Impact of the Company's operations on the community and environment**

(e) **Desirability of the Company maintaining a reputation for high standards of business conduct**

(f) **Need to act fairly between members of the Company**

Topic and link to our strategy	Activity	Actions arising	Progress
Company Performance and Finance LINK TO OUR STRATEGY STAKEHOLDERS S S172 CONSIDERATIONS a, f	Monitor performance against plan	Received updates on the operational performance of the business units and market conditions. Monitored the Group's performance against its strategy, budget and goals.	See pages 24-29
	Review past and projected financial performance	Approved the annual and interim results and dividends. Approved the FY23 budget and the FY24-27 strategic plan.	
	Monitor key financial issues Monitor performance against plan	Received tax and treasury updates. Received pension updates. Received updates on renewal of the Group's external borrowing facilities. Reviewed going concern and viability, and reviewed reports from the Company's auditors.	See pages 30-33
Executive/GELT Updates LINK TO OUR STRATEGY STAKEHOLDERS E, S, C, SC S172 CONSIDERATIONS a	Monitor business unit performance and plans	Received financial and operational performance updates. Received regular presentations from each business unit. Conducted strategy session setting out medium-term strategic goal of the business unit and comparing performance of each business unit against previously presented strategic goals.	
Sustainability, Health and Safety LINK TO OUR STRATEGY STAKEHOLDERS E S172 CONSIDERATIONS b	Ensure strong culture of health and safety	Receive updates from the Sustainability Committee discussions outlining the Group's progress against goals. Reviewed the Group's health and safety strategy and FY23 targets for health and safety and reviewed progress throughout the year. Received updates from the Head of Health and Safety, including progress against relevant KPIs.	See pages 36-57
Risk Management LINK TO OUR STRATEGY STAKEHOLDERS S S172 CONSIDERATIONS a, c	Monitor risk management and control	Monitored the Group's risk register. Received updates on the whistleblowing hotline reports and investigations. Receive updates on supply chains, biosecurity and animal welfare from the business units.	See pages 61-64

BOARD STRATEGY SESSION

The Board held its annual strategy meeting in January 2023. In preparation for the session, management provides the Board with a pack of pre-reading and other information, including relevant videos such as industry seminars. This enables the Board to attend the session well-informed about the latest context for the strategy discussion.

The session focused on a number of key areas, including the importance of the Group's work on gene editing and its commercialisation, the growth of IntelliGen and making the technology available to a broader group of customers, and the establishment of the Group's Scientific Advisory Board under Jason Chin's leadership. This will enhance Genus's horizon-scanning ability, which is important to sustained success in a long-cycle business.

At the end of the strategy session, the Board concluded that the strategy for FY24-27 remained appropriate.

DIVISION OF RESPONSIBILITIES

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 Officer. These, along with the responsibilities of our other Directors, are summarised in the table below.

Title	Responsibilities
Chairman **Iain Ferguson**	Iain'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. Iain also communicates directly with shareholders.
Chief Executive **Jorgen Kokke**	Jorgen 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 Officer to devise and implement the strategy, and for managing the Group's financial and operational performance.
Senior Independent NED **Lesley Knox**[1]	Lesley provides a sounding board for the Chairman and is an alternative line of communication between the Chairman and other Directors. She leads meetings of the NEDs, without the Chairman present, to appraise the Chair's performance, and consults with shareholders in the absence of the Chairman and Chief Executive Officer.
NEDs **Lysanne Gray**[2]**, Lykele van der Broek**[1]**, Jason Chin**	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.

1 Also a Workforce Engagement Director
2 Also the Board's Sustainability Sponsor

BOARD COMMITTEES

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

	Committee		
Director	Audit & Risk	Nomination	Remuneration
Iain Ferguson	–	C	M
Jorgen Kokke	–	–	–
Stephen Wilson	–	M	–
Alison Henriksen	–	–	–
Lysanne Gray	C	M	M
Lykele van der Broek	M	M	M
Lesley Knox	M	M	C
Jason Chin	M	M	M

C Chair
M Member

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 80 to 113, and in their terms of reference on our website at www.genusplc.com.

NON-EXECUTIVE DIRECTOR INDEPENDENCE

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. As required by the Code, the Chairman was independent on appointment.

BOARD AND COMMITTEE STRUCTURE

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

BOARD COMMITTEES

AUDIT & RISK COMMITTEE
Ensures the integrity of our financial reporting, evaluates our risk management and internal control system, and oversees the internal and external auditors. Refer to the Committee's report on pages 83-88

REMUNERATION COMMITTEE
Determines remuneration for our Executive Directors and senior management, to support our growth strategy and deliver value for stakeholders. Refer to the Committee's report on pages 89-113

NOMINATION COMMITTEE
Reviews the Board's structure, size and composition and proposes candidates for appointment to the Board. Refer to the Committee's report on pages 80-82

GENUS PLC BOARD

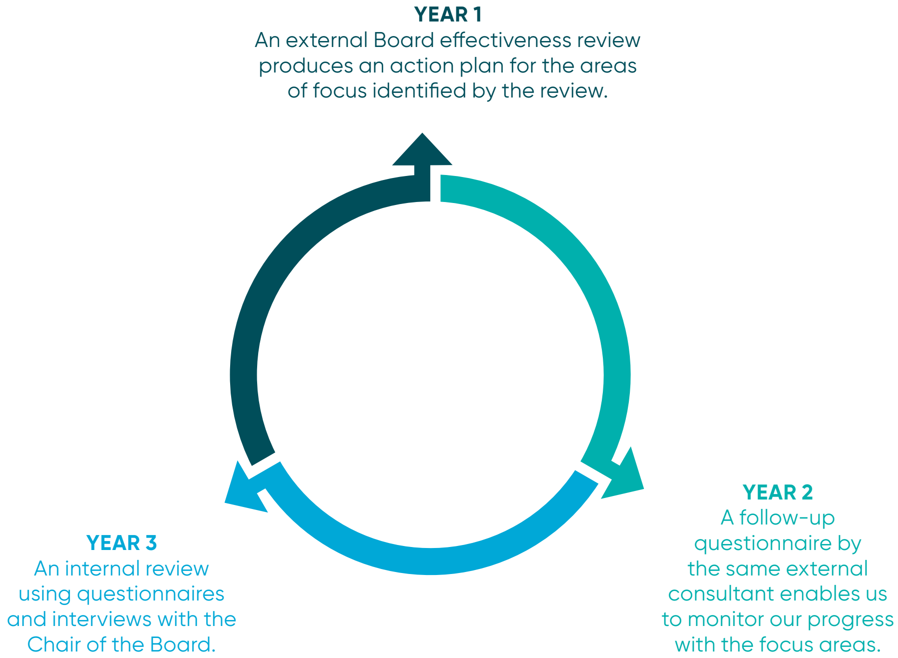
OTHER TEAMS REPORTING TO THE BOARD

SUSTAINABILITY COMMITTEE
Provides direction and oversight for continuous improvement in our environmental sustainability, health and safety, animal well-being and community engagement

GELT
Leads our strategic delivery and ensures organisational alignment, engagement and efficient execution

GENUS PORTFOLIO STEERING COMMITTEE
Gives us a comprehensive view of our R&D programme and involves our business units in prioritising our R&D initiatives. Jason Chin attends the GPSC and reports to the Board on its activities

COMPOSITION, SUCCESSION AND EVALUATION



THE BOARD'S COMPOSITION

At the year end, the Board comprised the Non-Executive Chairman, four independent Non-Executive Directors and three Executive Directors – the Chief Executive Officer, the Chief Executive Officer Designate and the Chief Financial Officer. The Non-Executive Directors therefore form a majority on the Board, as required by the Code. Stephen Wilson stepped down as CEO on 1 July 2023 and will retire from the Board on 30 September 2023, resulting in the number of Executive Directors reducing to two from that date.

The Board has an appropriate blend of skills and professional backgrounds. 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. This breadth 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.

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, following last year's external evaluation, and we therefore followed the process shown in the diagram above.

THE EVALUATION'S CONCLUSIONS

The review showed that the Board remains effective in most areas, with the feedback echoing the positive sentiments of the previous year's review. The Board is well led, and recommendations from the previous year's evaluation had been well embedded within its governance processes. The review demonstrated that the Board's priorities are focused on the successful transition between Stephen Wilson and Jorgen Kokke, as well as on broader executive and non-executive succession planning. In addition, the evolution of the ABS strategy remains a high priority for the Board going forward.

BOARD FOCUS AREAS FOR FY23

Last year's internal evaluation identified the following priorities for FY23:

Priority	Progress
Enhanced engagement from the Board in shaping the Board's agenda, including the preparation of a balanced score card of actions from the annual strategy session, to ensure that the Board is able to spend its time discussing and challenging management on its highest priority strategic topics.	The Board now has a balanced score card in place, which is used to track progress with key issues and initiatives at each scheduled Board meeting. All Directors are consulted in advance on the meeting agendas, to ensure that priority themes and topics are identified.
Using time around Board meetings, such as at Board dinners, to discuss key themes emerging from management briefings by the Chief Executive Officer, Chief Financial Officer, and General Counsel and Company Secretary, allowing the Board more time during its meetings for discussion of its highest priority strategic topics.	The Board has taken a structured approach to using time around meetings, for example, by using the dinner the night before each meeting as a forum for discussing strategic issues.
Ensuring an ongoing focus on succession issues including Board succession, Board size and skills, and executive team succession.	The Board has continued to focus on succession, including the appointment of an internal candidate (Matt Culbertson) as Chief Operating Officer of Genus PIC, following Bill Christianson's retirement. The Nomination Committee's remit includes the Board's size and balance of skills, which remain appropriate.

ELECTION AND RE-ELECTION OF DIRECTORS

As noted above, Stephen Wilson stepped down as Chief Executive at the end of June 2023 and will step down from the Board on 30 September 2023. Having completed nine years on the Board, Lykele van der Broek will retire as a Non-Executive Director at the AGM in November 2023.

All the other Directors will offer themselves for re-election (or election for Jorgen Kokke) at the next AGM, as required by the Code. Details can be found in the Notice of AGM. The Board considered the effectiveness of each individual Director through the performance evaluation described above. This included specific consideration of each Director's other commitments and their ability to discharge their duties to the Company.

The Board recognises and is cognisant of shareholders' guidelines regarding the number of external mandates held by Directors, and has observed that a minority of shareholders voted against the re-election of Iain Ferguson at the 2022 Annual General Meeting. The Board, through the Senior Independent Director, has engaged with those shareholders to understand their concerns. Iain is a highly experienced public company Chairman, Non-Executive Director and former FTSE 100 CEO with extensive and diverse leadership experience and a sound and practical understanding of corporate governance. Iain has a deep appreciation of capital markets and investor sentiment which he brings to Board deliberations, in addition to financial expertise and food industry experience.

Iain is Chairman of the Company, and also chairs the boards of Crest Nicholson plc and Personal Assets Trust plc. The Board explored Iain's capacity as part of the Board effectiveness review and remains satisfied that, Iain has sufficient time to dedicate to Genus. This review takes into account the externally managed nature of Personal Assets Trust plc and the corresponding reduction in time commitment required as compared to FTSE 250 appointments. The Board further remains satisfied that Iain has consistently demonstrated his ability to dedicate a significant and appropriate portion of his time to meet the Company's requirements. The Board is further satisfied that Iain's external appointments neither result in overboarding nor do they count as conflicts of interest.

The Board confirms that all the Directors continue to be effective in their roles and recommends their re-election as set out in the Notice of AGM.

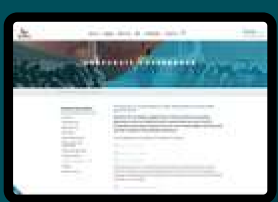
NOMINATION COMMITTEE REPORT

IAIN FERGUSON CBE
Chair of the Nomination Committee

	Meetings
Iain Ferguson CBE (Chair)	2/2
Jason Chin	2/2
Lysanne Gray	2/2
Lesley Knox	2/2
Lykele van der Broek	2/2
Stephen Wilson[1]	0/2

1 Stephen did not attend Committee meetings dealing with his own succession

Jorgen Kokke and Alison Henriksen also attended the Committee's meetings by invitation.



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**

Dear Shareholder

The Committee's primary focus this year was on managing the Chief Executive succession, following Stephen Wilson's decision to retire, which we announced in February 2023. We were delighted to recruit a high-calibre replacement in Jorgen Kokke. As noted on page 66, Lykele van der Broek will retire as a Non-Executive Director at the next AGM and the process for recruiting a new NED is under way.

More generally, the Committee has remained focused on succession planning and talent management, reflecting the critical importance to Genus's success of having the right leadership in place and ensuring we bring through the next generation of talented people.

Iain Ferguson CBE
Chair of the Nomination Committee
6 September 2023

THE COMMITTEE'S 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.

FOCUS AREAS FOR FY23

In last year's report, we identified two focus areas for the Committee in FY23. These were to continue to focus on talent development and succession planning, and ensuring we remain cognisant of the Financial Conduct Authority's ('FCA') targets for Board diversity.

As part of our succession planning for the Chief Executive role, we conducted an external search and had developed relationships with leading search firms, which supported our recruitment of Jorgen Kokke, as described below. Our consideration of other critical roles highlighted that Dr Matt Culbertson was a strong internal candidate to succeed Bill Christianson as COO of Genus PIC, and we were pleased that Matt has taken on this role following Bill's retirement in June 2023. Information on Matt's skills and experience can be found in his biography on page 70.

The Committee supports the FCA's targets for Board diversity and more information can be found in the Diversity section opposite.

RECRUITMENT OF A NEW CHIEF EXECUTIVE OFFICER

On 23 February 2023, the Company announced Stephen Wilson's decision to retire as Chief Executive. The Committee began a formal search for Stephen's successor, using the services of Russell Reynolds Associates, a leading executive search and advisory firm. Russell Reynolds has no other connection with the Company or with individual Directors.

As Chair of the Committee, I led the search process, with the support of Senior Independent Director Lesley Knox and our Group Human Resources Director, Angelle Rosata. Our key criteria included:
- proven international leadership capability;
- a background in businesses where research and development and developing differentiated products are key; and
- a deep understanding of the environments our customers operate in.

Russell Reynolds conducted a thorough international search, which generated a strong shortlist of candidates for the role. Following a rigorous selection process, we concluded that Jorgen Kokke was the outstanding candidate and the Committee recommended his appointment to the Board. More information on Jorgen's skills and experience can be found in his biography on page 68.

Jorgen joined the Board as Chief Executive Designate on 2 May 2023 and became Chief Executive on 1 July 2023.

INDUCTION FOR JORGEN KOKKE

Since joining Genus, Jorgen has undergone an intensive induction process supported by Stephen Wilson to ensure the smooth transition of responsibility.

Jorgen has visited key sites in the US and the UK including: ABS sites at DeForest, Leeds, Dekorra and Ruthin; R&D and IntelliGen sites at Pepsi Way; and PIC sites including Hendersonville for an introduction to pig production.

In addition, Jorgen has attended a meeting of the GPSC, and visited ABS and customer sites in Brazil with the Board. Jorgen has met key customers in the Netherlands, the US and China.

SUCCESSION PLANNING

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

ASSESSMENT

The Committee reviews the Board's current skills and experiences across a range of relevant areas.

This results in a skills matrix (see below), which identifies the skills coverage across all Board members.

Potential skills gaps are identified, so they can be incorporated into future succession planning at Board and Executive level.

Areas for ongoing Board upskilling are identified and discussed.

1

APPROACH

The Committee applies engagement rules for succession planning, including

- 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.

Job specifications for the Non-Executives and Executives are kept up to date.

2

EXECUTION

The Committee identifies the desired skills for any new NED, for use in filling any future vacancies on the Board.

Potential internal candidates for promotion to Executive Director are identified.

3

Management succession planning is one of the business's top priorities and the Committee has continued to assess the succession plans for GELT members. The Group HR Director engaged with the Board during the year to discuss these plans.

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, as at the date of this report.

Competence	Low/medium	Good/high
Board and corporate governance	0%	100%
Strategy	0%	100%
Finance, banking and capital markets	38%	62%
Risk, culture change and change management	0%	100%
Politics and public affairs	38%	62%
Stakeholder and customer communications	13%	87%
Sustainability implementation and communications	50%	50%
Human resources	0%	100%
IT systems, transformation and data/cyber security	50%	50%
Science and biotechnology	38%	62%
Food sector	0%	100%
Review, launch and marketing of FDA regulated products	87%	13%
International business	13%	87%
North America market	25%	75%
EMEA market	25%	75%
Asia market	38%	62%
LATAM market	62%	38%

The Committee believes the Board has an appropriate balance of skills and experience and will keep the skills matrix in mind in any future recruitment to the Board.

NOMINATION COMMITTEE REPORT CONTINUED

BOARD TRAINING AND DEVELOPMENT

The Group provides continuing education to its leaders, including Board members, whose training needs are identified through the Board effectiveness review described on page 79. The Committee is currently reviewing options for providing training for Non-Executive Directors when they join the Board, to help them carry out a company director's duties.

The Group General Counsel and Company Secretary plays an important role in keeping the Board up to date with any changes to corporate governance requirements.

DIVERSITY

The Committee believes that the different viewpoints represented on a diverse Board can help Genus to maintain its competitive advantage. Diversity also links to our values, by being people-focused and responsible, and to our strategy by encouraging new ideas which deliver for our customers and ultimately drive our results.

We therefore look to ensure that our recruitment and leadership development programmes support inclusivity in our succession planning and talent development, including appropriate representation from female and ethnic minority candidates. The Group has an employee-led forum called AWAKE (Advancing Women's Advocacy, Knowledge and Empowerment), which brings together female leaders and a cross-section of other women to develop ideas for increasing diversity and improving working practices.

At the year end, three of the eight Directors were female (37.5%), ahead of the 33% target set by the Hampton-Alexander Review. From October 2023, the proportion of female Directors will revert to 43%, following Stephen Wilson stepping down from the Board on 30 September 2023. There were also three female members of GELT, comprising 33% of the total. The direct reports to GELT, excluding support staff, were 23.5% female and 76.5% male.

The FCA reporting requirements on diversity have come into force this year. The Company already exceeds the FCA's targets of 40% female representation on the Board and that at least one of the Chair, Chief Executive, CFO or SID should be female, with both our CFO and SID being women.

The FCA has also set a target for at least one Board member to be from an ethnic minority background. We support this and amended our Diversity Policy in FY22 to ensure we fully consider ethnic diversity in any recruitment to the Board. The Board currently has one Director from a minority ethnic background.

DIVERSITY POLICY

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 Board, with the support of the Nomination Committee:

- considers all aspects of diversity when reviewing the Board's composition and when conducting the annual Board effectiveness evaluation;
- encourage development of internal high-calibre people, to help develop a pipeline of potential Executive Directors;
- considers a wide pool of candidates for appointment as Non-Executive Directors, including those with little or no listed company board experience;
- ensures a significant portion of the long list for Non-Executive Director positions are women and candidates from a minority ethnic background;
- considers candidates against objective criteria and with regard to the benefits of Board diversity; and
- only engages executive search firms who 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.

WORKFORCE GENDER BREAKDOWN

M = Male 1,228 (34.57%)
F = Female 2,308 (64.98%)

More information about diversity across Genus can be found in the Strategic Report on pages 34 to 35.

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 22 November 2023, and at the AGM from at least 15 minutes prior to the meeting until its conclusion.

FOCUS AREAS FOR FY24

For FY24, the Committee will focus on the following areas:

- supporting the transition from Stephen Wilson to Jorgen Kokke as Chief Executive; and
- recruiting a Non-Executive Director to fill the vacancy created by Lykele van der Broek's forthcoming retirement, seeking a candidate with Lykele's skills and experience in science-based agricultural businesses.

BOARD AND EXECUTIVE MANAGEMENT GENDER BREAKDOWN

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	63%	2	6	67%
Women	3	37%	2	3	33%
Not specified/prefer not to say	–	–	–	–	–

BOARD AND EXECUTIVE MANAGEMENT ETHNICITY

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	87%	4	8	100%
Mixed/Multiple Ethnic Groups	1	13%	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Gender and ethnicity data has been self-reported by Directors and Executives.

AUDIT & RISK COMMITTEE REPORT

LYSANNE GRAY
Chair of the Audit & Risk Committee

	Meetings
Lysanne Gray (Chair)	5/5
Jason Chin	5/5
Lesley Knox	4/5
Lykele van der Broek	5/5

Iain Ferguson, Jorgen Kokke, Stephen Wilson and Alison Henriksen also attended the Committee's meetings by invitation.

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 were no changes 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. This year we welcomed Jorgen Kokke to the Board as Chief Executive. Jorgen is invited to attend all of the Committee's meetings.

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 and revisions to auditing standards relevant to the provision of external audit services. The Committee was also briefed on the Financial Reporting Council's ('FRC') UK Corporate Governance Code consultation document and changes related to internal controls, fraud and audit and assurance policy. We continue to prepare for the changes to ensure compliance when they potentially become effective after January 2025.

Our focus on risk management continued throughout the year, with regular reviews and assessment of the Group's existing and emerging risks. During the year, we received and discussed detailed input from management on key risks and mitigation plans. In particular, we focused on the risks associated with cyber security, biosecurity and animal wellbeing, and TCFD reporting requirements, the impacts of the Russia-Ukraine conflict, and a deep dive on our growth markets, as well as the developing macroeconomic conditions and their impact on our global operations.

An external cyber security review was carried out in December 2022 to validate that the IT security improvement plan put in place after the June 2022 security incident was effective. The review identified some areas of improvement which are being addressed to further strengthen our cyber security controls. The Committee is satisfied with the progress made on cyber security, but recognises the need to continue to focus on this area.

We reviewed the progress being made with regard to the implementation of the GenusOne enterprise management system, having reached an important milestone this year with over half of our operations on GenusOne. This included updates on the approach being taken to realise opportunities to standardise and strengthen the Group's processes and controls as the system rollout continues to progress.

We have carefully considered the critical accounting policies and judgements and assessed the quality of disclosures and compliance with financial reporting standards, including responding to the FRC correspondence, 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.

We have assessed the effectiveness of internal and external audit during the year by reviewing the work done, interviews, and questionnaires. We continue to focus on improving communication and leveraging learnings. The Committee was satisfied with the performance of both the internal and external auditors.

Lysanne Gray
Chair of the Audit & Risk Committee
6 September 2023

AUDIT & RISK COMMITTEE REPORT CONTINUED

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 COMPOSITION

The Committee members' biographies, along with information on Genus's other Board members, can be found on pages 68 to 69.

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 Group's reporting to shareholders;
- the effectiveness of the Group's accounting and financial reporting systems;
- the effectiveness of the Group's system of risk management and internal controls;
- the effectiveness of 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 external review was performed in 2022. The next external evaluation will be in 2025.

In 2023, the Committee's effectiveness was assessed through a structured questionnaire issued by Gould Consulting, and concluded that the Committee continued to operate effectively, independently and with a strong focus on risk identification and management.

THE COMMITTEE'S MAIN ACTIVITIES DURING THE YEAR

During the year, the Committee held five meetings and invited the Group's Chairman, Chief Executive, the Chief Financial Officer, the Group Financial Controller, the Head of Financial Reporting, the Head of Financial Control, 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 and challenged management's judgements are set out below:

Financial reporting area	Judgements and assumptions considered
IMPACT OF RUSSIAN SANCTIONS ON FINANCIAL REPORTING	The Committee has reviewed the Group's assessment of the impact of Russian sanctions on the year-end financial reporting. In assessing the impact the Committee considered whether the Group still has control, as defined under IFRS 10 'Consolidated financial statements', over the assets and operations of the Russian entities and whether it is still appropriate to consolidate the entities in the Group's financial statements. In addition, the Committee considered whether any impairment of assets held in those entities is required and whether the Russian entities have sufficient cash resources to allow for day-to-day operations to continue. In making their assessment the Committee debated and considered management assumptions on whether it has control, as defined under IFRS 10 'Consolidated financial statements', over the operations and assets, given the current international sanctions in place on Russia, reviewed management's impairment analysis and discussed the FY24 plans and cash flow projections over a period of 18 months. The Committee was satisfied with management's conclusion that it is still appropriate to consolidate the Russian entities, as defined under IFRS 10 'Consolidated financial statements', that there is no impairment of assets required at the year end and that the entities have sufficient cash flow to enable the businesses to operate on a day-to-day basis and be able to meet their liabilities as they fall due. The Committee also reviewed the disclosures in note 4 – Critical Accounting Judgements, relating to restricted cash balances held in Russia, the judgements that management has made in applying the accounting policies and the key assumptions and sources of estimation that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Following this detailed review and discussion with management the Committee has concluded that the presentation of the financial statements and the associated disclosures is appropriate.
BIOLOGICAL ASSETS VALUATION	In compliance with IAS 41, Genus records its biological assets at fair value in the Group Balance Sheet (£342.0m), with the net valuation movement shown in the Income Statement. 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 also received updates on management's streamlining and automation of the models which are used for the valuation process including control improvements identified to strengthen both the model and the review of its output. The Committee was satisfied with management's accounting treatment, including the Income Statement decrease of £24.9m in the value of porcine biological assets and the increase of £8.0m in the value of bovine biological assets.
GOING CONCERN AND VIABILITY STATEMENT	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. In assessing viability, the Committee has considered the Group's budget and strategic plan, its credit facility agreement, its principal risks and uncertainties, as detailed on pages 43 to 46, and the liquidity and capital projections over the period and is satisfied that this is appropriate in supporting the Group as a Going Concern. 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 65 of the report.
PRESENTATION AND DISCLOSURE OF EXCEPTIONAL AND ADJUSTING ITEMS	Genus had £30.6m of adjusting items, including £3.5m of net 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 their volatility and lack of correlation to the core operational 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.

AUDIT & RISK COMMITTEE REPORT CONTINUED

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:

- Sustainability matters: the related current and emerging risks and the roadmap of actions identified in support of the climate change action plan and TCFD reporting requirements and improvements in the disclosures from the FRC review letter.
- Biosecurity and continuity of supply: the risk of losing key livestock or losing our ability to move animals and/or semen freely (including across borders), due to disease outbreak.
- Cyber security: the cyber security risk faced by the Group and the actions being taken to strengthen infrastructure and systems security.
- Russia-Ukraine conflict: regular updates provided to the Board to understand the impact on our operations and people in these regions and report on how compliance with sanctions are ensured.
- Growth markets: a review of our growth markets was held to better understand the varying risks and opportunities, with a focus on China and Brazil.
- Regular updates on the project to implement GenusOne, a Group-wide enterprise management system, which now operates in over fifty percent of our operations.

INTERNAL CONTROL SYSTEM

Management is responsible for identifying and managing risks, and for maintaining a sound system of internal control. The internal control framework is intended to effectively manage rather than eliminate entirely the risks to achieving our business objectives. The key elements of the Group's internal control framework are monitored throughout the year and the Committee has conducted a review of the effectiveness of the Group's risk management and internal control systems on behalf of the Board. Our risk management process and system of internal control are described in detail on pages 61 to 64.

The Committee conducted its annual review of the effectiveness of the Group's internal controls and disclosures. The Committee's review of the effectiveness of internal controls has encompassed a review of various reports provided by management, Risk and Internal Audit, Internal Control and External Audit. The Committee reviewed the results of the key financial controls self-assessment process, which is performed every six months; internal audit's findings at each scheduled meeting, including updates on the implementation of management's actions; and the Group's Whistleblowing Policy and bribery prevention procedures.

The review did not identify any significant financial reporting control failings. All control issues have been remediated and discussed with the Committee. 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. This year with the end of the COVID-19 travel restrictions the internal audit team was able to travel to audit locations. The Committee was satisfied that the coverage and quality of the internal audit process remained appropriate. 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.

In accordance with the current audit firm rotation timeline, the Committee is in the process of conducting a competitive external audit tender process for our FY25 audit and is satisfied with the progress to date. 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 assessed the external auditors performance in conducting the audit for the June 2022 year end. The Committee considered the quality, effectiveness, independence, and objectivity of the external auditors through the review of all reports provided, regular contact and dialogue both during Committee meetings and separately without management. Continuing from the process in the previous year, the Committee conducted an audit quality and effectiveness review through a questionnaire to Committee members, management, and members of the finance team, which delivered focused insight into Deloitte's effectiveness. The Committee considered the audit quality reviews on the firm and sought confirmation that recommendations were appropriately actioned where relevant to the audits of our Company.

External Auditor Independence

Maintaining the objectivity and independence of the external auditors is essential. The Committee has taken appropriate steps to ensure that the Company's external auditors are independent of the Company and obtained written confirmation from them that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

Additional non-audit services provided by the auditors may impair their independence or give rise to a perception that their independence may be impaired. The Group has a policy in relation to the provision of non-audit services that is aligned with the EU Regulation and Statutory Audit Directive to provide further clarity over the type of work that is acceptable for the external auditors to carry out. The policy sets out the process required for approval and a cap to the total non-audit fees for permitted services (at 70% of the audit fee). The policy was last reviewed in the year ended 30 June 2023.

Audit and non-audit fees paid to Deloitte in the year were £1.0m and an analysis is presented in note 8 to the consolidated financial statements. Non-audit fees represent 2% of the audit fee. Non-audit services provided by the external auditors during the 2023 financial year comprised audit related assurance services. The Committee concluded that the provision of such services was appropriate given that they were closely related to the work performed in the external audit process and, for reasons of effectiveness and efficiency, it was considered advantageous to engage the external auditors due to their knowledge and expertise. Resolutions to reappoint Deloitte as auditors and to authorise the Directors to agree their remuneration will be put to shareholders at the Annual General Meeting that will take place on 22 November 2023.

Financial Reporting Council correspondence

During the year the FRC Corporate Review team carried out a review of our Annual Report and Accounts for the year ended 30 June 2022. The review was based solely on the Group's Annual Report and Accounts and did not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. The review highlighted questions requiring a response on TCFD disclosures. The FRC noted that the Group's Annual Report did not include a clear statement explaining whether the report included climate-related financial disclosures consistent with the Recommendations and Recommended Disclosures of the TCFD, as required by the Listing Rules, and also identified a number of areas where improvements could be made to the Company's TCFD disclosures. As a result of the FRC's review the Company has provided a clearer statement in this report including providing explanations about TCFD recommendations and recommended disclosures as required by the Listing Rules and made a number of improvements to the TCFD disclosures consistent with the recent thematic review. These enhancements are included in the company's sustainability report within this Annual Report and Accounts (see pages 36-59). There were also a number of matters raised for our attention which we considered in relation to our 2023 Annual Report and Accounts. As a result of the FRC's review, we have considered and enhanced the clarity of disclosures in relation to:

- Alternative Performance Measures ('APMs') glossary on pages 200-207 regarding the exclusion of amortisation of acquired intangibles; and
- IFRS 13 Fair Value Measurement disclosures in note 4 and note 16.

We have responded to and thanked the FRC for their observations.

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 62 to 64.

To further assist its understanding of risk, the Board has restarted its programme of visits to our local operations as COVID-19 travel restrictions have eased, visiting our ABS operations in Brazil. The Board received regular political, economic and industry risk updates from the relevant business groups. The Board performed its annual risk review in May 2023. 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. No changes to the principal risks were identified, however the Board recognises the impact of the continued Russia-Ukraine conflict, and increasing global macroeconomic conditions has had on our operations.

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.

AUDIT & RISK COMMITTEE REPORT CONTINUED

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. An annual Fraud Risk Assessment is carried out by internal audit with all the business units; the results and mitigation actions were presented to the Committee in February 2023. The external auditor also provides observations on the control environment arising from its audit work. The results are communicated to senior management and the Audit & Risk Committee.

EFFECTIVENESS OF INTERNAL CONTROLS

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

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

KEY MESSAGES

- Strong endorsement from shareholders for our updated Remuneration Policy at last AGM
- Modest awards under annual bonus and Performance Share Plan ('PSP') reflecting challenging external market conditions
- Transition of leadership completed with key external hire
- Adjustment to CFO salary to reflect changed responsibilities following CEO recruitment
- Some changes to the way we will assess performance within incentive plans from 2024, aligned to our business strategy

Terms of Reference
The terms of reference for the Committee are in line with the 2018 UK Corporate Governance Code and available to view at www.genusplc.com.

Committee attendance

	Meetings[1]
Lesley Knox (Chair)	6/7[2]
Iain Ferguson	7/7
Jason Chin	7/7
Lykele van der Broek	7/7
Lysanne Gray	7/7

1 The Committee had five scheduled and two ad hoc meetings during the year
2 Lesley Knox was unable to attend one scheduled meeting due to a prior commitment. The meeting was chaired by the Company Chairman in her absence

Jorgen Kokke, Stephen Wilson and Alison Henriksen also attended the Committee's meetings by invitation.

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for 2023.

We were pleased with the Shareholder response to our Remuneration Policy at the 2022 AGM, with over 93% of shareholders voting for the new Policy, including the changes we had proposed following extensive consultation across our shareholder base.

TRANSITION OF LEADERSHIP/ APPOINTMENT OF NEW CHIEF EXECUTIVE

On 3 April 2023 we announced that Jorgen Kokke would join the Board as Chief Executive Designate on 2 May 2023, and become Chief Executive Officer on 1 July 2023. Stephen Wilson has supported this transition of responsibilities, stepping down from the CEO role but remaining an active Executive Director through to his retirement on 30 September 2023 to support effective transition. I would like to extend my thanks to Stephen for his significant contribution to the business since joining in 2013 as Chief Finance Officer and his subsequent appointment as Chief Executive in 2019.

Jorgen is an exceptional successor for Stephen, with an established track record of working across global organisations to create shareholder value.

As highlighted during our consultation, there continues to be significant and often growing differences between remuneration structures for senior leadership in the US compared to the UK, where Genus is listed. In particular this focuses on the quantum available under variable plans and the range of incentive vehicles utilised within typical US-based organisations. Indeed, we identified these differences early into our succession planning discussions.

In making Jorgen's appointment we operated fully within the Remuneration Policy approved by over 93% of shareholders in November 2022.

We focused on how we could transition Jorgen successfully onto our reward structure, while recognising that the composition and quantum of reward available within the US market does differ from that typically seen within the UK FTSE 250 landscape.

REMUNERATION COMMITTEE REPORT CONTENTS

The full details of his buyout of previous incentive awards from Ingredion, determination of base salary and his ongoing reward structure are outlined in the report. We wanted a structure that was sufficient to attract, but which also aligned Jorgen to future Genus performance through high levels of share ownership.

Some key aspects of the design of the arrangements are:

- Annual base salary of $825k
- Buyout of legacy awards from his former employer (Ingredion Inc.) totalling c$4.5m, with conversion into awards over Genus shares with similar vesting timelines. This includes conversion into Genus shares of multiple reward elements, covering market priced share options, performance shares and restricted stock units
- A guaranteed bonus payment payable in cash in September 2023 of $412.5k (recognising the forfeiting of eligibility for annual bonus at his previous employer)
- An exceptional award under PSP plan of 400% of salary for award to be granted in September 2023 only (with performance based on Genus performance over the period 2023-26)
- Ongoing variable opportunity of 200% of salary for annual bonus (for year ending June 2024) and 200% of salary for PSP awards (for grants scheduled for September 2024 and beyond)
- Shareholding requirement of 2x salary as per existing Remuneration Policy

Jorgen will operate in a global capacity, and be initially based in the US. To fulfil his role he will travel as required, including to attend Board meetings of Genus plc (of which he is a Director).

OTHER LEADERSHIP CHANGES

Stephen stepped down from his role as Chief Executive on 1 July 2023 and will retire from the business on 30 September 2023. He was determined to be a good leaver from the business due to retirement and will be eligible for future vestings from in-flight share awards, subject to Company performance and prorated for the period he was employed during each respective performance period. He will additionally have eligibility for an annual bonus for 2024, prorated for his period in employment during the respective financial year. In line with our Policy, he will have a post-cessation shareholding obligation for the period of two years following retirement. Full details of his agreed arrangements are provided within the report.

We evaluated the role of the CFO in light of the appointment of Jorgen to the business. In particular, we noted that Alison would become the sole permanent Executive Director based in the UK, and with a broadened set of responsibilities which represented an extension to her previous role. We agreed to a change of her base salary to £480,930 (+15%) effective 1 July 2023, which is not expected to be reviewed again until September 2025.

REWARD OUTCOMES FOR 2023

Overall profit outcomes were just below the threshold of the range previously set by the Committee, resulting in nil awards under this metric. This was due to a number of factors during the year as discussed within the wider Annual Report, and the impact of interest rate costs which were higher in practice than that forecast where budgets were set.

Wider cash performance was good with high levels of cash conversion achieved. Final cash flow performance was slightly below the free cash flow budget set, with a corresponding award level of 21% of maximum.

We discussed the broader strategic progress made during the year and performance against the strategic targets set for each Executive Director. We saw clear evidence of progress in key areas in support of our agreed long term strategy for the business and accordingly made awards under this element of the bonus reflecting this attainment. This included the rate of progress of genetic gain achieved during the year, and submissions towards gaining FDA approval for our gene editing activities.

Overall bonus awards for the CEO and CFO were 23% and 20% of maximum respectively. In line with our agreed policy, one-third of these awards will be delivered in Genus shares that will vest after three years subject to continued employment (or on the third anniversary reflecting the agreed leaver treatment for Stephen Wilson).

The Committee determined that while material progress had been made across parts of the business (and through enhanced cash flow) the formulaic outcomes under the bonus were a fair reflection of underlying performance.

Awards under the Performance Share Plan granted in September 2020 were subject to our EPS performance over the three financial years ending 30 June 2023. Against a performance range of 5% to 15% annual EPS growth the actual annual growth achieved (of 7%) equates to a vesting level of 36% of maximum. The Committee also confirmed that the overall vesting level was consistent with the business performance achieved over the three year period.

Overall we confirmed that the Policy has operated as expected during the past year, and that the formulaic outcomes generated through the bonus are a fair reflection of underlying business attainment. No discretion was applied to performance outcomes during the year by the Committee.

LOOKING FORWARD TO 2024

We have agreed some changes to the way we will assess performance under the Annual Bonus for 2024. These are all consistent with our agreed Remuneration Policy and reflect the evolution of our agreed strategy.

We will move to assess profit performance based on Operating Profit. This drives alignment with the way we assess performance at a business unit level for other participants in the annual bonus plan across the business, and the desire to cascade and standardise incentive structures.

We will also separate out profit assessment, so that part is linked to PIC China performance, and the majority linked to the wider Group performance excluding PIC China. This change recognises the role of PIC China within our strategic plan as referred to in the Chairman's report, and is designed to align reward to both this business unit performance and the performance of the rest of the Group.

We will continue to exclude gene editing costs for 2024, consistent with our approach in previous years but anticipate this will be the last year we do this as we move closer toward commercialisation of PRRSv.

Profit targets for each metric will be set in advance by the Committee and disclosed retrospectively in line with prevailing market practice.

We will move to an alternative metric to measure cash performance, moving from a free cash flow metric to one based on cash conversion. This change is designed to drive focus on effective cash performance across inventory management and prioritisation of capital expenditure.

We remain committed to our stated double-digit medium term growth aspirations and will continue to assess the majority of the PSP award linked to our EPS performance over a three-year period, rewarding sustained long-term growth of the business. We have agreed to use the same EPS range as for awards made in 2022, requiring annual EPS growth over the three year performance period of 4% at threshold through to 12% or above for maximum vesting.

WIDER WORKFORCE AND EMPLOYEE ENGAGEMENT

We have provided insights on our people and culture elsewhere within the Annual Report, including the role played by our designated Non-Executive Directors (Lykele van der Broek and myself) in understanding the overall employee experience and satisfaction with reward. As a Committee we spent time reviewing the progress on our gender pay position within Genus Breeding Limited, our largest UK subsidiary. We additionally received updates on enhancements to family leave policies globally, and the launch of our new employee share plan 'TakeStock' which is global in design and was launched in the UK and the US during the year.

Lesley Knox
Chair of the Remuneration Committee
6 September 2023

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION B – AT A GLANCE 2023 (YEAR ENDING 30 JUNE 2023)

For more detail please see pages 97 to 100

WHAT EXECUTIVE DIRECTORS WERE PAID IN 2023:

CHIEF EXECUTIVE
STEPHEN WILSON
(Stephen ceased to be CEO on 1 July 2023 and will step down from the Board on 30 September 2023)

CHIEF FINANCIAL OFFICER
ALISON HENRIKSEN

CHIEF EXECUTIVE DESIGNATE
JORGEN KOKKE
(Jorgen joined on 2 May 2023 as CEO Designate and was appointed as CEO effective 1 July 2023)

1 BASE SALARY AND BENEFITS

- Benefits include a car allowance for each Executive Director
- The pension allowance for Stephen Wilson was reduced from 10% of salary to 6% of salary from 1 January 2023 (in line with our stated commitment to shareholders)
- The allowance payable for Alison Henriksen and Jorgen Kokke is 6% of salary

	Stephen Wilson	Alison Henriksen	Jorgen Kokke
1	£616,900	£418,200	$119,523
2	£62,068	£37,783	$11,136

1 Salary
2 Pension and Benefits

2 ANNUAL BONUS 2023

- Metrics used and weighting: Adjusted profit before tax (60%), Cash generation (15%), Strategic measures (25%)
- Overall award 23% of maximum for Stephen Wilson and 20% of maximum for Alison Henriksen
- One third of the total award under this element made in shares deferred for three years

	Stephen Wilson	Alison Henriksen	Jorgen Kokke
Maximum Opportunity	175% of salary	175% of salary	N/A
MAXIMUM	£1,079,575	£731,850	
FINAL OUTCOME	23% OF MAXIMUM (£244,524)	20% OF MAXIMUM (£149,297)	

Jorgen did not participate in the Genus annual bonus plan for year ended 30 June 2023

PERFORMANCE METRIC	% OF MAXIMUM AWARD
Profit before tax	0%
Cash generation	21%
Strategic objectives (CEO)	78%
Strategic objectives (CFO)	69%

3 PSP

Awards granted linked to 3-year performance ending on 30 June 2023 vested at 36% of maximum based on average annual adjusted earnings per share growth achieved of 7% per annum

	Stephen Wilson	Alison Henriksen	Jorgen Kokke
Indicative value[1] MAXIMUM	£794,156	£471,113	N/A
TOTAL	£285,896	£169,601	

4 REMUNERATION BREAKDOWN

	Stephen Wilson	Alison Henriksen	Jorgen Kokke
1	£1,209,348	£774,881	$130,659
2	£285,896	£169,601	$0
3	£244,524	£149,297	$0
4	£62,028	£37,783	$11,136
5	£616,900	£418,200	$119,523

1 Total
2 Performance share plan
3 Annual bonus
4 Pension and benefits
5 Base salary

1 Calculated based on the average share price for the final quarter of the year ending 30 June 2023 (2,572p)

WHAT EXECUTIVE DIRECTORS CAN EARN IN 2024 (AND HOW):

	CHIEF EXECUTIVE **STEPHEN WILSON** (Stephen ceased to be CEO on 1 July 2023 and will step down from the Board on 30 September 2023)	CHIEF EXECUTIVE (CEO FROM 1 JULY 2023) **JORGEN KOKKE**	CHIEF FINANCIAL OFFICER **ALISON HENRIKSEN**
1 **BASE SALARY AND BENEFITS** • Benefits include a car allowance for each Executive Director • Increase in salary for Alison Henriksen effective 1 July 2023 with next scheduled review September 2025	Annual Salary £616,900 (no change)	Salary $825,000	Salary £480,930
2 **ANNUAL BONUS** • Metrics used and weighting: Genus Group Operating Profit exc. PIC China (50%), PIC China (10%), Cash conversion (15%), Strategic measures (25%) • One-third of the total award under this element made in shares deferred for three years	**Maximum Bonus opportunity = 175% of salary** Salary (prorated for employment between 1 July 2023 and 30 September 2023)	**Maximum Bonus opportunity = 200% of salary**	**Maximum Bonus opportunity = 175% of salary**
3 **PSP FROM SEPTEMBER 2020** • Vesting of these awards depends on the adjusted earnings per share (excluding gene editing costs) achieved in the three financial years ending 30 June 2024	Awards over 21,979 Genus shares	Not applicable	Awards over 13,037 Genus shares
4 **PSP (AWARDED SEPTEMBER 2023)** • These awards will vest subject to performance against identified metrics • 80% of the awards is linked to adjusted earnings per share with the 2026 adjusted earnings per share compared to the 2023 adjusted earnings per share (including gene editing costs) • This will be assessed based on a scale of 4% annual growth (threshold with 20% vesting) through to full vesting at 12% annual growth or above (straight-line basis) • Remainder linked to metrics core to our strategy (greenhouse gas reduction and genetic improvement)	**Not applicable**	**400% of salary** (Note this uses the exceptional limit permissible within the Policy to support recruitment of Jorgen to the business as outlined within this disclosure)	**200% of salary**

Salaries are normally reviewed annually and any changes made in September. Salaries for Stephen Wilson and Jorgen Kokke will be unchanged for the year ahead. Following review by the Committee (discussed later in this disclosure) of salary for Alison Henriksen was increased as shown, effective 1 July 2023. No further increases of salary for Alison is scheduled until September 2025.

	Annual Salary to 1 Sep 2023	Revised Annual Salary	Effective Date	Change %
Stephen Wilson	£616,900	£616,900	n/a	Nil
Jorgen Kokke	$825,000	$825,000	n/a	Nil
Alison Henriksen	£418,200	£480,930	1 July 2023	15

Note – the salary for Jorgen Kokke is denominated in USD$ and he is paid in USD. A currency conversion is completed ahead of making any share awards to convert a USD$ denominated value into GBP£ to determine the number of Genus shares to be awarded. Other Executive Directors are paid in GBP.

APPOINTMENT OF NEW CHIEF EXECUTIVE OFFICER: JORGEN KOKKE

BUYOUT DETERMINATION

Jorgen joined the business on 2 May 2023 from Ingredion Incorporated. We followed our core policy to allow us to recognise that certain awards in place at Ingredion would be forfeited as a result of joining Genus. This included reward elements under incentive vehicles which are typically offered within the US, but not currently offered within the Genus Policy, such as market priced share options.

Our approach was to place a fair value on Ingredion awards, replicate expected vesting timings where possible, to ensure Jorgen was aligned to Genus performance from appointment and to mitigate or remove any future financial exposure for Genus that could be created by changes in Ingredion performance (positive or negative) after hire.

All elements were denominated in USD, and we agreed as part of contractual discussions to base any exchange of value into Genus shares using a 60-day average of the Genus and Ingredion share prices immediately prior to appointment, and the average exchange rate between the GBP and USD over the same period. The final approach for each element is outlined below.

Ingredion reward element	Calculation and approach (where applicable)	Genus shares awarded[1]	Vesting details
Restricted Stock Units	Unvested awards from Ingredion were converted into Genus shares with vesting timing designed to replicate intended vesting at Ingredion.	**26,226 shares**	**15,435 shares** 23 February 2024 **10,791 shares** 28 February 2025
Performance Share Awards	Unvested awards were in place with performance linked to performance conditions focused on relative Total Shareholder Return ('TSR') and Adjusted Return On Invested Capital ('ROIC'). A performance estimate for each metric was obtained and validated against publicly available data for reasonableness. This value was then converted into GBP and an award made over Genus shares with vesting dates designed to mirror the awards that were previously held at Ingredion. This approach was designed to provide certainty to Genus and avoid ongoing linkage to Ingredion performance beyond the point of hire.	**77,762 shares**	**43,620 shares** 23 February 2024 **34,142 shares** 28 February 2025
Market Priced Share Options	Various unvested market priced options were held, with a range of option prices in place. An independent Black-Scholes calculation was performed to determine the fair value of these options, with a subsequent award made over Genus Shares which will vest equally on the first three anniversaries of employment.	**22,947 shares**	**7,649 shares** 2 May 2024 **7,649 shares** 2 May 2025 **7,649 shares** 4 May 2024
Total		**126,935 shares**	

1 Genus shares were derived based on a Ingredion stock price of \$100.62, a Genus share price of £28.78 and a GBP:USD exchange rate of £1:\$1.23

TRANSITIONAL ELEMENTS

We agreed two transitional elements to support transition to the ongoing Genus reward structure as follows:

	Amount	Detail
Annual Bonus (payable September 2023)	\$412,500	Cash bonus payable in September 2023. This is in recognition of eligibility to participate in the annual bonus plan at Ingredion for 2023 that was forfeited through resignation. This award recognised that there was a period of six months where eligibility to an annual bonus would be forfeited (January to June 2023) with Jorgen participating in the Genus Annual Bonus Plan from July 2023.
PSP Award (to be made September 2023)	400% of salary	Use of exceptional limit within existing Policy to make an award of 400% of salary under the PSP plan in September 2023. These awards will vest after three years subject to achievement against Company performance targets, and will be subject to a further two year holding period following vesting.

ONGOING REWARD STRUCTURE

	Value	Detail
Base Salary	\$825k	Reviewed annually with any changes expected in September each year, commencing September 2024.
Benefits	\$20k car allowance	
Benefits (Retirement)	6% of salary	This is set at a level consistent with other Executive Directors and is consistent with the wider workforce rate for UK employees as outlined within our Policy.
Benefits	In accordance with our Remuneration Policy	Participation in our core benefits offering for eligible US employees, including healthcare, life insurance and disability cover.
Annual Bonus	Up to 200% of salary	The first participation would be for the year commencing 1 July 2023. One-third of any award is made in deferred shares which vest after three years subject to continued employment.
PSP	Up to 200% of salary	From September 2024 Jorgen will be eligible to participate in the Genus Performance Share Plan, with awards in line with the standard level permissible under our Remuneration Policy (currently 200%).

SECTION B – AT A GLANCE 2024 (YEAR ENDING 30 JUNE 2024)

For more detail please see pages 101 to 104

1 YEAR — ANNUAL BONUS

Element/Weighting	Description of target	Alignment to strategy
Profit Growth (60%)	Delivery of year-on-year profit growth	• Sharing in value created to deliver returns for shareholders
Cash (15%)	Cash conversion	• Generation of cash for reinvestment and dividends
Strategic Objectives (25%)	Delivery of strategic objectives in pursuit of stated business strategy	• Building foundations for future growth

LONG TERM — PERFORMANCE SHARE PLAN

Element/Weighting	Description of target	Alignment to strategy
EPS Performance (80%)	Average annual growth in adjusted earnings per share	• Alignment to our stated medium-term growth aspirations
Genetic Improvement (10%)	Improvement (expressed in standard deviations of improvement per generation) of genetics in Porcine, Bovine and Dairy	• Helping farmers produce more output with fewer inputs • At the heart of our business: 'Pioneering animal genetic improvement to help nourish the world'
Greenhouse Gas Reduction (10%)	Reduction in overall primary intensity ratio of our operations in pursuit of our stated 25% reduction by 2030 against our 2019 baseline	• Driving reduction in carbon intensity of our operations • Alignment to our stated target of 25% reduction by 2030 against our 2019 baseline

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.

INCREASE GENETIC CONTROL AND PRODUCT DIFFERENTIATION

TARGETING KEY MARKETS AND SEGMENTS

SHARING IN THE VALUE DELIVERED

Success measured by

R&D and business innovation

Proprietary genetic improvement and dissemination positions

Volume growth

Operating profit

Cash conversion

Link to remuneration policy

Strategic measures within the Annual Bonus focus on key activities in pursuit of our defined longer-term strategy

Strategic objectives recognise wider progress than financial measures alone

Measured through the profit element of the Annual Bonus

Over the longer term will flow into EPS and Genetic Improvement, both used to determine vesting under the PSP

Measured through the cash element of the Annual Bonus

PERFORMANCE COMPONENTS AND THEIR IMPACT ON REMUNERATION

	2022	**2023**	Movement %	Impact on remuneration
Adjusted results				
Revenue	£593.4m	**£689.7m**	16%	Input to Annual Bonus profit and earnings per share in PSP
Adjusted profit before tax	£71.5m	**£71.5m**	0%	Annual Bonus measure
Generation of free cash flow	£(13.5)m	**£18.2m**	n/a	Annual Bonus measure
Adjusted earnings per share	82.7p	**84.8p**	3%	PSP performance condition
Dividend per share	32.0p	**32.0p**	0%	Executives rewarded via dividends on shares held post vesting
Share price at year end	2,508p	**2,166p**	(14)%	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 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 2023 (£)[1]	Consequence of a +/- 10% share price change (£)	Conclusion
Stephen Wilson	76,757	8,618	85,375	2,195,853	219,585	Outgoing CEO is aligned to share price movement through post-cessation shareholding requirement
Jorgen Kokke	Nil	Nil	Nil	Nil	N/A	Incoming CEO has significant alignment to Genus through share awards made on appointment (buying out awards from previous employer) and through ongoing incentive opportunity available
Alison Henriksen	10,298	4,709	15,006	385,958	38,596	CFO aligned to share price movement through existing ordinary shareholding and in-flight incentive awards

1 Value calculated using the average share price for the final quarter of the financial year ended 30 June 2023 (2,572p)

SECTION D – ANNUAL REPORT ON REMUNERATION

INTRODUCTION

This section of the Directors' Remuneration Report is subject to an advisory vote at the 2023 AGM. Remuneration in respect of 2023 is determined by our Remuneration Policy agreed by over 93% of shareholders at the 2022 AGM. The detailed Policy can be found in our 2022 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. Reward outcomes for Executive Directors for 2023.
2. Forward Looking Policy and Implementation in 2024.
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. REWARD OUTCOMES FOR EXECUTIVE DIRECTORS FOR 2023

EXECUTIVE DIRECTORS' SINGLE TOTAL REMUNERATION FIGURE (AUDITED)

The following table shows a single total figure of remuneration for the 2023 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 £000s	PSP £000s	**Subtotal for variable pay £000s**	**Total £000s**
Stephen Wilson	2023	617	13	49	**679**	245	286[4]	**531**	**1,210**
	2022	614	13	61	**689**	192[3]	499[5]	**691**	**1,380**
Alison Henriksen	2023	418	13	25	**456**	149	170[4]	**319**	**775**
	2022	417	13	25	**454**	192	269[4]	**461**	**915**

1 Benefits included an annual car allowance of £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 from 10% to 6% of salary effective 1 January 2023, as previously confirmed through our Remuneration Policy. 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. The value shown for Stephen Wilson in 2022 is after the application of downward discretion to align the bonus value to that for the CFO
4 The value of the PSP is determined by the number of awards vesting in relation to performance in the period ended 30 June 2023. Dividend equivalents are not added to awards made under the PSP. The value shown for 2023 is based on the average share price for the final three months of the 2023 financial year (which was 2,572p). This compares to the share price at grant of 3,898p (-34%)
5 The 2022 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 £28.94 on 12 September 2022 when awards vested for Stephen Wilson and Alison Henriksen

Executive Directors with Pay denominated in USD:

	Year	Salary and fees \$000s	Benefits \$000s	Pension \$000s	**Subtotal for fixed pay \$000s**	Annual bonus \$000s	PSP \$000s	**Subtotal for variable pay \$000s**	**Total \$000s**
Jorgen Kokke	2023	120	5	6	**131**	Nil	Nil	**Nil**	**131**

HOW THE BONUSES FOR 2023 WERE CALCULATED

Annual Bonus

Both Stephen Wilson and Alison Henriksen were eligible to participate in the Annual Bonus for 2023. Jorgen Kokke did not participate and his eligibility for the Genus annual bonus plan commenced from 1 July 2023. Awards 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. 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	Weighting	Actual 2023 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	60%	£79.2m[2]	£79.4m	£84.7m	£88.9m	0%
Generation of free cash flow	Generate cash for reinvestment and dividends	15%	£18.2m	£15.7m	£21.7m	£24.7m	21%
Strategic measures	To build the foundation for future growth	25%	See table				Stephen Wilson 78% Alison Henriksen 69%

1 The financial elements of the bonus are payable on a straight-line basis between each threshold, target and stretch level
2 Bonuses are calculated in constant currency and excludes gene editing costs. This explains the difference between the value shown and the Adjusted profit before tax number on page 96

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION D – ANNUAL REPORT ON REMUNERATION

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	Key achievements in year	Payout against maximum
Stephen Wilson	Strategy Development and Execution	Maintain/grow genetic leadership in dairy, beef and porcine	• Genetic gain ahead of target in each species with rate of progress accelerating vs prior years	78%
		Grow PIC Key accounts globally	• Grew share in key regions – exceeded goal for key new porcine customer wins	
		Drive growth of Gene Advance and digital sales in ABS	• Gene Advance targets exceeded. Overall digital sales behind plan	
		Leverage technology/genetics across bovine sector	• Global sexing deal with CRV signed, expansion of IntelliGen footprint	
		Optimise ABS sales delivery and supply chain model	• Go to market ('GTM') activity identified future benefits and will continue into FY24	
	Leadership and culture	Sustain leadership effectiveness	• Internal promotion of Matt Culbertson to GELT to lead PIC business following retirement of Bill Christianson • Smooth transition to incoming CEO	
		Improve gender diversity at Manager level	• Increase in proportion of new manager appointment who were female in line with goal	
		Maintain strong health and safety culture	• 13% reduction in vehicle incidents. Recordable injury rate decreased 5% and was better than set goal	
	Innovation	Gene editing	• Completion of FDA submissions ahead of target date and good progress with international regulatory agencies	
		Lead industry in reproductive biology	• Implementing new IVF technologies with better outcomes. Good progress with other research programmes	
		Improve technology and process performance within IntelliGen	• Strong delivery on IntelliGen technology roadmap	
		Deliver positive user adoption of GenusOne globally	• Successful deployment in most European countries. Positive user feedback and many stated adoption and optimisation goals achieved	
	Sustainability	Drive adoption and implementation of 'Delta C'	• 15% improvement in primary intensity ratio during year • Absolute carbon emissions reduced by 5% (and 16% below 2019 levels), exceeding goal	

	Theme	Objective	Key achievements in year	Payout against maximum
Alison Henriksen	Strategy Development and Execution	Maintains strong investor relations activity, expanding knowledge of Genus outside of the UK and growing understanding of ESG progress	• Positive reaction to investor interactions, including following site visits to facilities	69%
		Strengthen BCA relationship	• Strong relationship in place with BCA and robust collaboration and alignment	
		Drive strategy development and execution	• Active partnering with ABS to shape and evolve their go to market strategy, implementing instrumental changes in FY24 • Active partnering with IntelliGen to achieve bull efficiency, implemented at Leeds doubling straws per billion cells • Procurement initiatives supporting the businesses, IT and HR led to significant incremental costs savings and cost inflation avoidance • Enhanced the processes to manage working capital across the Group leading to good improvements in cash outflows through reductions in DSO and ABS's inventory holdings	
	Leadership and culture	Rollout of Finance Target Operating Model ('FTOM') – people and org design, process rollout, reporting and performance management, finance technology	• Step change in insights from real time reporting delivered through Reporting Centre of Expertise ('COE') • Rollout of standardised accounting processes in North America and Europe and shift of repeatable processes to Asia, resulting in efficiencies	
		Build on career development for finance team, taking account of changes linked to FTOM	• Created key new hires and roles within finance team driving strength and enhanced clarity of roles and responsibilities	
	Innovation	Deliver positive user adoption of GenusOne globally	• Successful deployment in most European countries. Positive user feedback and many stated adoption and optimisation goals achieved	
	Sustainability	Drive adoption and implementation of 'Delta C'	• 15% improvement in primary intensity ratio during year • Absolute carbon emissions reduced by 5% (and 16% below 2019 levels), exceeding goal	

As a result of this performance, the total Annual Bonus awarded to the Executive Directors was:

	Annual Bonus		
	Extent to which overall targets were met	Annual Bonus – cash	Annual Bonus – deferred shares[1]
Stephen Wilson	23%	£163,016	£81,508
Alison Henriksen	20%	£99,532	£49,766

1 The number of shares awarded will be calculated in September 2023 when bonuses are paid. One-third of bonus payable is deferred into Genus shares for three years

HOW THE PSP FIGURE WAS CALCULATED IN THE SINGLE TOTAL REMUNERATION TABLE

PSP awards granted to Stephen Wilson and Alison Henriksen on 14 September 2020 were subject to a performance condition, based on the growth in adjusted earnings per share from 2020 to 2023. The range of targets applicable to the award, which had a value of 200% and 175% of salary at grant for Stephen and Alison respectively was as follows:

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

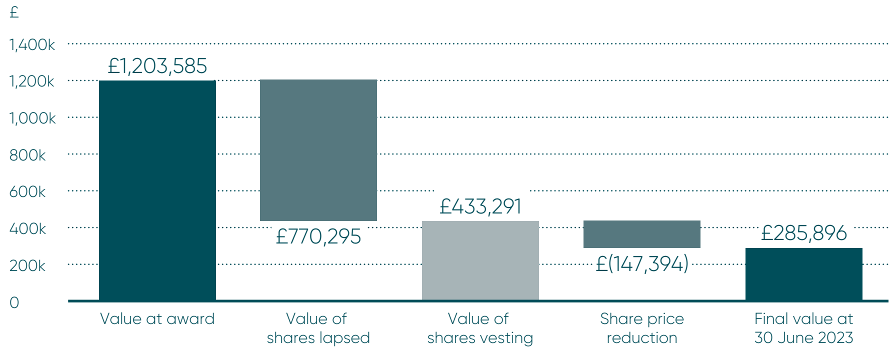
1 Straight-line vesting between the points in the above table

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION D – ANNUAL REPORT ON REMUNERATION

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 2023 earnings per share after the cost of share-based payments and adjusting[1] for costs relating to gene editing was 94.7p. This represents an average annual growth in adjusted earnings per share of 7% compared to the comparable 2020 adjusted earnings per share figure (after the cost of share-based payments). The resulting level of vesting is 36% of maximum. Therefore, the number of shares that will vest will be 11,115 for Stephen Wilson and 6,594 for Alison Henriksen, and these will vest on 14 September 2023.

The Company's average share price for the period from 1 April 2023 to 30 June 2023 (the final three months of the financial year) was 2,572p, meaning that the value shown for these awards within the single figure table is £285,896 for Stephen Wilson and £169,601 for Alison Henriksen.



Breakdown of value of PSP for Outgoing CEO (2020–2023 Performance)

Share price on award = £38.98

Share price (three months ending 30 June 2023) = £25.72

Share price change over period = (34)%

1 The average annual earnings per share growth including gene editing costs after share-based payments was 3% and the associated vesting level would have been nil (below threshold level of 5%)

JOINING AWARD

Joining awards were made to our incoming CEO – Jorgen Kokke – as detailed elsewhere within this disclosure.

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. Stephen Wilson will retire on 30 September 2023 and details of his leaver arrangements are outlined elsewhere in this report.

DISCRETION

No discretion was applied by the Committee during the year.

EXTERNAL DIRECTORS' EXTERNAL APPOINTMENTS

Executive Directors are permitted to accept an external non-executive position, with the Board's approval. Any fees received in respect of these appointments may be retained by the Executive. Stephen Wilson is a Non-Executive Director of Renishaw plc and he received fees totalling £75,000 during the year.

2. FORWARD LOOKING POLICY AND IMPLEMENTATION IN 2024

We gained shareholder approval for our new Directors' Remuneration Policy at the 2022 AGM. The full Policy as agreed by Shareholders can be found in the 2022 Annual Report or at our website at www.genusplc.com.

KEY DESIGN/PHILOSOPHY OF OUR FUTURE REMUNERATION POLICY

What we are trying to achieve	How we are looking to achieve it
• 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	• Draw upon the aspects of our current Policy that are working • Include strategic/ESG measures within PSP assessment, linked to core strategy • Enable an increase in the level of exceptional awards permissible under the PSP (with no change to the standard award level) – designed primarily to support recruitment if needed

We are confident that our Policy provides strong alignment against Section 40 the Provisions of the 2018 Code as summarised below:

ALIGNMENT OF OUR REMUNERATION POLICY TO THE 2018 CODE

CLARITY

Implementation of the strategy is monitored through KPIs including those used within the Annual Bonus and PSP. This ensures alignment between strategy execution and reward outcomes.

SIMPLICITY

We look to describe the structure of reward clearly to both participants and shareholders through effective disclosures, so all stakeholders are clear on the underlying reward principles and the way reward outcomes are determined.

ALIGNMENT TO CULTURE

The Policy aligns to our business model and focus on the experience of customers and employees. Metrics linked to culture are used within variable plans, alongside delivery of long-term sustainable performance.

PREDICTABILITY

Examples of the range of outcomes under the Policy are shown within the scenario graphs.

This demonstrates the way that different performance levels change reward outcomes for individuals and the associated impact of changes in the Company share price.

PROPORTIONALITY

A significant proportion of the total reward opportunity is performance driven, with clear linkage between business metrics and reward outcomes through clear targets and use of KPIs.

Shares form the majority of variable reward and Executives are required to develop and maintain a material shareholding in the business to fully align to the shareholder experience.

RISK

The Committee retain ultimate discretion to vary outcomes from formulaic results if they do not judge this to accurately reflect underlying business performance.

Malus and clawback provisions apply to all awards and we operate post-cessation shareholding requirements to further align Executives to long-term business performance.

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION D – ANNUAL REPORT ON REMUNERATION

POLICY IMPLEMENTATION – EXECUTIVE DIRECTORS

A summary of this section is given on page 93.

Policy Area	2024 Implementation
Base Salary Key features • To provide competitive fixed remuneration that will attract and retain employees with the experience necessary to develop and execute our strategy • Normally reviewed annually effective 1 September • Factors used to review include – Wider workforce changes in country where individual is based – Comparable salaries when benchmarked against relevant market comparators – Experience of the individual and the contribution they are making – Overall group performance and wider economic conditions	Following review by the Committee the salary for Alison Henriksen was increased as shown, effective 1 July 2023. No further increases of this salary are scheduled until September 2025.

	Annual Salary to 1 Sep 2023	Revised Annual Salary	Effective Date
Stephen Wilson	£616,900	£616,900	n/a
Jorgen Kokke	$825,000	$825,000	n/a
Alison Henriksen	£418,200	£480,930	1 July 2023

Policy Area	2024 Implementation
Benefit Provision Key features • To provide a competitive range of benefits to drive engagement and commitment to Genus • Benefits generally include a car allowance and insured benefits (e.g. life assurance and private medical insurance) • 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	The Executive Directors receive benefits including a car allowance, life assurance, an annual medical screen and private medical insurance. The Company will also provide tax support assistance for preparation of foreign tax returns for Jorgen Kokke as required, as well as tax equalisation provision as required for any employment income taxable outside of the US.
Pension/Retirement Benefits Key features • To provide a competitive Company contribution that enables effective retirement planning • To provide a benefit in line with the rate available to the wider workforce	Executive Directors receive a pension allowance worth 6% of salary, consistent with our stated Policy to align rates for new hires to the wider workforce. Executive Directors can participate in Company-wide arrangements as may exist (including the benefit of a Company provided match on employee contributions) and/or receive a cash allowance of equivalent value.
Annual Bonus Key features • To motivate and incentivise delivery of annual performance targets covering a combination of financial and strategic measures • 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 • Malus and clawback provisions exist for awards made under the Annual Bonus	See Annual Bonus table below.

Annual Bonus

Value of bonus	A maximum of 200% of salary for Jorgen Kokke and 175% for Alison Henriksen. Stephen Wilson will be eligible for a bonus of up to 175% of salary, prorated for the period of employment from 1 July 2023 to 30 September 2023.
Performance measures	Assessed across the following metrics: • Genus Group Operating Profit (exc PIC China) – 50% of opportunity • PIC China Operating Profit – 10% of opportunity • Cash Conversion – 15% of opportunity • Strategic measures – 25% of opportunity
Calibration of profit and cash targets	The targets for the coming year have been determined and will be disclosed on a retrospective basis. The targets have been set considering agreed budgets and represent stretching business performance. The Committee considered analyst expectations and market conditions in our key countries in determining the range and is comfortable that the range set is stretching. Group targets will exclude gene editing costs in line with prior years, as we move towards PRRSv commercialisation.
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 these targets in advance and we will retrospectively disclose the targets and associated performance against them 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.

Policy Area	2024 Implementation

Performance Share Plan ('PSP')

Key features

- To incentivise Executives to achieve superior returns to shareholders over a three-year period, to retain key individuals and align with shareholder interests
- Awards scheduled to vest three years from grant, subject to continued employment and satisfaction of challenging three-year performance targets
- Following vesting the post-tax number of vested shares must be held for at least a further two-year period.
- Malus and clawback provisions may apply for a period of three years

Awards to be granted in September 2023 will be granted under the 2019 PSP approved by shareholders on 14 November 2019. Alison Henriksen will be granted awards over 200% of salary in line with that permitted under the Policy. The award for Jorgen Kokke will be worth 400% of salary, using the exceptional limit within the agreed Remuneration Policy, as outlined within this disclosure. 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 2026 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.

Three performance targets will be used for the awards to be granted in September 2023 as shown below will be assessed independently of each other.

Metric	Weighting	Metric detail	Target for 2023 awards	
Earnings Per Share	80%	Average annual growth in adjusted earnings per share, measured over three years, inclusive of gene editing costs in the base year and final year of calculation.	**Average annual growth in adjusted earnings per share**[1]	Vesting %
			Less than 4% per annum	0%
			4% per annum	20%
			12% per annum	100%
			Straight-line vesting between performance points shown above.	
Genetic Improvement	10%	Improvement (expressed in standard deviations of improvement per generation) of genetics in Porcine, Bovine and Dairy. Target of one standard deviation of genetic improvement per generation across Dairy and Bovine, and 0.75 standard deviations of improvement per generation in Porcine.	**Overall assessment guidelines** (Final award will be determined by Committee having reviewed progress in each of the respective species)	Indicative award (max 10%)
			Performance at or exceeding target over period across all species or significant outperformance in one or more species with no 'weak' progress	8–10%
			Progress overall in line with stated target	5–7%
			Robust performance in one or two species, slower progress elsewhere	2–4%
			Progress below target each year in all species	No award
Greenhouse Gas Reduction	10%	Reduction in overall primary intensity ratio of our operations for the three-year period commencing 1 July 2023 and ending 30 June 2026.	**Cumulative % reduction across three years ending June 2025**	Vesting %
			Below 3%	Nil
			3% (threshold)	20%
			10% (stretch)	100%
			Straight-line vesting between threshold and stretch values in the above table	

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

The Committee retains the discretion to be able to scale back overall vesting 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.

The Committee also recognise that material changes in the Company share price can materially change the number of shares that are awarded through PSP grants. The Committee will make these awards in the usual way in September 2023 and will review the ultimate level of vesting and associated business performance. In the event that the share price used to determine awards was not felt to be representative (or gave rise to what were deemed to be any unjustified gains by recipients having considered the overall reward experience for Executives and Shareholders) then the Committee has the ability to adjust ultimate vesting levels.

Shareholding

Key features

- To align executives and shareholders, 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

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION D – ANNUAL REPORT ON REMUNERATION

POLICY IMPLEMENTATION – NON-EXECUTIVE DIRECTORS

Policy Area	2024 Implementation
Fees Key features • To provide compensation that attracts high-calibre individuals and reflects their experience and knowledge • The Board periodically reviews Non-Executive Directors' fees • Additional fees are paid to Non-Executive Directors who chair a Board Committee and to the Senior Independent Director ('SID') • No Directors take part in meetings where their own remuneration is discussed • 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	No changes to core fees payable to Non-Executive Directors fees will be implemented for 2024

REWARD FOR OUTGOING CHIEF EXECUTIVE OFFICER (STEPHEN WILSON)

REWARD ARRANGEMENTS AND FUTURE LEAVER TREATMENT FOR STEPHEN WILSON

On 23 February 2023 we announced that Stephen Wilson would be retiring from Genus after ten years with the business. In line with a request from the Board, and to facilitate a smooth period of transition, he will work through to 30 September 2023. The Committee determined the following in relation to his reward:

REWARD FOR 2024 (PERIOD BEGINNING 1 JULY 2023 TO 30 SEPTEMBER 2023)

- Continuing salary payments and ongoing eligibility to benefits
- Eligibility for annual bonus for period 1 July to 30 September 2023. (This will be determined based on combination of strategic and financial targets, with financial targets consistent with those used for other Executive Directors). Awards will be determined after the conclusion of the financial year ending 30 June 2024, and awards will be delivered partly in cash and partly in deferred shares that will vest after three years (in line with our Policy)

TREATMENT OF IN-FLIGHT SHARE AWARDS UPON LEAVING

Upon retirement from Genus on 30 September 2023, Stephen has been determined to be a good leaver and the Committee have determined that treatment of awards should be consistent with the approach within our agreed Policy. In-flight awards under our PSP plan will be prorated (based on the period employed within the respective performance period) with vesting determined at the end of the three year period. Stephen will have a six month window to exercise any nil cost options that vest. Previously awarded share awards under the Deferred Bonus share plan will vest in full at their scheduled vesting dates.

Stephen will have a post cessation shareholding Policy requiring him to hold onto shares for 24 months following cessation of employment on the terms described in our agreed Remuneration Policy. The Committee have discussed and agreed which shares this relates to and how this will be operationalised.

Any further payments made to Stephen will be disclosed in future Annual Reports as we are required to disclose.

SALARY LEVEL FOR CHIEF FINANCIAL OFFICER (ALISON HENRIKSEN)

ADJUSTMENT TO SALARY LEVEL

The Committee discussed the future role and responsibilities for Alison following the appointment of Jorgen to the business. We determined that the future scope of the role was broader, in particular reflecting the fact that she will be the sole Executive Director based primarily in the UK following change of CEO. We viewed this as an extension of her current role, and following wider review of her responsibilities, agreed an increase in base salary to £480,930 (+15%) effective 1 July 2023. No further increases will be made in September 2023 or September 2024 with next scheduled review in September 2025.

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 2023, the Committee comprised:

Director	Independent	Attendance at meetings[1]
Lesley Knox (Chair)	Yes	6/7
Iain Ferguson	Yes	7/7
Jason Chin	Yes	7/7
Lykele van der Broek	Yes	7/7
Lysanne Gray	Yes	7/7

1 The Committee had five scheduled and two ad hoc meetings during the year

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 £50k 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 and actuarial advice to the Group.

During the year to 30 June 2023, the Committee met seven times and considered the following matters:

July 2022[1]
- Proposed objectives for CEO for FY22
- Review draft DRR disclosure
- Market Update on reward

September 2022[1]
- Approve vesting of Performance Share Plan for 2018 awards
- Approve DRR
- Review GELT shareholding at year end
- Approve future long-term incentive awards (for GELT and below)

January 2023[2]
- CEO Leaver treatment
- Future CEO recruitment and reward approach

April 2023[1]
- Gender Pay insight (Genus Breeding)
- Wider reward landscape across Genus
- CFO Remuneration

August 2022[1]
- Targets for Annual bonus for 2023
- EPS target range for PSP award to be made in September
- 2022 Annual Bonus outcomes for GELT

November 2022[1]
- Review of shareholder vote post AGM
- Spotlight on reward within R&D

February 2023[2]
- Reward review across GELT
- Future CEO recruitment

1 Scheduled meeting
2 Ad hoc meeting

HOW SHAREHOLDERS' VIEWS ARE TAKEN INTO ACCOUNT

We consulted with shareholders ahead of proposing our existing Remuneration Policy to shareholders at our 2022 AGM which received high levels of shareholder support. The results of the most recent votes were as follows:

	Vote on Directors' Remuneration Report 2022 AGM (advisory)		Vote on Directors' Remuneration Policy 2022 AGM (binding)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	48,707,946	98.3	46,353,666	93.1
Against	876,515	1.7	3,433,110	6.9
Total number of shares in respect of which votes were validly made	49,584,461	100	49,786,776	100
Votes withheld	211,121		8,806	

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION D – ANNUAL REPORT ON REMUNERATION

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 any changes that should be made.

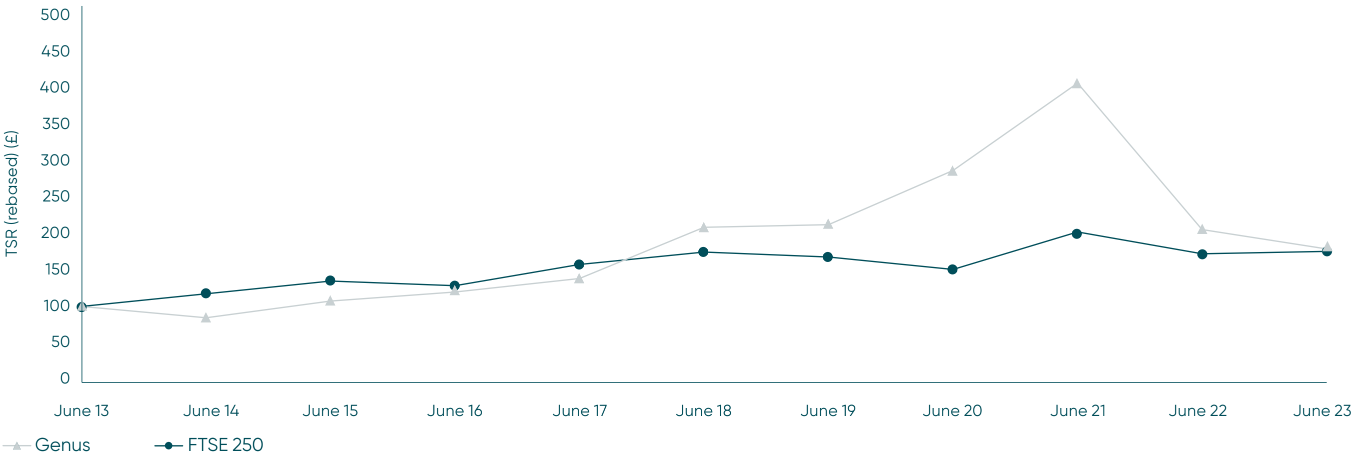
When setting the Executive Directors' base salaries, the Committee compares the salary increases proposed for each Executive Director with those proposed for employees in their geographical location, as well as considering the typical increase proposed across our UK business and the wider Group.

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.

	Karim Bitar								Stephen Wilson			
	2013	2014	2015	2016	2017	2018	2019	2020	2020	2021	2022	**2023**
Total remuneration (£000s)	£868	£877	£1,622	£1,704	£2,856	£2,549	£815	£183	£2,161	£2,888	£1,380	**£1,210**
Annual Bonus (% of max)	31%	32%	99%	78%	59%[1]	64%[1]	Nil[2]	Nil[2]	91%	95%	18%	**23%**
Total PSP vesting (% of max)	–	–	26%	34%	79%	56%	Nil[3]	Nil[3]	44.9%	81.2%	41.4%	**36%**

1 Includes the award under the Company Milestone element of the Annual Bonus under the previous Remuneration Policy
2 No awards were payable following the decision of Karim to resign from the business
3 Vesting was nil as Karim's employment cessation date was before scheduled vesting of PSP awards

DIRECTOR REMUNERATION COMPARED TO GENUS EMPLOYEES

Change in remuneration received

The table below shows the percentage change in the annual remuneration of Directors from 2019 onwards. Also provided for comparison is a UK comparator number for each respective time period which considers all employees of Genus plc on 30 June 2023 (excluding Directors) and calculating on an FTE basis changes in salary, benefits and bonus compared to the previous year.

	Salary/fees (% change)				Benefits (% change)				Bonus (% change)			
	2022 to 2023	2021 to 2022	2020 to 2021	2019 to 2020	**2022 to 2023**	**2021 to 2022**	2020 to 2021	2019 to 2020	**2022 to 2023**	**2021 to 2022**	2020 to 2021	2019 to 2020
Stephen Wilson[1]	**0**	2	9	41	**(17)**	**2**	0	0	**27**	**(81)**	6	158
Alison Henriksen[2]	**0**	2	2	n/a	**0**	**3**	0	n/a	**(22)**	**(72)**	7	n/a
Jorgen Kokke	**n/a**	n/a	n/a	n/a	**n/a**	**n/a**	n/a	n/a	**n/a**	**n/a**	n/a	n/a
Iain Ferguson	**0**	46	n/a	n/a	**0**	**0**	n/a	n/a	**n/a**	**n/a**	n/a	n/a
Lykele van der Broek	**0**	0	0	0	**0**	**(100)**	(60)	25	**n/a**	**n/a**	n/a	n/a
Lysanne Gray	**8**	0	0	0	**0**	**0**	0	0	**n/a**	**n/a**	n/a	n/a
Lesley Knox	**8**	0	(5)	15[3]	**0**	**0**	0	0	**n/a**	**n/a**	n/a	n/a
Jason Chin	**15**	0	n/a	n/a	**0**	**0**	n/a	n/a	**n/a**	**n/a**	n/a	n/a
UK comparators	**5.1**	2.5	2.6	2.3	**0**	**0**	0	0	**51**	**(66)**	24	124

1 Stephen was appointed into the CEO role on 13 September 2019. The 2020 year (July 2019 to June 2020) includes part year of salary as CFO through to 13 September 2019 and part year as CEO. Salary increase received in September 2020 was 2%
2 Amounts have been annualised for 2020 for Alison to reflect her joining date of 13 January 2020
3 Includes back payments for membership of respective Committees not received during 2019

DISTRIBUTION STATEMENT

	2022	**2023**	% change
Employee costs (£m)	£197m	**£230m**	17%
Distributions to shareholders[1]	£20.9m	**£21m**	0%

1 Includes dividends and share buy-backs

5. THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS' FEES

Fees payable to the Non-Executive Directors per annum effective from 1 July 2023 are as follows:

Position	2021 fees	2022 fees	**2023 fees**
Chairman	£230,000[1]	£230,000	**£230,000**
Base Non-Executive Director fee	£55,000	£55,000	**£55,000**
Additional fee for Chair of Audit & Risk Committee/Remuneration Committee	£5,000	£10,000	**£10,000**
Additional fee for Scientific Adviser to R&D Global Portfolio Steering Committee ('GPSC')	£10,000	£10,000	**£10,000**
Additional fee for Chair of Scientific Advisory Board[2]	n/a	£10,000	**£10,000**

1 The Chairman fee was reviewed prior to the appointment of Iain Ferguson and was determined following a review of market data, as disclosed in the 2020 Annual Report. This fee level was applied following appointment to Iain Ferguson as Chairman effective 25 November 2020
2 Role held by Jason Chin

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION D – ANNUAL REPORT ON REMUNERATION

Total single figure of remuneration (audited) for 2022 and 2023 are as follows:

Non-Executive Directors		Fees £000s	Taxable expenses £000s	Benefits £000s	Total £000s
Iain Ferguson	**2023**	**230**	**–**	**–**	**230**
	2022	230	–	–	230
Lykele van der Broek	**2023**	**55**	**1**	**2**	**58**
	2022	55	–	–	55
Lysanne Gray	**2023**	**65**	**–**	**–**	**65**
	2022	60	–	–	60
Lesley Knox	**2023**	**65**	**3**	**–**	**68**
	2022	60	–	–	60
Jason Chin	**2023**	**75**	**1**	**–**	**76**
	2022	65	–	–	65
Total	**2023**	**490**	**5**	**2**	**497**
	2022	470	–	–	470

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:

	Ordinary shares as at 30 June 2023 Number	% of salary held[1]	Shareholding guideline[2]	Unvested DSBP awards at 30 June 2023 Number	Unvested PSP awards or nil-cost options held at 30 June 2023 Number	Ordinary shares as at 30 June 2022 Number
Iain Ferguson	**10,000**	**n/a**	**n/a**	**n/a**	**n/a**	9,000
Stephen Wilson	**76,757**	**356%**	**200%**	**16,261**	**96,360**	64,047
Jorgen Kokke	**–**	**0%**	**200%**	**n/a**	**126,935**	–
Alison Henriksen	**5,375**	**92%**	**200%**	**8,884**	**60,846**	–
Jason Chin	**–**	**n/a**	**n/a**	**n/a**	**n/a**	–
Lesley Knox	**2,000**	**n/a**	**n/a**	**n/a**	**n/a**	2,000
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**	–
Total	**97,882**			**25,145**	**157,206**	78,797

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 2023 of 2,572p
2 Executive Directors are expected to work towards achieve a shareholding of 200% of salary as set out in our Remuneration Policy

There were no changes in the Directors' interests between 30 June 2023 and the date of this report.

COMPANY SHARE PRICE

The market price of the Company's shares on 30 June 2023 was 2,166p and the lowest and highest share prices during the financial year were 2,132p and 3,272p respectively.

PERFORMANCE SHARE AWARDS GRANTED IN 2023 (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	43,504	£1,233,800 (200%)	20	01.07.22–30.06.25
Alison Henriksen	29,492	£836,400 (200%)	20	01.07.22–30.06.25

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 which was 2,836p (award granted on 14 September 2022)

The awards were granted as nil-cost share options and vesting will be subject to achievement against Company performance targets and operate with a broader strategic underpin, consistent with our Remuneration Policy. The targets are based on:

Earnings per share (weighting 80% of the total award)

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 4% per annum	0%
4% per annum	20%
12% 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

Genetic Improvement (weighting 10% of the total award)

Measured using standard deviations of genetic improvement per generation of genetics in Porcine, Bovine and Dairy. Assessment determined by the Committee having reviewed progress in each of the respective species against a target of 1 standard deviation of improvement per generation in Dairy and Bovine, and 0.75 standard deviations of improvement per generation in Porcine.

Greenhouse Gas Reduction (weighting 10% of the total award)

Measured using cumulative reduction in overall primary intensity ratio of our operations for the three years ending 30 June 2025 against the following scale:

The adjusted earnings per share growth performance target for the above awards is:

Cumulative % reduction across three years ending 30 June 2025[1]	Vesting (% award)
Below 3%	0%
3% (Threshold)	20%
10% (Stretch)	100%

Straight-line vesting between performance points.

1 Scope 1 and Scope 2 emissions based on tCO_2e/tonne animal weight

DEFERRED BONUS AWARDS GRANTED IN 2023 (AUDITED)

The following DSBP awards were granted in relation to the 2022 annual bonus:

Executive	Number of shares comprising award	Face value of awards at grant date[1]
Stephen Wilson	2,257	£64,037
Alison Henriksen	2,257	£64,037

These awards are not subject to any further performance conditions and will normally vest in full on 14 September 2025 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 2,836p (award granted on 14 September 2022)

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION D – ANNUAL REPORT ON REMUNERATION

SUMMARY OF SCHEME INTERESTS (AUDITED)

As at 30 June 2023, the Executive Directors had the following beneficial interests in share awards and share options:

Stephen Wilson

Grant date	Award	Vesting period	Share price at grant	At 30 June 2022 Number	Granted in year Number	Lapsed in year Number	Exercised in year Number	At 30 June 2023 Number
11 September 2019	PSP	11 September 2019 to 11 September 2022	2,832p	41,666	–	(24,417)	(17,249)	0
11 September 2019	DSBP	11 September 2019 to 11 September 2022	2,832p	7,382	–	–	(7,382)	0
14 September 2020	PSP	14 September 2020 to 14 September 2023	3,898p	30,877		–	–	30,877
14 September 2020	DSBP	14 September 2020 to 14 September 2023	3,898p	8,079		–	–	8,079
15 September 2021	PSP	15 September 2021 to 15 September 2024	5,613p	21,979				21,979
15 September 2021	DSBP	15 September 2021 to 15 September 2024	5,613p	5,925				5,925
14 September 2022	PSP	14 September 2022 to 14 September 2025	2,836p	0	43,504	–	–	43,504
14 September 2022	DSBP	14 September 2022 to 14 September 2025	2,836p	0	2,257	–	–	2,257
Total				**115,908**	**45,761**	**(24,417)**	**(24,631)**	**112,621**

Alison Henriksen

Grant date	Award	Vesting period	Share price at grant	At 30 June 2022 Number	Granted in year Number	Lapsed in year Number	Exercised in year Number	At 30 June 2023 Number
7 April 2020	PSP	7 April 2020 to 11 September 2022	3,120p	22,435	–	(13,147)	0	9,288
14 September 2020	PSP	14 September 2020 to 14 September 2023	3,898p	18,317		–	–	18,317
14 September 2020	DSBP	14 September 2020 to 15 September 2021	3,898p	2,536		–	–	2,536
15 September 2021	PSP	15 September 2021 to 15 September 2024	5,613p	13,037				13,037
15 September 2021	DSBP	15 September 2021 to 15 September 2024	5,613p	4,091				4,091
14 September 2022	PSP	14 September 2022 to 14 September 2025	2,836p	0	29,492			29,492
14 September 2022	DSBP	14 September 2022 to 14 September 2025	2,836p	0	2,257			2,257
Total				**60,416**	**31,749**	**(13,147)**	**0**	**79,018**

For the share awards to Stephen Wilson and Alison Henriksen granted on 14 September 2022, the closing average share price over the three trading days prior to 14 September 2022 (the grant date for the PSP awards) of 2,836p was used to determine the number of shares comprising individual awards.

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 previous years to recipients. No further performance conditions apply to DSBP awards other than continued employment with the business.

Jorgen Kokke

Grant date	Award[1]	Vesting period	Share price at grant[2]	At 30 June 2022 Number	Granted in year Number	Lapsed in year Number	Exercised in year Number	At 30 June 2023 Number
2 May 2023	Nil-Cost Options	2 May 2023 to 23 February 2024	2,878p	0	59,055	–	–	59,055
2 May 2023	Nil-Cost Options	2 May 2023 to 2 May 2024	2,878p	0	7,649	–	–	7,649
2 May 2023	Nil-Cost Options	2 May 2023 to 28 February 2025	2,878p	0	44,933	–	–	44,933
2 May 2023	Nil-Cost Options	2 May 2023 to 2 May 2025	2,878p	0	7,649			7,649
2 May 2023	Nil-Cost Options	2 May 2023 to 4 May 2026	2,878p	0	7,649			7,649
Total				**0**	**126,935**	**–**	**–**	**126,935**

1 These awards have been granted pursuant to Listing Rule 9.4.2R as nil-cost share options over ordinary shares on substantially similar terms to the Genus 2019 Performance Share Plan ('PSP'), but without further Genus company performance conditions and have been determined to be a fair value for awards that have been forfeited at Ingredion, with vesting dates designed to mirror the operation of those awards where applicable
2 The share price was based on the average of the Genus share price for the 60 days prior to appointment, as agreed with Jorgen Kokke as part of the recruitment process. More detail on the calculation of these joining awards is provided elsewhere in this disclosure

DILUTION

The aggregate dilution of all relevant share incentives is 3.6% as at 30 June 2023, 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)
Jorgen Kokke	2 May 2023	2 April 2023	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				
Iain Ferguson	1 July 2020	1 July 2020	1 July 2026	6
Jason Chin	1 April 2021	1 April 2021	1 April 2024	1
Lesley Knox	1 June 2018	1 June 2021	1 June 2024	1
Lykele van der Broek	1 July 2014	4 September 2020	1 July 2024	1
Lysanne Gray	1 April 2016	1 April 2022	1 April 2025	1

Non-Executive Directors' service contracts, which include details of remuneration, will be available for inspection at the AGM or at the Company's registered office.

REMUNERATION COMMITTEE REPORT CONTINUED
SECTION E – WIDER WORKFORCE REMUNERATION

The Committee developed the Remuneration Policy agreed by shareholders in 2022 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 typically driven by local market factors (which may include legislative requirements) rather than a single common benefit offering globally. On some People Policies we have established global minimum levels of benefit provision that should apply (e.g. our Family Leave Policy) to Genus employees.
Variable pay	We operate a range of annual variable reward schemes and most of our employees participate in one of these arrangements. These include: **Annual Bonus** • 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. **Production facilities – KPI plans** • Linked to the balanced scorecard of local KPIs for facility, covering metrics such as production output levels and health and safety. **Commissions** • Derived from individual sales performance of the individual. 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.

OUR CEO PAY RATIO FOR 2023

Our CEO pay ratio is shown below.

		25th percentile		Median		75th percentile		Median ratio vs CEO target remuneration
Year ended	CEO single figure £k	FTE reward	Ratio	FTE reward	Ratio	FTE reward	Ratio	
30 June 2023	1,210	£30,345	40:1	£35,924	34:1	£50,199	24:1	51:1

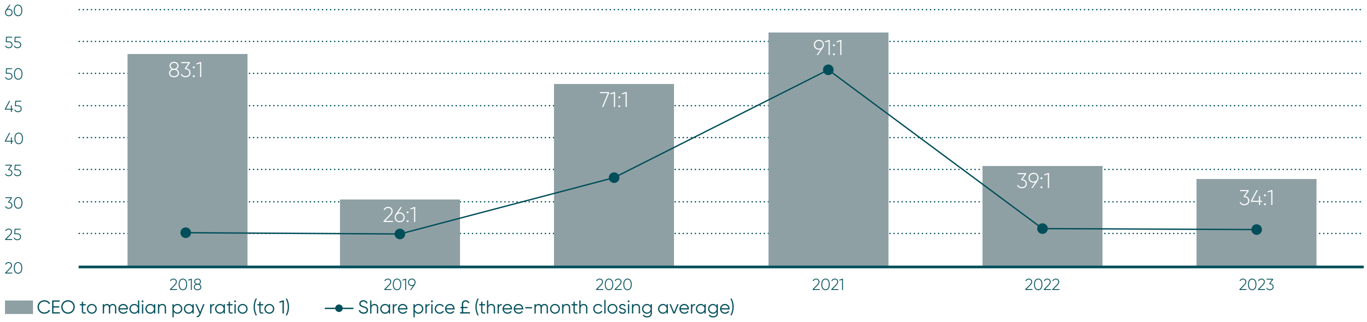
No elements of pay have been omitted from the calculation and pay quartiles determined as at 30 June 2023 and values are calculated based on those employed at this date. Where required, actual levels of remuneration were adjusted to create full-time equivalent ('FTE') values by considering both the employees 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)	£27,379	£31,950	£41,208
Total pay and benefits	£30,345	£35,924	£50,199

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 a 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, and to changes in the Genus share price.

OUR CEO PAY RATIO HISTORY

To provide additional context we have also shown the ratio for the previous four years. For illustration we have also shown the ratios against the target level of reward we disclosed within our Remuneration Policies as agreed by shareholders and provided commentary below.



The CEO ratio (the ratio of CEO pay as shown within the single figure) to the median full-time equivalent ('FTE') level of pay in the UK fell from 39:1 in 2022 to 34:1 in 2023. This can be attributed to a number of factors outlined below:

CEO PAY

Reward structure – That the overall CEO package is more highly geared towards variable pay than most other employees within the UK.

Business performance – Overall the single figure for the year was a reduction on 2022 levels. This is the combined impact of slightly higher Annual Bonus awards offset by a lower vesting level for the PSP award vesting for 2023 (36% of maximum) compared to 41.4% for the award that vested in 2022.

COMPARATOR PAY

Median total pay and benefits – Total Median reward (calculated on the same basis as the single figure within the CEO disclosure) increased by just over 5.5% between 2022 and 2023.

Total pay and benefits	CEO single figure	25th percentile		Median		75th percentile		Median ratio vs target CEO single figure
Year ended	CEO	FTE reward	Ratio	FTE reward	Ratio	FTE reward	Ratio	Ratio
30 June 23	£1,210k	£30,345	40:1	£35,924	34:1	£50,199	24:1	51:1
30 June 22	£1,327k	£27,774	48:1	£33,999	39:1	£44,818	30:1	54:1
30 June 21	£2,948k[2]	£27,374	108:1	£32,464	91:1	£43,796	67:1	54:1
30 June 20	£2,257k[2]	£25,230	89:1	£31,748	71:1	£42,426	53:1	56:1
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

1 The CEO single figure has been restated to reflect the actual value of PSP awards at the point they vested (see page 97 for further detail)
2 This value reflects the change in CEO during the year and 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

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) only as required by the respective legislation.

Approved by the Board and signed on its behalf by:

Lesley Knox
Chair of the Remuneration Committee
6 September 2023

DIRECTORS' REPORT

DAN HARTLEY
Group General Counsel and Company Secretary

INFORMATION INCORPORATED BY REFERENCE

The following information required to be included in an Annual Financial Report in accordance with the UK Financial Conduct Authority's Listing Rule 9.8.4R and in a Directors' Report is provided elsewhere in the Annual Report and is incorporated into the Directors' Report by cross reference as appropriate.

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 2022 AGM and a new authority is being sought at the 2023 AGM, within the limits set out in the notice of meeting, that is up to a nominal value of £4,401,814 (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 2022 AGM and a new authority is being sought at the 2023 AGM within the limits set out in the notice of meeting, that is up to a nominal value of £660,272.10 (representing 10% of the Company's current issued share capital).

The Company did not buy back any shares under the authority granted at the 2022 AGM, from the date of that AGM up to the date of this report.

SUBSTANTIAL SHAREHOLDINGS

As at 1 September 2023, we were aware of the following material interests in the Company's ordinary shares:

Fund Manager	Shareholding	%
Baillie Gifford & Co	5,682,186	8.61
Abrdn	4,178,431	6.33
Wellington Management	4,103,996	6.22
Capital Group	3,285,610	4.98
BlackRock	3,623,952	5.49
Columbia Threadneedle Investment	3,230,061	4.89
Vanguard Group	3,040,575	4.60
Devon Equity Management	2,785,248	4.22

There have been no material changes in shareholding since 30 June 2023. 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.

Approved by the Board and signed on its behalf by:

Dan Hartley
Group General Counsel and Company Secretary
6 September 2023

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 the international accounting standards in conformity with the requirements of the Companies Act 2006.

The Directors 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 Reporting 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:

Jorgen Kokke
Chief Executive
6 September 2023

Alison Henriksen
Chief Financial Officer
6 September 2023

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 2023 and of the Group's profit for the year then ended;**
- **the Group financial statements have been properly prepared in accordance with United Kingdom adopted International Accounting Standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);**
- **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.**

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 40 and C1 to C19.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted International Accounting Standards and IFRSs as issued by the IASB. 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 we have not provided any non-audit services prohibited by the FRC's Ethical Standard 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	The key audit matter that we identified in the current year was the valuation of Biological Assets under IAS 41 'Agriculture'. Within this report, key audit matters are identified as follows: ! Newly identified Λ Increased level of risk <> Similar level of risk V Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £3.2m and was determined on the basis of 5% of forecast profit before tax excluding the impact of certain exceptional items and the net IAS 41 valuation movement on biological assets. Our determined materiality equates to 5.4% of this measure at year end.
Scoping	Our audit scope covered 13 components. Of these, 8 were subject to a full scope audit, and 5 were subject to specified procedures. Our testing achieved coverage of 76% of Group revenue, 87% of Group net assets and 86% of Group profit before tax, excluding the impact of exceptional items and the net IAS 41 valuation movement on biological assets.
Significant changes in our approach	The key audit matter identified is consistent with the prior year. No significant changes are noted in the scope of our group audit with reference to number of components identified and audit procedures performed.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF GENUS PLC

4. Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:
- Obtaining an understanding the Group's process for assessing the going concern assumption including the relevant management review controls underpinning this assessment;
- Gaining an understanding as to the relevant assumptions used in the going concern models, including the Strategic Plan, and challenging these assumptions through comparison with our own understanding of the business, external information, and evidence gathered over the course of our audit, including:
  - Reading analyst reports, industry data and other external information and inspecting them for both corroborative and contradictory evidence in relation to these assumptions;
  - Challenging forecasted profit by comparison to recent historical financial information;
  - Challenging the key underlying data used in forecast scenarios by assessing it for consistency with our understanding of the business model and risks; and
  - Evaluating the accuracy of current and forecast covenant calculations and performing additional analysis to determine the level of sensitivity in forecast headroom in relation to cash and covenants.
- Assessing the mechanical accuracy of the Group's models;
- Reviewing the terms of the Group's financing arrangements as at the balance sheet date, comprising a £190m multi-currency RCF, a US$150m RCF and a US$20m bond and guarantee facility; reperforming debt covenant computations over the going concern period; and evaluating the associated disclosures; and
- Evaluating the Group's disclosures against the requirements of IAS 1 'Presentation of Financial Statements'.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 2023, the Group held total biological assets (excluding those recognised in inventory) of £342.0m (2022: £366.8m). Certain of the assumptions included within the valuation models are subject to estimation uncertainty, and accordingly, require the exercise of a significant degree of judgement. In planning our audit, we identified the following assumptions as being the most significant in the determination of the valuation of each species: **Bovine:** the growth rates over the strategic outlook period of proven and genomic semen sales, and the discount rate applied to the forecast cash flows in respect of the Bovine herd. **Porcine:** the discount rates applied to the forecast cash flows in respect of the Pureline herd. Details of the key sources of estimation uncertainty identified, the Group's accounting policy, and the biological assets held are disclosed in notes 4 and 16 to the financial statements. The Audit & Risk Committee set out within their areas of focus on page 85 how they have considered the Group's judgements.

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 the Group 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, with consideration given to historical forecasting accuracy and third-party benchmarking data, historical transactional data or other comparable sources, and performed a retrospective review of key assumptions applied; • Involved our valuation specialists in our consideration as to the appropriateness of the discount rates applied by the directors in determining the fair value of biological assets; • Performed independent 'stand-back' analysis to assess whether the valuation determined by the directors was consistent with expectation and that any variations on prior year were supportable; and • Assessed the completeness and accuracy of disclosures made within the financial statements in accordance with IAS 41 'Agriculture', and IAS 1 'Presentation of Financial Statements'.
Key observations	We are satisfied that the valuation of biological assets and the related disclosures are appropriate.

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	£3.2m (2022: £3.1m)	£2.6m (2022: £2.6m)
Basis for determining materiality	We determined materiality on the basis of 5% (2022: 5%) of forecast profit before tax excluding exceptional items (as defined in note 7) and changes in net IAS 41 valuation movement on biological assets. Our determined materiality equates to 5.4% (2022: 5.6%) of this measure at year end.	1% (2022: 1%) of Net Assets
Rationale for the benchmark applied	We determined adjusted profit before tax as an appropriate benchmark for determining materiality so as to avoid distortion that could otherwise arise from non-recurring or highly volatile items including the IAS 41 fair value movements.	Net Assets were selected as an appropriate benchmark for determining materiality, as the Parent 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 financial statements	Parent company financial statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • Our cumulative knowledge of the Group and its control environment; • The low turnover in key management personnel; • 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.	

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF GENUS PLC

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 £160k (2022: £155k), 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.

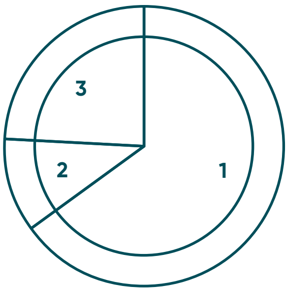
7. An overview of the scope of our audit
7.1. Identification and scoping of components
Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The Group operates globally with PIC and ABS segments operating under different reporting lines in each country, and aggregated into regions. We determined that each segment within a country represents a component to our audit; for example ABS in the United Kingdom is an audit component.

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 13 components of interest for the purposes of the group audit (2022: 13). Of these components, 8 were designated as subject to full scope audit procedures (2022: 8), with the remaining 5 subject to specified procedures (2022: 5). Excluding the Parent Company, our component audits were performed using materiality between £1.1m and £1.3m (2022: £1.1m and £1.4m). These components represent the principal business units and account for 76% of the Group's revenue (2022: 73%), 87% of the Group's net assets (2022: 84%) and 86% of the Group's profit before tax, excluding the impact of exceptional items and the net IAS 41 valuation movement on biological assets (2022: 84%).

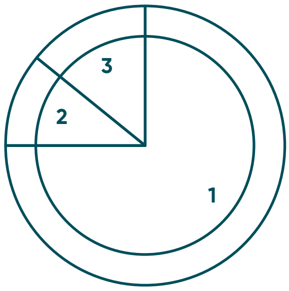
At the Group level, we evaluated the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement within the aggregated financial information of the remaining components not subject to full scope audit or specified procedures.

REVENUE



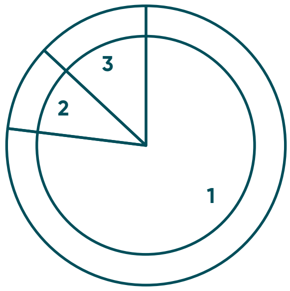
1 Full audit scope 65%
2 Specified audit procedures 11%
3 Review at Group level 24%

PROFIT BEFORE TAX



1 Full audit scope 75%
2 Specified audit procedures 11%
3 Review at Group level 14%

NET ASSETS



1 Full audit scope 77%
2 Specified audit procedures 10%
3 Review at Group level 13%

7.2. Our consideration of the control environment
The Group is currently undergoing continued significant investment in its IT and core business processes, with the ongoing roll out of its global standardisation template, utilising Microsoft D365 technology. That investment, together with the comparative diverse infrastructure that remains across certain components of the Group, led us to an audit strategy that is principally driven by substantive audit procedures.

With the involvement of our IT specialists, we have expanded the scope of our IT procedures in the current year. Specifically, we obtained an understanding of, and tested general IT controls operating within the Microsoft Dynamics 365 platform.

For all components we obtained an understanding of the relevant controls associated with the financial reporting process, areas of significant risk, and in relation to significant accounting estimates.

7.3. Our consideration of climate-related risks
In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

As discussed on page 46, the Group has assessed the risks and opportunities associated with various future climate-related scenarios and its own commitment to transition to an operating model that has a reduced level of GHG emissions. As a part of our audit procedures, we have obtained management's climate-related risk assessment and held discussions with those charged with governance to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We have considered the Group's assessment of the impact of these risks and opportunities on the financial statements and their conclusion that there is no material impact on the Group's carrying value of assets and liabilities at the balance sheet date. We have also evaluated the appropriateness of disclosures included in the financial statements in notes 1 to 40, and have read the climate related disclosure in the Sustainability report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors
Where appropriate, the group audit team engaged component audit teams to perform the audit procedures as set out in section 7.1. We engaged component audit teams in the UK, US, China, Brazil and Mexico; the group audit team performed specified audit procedures directly on components in Chile, Canada, and Spain.

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 close meetings held with local management, and reviewing relevant audit documentation. We visited the UK components, (ABS & PIC), held in-person discussions and reviewed on site. For the rest of the components, our oversight was remote and we enhanced this oversight through a number of measures (as appropriate to each component), including accessing and directly reviewing their audit files, more frequent dialogue and use of video conferencing and screen-sharing facilities.

8. Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

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.

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.

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
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error as approved by the board;
- results of our enquiries of management, internal audit, and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- 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, including in relation to Russian Sanctions (described in the Audit & Risk Committee report on page 85 and in note 4 to the financial statements);
  - 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 relevant internal specialists, including valuation and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF GENUS PLC

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 the area of unusual adjustments to revenue. 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, environmental regulations, and the Russian Sanctions.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

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, reviewing internal audit reports;
- in addressing the risk of non-compliance with the Russian Sanctions, enquiring of internal legal counsel and evaluating correspondence with external legal counsel;
- in addressing the risk of fraud through unusual adjustments to revenue, leveraging bespoke analytics to identify revenue entries with characteristics that appeared unusual, and testing the appropriateness of these entries by tracing to supporting documentation and evaluating the business rationale; 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. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:
- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 65;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 65;
- the directors' statement on fair, balanced and understandable set out on page 116;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 61;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 87; and
- the section describing the work of the Audit & Risk Committee set out on pages 83-88.

14. Matters on which we are required to report by exception
14.1. 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.

14.2. 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.

15. Other matters which we are required to address
15.1. 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 18 years, covering the years ending 30 June 2006 to 30 June 2023.

15.2. 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).

16. 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.

As required by the Financial Conduct Authority ('FCA') Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format ('ESEF') prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Mark Tolley FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
6 September 2023

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

	Note	**2023 £m**	2022 £m
REVENUE	5, 6	**689.7**	593.4
Adjusted operating profit	5	**74.6**	68.8
Adjusting items:			
– Net IAS 41 valuation movement on biological assets	16	**(16.9)**	(5.4)
– Amortisation of acquired intangible assets	15	**(7.7)**	(8.3)
– Share-based payment expense	30	**(6.0)**	(3.7)
		(30.6)	(17.4)
Exceptional items (net)	7	**(3.5)**	(2.0)
Total adjusting items		**(34.1)**	(19.4)
OPERATING PROFIT	8	**40.5**	49.4
Share of post-tax profit of joint ventures and associates retained	18	**10.5**	5.2
Other gains and losses	26	**2.7**	–
Finance costs	10	**(15.4)**	(6.6)
Finance income	10	**1.1**	0.4
PROFIT BEFORE TAX		**39.4**	48.4
Taxation	11	**(7.6)**	(11.7)
PROFIT FOR THE YEAR		**31.8**	36.7
ATTRIBUTABLE TO:			
Owners of the Company		**33.3**	40.9
Non-controlling interest		**(1.5)**	(4.2)
		31.8	36.7
EARNINGS PER SHARE			
Basic earnings per share	12	**50.8p**	62.5p
Diluted earnings per share	12	**50.5p**	62.2p

	Note	**2023 £m**	2022 £m
Alternative Performance Measures			
Adjusted operating profit		**74.6**	68.8
Adjusted operating loss/(profit) attributable to non-controlling interest		**0.4**	(0.3)
Pre-tax share of profits from joint ventures and associates excluding net IAS 41 valuation movement		**10.8**	9.2
Gene editing costs		**14.3**	7.9
Adjusted operating profit including joint ventures and associates, excluding gene editing costs		**100.1**	85.6
Gene editing costs		**(14.3)**	(7.9)
Adjusted operating profit including joint ventures and associates		**85.8**	77.7
Net finance costs	10	**(14.3)**	(6.2)
Adjusted profit before tax		**71.5**	71.5
Adjusted earnings per share			
Basic adjusted earnings per share	12	**84.8p**	82.7p
Diluted adjusted earnings per share	12	**84.2p**	82.3p

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 2023

	Note	2023 £m	2023 £m	2022 £m	2022 £m
PROFIT FOR THE YEAR			**31.8**		36.7
Items that may be reclassified subsequently to profit or loss					
Foreign exchange translation differences		**(27.2)**		66.6	
Fair value movement on net investment hedges	26	**–**		(0.7)	
Fair value movement on cash flow hedges		**0.8**		1.9	
Tax relating to components of other comprehensive expense/(income)	11	**3.1**		(8.2)	
			(23.3)		59.6
Items that may not be reclassified subsequently to profit or loss					
Actuarial (loss)/gains on retirement benefit obligations	29	**(40.4)**		27.3	
Movement on pension asset recognition restriction	29	**38.3**		(69.8)	
Release of additional pension liability	29	**3.0**		43.7	
Gain/(loss) on equity instruments measured at fair value		**1.7**		(6.1)	
Tax relating to components of other comprehensive expense/(income)	11	**(1.2)**		1.1	
			1.4		(3.8)
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR			**(21.9)**		55.8
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**9.9**		92.5
ATTRIBUTABLE TO:					
Owners of the Company		**11.1**		97.3	
Non-controlling interest		**(1.2)**		(4.8)	
			9.9		92.5

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Called up share capital £m	Share premium account £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
BALANCE AT 30 June 2021		6.6	179.1	(0.1)	(7.9)	–	320.4	498.1	(1.5)	496.6
Foreign exchange translation differences, net of tax		–	–	–	59.4	–	–	59.4	(0.6)	58.8
Fair value movement on net investment hedges, net of tax		–	–	–	(0.6)	–	–	(0.6)	–	(0.6)
Fair value movement on cash flow hedges, net of tax		–	–	–	–	1.4	–	1.4	–	1.4
Loss on equity instruments measured at fair value, net of tax		–	–	–	–	–	(4.6)	(4.6)	–	(4.6)
Actuarial gains on retirement benefit obligations, net of tax		–	–	–	–	–	19.5	19.5	–	19.5
Movement on pension asset recognition restriction, net of tax		–	–	–	–	–	(49.7)	(49.7)	–	(49.7)
Recognition of additional pension liability, net of tax		–	–	–	–	–	31.0	31.0	–	31.0
Other comprehensive income/(expense) for the year		–	–	–	58.8	1.4	(3.8)	56.4	(0.6)	55.8
Profit/(loss) for the year		–	–	–	–	–	40.9	40.9	(4.2)	36.7
Total comprehensive income/(expense) for the year		–	–	–	58.8	1.4	37.1	97.3	(4.8)	92.5
Recognition of share-based payments, net of tax		–	–	–	–	–	4.0	4.0	–	4.0
Dividends	13	–	–	–	–	–	(20.9)	(20.9)	–	(20.9)
Adjustment arising from change in non-controlling interest and written put option		–	–	–	–	–	–	–	(0.1)	(0.1)
BALANCE AT 30 June 2022		6.6	179.1	(0.1)	50.9	1.4	340.6	578.5	(6.4)	572.1
Foreign exchange translation differences, net of tax		**–**	**–**	**–**	**(24.2)**	**–**	**–**	**(24.2)**	**0.3**	**(23.9)**
Fair value movement on net investment hedges, net of tax		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Fair value movement on cash flow hedges, net of tax		**–**	**–**	**–**	**–**	**0.6**	**–**	**0.6**	**–**	**0.6**
Gain on equity instruments measured at fair value, net of tax		**–**	**–**	**–**	**–**	**–**	**0.7**	**0.7**	**–**	**0.7**
Actuarial loss on retirement benefit obligations, net of tax		**–**	**–**	**–**	**–**	**–**	**(30.3)**	**(30.3)**	**–**	**(30.3)**
Movement on pension asset recognition restriction, net of tax		**–**	**–**	**–**	**–**	**–**	**28.7**	**28.7**	**–**	**28.7**
Recognition of additional pension liability, net of tax		**–**	**–**	**–**	**–**	**–**	**2.3**	**2.3**	**–**	**2.3**
Other comprehensive (expense)/income for the year		**–**	**–**	**–**	**(24.2)**	**0.6**	**1.4**	**(22.2)**	**0.3**	**(21.9)**
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**33.3**	**33.3**	**(1.5)**	**31.8**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**(24.2)**	**0.6**	**34.7**	**11.1**	**(1.2)**	**9.9**
Recognition of share-based payments, net of tax		**–**	**–**	**–**	**–**	**–**	**6.3**	**6.3**	**–**	**6.3**
Dividends	13	**–**	**–**	**–**	**–**	**–**	**(21.0)**	**(21.0)**	**–**	**(21.0)**
Adjustment arising from change in non-controlling interest and written put option		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
BALANCE AT 30 June 2023		**6.6**	**179.1**	**(0.1)**	**26.7**	**2.0**	**360.6**	**574.9**	**(7.7)**	**567.2**

GROUP BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £m	2022 £m
ASSETS			
Goodwill	14	**107.8**	111.0
Other intangible assets	15	**66.2**	72.0
Biological assets	16	**318.2**	333.7
Property, plant and equipment	17	**164.4**	171.4
Interests in joint ventures and associates	18	**53.5**	41.2
Other investments	19	**8.8**	10.2
Derivative financial assets	26	**4.9**	2.2
Other receivables	21	**8.2**	8.6
Deferred tax assets	11	**16.5**	10.1
TOTAL NON-CURRENT ASSETS		**748.5**	760.4
Inventories	20	**61.3**	50.9
Biological assets	16	**23.8**	33.1
Trade and other receivables	21	**132.1**	129.5
Cash and cash equivalents	22	**36.3**	38.8
Income tax receivable		**4.0**	4.0
Derivative financial assets	26	**1.5**	1.0
Asset held for sale		**–**	0.2
TOTAL CURRENT ASSETS		**259.0**	257.5
TOTAL ASSETS		**1,007.5**	1,017.9
LIABILITIES			
Trade and other payables	23	**(122.0)**	(124.7)
Interest-bearing loans and borrowings	27	**(4.2)**	(7.1)
Provisions	25	**(1.8)**	(1.9)
Deferred consideration	38	**–**	(0.8)
Obligations under leases	28	**(10.0)**	(10.1)
Tax liabilities		**(7.4)**	(4.9)
Derivative financial liabilities	26	**(1.8)**	(1.8)
TOTAL CURRENT LIABILITIES		**(147.2)**	(151.3)
Trade and other payables	23	**–**	(0.2)
Interest-bearing loans and borrowings	27	**(196.0)**	(182.1)
Retirement benefit obligations	29	**(6.9)**	(8.3)
Provisions	25	**(10.3)**	(12.0)
Deferred consideration	38	**(0.6)**	(0.7)
Deferred tax liabilities	11	**(51.2)**	(60.3)
Derivative financial liabilities	26	**(6.2)**	(6.4)
Obligations under leases	28	**(21.9)**	(24.5)
TOTAL NON-CURRENT LIABILITIES		**(293.1)**	(294.5)
TOTAL LIABILITIES		**(440.3)**	(445.8)
NET ASSETS		**567.2**	572.1
EQUITY			
Called up share capital	31	**6.6**	6.6
Share premium account		**179.1**	179.1
Own shares	31	**(0.1)**	(0.1)
Translation reserve	31	**26.7**	50.9
Hedging reserve	31	**2.0**	1.4
Retained earnings		**360.6**	340.6
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**574.9**	578.5
Non-controlling interest	39	**(2.2)**	(0.7)
Put option over non-controlling interest	39	**(5.5)**	(5.7)
TOTAL NON-CONTROLLING INTEREST		**(7.7)**	(6.4)
TOTAL EQUITY		**567.2**	572.1

The Financial Statements were approved and authorised for issue by the Board of Directors on 6 September 2023.

Signed on behalf of the Board of Directors

Jorgen Kokke
Chief Executive

Alison Henriksen
Chief Financial Officer

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £m	2022 £m
NET CASH FLOW FROM OPERATING ACTIVITIES	32	**50.4**	34.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures and associates	18	**2.6**	3.2
Joint venture and associate loan investment	18	**(1.9)**	–
Acquisition of joint venture and associate	18	**(1.0)**	(2.2)
Acquisition of trade and assets		**–**	(0.8)
Acquisition of Olymel AlphaGene assets		**–**	(14.5)
Sale of other investments		**3.4**	–
Acquisition of other investments		**(0.4)**	(1.0)
Payment of deferred consideration	38	**(0.8)**	(1.0)
Purchase of property, plant and equipment		**(25.9)**	(42.1)
Purchase of intangible assets		**(9.3)**	(8.8)
Proceeds from sale of property, plant and equipment		**2.4**	–
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(30.9)**	(67.2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		**126.8**	138.7
Repayment of borrowings		**(111.7)**	(83.9)
Payment of lease liabilities		**(11.1)**	(11.3)
Equity dividends paid		**(21.0)**	(20.9)
Dividend to non-controlling interest		**(0.1)**	(0.1)
Debt issue costs		**(1.1)**	(0.6)
Issue of ordinary shares		**–**	–
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES		**(18.2)**	21.9
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1.3**	(11.0)
Cash and cash equivalents at start of the year		**38.8**	46.0
Net increase/(decrease) in cash and cash equivalents		**1.3**	(11.0)
Effect of exchange rate fluctuations on cash and cash equivalents		**(3.8)**	3.8
TOTAL CASH AND CASH EQUIVALENTS AT 30 JUNE	22	**36.3**	38.8

NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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 2023 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 12 to 13 explains the Group's operations and principal activities.

2. BASIS OF PREPARATION

We have prepared the Group Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Group Financial Statements have also been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

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 65 and forms part of these statements.

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 ('APMs')
In reporting financial information, the Group presents 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 GELT. 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 200 to 207.

Change in trade and other receivables
It was identified that certain contract assets were previously incorrectly classified as current trade receivables. The prior periods have been restated, reducing current trade receivables by £9.6m in June 2022, with a corresponding increase in current contract assets.

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.

3. SIGNIFICANT ACCOUNTING POLICIES APPLIED IN THE CURRENT REPORTING PERIOD THAT RELATE TO THE FINANCIAL STATEMENTS AS A WHOLE CONTINUED

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		
	2023	2022	2021	**2023**	2022	2021
US Dollar/£	**1.21**	1.32	1.36	**1.27**	1.22	1.38
Euro/£	**1.15**	1.18	1.13	**1.16**	1.16	1.17
Brazilian Real/£	**6.20**	6.94	7.33	**6.08**	6.39	6.87
Mexican Peso/£	**22.84**	26.97	28.15	**21.74**	24.45	27.57
Chinese Yuan/£	**8.44**	8.55	8.94	**9.21**	8.15	8.93
Russian Rouble/£	**86.29**	98.75	102.04	**112.79**	66.73	101.10

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).

Other income and deferred income

During the year ended 30 June 2019, 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's 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 whereas 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.

Climate change

In preparing these consolidated financial statements we have considered the impact of both physical and transition climate change risks on the current valuation of our assets and liabilities. We do not believe that there is a material impact on the financial reporting judgements and estimates arising from our considerations and as a result the valuations of our assets or liabilities have not been significantly impacted by these risks as at 30 June 2023. In concluding, we specifically considered the impact of climate change on the growth rates and projected cash flows as part of our goodwill impairment testing (see note 14). As government policies evolve as a result of commitments to limit global warming to 1.5°C, we will continue to monitor implications on the valuations of our assets and liabilities that could arise in future years.

3. SIGNIFICANT ACCOUNTING POLICIES APPLIED IN THE CURRENT REPORTING PERIOD THAT RELATE TO THE FINANCIAL STATEMENTS AS A WHOLE CONTINUED

New standards and interpretations

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins after 1 January 2022 and have been implemented with effect from 1 July 2022. These are:

- Amendments to IFRS 3 – 'Business Combinations' – References to the Conceptual Framework;
- Amendments to IAS 12 – 'Income Taxes' – International tax reform – Pillar two model rules;
- Amendments to IAS 16 – 'Property, Plant and Equipment' – Proceeds before Intended Use;
- Amendments to IAS 37 – 'Onerous Contracts' – Cost of Fulfilling a Contract; and
- Annual Improvements 2018-2020 Cycle.

Their addition has not had any material impact on the disclosures, or amounts reported in the Group Financial Statements.

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 UK). The Group will continue to assess the impact of these amendments prior to their adoption. These are:

- Amendments to IFRS 16 – 'Lease Liability in a Sale and Leaseback';
- Amendments to IAS 1 – 'Classification of Liabilities as Current or Non-Current';
- Amendments to IAS 1 and IFRS Practice Statement 2 – 'Disclosure of Accounting Policies';
- Amendments to IAS 7 and IFRS 7 – 'Disclosures: Supplier Finance Arrangements';
- Amendments to IAS 8 – 'Definition of Accounting Estimates'; and
- Amendments to IAS 12 – 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.

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 GELT.

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 including those held in equity-accounted investees (note 16) and (note 18)

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'.

Sensitivities of the estimates and assumptions given below are disclosed in note 16.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

	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
	Current unit prices	Observable	Readily obtainable
	Growth in unit prices[1]	Unobservable	n/a
	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

Impact of Russian Sanctions
The Group has two group operating companies that are incorporated in Russia – Limited Liability Co. Genus ABS Russia and PIC Genetics LLC ('Russian-based subsidiaries/entities'). Following the sanctions that have been put in place by the UK and other governments, the Group implemented a comprehensive screening process with external counsel to ensure that its Russian entities do not trade with sanctioned individuals or entities controlled by them. The main impact of the sanctions regime on our business has been to categorise the banks in Russia into sanctioned and non-sanctioned banks. Where we receive money from sanctioned banks we are unable to use the cash without a licence from His Majesty's Treasury ('HMT'). For cash receipts from non-sanctioned banks into the entities' non-sanctioned banks we are able to use the cash in Russia for day-to-day operations.

The Group applied to HMT for a licence on 25 April 2022, to allow the use of payments from sanctioned banks by non-sanctioned Russian customers for the delivery of porcine and bovine genetics; to allow the use of money in a non-sanctioned Russian bank account in the name of Genus Russia to pay Russian suppliers who continue to use sanctioned Russian bank accounts; and to remit any excess money in Genus Russia's non-sanctioned Russian bank account (regardless of whether it was received from a sanctioned or non-sanctioned Russian bank account) to other Genus Group company UK bank accounts.

The UK Office of Financial Sanctions Implementation ('OFSI') issued a general licence for trading in agricultural commodities in Russia effective on the 4 November 2022 which provides exemptions to the sanctions regime in connection with the export, production and transport of agricultural commodities. This definition includes reproductive materials such as are supplied by Genus. Under this general licence, receipts from non-sanctioned customers received from and before 4 November 2022 from sanctioned banks no longer need to be frozen and can be freely used. Also receipts from a sanctioned customer, if made through a non-sanctioned bank, no longer need to be frozen and can be freely used. If any customer is or becomes sanctioned and pays through a sanctioned bank, these funds would still need to be frozen even after 4 November 2022.

Under the requirements of IAS 7, where there is cash that is not available to be used by the rest of the Group this needs to be disclosed. On 24 February 2023, the UralSib bank was put on the UK financial sanctions list and as such ABS and PIC Russia subsequently opened new bank accounts with the OTP Bank on 21 March 2023 and on 16 May 2023 respectively. Any receipts from sanctioned banks into the sanctioned UralSib account have been frozen and are not used for business disbursements.

As at 30 June 2023, we had a cash balance of £3.1m (30 June 2022 £4.5m) in the Russian entities of which £0.8m (30 June 2022: £0.2m) is not currently available to be used by the Group due to being received from sanctioned banks and held in a sanctioned bank.

Management has reviewed the operations and cash flow over a period of 18 months from 30 June 2023 to 31 December 2024, based upon the 2024 plans, to determine whether the Russian entities have sufficient non-sanctioned cash flow to enable them to continue day-to-day operations and to meet liabilities as they fall due. The analysis indicates they do have sufficient non-sanctioned cash flow to enable them to meet their day-to-day operational needs.

Critical accounting judgement – exercise of control
Management has assessed whether the actions of the UK and Russian Governments have caused the Group to lose control of these Russian-based subsidiaries.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Genus PLC applied for a licence to the Department for International Trade ('DIT') on 22 September 2022, to allow for UK-based employees within the Genus group to provide accounting, business and management consulting services to the Russian-based subsidiaries, for the purpose of helping them carry out business operations in Russia, delivery of humanitarian assistance activity and for the production or distribution of food, provided that it is for the benefit of the civilian population.

The licence was authorised by the DIT and came into force on 11 January 2023. It authorises the following services:
- The fullest possible range of accounting services, business and management consulting services, to include advisory, guidance and operational assistance services provided for business policy and strategy, and the overall planning, structuring, and control of the organisation.
- The oversight that a parent company would typically provide to its subsidiaries in the areas of accounting, financial controls, tax, treasury, finance and human resources, along with similar oversight in the areas of information technology, supply chain and other types of technology.

The licence expires on 11 January 2025 and, provided the facts and circumstances surrounding the issuance of the licence currently in place do not change materially we do not foresee any reasons why the licence could not be renewed.

We have concluded that we do have control over the Russian-based subsidiaries for the year ended 30 June 2023, as defined under IFRS 10 'Consolidated financial statements', and we are still able to consolidate them despite short-term restrictions on extracting cash. We have also assessed each of the asset balances for impairment. The material areas that could give rise to impairment are:
- PIC Russia farm: £2.4m (30 June 2022: £3.7m) – the value of the farm is predicated on the future economic benefit of the animals that are being reared there. We would need to assess if the property's open market price (less cost to sell) would support the carrying value.
- Trade receivables: £2.7m (30 June 2022: £6.0m) – the ongoing financial sanctions may affect our customers' ability to pay us for their goods. If determined that our customers are unlikely to repay these amounts, then they should be provided for.
- IAS 41 valuation: £3.9m (30 June 2022: £2.8m) – the ongoing impacts of both the local economic outlook and our customers' ability to pay us could result in a reversal of the fair value of the Russian biological assets in the June valuation.

Management's impairment analysis indicates that, under the current business environment and based on the plans for the Financial Year 2024 no impairment is required as at 30 June 2023.

Management will continue to monitor the situation closely to see if any further changes require additional analysis that may result in a different conclusion.

In the event of changes in legislation, such as more restrictive sanctions imposed by the UK Government or actions taken by the Russian Government, we may determine that we do not exercise control, as defined under IFRS 10 'Consolidated financial statements', over the assets and operations of the Russian entities and we would not be able to consolidate these companies into the Financial Statements. The deconsolidation would mean that we would reclassify the Russian entities as investments and we would need to assess for impairment. A charge of up to £11.7m (2022: £16.6m) may need to be recognised in the Income Statement, representing the total net assets of the two Russian entities. Dependent on the nature of the events leading to the decision to deconsolidate the entities, there may be additional expenses incurred which we are unable to estimate at this time. In addition, revenues would not be consolidated into the Financial Statements from the date of any deconsolidation. Revenues from the Russian entities were £21.7m in the year ended 30 June 2023 (2022: £14.6m).

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 Genus 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
- Genus 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	**2023 £m**	2022 £m
Genus PIC	**349.5**	306.6
Genus ABS	**318.8**	272.0
Genus Research and Development		
Porcine product development	**18.5**	12.4
Bovine product development	**2.8**	1.7
Gene editing	**0.1**	0.7
Other research and development	**–**	–
	21.4	14.8
	689.7	593.4

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

5. SEGMENTAL INFORMATION CONTINUED

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 the face of the Group Income Statement.

Adjusted operating profit	2023 £m	2022 £m
Genus PIC	**135.0**	112.3
Genus ABS	**43.4**	40.5
Genus Research and Development		
Porcine product development	**(29.7)**	(22.4)
Bovine product development	**(25.6)**	(22.8)
Gene editing	**(14.3)**	(7.9)
Other research and development	**(17.4)**	(14.0)
	(87.0)	(67.1)
Adjusted segment operating profit	**91.4**	85.7
Central	**(16.8)**	(16.9)
Adjusted operating profit	**74.6**	68.8

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 £3.5m net expense (2022: £2.0m net expense) relate to Genus ABS (£2.7m net expense) (2022: £4.2m net expense), Genus PIC (£nil) (2022: £0.6m net expense) and our central segment (£0.8m net expense) (2022: £2.8m net credit). 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 (excluding deferred taxation and financial instruments)	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Genus PIC	**5.0**	4.5	**6.8**	7.4	**6.8**	45.2
Genus ABS	**16.0**	14.3	**4.4**	3.4	**21.8**	25.4
Genus Research and Development						
Research	**1.3**	1.0	**–**	–	**1.6**	3.3
Porcine product development	**4.5**	2.2	**–**	–	**1.2**	1.3
Bovine product development	**1.7**	2.0	**0.4**	0.2	**4.9**	2.7
	7.5	5.2	**0.4**	0.2	**7.7**	7.3
Segment total	**28.5**	24.0	**11.6**	11.0	**36.3**	77.9
Central	**1.7**	2.4	**1.8**	1.6	**7.0**	5.8
Total	**30.2**	26.4	**13.4**	12.6	**43.3**	83.7

	Segment assets		Segment liabilities	
	2023 £m	2022 £m	2023 £m	2022 £m
Genus PIC	**265.4**	305.4	**(66.0)**	(73.4)
Genus ABS	**281.7**	261.4	**(72.5)**	(78.9)
Genus Research and Development				
Research	**11.4**	14.7	**(4.5)**	(4.4)
Porcine product development	**269.1**	275.0	**(55.3)**	(57.7)
Bovine product development	**125.0**	119.6	**(19.6)**	(16.7)
	405.5	409.3	**(79.4)**	(78.8)
Segment total	**952.6**	976.1	**(217.9)**	(231.1)
Central	**54.9**	41.8	**(222.4)**	(214.7)
Total	**1,007.5**	1,017.9	**(440.3)**	(445.8)

5. SEGMENTAL INFORMATION CONTINUED

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

	2023 £m	2022 £m
North America	**288.5**	238.5
Latin America	**105.6**	94.6
UK	**93.1**	88.7
Rest of Europe, Middle East, Russia and Africa	**109.6**	88.3
Asia	**92.9**	83.3
Total revenue	**689.7**	593.4

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.

	2023 £m	2022 £m
North America	**508.6**	529.6
Latin America	**69.6**	56.7
UK	**71.5**	69.8
Rest of Europe, Middle East, Russia and Africa	**43.8**	45.7
Asia	**33.6**	46.3
Non-current assets (excluding deferred taxation and financial instruments)	**727.1**	748.1

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.

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 table on the following page.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

6. REVENUE CONTINUED

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 expected 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 and ancillary products and services.

	2023 £m	2022 £m
Genus PIC	**173.5**	158.4
Genus ABS	**307.8**	262.5
Genus Research and Development	**21.4**	14.8
Sale of animals, semen, embryos and ancillary products and services	**502.7**	435.7
Genus PIC	**176.0**	148.2
Genus ABS	**1.4**	1.1
Genus Research and Development	**–**	–
Royalties	**177.4**	149.3
Genus PIC	**–**	–
Genus ABS	**9.6**	8.4
Genus Research and Development	**–**	–
Consulting services	**9.6**	8.4
Total revenue	**689.7**	593.4

Revenue from contracts with customers
The Group's revenue is analysed below by the timing at which it is recognised.

	2023 £m	2022 £m
Genus PIC	**343.7**	303.2
Genus ABS	**293.0**	247.2
Genus Research and Development	**21.3**	14.1
Recognised at a point in time	**658.0**	564.5
Genus PIC	**5.8**	3.4
Genus ABS	**25.8**	24.8
Genus Research and Development	**0.1**	0.7
Recognised over time	**31.7**	28.9
Total revenue	**689.7**	593.4

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 notes 11 and 32, respectively.

Operating (expense)/credit	2023 £m	2022 £m
Litigation	**(4.5)**	(1.4)
Acquisition and integration	**(0.4)**	(0.3)
Pension related	**–**	(0.4)
Legacy legal claim	**–**	3.3
ABS production restructuring	**1.7**	(2.8)
Other	**(0.3)**	(0.4)
Net exceptional items	**(3.5)**	(2.0)

Litigation

Litigation includes legal fees and related costs of £4.5m (2022: £1.4m) related to the actions between ABS Global, Inc. and certain affiliates ('ABS') and Inguran, LLC and certain affiliates (also known as STgenetics ('ST')). The net expense comprises £5.4m of legal costs and a £0.9m settlement credit (see below for further details).

Material litigation activities to 31 August 2023

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 2021 are more fully described in the Notes to the Financial Statements in previous Annual Reports.

On 29 January 2020, ST filed a new US complaint against ABS ('ABS III'). 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.

On 10 March 2020, the United States Patent and Trademark Office ('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. On 15 April 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 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 opposed this action. On 20 September 2022 the USPTO issued patent 11,446,665 (the ''665 patent') and ST subsequently sought a third-party supplement of ABS III by adding a claim of infringement of the '665 patent. ABS has opposed this action as well, and sought dismissal of all infringement claims.

On 26 October 2020 and 10 December 2020, ABS filed Inter Partes Reviews ('IPR') against the '439 and '210 patents with the USPTO. On 4 May 2021, the Patent Trial and Appeal Board ('PTAB') instituted the '439 patent IPR, and the hearing was completed on 2 February 2022. On 7 June 2021, PTAB declined to institute the '210 patent IPR and on 28 April 2022, PTAB issued its decision and declined to invalidate the claims of the '439 patent. ABS has appealed the '439 patent decision (the ''439 Appeal').

On 20 December 2021, the Wisconsin Federal Court reached a decision on the ABS III and IV motions, granting ABS's motion to dismiss all claims relating to US patent 8,206,987 (the ''987 patent'), and denying ST's motion to amend ABS III to add the '439 and '210 patents. The court dismissed ABS III in its entirety and entered judgment in favour of ABS. ST appealed certain aspects of the decision relating to technology transfer to third parties, one of the three arguments put forward by ST in ABS III (the 'ABS III Appeal'). On 5 July 2023, the Court of Appeals accepted ST's argument that claim preclusion from the ABS I decision did not apply against ABS III in relation to technology transfer, and that the Federal court improperly broadened the scope of the ABS I judgment to address induced infringement.

On 1 July 2022, the court reached a decision on the ABS II post-judgment motions as well as the pending motions in ABS IV. The court deferred to the jury's verdict in ABS II confirming the validity and infringement of US patents 7,311,476, and 7,611,309 (the ''476 and '309 patents' respectively) and the '987 patent, and further confirmed the award of costs to ABS of $5.3m in connection with ABS I. In relation to ABS IV, the Court denied ABS's motion to dismiss the '439 and '210 patent claims on the basis that the challenges were too fact-based to be resolved at this stage. ABS filed counterclaims alleging, among other things, anti-competitive conduct and infringement of four ABS patents, later narrowed to three ABS patents. The hearing date of 15 July 2024 has been confirmed for ABS IV. Appeals were filed by ABS on the validity and infringement of the '987 patent (the '987 Appeal'), the '476 and the '309 patents (the 'ABS II Appeal') and ST has appealed the award of the $5.3m costs (the 'Fee Award Appeal').

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

7. EXCEPTIONAL ITEMS CONTINUED

On 27 December 2022, ABS and ST settled the 987 Appeal, the Fee Award Appeal and the Indian Patent Proceedings (along with related patent oppositions in India), delivering lower patent royalty payments for ABS and a settlement exceptional credit of £0.9m. The ABS II Appeal, the ABS III Appeal, the ABS IV litigation, the 439 Appeal, and the CCI Appeal remain ongoing. The 439 Appeal is scheduled for hearing on 5 September 2023 and the ABS II appeal is likely to be heard before the end of the year.

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, '309 patents and US patent 7, 311,476 asserted in ABS II. ABS had already sought the revocation of the '790 patent in April 2017 before the Indian Patent Office and has now consolidated the revocation petition as a counterclaim in the Indian court proceedings (the 'Indian Patent Proceedings'). In June 2021, ST appealed the decision of the Competition Commission of India ('CCI') which had confirmed that ABS India had not breached the Indian Competition Act in relation to its participation in a sexed semen tender offered by the Utter Pradesh Livestock Development Board (the 'CCI Appeal'). The CCI Appeal is scheduled for 11 October 2023.

NZ litigation: On 14 June 2023, ST initiated proceedings against ABS, Genus, ABS Genus (NZ) Limited, CRV International BV and CRV Limited (together 'CRV') in New Zealand, alleging patent infringement and seeking a preliminary injunction. ABS had previously been awarded the semen sexing services for CRV's bovine semen in New Zealand and other jurisdictions. ABS has sought a stay of the New Zealand proceedings while the US court's consider whether the settlement agreement between ABS and ST dated 27 December 2022 precludes the New Zealand proceedings. The hearing of the ABS's stay application and ST's preliminary injunction application is scheduled for 27 November 2023.

Acquisitions and integration
During the year, £0.4m (2022: £0.3m) of expenses were incurred in relation to potential acquisitions.

ABS production restructuring
A one-off credit of £1.7m primarily related to the sale of our Canadian ABS facilities as part of a production restructuring. The cash inflow of £1.8m is included in investing activities.

Other
Included in Other is an expense of £0.3m relating to the sign-on bonus of the newly appointed CEO, a £0.2m credit resulting from a share forfeiture exercise and £0.2m in relation to the prior year IT incident. In the prior year, a £0.5m expense relating to legal advice, IT consultancy and one-time costs was incurred as the direct result of an IT security incident in June 2022.

8. OPERATING PROFIT

Operating costs comprise:

	2023 £m	2022 £m
Cost of sales excluding net IAS 41 valuation movement on biological assets and amortisation of multiplier contract intangible assets	**(299.0)**	(252.7)
Net IAS 41 valuation movement on biological assets	**(16.9)**	(5.4)
Amortisation of multiplier contract intangible assets	**(1.2)**	(0.6)
Cost of goods sold	**(317.1)**	(258.7)
Other cost of sales (excluding amortisation of acquired intangibles)	**(130.1)**	(114.7)
Amortisation of customer relationship intangible assets	**(3.2)**	(4.8)
Other cost of sales	**(133.3)**	(119.5)
Research and Development expenditure	**(87.1)**	(67.3)
Amortisation and impairment of technology, software and licences and patents	**(6.2)**	(5.6)
Research and Development costs	**(93.3)**	(72.9)
Administrative expenses (excluding exceptional items)	**(93.1)**	(85.5)
Share-based payment expense	**(6.0)**	(3.7)
Amortisation of software, licences and patents	**(2.9)**	(1.7)
Net exceptional items within administrative expenses	**(3.5)**	(2.0)
Total administrative expenses	**(105.5)**	(92.9)
Total operating costs	**(649.2)**	(544.0)

8. OPERATING PROFIT CONTINUED

Profit for the year is stated after charging/(crediting):

	2023 £m	2022 £m
Net foreign exchange losses	**0.8**	0.8
Depreciation of owned fixed assets (see note 17)	**18.4**	14.8
Depreciation of right-of-use assets (see note 17)	**11.8**	11.6
(Profit)/loss on disposal of fixed assets and right-of-use assets	**(1.4)**	0.4
Impairment of owned fixed assets	**–**	0.9
Rental expense for short-term leases	**0.1**	0.1
Employee costs (see note 9)	**227.9**	196.8
Net decrease in expected credit losses (see note 21)	**(0.5)**	(0.9)
Increase/(release) of inventory impairment	**0.6**	(0.2)
Cost of inventories recognised as an expense	**105.8**	105.7

Auditor's remuneration is as follows:

	2023 £m	2022 £m
Fees payable to the Company's auditor and its associates for the audit of the Company's Annual Report and Financial Statements	**0.5**	0.4
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	**0.5**	0.6
Total audit fees	**1.0**	1.0
Total fees to the Group's auditor	**1.0**	1.0
Fees payable to other auditors of Group companies	**–**	–

Non-audit services of £22,000 (2022: £20,000) principally comprise of agreed upon procedures in relation to half-year reporting. These services fall within the non-audit services policy approved by the Company's Audit & Risk Committee at the time of engagement.

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:

	2023 £m	2022 £m
Wages and salaries (including bonuses and sales commission)	**198.1**	170.9
Social security costs	**18.1**	16.5
Contributions to defined contribution pension plans	**7.1**	6.2
Share-based payment expense (excluding National Insurance)	**6.4**	3.6
	229.7	197.2

The employee costs above include £1.8m (2022: £0.4m) which has been capitalised into intangible assets as part of the development of GenusOne and other digital projects.

The average monthly number of employees and full-time equivalent employees, including Directors, was as follows:

	Number of employees		Full-time equivalent	
	2023 Number	2022 Number	2023 Number	2022 Number
Genus PIC	**646**	602	**627**	580
Genus ABS	**2,430**	2,362	**2,334**	2,255
Research and Development	**472**	446	**447**	422
Central	**80**	80	**68**	68
	3,628	3,490	**3,476**	3,325
Included in the totals above:				
UK	**889**	909	**798**	818

The Directors' Remuneration Report sets out details of the Directors' remuneration, pensions and share options.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

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 discounts 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 unwinding of the discount rate applied to lease liabilities.

	2023 £m	2022 £m
Interest payable on bank loans and overdrafts	**(12.3)**	(4.1)
Amortisation of debt issue costs	**(1.1)**	(0.9)
Other interest payable	**(0.3)**	(0.1)
Unwinding of discount on put options	**(0.3)**	(0.2)
Net interest cost in respect of pension scheme liabilities	**(0.2)**	(0.2)
Interest on lease liabilities	**(1.2)**	(1.1)
Total interest expense	**(15.4)**	(6.6)
Interest income on bank deposits	**0.1**	0.4
Net interest income on derivative financial instruments	**1.0**	–
Total interest income	**1.1**	0.4
Net finance costs	**(14.3)**	(6.2)

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.

11. TAXATION AND DEFERRED TAXATION CONTINUED

Income tax expense

	2023 £m	2022 £m
Current tax expense		
Current period	**20.6**	13.6
Adjustment for prior periods	**0.9**	1.8
Total current tax expense in the Group Income Statement	**21.5**	15.4
Deferred tax expense		
Origination and reversal of temporary differences	**(9.2)**	(0.5)
Adjustment for prior periods	**(4.7)**	(3.2)
Total deferred tax credit in the Group Income Statement	**(13.9)**	(3.7)
Total income tax expense excluding share of income tax of equity-accounted investees	**7.6**	11.7
Share of income tax of equity-accounted investees (see note 18)	**3.9**	2.6
Total income tax expense in the Group Income Statement	**11.5**	14.3

Reconciliation of effective tax rate

	2023 %	2023 £m	2022 %	2022 £m
Profit before tax		**39.4**		48.4
Add back share of income tax of equity-accounted investees		**3.9**		2.6
Profit before tax excluding share of income tax of equity-accounted investees		**43.3**		51.0
Income tax at UK corporation tax of 20.5% (2022: 19.0%)	**20.5**	**8.9**	19.0	9.7
Effect of tax rates in foreign jurisdictions	**13.6**	**5.9**	9.2	4.7
Non-deductible expenses	**6.7**	**2.9**	4.3	2.2
Tax exempt income and incentives	**(3.0)**	**(1.3)**	(1.8)	(0.9)
Change in tax rate	**(1.2)**	**(0.5)**	2.5	1.3
Movements in recognition of tax losses	**(5.0)**	**(2.2)**	0.2	0.1
Change in unrecognised temporary differences	**(7.8)**	**(3.4)**	(3.7)	(1.9)
Tax over / (under) provided in prior periods	**1.8**	**0.8**	(2.1)	(1.1)
Change in provisions	**0.5**	**0.2**	(0.2)	(0.1)
Tax on undistributed reserves	**0.5**	**0.2**	0.6	0.3
Total income tax expense in the Group Income Statement	**26.6**	**11.5**	28.0	14.3

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.

Included in 'Movements in recognition of tax losses' in the year is a credit of £4.5m in respect of the recognition of previously unrecognised losses in the Group's subsidiaries in Australia and France, as these companies have delivered profits and utilised tax losses in each of the last two years and are forecast to continue to be profitable in the future.

The Group has also reassessed the deferred tax attributes of its UK subsidiaries in the light of updated forecast information in respect of future profitability, resulting in a £2.4m credit recognised in changes in unrecognised temporary differences, from the recognition of additional timing differences in respect of fixed assets and a £2.0m charge included in movements in recognition of tax losses, in respect of certain company specific losses that are not capable of being group relieved against profits in other UK entities.

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.

During prior periods, the Group provided £1.6m in total for its exposure to the challenge by the European Commission to the UK's Finance Company ('FinCo') exemption from its Controlled Foreign Companies ('CFC') taxing regime. As at 30 June 2023, Genus had been charged and paid £1.4m (30 June 2022: £1.4m) by HMRC under various charging notices in respect of its assessment of our liability under this judgment, leaving a remaining provision balance at 30 June 2023 of £0.2m (30 June 2022: £0.2m).

The Group has appealed the amounts paid to HMRC on the following grounds:

- the amount charged is not state aid (i.e. the original EU Commission decision is unsound in law); and
- the amount charged is not wholly attributable to UK significant people functions (and therefore either partly or wholly outside the circumstances described by the EU Commission as state aid).

HMRC and several other large taxpayers have also appealed against the original EU Commission decision. On 8 June 2022, the EU General Court dismissed HMRC's application to annul the European Commission decision concerning the CFC Group financing exemption. We understand that HMRC has lodged an appeal against the judgment to the Court of Justice of the European Union. As there are many appeals to be considered, it may be a number of years before the full court/appeal process is exhausted and this matter is finally resolved.

The tax credit attributable to exceptional items is a credit of £0.9m (2022: credit of £0.8m).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

11. TAXATION AND DEFERRED TAXATION CONTINUED

Income tax recognised directly in the Statement of Comprehensive Income and Statement of Changes in Equity

	2023 £m	2022 £m
Financial instruments	**(0.5)**	(0.5)
Foreign exchange differences on long-term intra-Group currency loans and balances	**0.4**	0.1
Gain on equity instruments measured at fair value	**(1.0)**	1.5
Actuarial movement on retirement benefit obligations	**(0.2)**	(0.4)
Foreign exchange differences on translation of biological assets, intangible assets and leases	**3.2**	(7.8)
Income tax recognised directly in the Statement of Comprehensive Income and Statement of Changes in Equity	**1.9**	(7.1)
Income tax recognised directly to the Statement of Changes in Equity		
Share-based payment expense	**(0.1)**	(0.4)
Income tax recognised directly to the Statement of Changes in Equity	**(0.1)**	(0.4)

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 £18.1m (2022: £19.3m). We have recognised a deferred tax asset in respect of £12.6m (2022: £11.6m) 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 £5.5m (2022: £7.7m), due to uncertainty about the availability of future taxable profits in the relevant jurisdictions.

At 30 June 2023, the expiry dates of deferred tax assets in respect of losses available for the carry forward were as follows:

	Expiring within			
	1–10 years £m	**11–20 years £m**	**Unlimited £m**	**Total £m**
Losses for which a deferred tax asset is recognised	**0.2**	**–**	**12.4**	**12.6**
Losses for which no deferred tax asset is recognised	**0.2**	**–**	**5.3**	**5.5**
Total tax losses	**0.4**	**–**	**17.7**	**18.1**

In addition, at the balance sheet date, the Group had an unrecognised deferred tax asset in respect of fixed asset timing differences of nil (2022: £2.4m) and other timing differences of £2.3m (2022: £1.3m). These unrecognised timing differences have an unlimited expiry date.

At 30 June 2022, the expiry dates of deferred tax assets in respect of losses available for the carry forward were as follows:

	Expiring within			
	1–10 years £m	11–20 years £m	Unlimited £m	Total £m
Losses for which a deferred tax asset is recognised	0.6	0.4	10.6	11.6
Losses for which no deferred tax asset is recognised	0.1	–	7.6	7.7
Total tax losses	0.7	0.4	18.2	19.3

The gross value of losses for which deferred tax assets are recognised is £49.7m (2022: £45.2m). The gross value of losses for which deferred tax assets are not recognised is £19.3m (2022: £24.8m).

We have not recognised deferred tax liabilities totalling £4.0m (2022: £3.6m) 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, to the extent that they arise in the same tax jurisdiction.

The analysis of deferred tax balances is set out below:

	2023 £m	2022 £m
Deferred tax assets	**(16.5)**	(10.1)
Deferred tax liabilities	**51.2**	60.3
Net deferred tax assets	**34.7**	50.2

The UK Finance (No. 2) Act 2023, which contains the UK's provisions addressing the implementation of BEPS Pillar Two, was substantively enacted on 20 June 2023. This legislation implements domestic and multinational top-up taxes, designed to achieve a global minimum effective tax rate of 15% and is expected to first apply to Genus in the year ended 30 June 2025. In the current year, the Group has applied the exception under the related IAS 12 amendment to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes.

11. TAXATION AND DEFERRED TAXATION CONTINUED

Movement in net deferred tax liabilities during the year

	As at 1 July 2022 £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	Foreign exchange difference £m	As at 30 June 2023 £m
Property, plant and equipment	**3.5**	**2.6**	**0.4**	**(2.4)**	**(0.1)**	**(0.3)**	**3.7**
Intangible assets	**6.7**	**(0.6)**	**–**	**(0.9)**	**(0.2)**	**–**	**5.0**
Biological assets	**73.0**	**(3.0)**	**(0.2)**	**1.6**	**(3.5)**	**(0.2)**	**67.7**
Retirement benefit obligations	**(1.3)**	**0.2**	**–**	**(0.4)**	**0.2**	**–**	**(1.3)**
Share-based payment expense	**(2.4)**	**(0.1)**	**–**	**0.1**	**0.1**	**0.1**	**(2.2)**
Short-term timing differences	**(17.7)**	**(9.1)**	**(0.8)**	**(0.6)**	**1.8**	**0.8**	**(25.6)**
Tax loss carry-forwards	**(11.6)**	**1.2**	**0.1**	**(2.1)**	**–**	**(0.2)**	**(12.6)**
Net deferred tax assets / (liabilities)	**50.2**	**(8.8)**	**(0.5)**	**(4.7)**	**(1.7)**	**0.2**	**34.7**

	As at 1 July 2021 £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	Foreign exchange difference £m	As at 30 June 2022 £m
Property, plant and equipment	3.6	(1.9)	(0.3)	1.4	–	0.7	3.5
Intangible assets	8.2	(0.6)	(0.3)	(1.3)	0.4	0.3	6.7
Biological assets	63.7	0.1	2.2	(1.3)	7.9	0.4	73.0
Retirement benefit obligations	(2.1)	0.3	0.2	–	0.4	(0.1)	(1.3)
Share-based payment expense	(4.7)	(0.4)	0.9	–	1.9	(0.1)	(2.4)
Short-term timing differences	(16.4)	1.6	0.7	(0.9)	(1.5)	(1.2)	(17.7)
Tax loss carry-forwards	(7.3)	(2.4)	(0.6)	(1.1)	–	(0.2)	(11.6)
Net deferred tax assets / (liabilities)	45.0	(3.3)	2.8	(3.2)	9.1	(0.2)	50.2

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

	2023 (pence)	2022 (pence)
Basic earnings per share	**50.8**	62.5

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 £33.3m (2022: £40.9m) and a weighted average number of ordinary shares outstanding of 65,557,000 (2022: 65,395,000), which is calculated as follows:

Weighted average number of ordinary shares (basic)

	2023 000s	2022 000s
Issued ordinary shares at the start of the year	**65,774**	65,761
Effect of own shares held	**(468)**	(373)
Shares issued on exercise of stock options	**1**	7
Shares issued in relation to Employee Benefit Trust	**250**	–
Weighted average number of ordinary shares in year	**65,557**	65,395

Diluted earnings per share from continuing operations

	2023 (pence)	2022 (pence)
Diluted earnings per share	**50.5**	62.2

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12. EARNINGS PER SHARE CONTINUED

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 £33.3m (2022: £40.9m) and a weighted average number of ordinary shares outstanding, after adjusting for the effects of all potential dilutive ordinary shares, of 65,988,000 (2022: 65,714,000), which is calculated as follows:

Weighted average number of ordinary shares (diluted)

	2023 000s	2022 000s
Weighted average number of ordinary shares (basic)	**65,557**	65,395
Dilutive effect of share awards and options	**441**	319
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**65,998**	65,714

Adjusted earnings per share from continuing operations

	2023 (pence)	2022 (pence)
Adjusted earnings per share	**84.8**	82.7
Diluted adjusted earnings per share	**84.2**	82.3

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, other gains and losses and exceptional items, after charging taxation associated with those profits, of £55.6m (2022: £54.1m), which is calculated as follows:

	2023 £m	2022 £m
Profit before tax from continuing operations	**39.4**	48.4
Add/(deduct):		
Net IAS 41 valuation movement on biological assets (see note 16)	**16.9**	5.4
Amortisation of acquired intangible assets (see note 15)	**7.7**	8.3
Share-based payment expense (see note 30)	**6.0**	3.7
Exceptional items (see note 7)	**3.5**	2.0
Other gains and losses (see note 26)	**(2.7)**	–
Net IAS 41 valuation movement on biological assets in joint ventures (see note 18)	**(3.6)**	1.4
Tax on joint ventures and associates (see note 18)	**3.9**	2.6
Attributable to non-controlling interest	**0.4**	(0.3)
Adjusted profit before tax	**71.5**	71.5
Adjusted tax charge	**(15.9)**	(17.4)
Adjusted profit after tax	**55.6**	54.1
Effective tax rate on adjusted profit	**22.2%**	24.3%

Reconciliation of effective tax rate

	2023 Profit £m	2023 Tax £m	2023 %
Profit before tax excluding share of income tax of equity-accounted investees	**43.3**	**11.5**	**26.6**
Net IAS 41 valuation movement on biological assets	**16.9**	**1.5**	**8.9**
Amortisation of acquired intangible assets	**7.7**	**1.9**	**24.7**
Share-based payment expense	**6.0**	**0.8**	**13.0**
Other gains and losses	**(2.7)**	**(0.7)**	**25.0**
Exceptional items (see note 7)	**3.5**	**0.9**	**25.7**
Net IAS 41 valuation movement on biological assets in joint ventures	**(3.6)**	**–**	**–**
Attributable to non-controlling interest	**0.4**	**–**	**–**
Adjusted profit before tax	**71.5**	**15.9**	**22.2**

	2022 Profit £m	2022 Tax £m	2022 %
Profit before tax excluding share of income tax of equity-accounted investees	51.0	14.3	28.0
Net IAS 41 valuation movement on biological assets	5.4	(1.5)	(27.8)
Amortisation of acquired intangible assets	8.3	3.3	39.8
Share-based payment expense	3.7	0.5	13.5
Exceptional items (see note 7)	2.0	0.8	40.0
Net IAS 41 valuation movement on biological assets in joint ventures	1.4	–	–
Attributable to non-controlling interest	(0.3)	–	–
Adjusted profit before tax	71.5	17.4	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

	2023 £m	2022 £m
Final dividend		
Final dividend for the year ended 30 June 2022 of 21.7 pence per share	**14.3**	–
Final dividend for the year ended 30 June 2021 of 21.7 pence per share	–	14.2
Interim dividend		
Interim dividend for the year ended 30 June 2023 of 10.3 pence per share	**6.7**	–
Interim dividend for the year ended 30 June 2022 of 10.3 pence per share	–	6.7
Total dividend	**21.0**	20.9

The Directors have proposed a final dividend of 21.7 pence per share for 2023. This is subject to shareholders' approval at the AGM and we have therefore not included it as a liability in these Financial Statements. The total proposed and paid dividend for year ended 30 June 2023 is 32.0 pence per share (2022: 32.0 pence per share).

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.

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 fair value less cost to sell 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 2021	72.5	29.0	101.5
Business combinations	–	0.3	0.3
Effect of movements in exchange rates	5.8	3.4	9.2
Balance at 30 June 2022	78.3	32.7	111.0
Effect of movements in exchange rates	**(2.1)**	**(1.1)**	**(3.2)**
Balance at 30 June 2023	**76.2**	**31.6**	**107.8**
Impairment losses			
Balance at 1 July 2021, 30 June 2022 and 30 June 2023	–	–	–
Carrying amounts			
At 30 June 2023	**76.2**	**31.6**	**107.8**
At 30 June 2022	78.3	32.7	111.0

14. GOODWILL CONTINUED

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, long-term growth rates and short-term growth rates (which includes consideration of expected changes to selling prices, cost savings 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 27% (2022: nil and 17%) to the WACC as appropriate. The pre-tax discount rate of 11.9% (2022: 11.2%) we applied to our cash flow projections equates to a post-tax rate of 9.8% (2022: 9.3%). 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 March (2022: 31 March). 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 taking into account the impact of climate change. A growth rate of 2.5% (2022: 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 (including the impact of inflation) and our expectations of future changes in the market.

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	
	2023	2022	**2023**	2022	**2023**	2022
Genus PIC	**nil–19%**	nil–15%	**nil–64%**	nil–44%	**2.5%**	2.5%
Genus ABS	**nil–27%**	nil–17%	**nil–52%**	1%–42%	**2.5%**	2.5%

	Weighted average risk adjusted pre-tax discount rate		Weighted average risk adjusted post-tax discount rate		Weighted average short-term growth rates (CAGR)	
	2023	2022	**2023**	2022	**2023**	2022
Genus PIC	**11.4%**	11.0%	**9.3%**	9.0%	**12%**	12%
Genus ABS	**12.4%**	11.3%	**10.3%**	9.5%	**16%**	22%

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 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 62 to 64, in particular the impacts of biosecurity, market downturns, continuity of supply, increased competition and the impact of a global 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, software 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.

For 'Software as a Service' ('SaaS') arrangements, we do not capitalise costs relating to the configuration and customisation of SaaS arrangements as intangible assets except where control of the software exists.

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.

15. INTANGIBLE ASSETS CONTINUED

The estimated useful lives for intangible assets are as follows:

- Porcine and bovine genetics technology — 20 years
- Multiplier contracts — 15 years
- Brands — 10 to 15 years
- Customer relationships — 10 to 17 years
- IntelliGen — 10 years
- Patents and licences — term of agreement (4 years)
- Software — 2 to 10 years

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	Brands, multiplier contracts and customer relationships £m	Separately identified acquired intangible assets £m	Software £m	Assets under construction £m	IntelliGen £m	Patents, licences and other £m	Total £m
Cost								
Balance at 1 July 2021	51.7	81.6	133.3	20.0	2.7	23.6	4.3	183.9
Additions	4.2	10.3	14.5	0.2	8.6	–	–	23.3
Acquisition	–	0.4	0.4	–	–	–	–	0.4
Transfers	–	–	–	7.7	(7.7)	–	–	–
Effect of movements in exchange rates	0.6	10.6	11.2	1.0	0.1	3.2	0.1	15.6
Balance at 30 June 2022	56.5	102.9	159.4	28.9	3.7	26.8	4.4	223.2
Additions	**–**	**–**	**–**	**–**	**9.3**	**–**	**–**	**9.3**
Transfers	**–**	**–**	**–**	**5.9**	**(5.9)**	**–**	**–**	**–**
Effect of movements in exchange rates	**(0.2)**	**(4.0)**	**(4.2)**	**(0.3)**	**(0.1)**	**(1.1)**	**–**	**(5.7)**
Balance at 30 June 2023	**56.3**	**98.9**	**155.2**	**34.5**	**7.0**	**25.7**	**4.4**	**226.8**
Amortisation and impairment losses								
Balance at 1 July 2021	36.0	66.2	102.2	13.0	–	8.4	4.0	127.6
Amortisation for the year	3.0	5.3	8.3	1.7	–	2.5	0.1	12.6
Effect of movements in exchange rates	0.1	8.6	8.7	0.8	–	1.4	0.1	11.0
Balance at 30 June 2022	39.1	80.1	119.2	15.5	–	12.3	4.2	151.2
Amortisation for the year	**3.3**	**4.4**	**7.7**	**2.9**	**–**	**2.7**	**0.1**	**13.4**
Effect of movements in exchange rates	**0.1**	**(3.3)**	**(3.2)**	**(0.2)**	**–**	**(0.6)**	**–**	**(4.0)**
Balance at 30 June 2023	**42.5**	**81.2**	**123.7**	**18.2**	**–**	**14.4**	**4.3**	**160.6**
Carrying amounts								
At 30 June 2023	**13.8**	**17.7**	**31.5**	**16.3**	**7.0**	**11.3**	**0.1**	**66.2**
At 30 June 2022	17.4	22.8	40.2	13.4	3.7	14.5	0.2	72.0
At 30 June 2021	15.7	15.4	31.1	7.0	2.7	15.2	0.3	56.3

Included within brands, multiplier contracts and customer relationships are carrying amounts for brands of £0.6m (2022: £0.5m), multiplier contracts of £9.2m (2022: £11.1m) and customer relationships of £7.9m (2022: £11.2m).

Included within the software class of assets is £9.5m (2022: £6.9m) and included in assets in the course of construction is £2.3m (2022: £2.7m) that relate to the ongoing development costs of GenusOne, our single global enterprise system and £1.6m (2022: £nil) that relate to IntelliGen.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

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, semen and embryos 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.

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.

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.

16. BIOLOGICAL ASSETS CONTINUED

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.

Fair value of biological assets	Bovine £m	Porcine £m	Total £m
Non-current biological assets	92.0	187.9	279.9
Current biological assets	–	39.6	39.6
Balance at 30 June 2021	92.0	227.5	319.5
Increases due to purchases	23.3	225.8	249.1
Decreases attributable to sales	–	(234.8)	(234.8)
Decrease due to harvest	(17.7)	(26.3)	(44.0)
Changes in fair value less estimated sale costs	(19.6)	61.2	41.6
Effect of movements in exchange rates	10.0	25.4	35.4
Balance at 30 June 2022	88.0	278.8	366.8
Non-current biological assets	88.0	245.7	333.7
Current biological assets	–	33.1	33.1
Balance at 30 June 2022	88.0	278.8	366.8
Increases due to purchases	**23.2**	**228.9**	**252.1**
Decreases attributable to sales	**–**	**(259.4)**	**(259.4)**
Decrease due to harvest	**(14.6)**	**(31.4)**	**(46.0)**
Changes in fair value less estimated sale costs	**6.6**	**38.2**	**44.8**
Effect of movements in exchange rates	**(3.9)**	**(12.4)**	**(16.3)**
Balance at 30 June 2023	**99.3**	**242.7**	**342.0**
Non-current biological assets	**99.3**	**218.9**	**318.2**
Current biological assets	**–**	**23.8**	**23.8**
Balance at 30 June 2023	**99.3**	**242.7**	**342.0**

Bovine
Bovine biological assets include £8.9m (2022: £6.9m) 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 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 13.2% (2022: 12.5%) 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.

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 £91.5m (2022: £101.2m).

Decreases attributable to sales during the year of £259.4m (2022: £234.8) include £104.6 (2022: £74.0m) 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 £96.5m (2022: £119.0m) 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 £281.9m (2022: £231.4m) in respect of these contracts, comprising £105.9m (2022: £83.2m) on initial transfer of animals and semen to customers and £176.0m (2022: £148.2m) in respect of royalties received.

A risk-adjusted rate of 12.9% (2022: 10.3%) 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 (2022: seven) and their estimated useful lifespan is 1.4 years (2022: 1.4 years).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

16. BIOLOGICAL ASSETS CONTINUED

Year ended 30 June 2023

	Bovine £m	Porcine £m	Total £m
Changes in fair value of biological assets	**6.6**	**38.2**	**44.8**
Inventory transferred to cost of sales at fair value	**1.4**	**(31.4)**	**(30.0)**
Biological assets transferred to cost of sales at fair value	**–**	**(31.4)**	**(31.4)**
	8.0	**(24.6)**	**(16.6)**
Fair value movement in related financial derivative	**–**	**(0.3)**	**(0.3)**
Net IAS 41 valuation movement on biological assets[1]	**8.0**	**(24.9)**	**(16.9)**

Year ended 30 June 2022

	Bovine £m	Porcine £m	Total £m
Changes in fair value of biological assets	(19.6)	61.2	41.6
Inventory transferred to cost of sales at fair value	(10.3)	(26.3)	(36.6)
Biological assets transferred to cost of sales at fair value	–	(10.3)	(10.3)
	(29.9)	24.6	(5.3)
Fair value movement in related financial derivative	–	(0.1)	(0.1)
Net IAS 41 valuation movement on biological assets[1]	(29.9)	24.5	(5.4)

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 (see APMs)

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.

16. BIOLOGICAL ASSETS CONTINUED

Unobservable inputs and key sources of estimation uncertainty

	2023	2022	Sensitivity
Bovine			
Risk-adjusted discount rate[1]	**13.2%**	12.5%	1 percentage point increase in the discount rate would result in approximately a £2.7m (2022: £2.3m) reduction in value.
Value at point of production[1]	**32.7%**	32.1%	1 percentage point decrease in the rate would result in approximately a £6.2m (2022: £5.1m) reduction in value.
Percentage of new dairy bulls to be produced internally in future years[1]	**FY24 76% FY25 81% FY26 84% FY27 and thereafter 85%**	FY23 71% FY24 81% FY25 86% FY26 and thereafter 87%	If percentage remained at FY23 level of 79% (2022: 61%) there would be a decrease in value of approximately £0.4m (2022: £3.6m).
Age profile of Holstein bulls generating future sales[1]	**FY24 – avg age 4.0 yrs FY25 – avg age 4.0 yrs FY26 – avg age 4.0 yrs FY27 and thereafter – avg age 4.0 yrs**	FY23 – avg age 4.0 yrs FY24 – avg age 4.0 yrs FY25 – avg age 4.0 yrs FY26 and thereafter – avg age 4.0 yrs	If age profile remains at FY23 average age of 4.1 years (2022: 4.2 years), there would be an increase in value of approximately £0.5m (2022: £1.4m).
Age profile of US beef-on-dairy bulls generating future sales[1]	**FY24 – avg age 4.5 yrs FY25 – avg age 4.5 yrs FY26 – avg age 4.5 yrs FY27 and thereafter – avg age 4.3 yrs**	FY23 – avg age 5.1 yrs FY24 – avg age 4.8 yrs FY25 – avg age 4.8 yrs FY26 and thereafter – avg age 4.8 yrs	If age profile remains at FY23 average age of 3.9 years (2022: 5.7 years), there would be a decrease in value of approximately £1.2m (2022: £3.0m increase).
Long-term dairy volume growth rate	**1.8%**	2.4%	1 percentage point decrease in the growth rate would result in approximately a £0.2m (2022: £0.2m) reduction in value.
Short-term dairy volume growth rate	**1.9%**	3.7%	1 percentage point decrease in the growth rate would result in approximately a £1.4m (2022: £1.2m) reduction in value.
Growth in unit prices[1]	**4.3%**	1.2%	1 percentage point increase in the forecasted unit price growth would result in approximately £5.0m increase in value (2022: £4.5m).
Porcine			
Risk-adjusted discount rate – pure line herd[1]	**12.9%**	10.3%	1 percentage point increase in the discount rate would result in approximately a £3.1m (2022: £3.5m) 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 – 10.7%**	Gilts – 7.9%	1 percentage point increase in the go to breeding sales would result in approximately £6.7 (2022: £10.5m) increase in value.
	Boars – 10.6%	Boars – 8.2%	1 percentage point increase in the go to breeding sales would result in approximately £7.5m (2022: £12.0m) increase in value.

1 Key sources of estimation uncertainty

Additional information	2023	2022
Bovine		
Quantities at period end		
Number of bulls in production	**953**	1,015
Number of bulls under development (including calves)	**749**	696
Total number of bulls	**1,702**	1,711
Number of doses of semen valued in inventory	**16.1m**	17.2m
Amounts during the year		
Fair value of agricultural produce – semen harvested during the period	**£14.6m**	£17.7m
Porcine		
Quantities at period end		
Number of pigs (own farms)	**81,846**	95,050
Number of pigs, excluding parent gilts, despatched on a royalty basis and valued at fair value	**65,407**	91,591
Amounts during the year		
Fair value of agricultural produce – semen harvested during the period	**£31.3m**	£26.3m

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FOR THE YEAR ENDED 30 JUNE 2023

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.

	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 2021	66.6	88.0	22.1	176.7	20.7	26.0	46.7	223.4
Additions	0.2	3.9	40.3	44.4	9.2	6.1	15.3	59.7
Transfers	23.5	12.8	(36.3)	–	–	–	–	–
Disposals	(1.4)	(2.0)	–	(3.4)	(0.5)	(6.0)	(6.5)	(9.9)
Effect of movements in exchange rates	11.3	10.9	3.5	25.7	2.1	2.3	4.4	30.1
Balance at 30 June 2022	100.2	113.6	29.6	243.4	31.5	28.4	59.9	303.3
Additions	**0.2**	**3.1**	**19.8**	**23.1**	**2.0**	**8.9**	**10.9**	**34.0**
Transferred from assets held for sale	**0.2**	**–**	**–**	**0.2**	**–**	**–**	**–**	**0.2**
Transfers	**18.3**	**12.1**	**(30.4)**	**–**	**–**	**–**	**–**	**–**
Disposals	**(1.3)**	**(3.7)**	**(0.3)**	**(5.3)**	**–**	**(4.9)**	**(4.9)**	**(10.2)**
Effect of movements in exchange rates	**(6.4)**	**(5.4)**	**(1.8)**	**(13.6)**	**(1.8)**	**(0.8)**	**(2.6)**	**(16.2)**
Balance at 30 June 2023	**111.2**	**119.7**	**16.9**	**247.8**	**31.7**	**31.6**	**63.3**	**311.1**
Depreciation and impairment losses								
Balance at 1 July 2021	24.5	56.9	–	81.4	6.5	12.5	19.0	100.4
Depreciation for the year	3.8	11.0	–	14.8	4.8	6.8	11.6	26.4
Disposals	(1.3)	(1.8)	–	(3.1)	(0.5)	(5.9)	(6.4)	(9.5)
Impairment	0.8	0.1	–	0.9	–	–	–	0.9
Effect of movements in exchange rates	4.4	7.1	–	11.5	0.6	1.6	2.2	13.7
Balance at 30 June 2022	32.2	73.3	–	105.5	11.4	15.0	26.4	131.9
Depreciation for the year	**5.6**	**12.8**	**–**	**18.4**	**4.6**	**7.2**	**11.8**	**30.2**
Disposals	**(1.1)**	**(2.7)**	**–**	**(3.8)**	**–**	**(4.7)**	**(4.7)**	**(8.5)**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Effect of movements in exchange rates	**(2.2)**	**(3.6)**	**–**	**(5.8)**	**(0.7)**	**(0.4)**	**(1.1)**	**(6.9)**
Balance at 30 June 2023	**34.5**	**79.8**	**–**	**114.3**	**15.3**	**17.1**	**32.4**	**146.7**
Carrying amounts								
At 30 June 2023	**76.7**	**39.9**	**16.9**	**133.5**	**16.4**	**14.5**	**30.9**	**164.4**
At 30 June 2022	68.0	40.3	29.6	137.9	20.1	13.4	33.5	171.4

18. EQUITY-ACCOUNTED INVESTEES

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 £10.5m (2022: £5.2m).

The carrying value of the investments is reconciled as follows:

	2023 £m	2022 £m
Balance at 1 July	**41.2**	34.1
Share of post-tax retained profits of joint ventures and associates	**10.5**	5.2
Additions	**1.0**	2.2
Long-term loan investment	**1.9**	–
Dividends received from Agroceres – PIC Genética de Suínos Ltda (Brazil)	**(2.4)**	(3.1)
Dividends received from Società Agricola GENEETIC S.r.l (Italy)	**(0.2)**	(0.1)
Effect of other movements including exchange rates	**1.5**	2.9
Balance at 30 June	**53.5**	41.2

The additions in the year solely relate to cash injections made to Inner Mongolia Haoxiang Pig Breeding Co. Ltd. to fund their operation.

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**	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Sale of goods and services to joint ventures and associates	**–**	–	**–**	0.3
Purchase of goods and services from joint ventures and associates	**4.1**	6.5	**–**	–

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 on the following page.

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FOR THE YEAR ENDED 30 JUNE 2023

18. EQUITY-ACCOUNTED INVESTEES CONTINUED

Joint ventures and associates – year ended 30 June 2023

Net assets	Ownership	Cash and cash equivalent £m	Other 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%	3.1	10.9	40.2	9.8	64.0	(19.5)	(19.5)	44.5
Inner Mongolia Haoxiang Pig Breeding Co. Ltd. (China)[1]	49%	0.2	1.0	5.0	(0.1)	6.1	(0.2)	(5.1)	1.0
Chitale Genus ABS (India) Private Limited (India)	50%	0.3	1.0	–	0.2	1.5	–	(0.1)	1.4
Avlscenter Møllevang A/S[1]	49%	–	–	–	–	–	–	–	–
Yan'an Xinyongxiang Technology Co., Ltd (China)[1]	49%	2.0	1.4	0.7	(0.3)	3.8	(0.3)	(0.3)	3.5
Xelect Limited (United Kingdom)[1]	39%	0.1	0.2	2.3	–	2.6	(0.1)	(0.1)	2.5
Società Agricola GENEETIC S.r.l. (Italy)[1]	33%	0.1	0.6	–	0.4	1.1	(0.6)	(0.6)	0.5
Società Agricola GENEETIC Service S.r.l. (Italy)[1]	33%	–	–	–	0.1	0.1	–	–	0.1
Net assets		**5.8**	**15.1**	**48.2**	**10.1**	**79.2**	**(20.7)**	**(25.7)**	**53.5**

1 Classified as an associate. All other investments are classified as joint ventures

Income Statement	Ownership	Revenue £m	Net IAS 41 valuation movement on biological assets £m	Expenses £m	Operating profit / (loss) £m	Taxation £m	Profit / (loss) after tax £m
Agroceres – PIC Genética de Suínos Ltda (Brazil)	49%	38.8	2.5	(25.7)	15.6	(3.9)	11.7
Inner Mongolia Haoxiang Pig Breeding Co. Ltd. (China)[1]	49%	1.8	1.1	(4.4)	(1.5)	–	(1.5)
Yan'an Xinyongxiang Technology Co., Ltd (China)[1]	49%	5.2	–	(5.3)	(0.1)	–	(0.1)
Chitale Genus ABS (India) Private Limited (India)	50%	0.5	–	(0.3)	0.2	–	0.2
Avlscenter Møllevang A/S[1]	49%	–	–	–	–	–	–
Xelect Limited (United Kingdom)[1]	39%	0.7	–	(0.6)	0.1	–	0.1
Società Agricola GENEETIC S.r.l. (Italy)[1]	33%	1.0	–	(0.9)	0.1	–	0.1
Società Agricola GENEETIC Service S.r.l. (Italy)[1]	33%	0.1	–	(0.1)	–	–	–
Profit / (loss)		**48.1**	**3.6**	**(37.3)**	**14.4**	**(3.9)**	**10.5**

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, and Xelect Limited, which has a June year end. Where the year end differs from the year of the Group this is due to local regulatory requirements.

18. EQUITY-ACCOUNTED INVESTEES CONTINUED

Joint ventures and associates – year ended 30 June 2022

Net assets	Ownership	Cash and cash equivalent £m	Other current assets £m	Non-current assets £m	Biological assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets / (liabilities) £m
Agroceres – PIC Genética de Suínos Ltda (Brazil)	49%	0.2	17.6	23.6	6.9	48.3	(15.2)	(15.2)	33.1
Inner Mongolia Haoxiang Pig Breeding Co. Ltd. (China)[1]	49%	–	0.4	1.4	(1.2)	0.6	(0.8)	(0.8)	(0.2)
Chitale Genus ABS (India) Private Limited (India)	50%	0.3	0.3	1.1	–	1.7	(0.1)	(0.4)	1.3
Avlscenter Møllevang A/S[1]	49%	–	–	–	–	–	–	–	–
Yan'an Xinyongxiang Technology Co., Ltd (China)[1]	49%	2.7	1.3	0.8	(0.5)	4.3	(0.3)	(0.3)	4.0
Xelect Limited (United Kingdom)[1]	39%	0.1	0.2	2.2	–	2.5	(0.1)	(0.1)	2.4
Società Agricola GENEETIC S.r.l. (Italy)[1]	33%	–	0.6	0.4	–	1.0	(0.4)	(0.4)	0.6
Società Agricola GENEETIC Service S.r.l. (Italy)[1]	33%	–	–	–	–	–	–	–	–
Net assets		3.3	20.4	29.5	5.2	58.4	(16.9)	(17.2)	41.2

1 Classified as an associate. All other investments are classified as joint ventures

Income Statement	Ownership	Revenue £m	Net IAS 41 valuation movement on biological assets £m	Expenses £m	Operating profit / (loss) £m	Taxation £m	Profit /(loss) after tax £m
Agroceres – PIC Genética de Suínos Ltda (Brazil)	49%	31.6	(0.7)	(21.7)	9.2	(2.6)	6.6
Inner Mongolia Haoxiang Pig Breeding Co. Ltd. (China)[1]	49%	–	(1.2)	(1.0)	(2.2)	–	(2.2)
Yan'an Xinyongxiang Technology Co., Ltd (China)[1]	49%	5.5	0.5	(5.6)	0.4	–	0.4
Chitale Genus ABS (India) Private Limited (India)	50%	0.3	–	(0.2)	0.1	–	0.1
Avlscenter Møllevang A/S[1]	49%	–	–	–	–	–	–
Xelect Limited (United Kingdom)[1]	39%	0.6	–	(0.5)	0.1	–	0.1
Società Agricola GENEETIC S.r.l. (Italy)[1]	33%	1.9	–	(1.7)	0.2	–	0.2
Società Agricola GENEETIC Service S.r.l. (Italy)[1]	33%	–	–	–	–	–	–
Profit / (loss)		39.9	(1.4)	(30.7)	7.8	(2.6)	5.2

1 Classified as an associate. All other investments are classified as joint ventures

19. OTHER INVESTMENTS

We hold a number of unlisted and listed investments, mainly comprising 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.

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.

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19. OTHER INVESTMENTS CONTINUED

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	2023 £m	2022 £m
Listed equity shares – Caribou Biosciences, Inc.	**0.4**	4.4
Unlisted equity shares – Dairy LLC ('BoviSync')	**2.4**	2.2
Listed equity shares – NMR	**4.4**	2.1
Unlisted equity shares – Other	**1.6**	1.5
Other investments	**8.8**	10.2

Caribou Biosciences Inc shares are measured at fair value using the valuation basis of a Level 1 classification. Caribou shares are publicly traded on the NASDAQ.

We hold a strategic non-controlling interest in BoviSync, a herd management software company. The investment is measured at fair value and the valuation basis of a Level 3 classification.

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 interests in bovine technology companies, which are 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.

	2023 £m	2022 £m
Biological assets' harvest classed as inventories	**22.7**	20.9
Raw materials and consumables	**3.9**	3.6
Goods held for resale	**34.7**	26.4
Inventories	**61.3**	50.9

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.

	2023 £m	(restated[1]) 2022 £m
Trade receivables (restated[1])	**95.4**	95.7
Less expected credit loss allowance	**(3.9)**	(4.3)
Trade receivables net of impairment	**91.5**	91.4
Other debtors	**8.1**	10.7
Prepayments	**7.7**	8.5
Contract assets (restated[1]) (note 24)	**22.4**	17.3
Other taxes and social security	**2.4**	1.6
Current trade and other receivables	**132.1**	129.5
Other debtors	**3.0**	3.7
Contract assets (note 24)	**5.2**	4.9
Non-current other receivables	**8.2**	8.6
Trade and other receivables	**140.3**	138.1

1 See note 2 for details of the prior period restatement

21. TRADE AND OTHER RECEIVABLES CONTINUED

Trade receivables
The average credit period our customers take on the sales of goods is 48 days (2022 (restated[1]): 56 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 ('ECLs'). The ECLs 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 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.

		North America	Latin America	EMEA	Asia
2023	**Risk premium (%)**	**1.0%**	**5.6%**	**3.1%**	**2.6%**
	Trade receivables (£m)	**19.8**	**23.6**	**34.5**	**17.5**
2022	Risk premium (%)	1.0%	5.1%	3.5%	3.7%
	Trade receivables (£m) (restated*)	23.2	22.3	37.6	12.6

The following table shows the movement in lifetime ECLs that has been recognised for trade receivables, in accordance with the simplified approach set out in IFRS 9.

	2023 £m	2022 £m
Balance at the start of the year	**4.3**	5.0
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	**3.4**	2.3
Amounts written off as uncollectable	**–**	–
Impairment losses reversed	**(3.9)**	(3.2)
Effect of movements in exchange rates	**0.1**	0.2
Balance at the end of the year	**3.9**	4.3

The aging of trade receivables is presented below:

	Trade receivables		Trade receivables net of impairment	
Days past due	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Not yet due	**69.3**	72.1	**67.1**	69.7
0–30 days	**13.2**	11.7	**12.8**	11.4
31–90 days	**8.1**	7.4	**7.7**	7.2
91–180 days	**3.7**	3.0	**3.1**	2.5
Over 180 days	**1.1**	1.5	**0.8**	0.6
	95.4	95.7	**91.5**	91.4

No customer represents more than 5% of the total balance of trade receivables (2022: no more than 5%).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Trade and other receivables denominated in currencies other than Sterling comprise £42.3m denominated in US Dollars (2022: £44.1m), £15.5m denominated in Euros (2022: £13.3m) and £49.8m denominated in other currencies (2022: £49.7m).

Other debtors
Included in other debtors is an amount of £2.3m (2022: £3.5m) which comprises security deposits held over farms being constructed.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

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.

	2023 £m	2022 £m
Cash at bank and in hand	**36.3**	38.8

The carrying amount of these assets approximates to their fair value.

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	2023 £m	2022 £m
A to AA-	**25.8**	24.1
BBB- to BBB	**8.0**	8.0
B- to BB+	**1.1**	1.9
CCC to CCC-	**0.6**	0.3
No ratings	**0.8**	4.5
Cash at bank and in hand	**36.3**	38.8

Within our cash and cash equivalents there is a cash balance of £3.1m (2022: £4.5m) in our Russian entities of which £0.8m (2022: £0.2m) is not currently available to be used by the Group due to being received from and held in sanctioned banks.

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.

	2023 £m	2022 £m
Trade payables	**34.8**	36.0
Other payables	**11.6**	8.2
Accrued expenses	**58.1**	61.4
Contract liabilities (note 24)	**9.8**	10.1
Other taxes and social security	**7.7**	9.0
Current trade and other payables	**122.0**	124.7
Contract liabilities (note 24)	**–**	0.2
Non-current trade and other payables	**–**	0.2

The average credit period taken for trade purchases is 32 days (2022: 39 days).

Other payables include an amount of £7.5m (2022: £5.1m) being repayable on demand with a third-party business partner.

Payables denominated in currencies other than Sterling comprise £52.9m denominated in US Dollars (2022: £55.9m), £14.9m denominated in Euros (2022: £11.8m) and £30.3m denominated in other currencies (2022: £33.7m).

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 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.

24. CONTRACT BALANCES CONTINUED

	2023 £m	(restated[1]) 2022 £m
Current contract assets (restated[1])	**22.4**	17.3
Non-current contract assets	**5.2**	4.9
Contract assets (note 21)	**27.6**	22.2
Current contract liabilities	**(9.8)**	(10.1)
Non-current contract liabilities	**–**	(0.2)
Contract liabilities (note 23)	**(9.8)**	(10.3)

	(restated[1]) Contract assets £m	Contract liabilities £m
Balance at 1 July 2021	16.2	(12.0)
Increases as a result of performance in advance of billing	159.0	–
Transfers to receivables during the year	(153.3)	–
Increases as a result of billing ahead of performance	–	(80.8)
Decreases as a result of revenue recognised in the year	–	83.4
Effect of movements in exchange rates	0.3	(0.9)
Balance at 30 June 2022	22.2	(10.3)
Increases as a result of performance in advance of billing	**175.5**	**–**
Transfers to receivables during the year	**(169.2)**	**–**
Increases as a result of billing ahead of performance	**–**	**(63.8)**
Decreases as a result of revenue recognised in the year	**–**	**63.6**
Effect of movements in exchange rates	**(0.9)**	**0.7**
Balance at 30 June 2023	**27.6**	**(9.8)**

1 See note 2 for details of the prior period restatement

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 2023 is £15.0m (2022: £12.1m). It is expected that the Group will recognise this revenue over the next six 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	Share forfeiture £m	Other provisions £m	Total £m
Balance at 1 July 2021	9.4	0.3	2.7	12.4
Additional provision in the year	–	0.2	0.5	0.7
Utilisation of provision	(0.4)	–	(0.1)	(0.5)
Release of provision	(0.1)	–	(0.1)	(0.2)
Effect of movement in exchange rates	1.2	–	0.3	1.5
Balance at 30 June 2022	10.1	0.5	3.3	13.9
Additional provision in the year	**0.1**	**–**	**0.5**	**0.6**
Utilisation of provision	**(0.1)**	**–**	**(1.1)**	**(1.2)**
Release of provision	**–**	**(0.2)**	**(0.4)**	**(0.6)**
Effect of movement in exchange rates	**(0.4)**	**–**	**(0.2)**	**(0.6)**
Balance at 30 June 2023	**9.7**	**0.3**	**2.1**	**12.1**

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

25. PROVISIONS CONTINUED

	2023 £m	2022 £m
Current	**1.8**	1.9
Non-current	**10.3**	12.0
	12.1	13.9

ST litigation relates specifically to our litigation only with Sexing Technologies, as described in note 7.

The share forfeiture provision of £0.3m relates to potential claims that could be made by untraced members over the next three 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 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.

26. FINANCIAL INSTRUMENTS CONTINUED

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.

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, applying 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 the 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, and 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 yield 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
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FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS CONTINUED

If 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 directions, 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.

Other gains and losses

Included with other gains and losses is a £2.7m gain on the mark to market valuation ('MTM') in relation to £60m of SONIA interest rate swaps executed in April 2023. Whilst the interest rate swaps are a perfect commercial hedge of a similar amount of our GBP borrowings for at least a three-year period, as the executing banks have a written option at the three-year point to unilaterally terminate the swaps at no cost, the transaction does not qualify for hedge accounting treatment. Accordingly the MTM gain on the valuation of these swaps as at 30 June 2023 is recognised in the Group Income Statement.

	2023 £m	2022 £m
Gain on derivative	**2.7**	–
Other gains and losses	**2.7**	**–**

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:

	2023 £m	2022 £m
Debt (see note 27)	**232.1**	223.8
Cash and cash equivalents (see note 22)	**(36.3)**	(38.8)
Net debt (see note 32)	**195.8**	185.0
Equity	**567.2**	572.1
Net debt to equity ratio	**35%**	32%

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.

26. FINANCIAL INSTRUMENTS CONTINUED

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.

	2023 Carrying value				2022 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	**4.8**	**–**	**4.0**	**8.8**	6.5	–	3.7	10.2
Trade receivables and other debtors, excluding prepayments	**–**	**132.6**	**–**	**132.6**	–	129.6	–	129.6
Cash and cash equivalents	**–**	**36.3**	**–**	**36.3**	–	38.8	–	38.8
Derivative instruments in non-designated hedge accounting relationships	**–**	**0.8**	**–**	**0.8**	–	1.0	–	1.0
Derivative instruments in designated hedge accounting relationships	**–**	**5.6**	**–**	**5.6**	–	2.2	–	2.2
	4.8	**175.3**	**4.0**	**184.1**	6.5	171.6	3.7	181.8
Financial liabilities								
Trade and other payables, excluding other taxes and social security (see note 23)	**–**	**(114.3)**	**–**	**(114.3)**	–	(115.9)	–	(115.9)
Loans and overdrafts (see note 27)	**–**	**(200.2)**	**–**	**(200.2)**	–	(189.2)	–	(189.2)
Leasing obligations (see note 28)	**–**	**(31.9)**	**–**	**(31.9)**	–	(34.6)	–	(34.6)
Derivative instruments in non-designated hedge accounting relationships	**–**	**(0.9)**	**–**	**(0.9)**	–	(0.9)	–	(0.9)
Derivative instruments in designated hedge accounting relationships	**–**	**–**	**–**	**–**	–	(0.3)	–	(0.3)
Put option over non-controlling interest	**–**	**(7.1)**	**–**	**(7.1)**	–	(7.0)	–	(7.0)
Deferred consideration (see note 38)	**–**	**–**	**(0.6)**	**(0.6)**	–	–	(1.5)	(1.5)
	–	**(354.4)**	**(0.6)**	**(355.0)**	–	(347.9)	(1.5)	(349.4)

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 (excluding short-term amounts related to our ongoing trade, recognised as trade receivables and trade payables) at the reporting date were as follows:

	Liabilities		**Assets**	
	2023 £m	2022 £m	**2023 £m**	2022 £m
US Dollar	**(87.7)**	(88.0)	**3.5**	2.2
Euro	**(30.5)**	(11.3)	**0.7**	0.5
Canadian Dollar	**(0.1)**	(0.4)	**–**	–

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

26. FINANCIAL INSTRUMENTS CONTINUED

Foreign currency Income Statement sensitivity analysis

The Group is mainly exposed to movements in the US Dollar, Euro, Brazilian Real, Mexican Peso, Chinese Yuan and Russian Rouble exchange rates.

The following table details the Group's profit 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	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Euro	**3.2**	2.8	**1.6**	1.4
US Dollar	**1.5**	1.2	**0.7**	0.6
Brazilian Real	**3.0**	2.7	**1.5**	1.3
Mexican Peso	**3.9**	3.1	**2.0**	1.5
Chinese Yuan	**3.2**	2.3	**1.6**	1.2
Russian Rouble	**2.1**	1.5	**1.1**	0.7

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			Contract value		Fair value	
	2023	2022	**Foreign currency**	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Outstanding contracts							
Buy CHF	**0.88**	1.18	CHF	**0.5**	0.9	**–**	–
Sell CNY	**9.02**	8.24	CNY	**0.3**	1.2	**–**	–
Buy AUD	**1.91**	1.76	AUD	**2.3**	1.8	**–**	–
Buy PHP	**70.39**	67.01	PHP	**–**	0.3	**–**	–
Buy EUR	**1.16**	0.86	EUR	**6.6**	7.2	**–**	–
Buy MXN	**22.03**	24.74	MXN	**14.7**	2.9	**0.2**	0.1
Buy USD	**1.26**	1.23	USD	**3.4**	1.1	**0.2**	(0.1)
Sell BRL	**6.17**	–	BRL	**0.2**	–	**–**	–
Sell INR	**102.79**	–	INR	**0.3**	–	**–**	–
Sell CAD	**1.67**	–	CAD	**0.1**	–	**–**	–
Buy CHF/Sell EUR	**–**	1.01	CHF	**–**	3.4	**–**	–
Buy USD/Sell UAH	**37.84**	33.06	UAH	**0.7**	0.3	**–**	–
Buy USD/Sell BRL	**4.94**	4.90	BRL	**3.0**	1.8	**(0.2)**	0.1
Buy USD/Sell CNY	**7.19**	6.69	CNY	**2.9**	3.7	**–**	–
Buy PHP/Sell USD	**55.57**	53.53	PHP	**7.1**	7.4	**–**	(0.2)
Buy CAD/Sell USD	**–**	1.29	CAD	**–**	0.4	**–**	–
Buy USD/Sell CAD	**1.33**	–	CAD	**6.8**	–	**(0.1)**	–
Buy USD/Sell EUR	**1.10**	1.06	EUR	**0.1**	0.3	**–**	–
Buy USD/Sell RUB	**–**	56.85	RUB	**–**	1.2	**–**	(0.1)
Buy USD/Sell INR	**82.49**	78.76	INR	**4.0**	1.3	**–**	–
Buy USD/Sell ZAR	**18.44**	16.09	ZAR	**0.4**	3.4	**–**	–
Buy USD/Sell ARS	**–**	129.69	ARS	**–**	0.3	**–**	–
Buy MXN/Sell USD	**17.31**	–	MXN	**0.2**	–	**–**	–
						0.1	(0.2)

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.

26. FINANCIAL INSTRUMENTS CONTINUED

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 £1.6m (2022: decrease/increase by £1.8m). 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 pages. The average interest rate is based on the outstanding balances at the end of the financial year.

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:

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate 2023 %	2022 %	Notional principal amount 2023 £m	2022 £m	Fair value 2023 £m	2022 £m
USD interest rate swaps						
One to five years	**3.43**	3.32	**66.9**	37.0	**1.3**	(0.3)
EUR interest rate swaps						
One to five years	**0.36**	0.36	**21.4**	21.5	**1.2**	0.6
GBP interest rate swaps						
One to five years	**3.45**	–	**60.0**	–	**2.8**	–

The interest rate swaps settle on a quarterly basis. The corresponding floating rate on the interest rate swaps is three months. 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.

Commodity hedges
The Group hedges both feed and slaughter exposures using Chicago Mercantile Exchange lean hog, corn and soybean meal commodity futures contracts.

Commodity hedge	Average price 2023 US$	2022 US$	Notional principal amount 2023 £m	2022 £m	Fair value 2023 £m	2022 £m
Open commodity contracts as at June						
Lean hog	**0.97**	0.92	**8.5**	10.2	**0.6**	(0.1)
Corn	**5.68**	6.87	**(6.4)**	(4.9)	**(0.6)**	0.1
Soybean meal	**402**	390	**(4.6)**	(3.0)	**(0.1)**	0.1
			(2.5)	2.3	**(0.1)**	0.1

Net investment hedges
The Group's Net Investment Policy is to hedge up to 90% of the net investment value of its wholly owned subsidiaries in a particular currency. At the beginning of the year the Group had a net investment hedge designating the first EUR 12.5 million of the net assets of Pig Improvement Company España S.A. as a hedged item, using EUR 12.5 million of borrowings. On 31 May 2023, the Group designated a further EUR 3 million of the net assets of Pig Improvement Company España S.A. as a hedged item, using EUR 3 million of borrowings as an additional net investment hedge.

In February 2022, the Group entered into a second net investment hedge designating the first EUR 25 million Net Assets of its subsidiary Fyfield Holland BV as the hedged item in a net investment hedge using USD 28m of borrowings converted to a EUR 25m liability, using a cross currency swap as the related hedging instrument. On 28 November 2022, USD 14.1m/EUR 12.5m of the cross currency swap was closed out and replaced in the net investment hedge designation by a new EUR 12.5 million borrowing, maintaining the existing hedge amount. On 31 May 2023, the Group designated a further EUR 7 million of the net assets of Fyfield Holland BV as a hedged item using EUR 7 million of borrowings as an additional net investment hedge.

In summary, as at 30 June 2023 the Group has designated EUR 15.5m (GBP £13.4m) of the net assets of its subsidiary Pig Improvement Company España S.A. and EUR 32m (GBP £27.6m) of the net assets of its subsidiary Fyfield Holland B.V. as net investment hedges. These Net Investment Hedges represent 69% of the Group's Euro net assets as at this date.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

26. FINANCIAL INSTRUMENTS CONTINUED

The table below shows a reconciliation of the gains or loss deferred in equity:

	2023 £m	2022 £m
Loss at the start of the year	**(0.8)**	(0.1)
Effective (losses)/gains recognised in equity in period	**0.3**	(0.7)
Balance carried forward in equity as effective losses	**(0.5)**	(0.8)

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.

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 32 days (2022: 39 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
2023							
Loans and borrowings	**5.48**	**6.6**	**1.7**	**9.4**	**197.9**	**–**	**215.6**
Lease liabilities	**3.74**	**1.0**	**2.5**	**7.3**	**20.2**	**3.7**	**34.7**
Deferred consideration	**–**	**–**	**–**	**–**	**0.6**	**–**	**0.6**
Variable interest rate instruments	**5.23**	**7.6**	**4.2**	**16.7**	**218.7**	**3.7**	**250.9**
2022							
Loans and borrowings	2.31	8.4	1.2	4.6	183.0	–	197.2
Lease liabilities	2.91	1.0	3.0	6.8	20.7	6.1	37.6
Deferred consideration	–	–	–	–	0.5	–	0.5
Variable interest rate instruments	2.41	9.4	4.2	11.4	204.2	6.1	235.3

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
2023							
Variable interest rate instruments	**0.42**	**36.3**	**–**	**–**	**–**	**–**	**36.3**
2022							
Variable interest rate instruments	1.12	38.8	–	–	–	–	38.8

The Group has financing facilities with a total unused amount of £118.7m (2022: £77.8m) 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.

26. FINANCIAL INSTRUMENTS CONTINUED

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–1 year £m	1–5 years £m	5+ years £m	Total £m
2023						
Foreign exchange contracts	**0.1**	**–**	**–**	**–**	**–**	**0.1**
Commodity swaps	**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**
Interest rate swaps	**0.2**	**0.5**	**2.6**	**2.3**	**–**	**5.6**
2022						
Foreign exchange contracts	(0.2)	–	–	–	–	(0.2)
Commodity swaps	–	–	0.1	–	–	0.1
Interest rate swaps	–	0.1	0.2	0.1	–	0.4

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 £110.6m and outflow of £110.5m (2022: inflow of £73.7m and outflow of £73.9m).

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.

	2023 £m	2022 £m
Non-current liabilities		
Unsecured bank loans	**196.0**	182.1
Obligations under leases	**21.9**	24.5
	217.9	206.6
Current liabilities		
Unsecured bank loans and overdrafts	**4.2**	7.1
Obligations under leases	**10.0**	10.1
	14.2	17.2
Total interest-bearing liabilities	**232.1**	223.8

Terms and debt repayment schedule

Terms and conditions of outstanding loans and overdrafts were as follows:

	Currency	2023 Interest rate	2023 £m	2022 £m
Revolving credit facility and overdraft	GBP	6.4%	**91.6**	95.9
Revolving credit facility, term loan and overdraft	USD	6.9%	**78.0**	77.3
Revolving credit facility and overdraft	EUR	5.0%	**30.1**	10.8
Obligations under leases	USD	3.7%	**31.9**	34.6
Other unsecured bank borrowings	Other	5.7%	**0.5**	5.2
Total interest-bearing liabilities			**232.1**	223.8

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

27. LOANS AND BORROWINGS CONTINUED

Loans and borrowings (excluding leases) comprise amounts falling due:	2023 £m	2022 £m
In one year or less or on demand	**5.3**	8.0
In more than one year but not more than two years	**–**	–
In more than two years but not more than five years	**196.0**	182.3
	201.3	190.3
Less: unamortised issue costs	**(1.1)**	(1.1)
	200.2	189.2
Current liabilities	**(4.2)**	(7.1)
Non-current liabilities	**196.0**	182.1

At the balance sheet date, the Company's credit facilities comprised a £190m multi-currency revolving credit facility ('RCF'), a USD 150 million RCF and a USD 20 million bond and guarantee facility. The original term of the facility was for three years to 24 August 2023. On 24 August 2021 and 26 August 2022, the Company and its lenders extended the maturity date of the total facilities to 24 August 2024 and 24 August 2025 respectively. The Company's credit facility also includes an uncommitted £100m accordion option, £60m of which was exercised in August 2022 to increase the facilities to their current size, leaving a remaining unsecured accordion facility of £40m, which can be requested on a maximum of two further occasions over the lifetime of the facility to fund the Group's business development plans.

As part of its interest rate hedging strategy, the Company has entered into interest rate swaps to hedge variable interest rates. At the balance sheet date, bank loans and overdrafts include borrowings of USD 85m fixed at 3.48%, borrowings of £60m fixed at 3.45%, borrowings of EUR 12.5m fixed at 0.37%, and borrowings of USD 13.9m, swapped via a cross currency swap into EUR 12.5m, fixed at 0.36%, excluding applicable bank margins. Approximately 76% of total facility borrowings are covered by these interest rate swaps as at 30 June 2023.

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).

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 the 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 changes in the lease liabilities are as follows:

	2023 £m	2022 £m
Balance at the start of the year	**34.6**	28.3
Leases entered into during the year	**10.4**	15.7
Leases terminated early	**(0.7)**	(0.3)
Payments made	**(12.3)**	(12.4)
Interest	**1.2**	1.1
Effect of movements in exchange rates	**(1.3)**	2.2
Balance at the end of the year	**31.9**	34.6
Current	**10.0**	10.1
Non-current	**21.9**	24.5
	31.9	34.6

At 30 June 2023, the Group is committed to £nil (2022: £0.1m) for short-term leases.

28. OBLIGATIONS UNDER LEASES CONTINUED

We have drawn up the table based on the undiscounted cash flows of the obligations under leases, using the earliest date on which we can be required to pay

	2023 £m	2022 £m
FY23	–	10.8
FY24	**10.8**	8.2
FY25	**8.2**	5.7
FY26	**5.9**	4.1
FY27	**3.9**	2.7
FY28	**2.2**	2.0
FY29	**1.6**	1.8
FY30	**1.1**	1.2
After FY31	**1.0**	1.1
	34.7	37.6
Presented as:		
Current	**10.8**	10.8
Non-current	**23.9**	26.8
	34.7	37.6

Lease obligations denominated in currencies other than Sterling comprise £15.3m denominated in US Dollars (2022: £16.0m), £3.5m denominated in Euros (2022: £4.0m) and £9.4m denominated in other currencies (2022: £10.6m).

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.

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

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/(asset) split by principal scheme is set out below.

	2023 £m	2022 £m
The Milk Pension Fund – Genus's share	–	–
The Dalgety Pension Fund	–	–
National Pig Development Pension Fund	(0.2)	0.1
Post-retirement healthcare	0.5	0.6
Other unfunded schemes	6.6	7.6
Overall net pension liability	**6.9**	8.3

Overall, we expect to pay £0.9m (2022: £1.0m) in contributions to defined benefit plans in the 2024 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 www.thepensionsregulator.gov.uk.

All defined benefit schemes are registered as an occupational pension plan with HMRC 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.

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 (2022: 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 2021 and was carried out by qualified actuaries. The valuation has been agreed by the trustees.

The principal actuarial assumptions adopted in the 2021 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 0.7% per annum lower than Retail Price Index ('RPI') price inflation until 31 March 2030, then less 0.1% per annum thereafter; 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 2021, the market value of the fund's assets was £492m. This represented approximately 103% of the value of the uninsured liabilities, which were £480m at that date.

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The surplus in the fund as a whole, by reference to the 31 March 2021 valuation, was £12m (of which Genus's notional share was £10m). Reflecting the improvement in the funding position, with effect from 1 September 2021 no deficit repair contributions are payable but funding the scheme's operating expenses of £1.1m per annum were agreed, rising thereafter by 3.4% per annum until 30 September 2026.

The disclosures required under IAS 19 have been calculated by an independent actuary, based on accurate calculations carried out as at 31 March 2021 and updated to 30 June 2023.

At 30 June 2023, the MPF was in an overall net pension asset position of £34.6m (2022: £71.4m). 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.

Dalgety Pension Fund ('DPF')

The most recent actuarial valuation of the DPF was at 31 March 2021 and was carried out by qualified actuaries.

The principal actuarial assumptions adopted in the 2021 valuation were that:
- investment returns on existing assets are gilt yields less 0.35% per annum;
- CPI price inflation is expected to be 0.7% per annum lower than RPI price inflation until 2030, then utilising the RPI curve from 2030 onwards; 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 2021 was £938m. The value of those assets represented approximately 100% of the value of the uninsured liabilities, which were £937m at 31 March 2021. 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 2021 and updated to 30 June 2023.

At 30 June 2023, the DPF, which includes a £20.5m separate reserve held against future unknown liabilities materialising, was in an overall net pension asset position of £5.7m (2022: £6.6m). 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.

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 2023 was £463m (2022: £528m). We do not have any legal rights to any surplus relating to these bulk annuity policies.

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 2023, under the provisions of IAS 19, were £5.0m (2022: £5.4m) and £4.8m (2022: £5.5m), respectively.

The most recent actuarial triennial valuation of the NPD was at 30 June 2020 and was carried out by qualified actuaries. The valuation has been agreed by the trustees.

The principal actuarial assumptions adopted in the 2020 valuation were that:
- investment returns on existing assets are gilt yields less 0.35% per annum;
- CPI price inflation is expected to be 0.5% 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 2020 was £6.1m. The value of those assets represented approximately 68% of the value of the uninsured liabilities, which were £9.0m at 30 June 2020. Under the trustee prepared schedule of contributions, Genus is required to make deficit repair contributions of £500,000 per annum commencing 1 July 2021.

The disclosures required under IAS 19 have been calculated by an independent actuary, based on accurate calculations carried out as at 30 June 2020 and updated to 30 June 2023.

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 £4.6m (2022: £6.1m), 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 £2.0m (2022: £1.6m). Interest on pension scheme liabilities amounted to £0.2m (2022: £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.

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Post-retirement healthcare
The scheme liabilities for the unfunded retirement health benefit plan amounted to £0.5m (2022: £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 (2022: £nil).

The principal assumptions used to calculate the plan liabilities were that the discount rate would be 5.25% (2022: 3.90%) and that the long-term rate of medical expense inflation would be 7.05% (2022: 6.90%).

Aggregated position of defined benefit schemes

	2023 £m	2022 £m
Present value of funded obligations (includes Genus's 86% share of MPF (2022: 86%))	**746.8**	857.6
Present value of unfunded obligations	**7.4**	8.4
Total present value of obligations	**754.2**	866.0
Fair value of plan assets (includes Genus's 86% share of MPF (2022: 86%))	**(787.6)**	(936.3)
Restricted recognition of asset (MPF and DPF)	**40.3**	78.6
Recognition of additional liability (MPF)	**–**	–
Recognised liability for defined benefit obligations	**6.9**	8.3

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.

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	2023 £m	Level 1 £m	Level 2 £m	Level 3 £m	2022 £m
Equities	**–**	**16.3**	**–**	**16.3**	–	28.1	–	28.1
Diversified growth funds	**–**	**46.1**	**–**	**46.1**	–	59.5	–	59.5
Liability driven investments	**–**	**108.4**	**–**	**108.4**	–	122.3	–	122.3
Gilts and corporate bonds	**–**	**73.0**	**–**	**73.0**	–	100.5	–	100.5
Cash	**1.6**	**3.6**	**–**	**5.2**	4.3	4.3	–	8.6
Property	**2.4**	**–**	**22.8**	**25.3**	2.7	–	35.4	38.1
Direct lending	**–**	**2.9**	**34.3**	**37.2**	–	2.5	32.8	35.3
Bulk annuity policy	**–**	**–**	**476.1**	**476.1**	–	–	543.9	543.9
	4.0	**250.3**	**533.2**	**787.6**	7.0	317.2	612.1	936.3

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.

Movement in the liability for defined benefit obligations

	2023 £m	2022 £m
Liability for defined benefit obligations at the start of the year (including the bulk annuity policy (DPF))	**866.0**	1,106.6
Benefits paid by the plans	**(56.3)**	(55.7)
Current service costs and interest	**32.6**	20.7
Actuarial (gains)/losses recognised on fund liabilities arising from changes in demographic assumptions	**(15.2)**	7.0
Actuarial gains recognised on fund liabilities arising from changes in financial assumptions	**(104.0)**	(220.0)
Actuarial losses recognised on fund liabilities arising from experience (other)	**31.0**	6.1
Past service cost	**–**	0.4
Exchange rate adjustment	**0.1**	0.9
Liability for defined benefit obligations at the end of year	**754.2**	866.0

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Movement in plan assets

	2023 £m	2022 £m
Fair value of plan assets at the start of the year (including the bulk annuity policy (DPF))	**936.3**	1,147.2
Administration expenses	**(0.7)**	(0.4)
Contributions paid into the plans	**1.5**	3.5
Benefits paid by the plans	**(56.3)**	(55.7)
Interest income on plan assets	**35.4**	21.3
Actuarial losses recognised in equity	**(128.6)**	(179.6)
Fair value of plan assets at the end of the year	**787.6**	936.3

Aggregated position of defined benefit schemes
Summary of movements in Group deficit during the year

	2023 £m	2022 £m
Deficit in schemes at the start of the year	**(8.3)**	(11.1)
Administration expenses	**(0.7)**	(0.4)
Exceptional cost	**–**	(0.4)
Contributions paid into the plans	**1.5**	3.5
Net pension finance cost	**(0.2)**	(0.2)
Actuarial (losses)/gains recognised during the year	**(40.4)**	27.3
Movement in restriction of assets	**38.3**	(69.8)
Release of additional liability	**3.0**	43.7
Exchange rate adjustment	**(0.1)**	(0.9)
Deficit in schemes at the end of the year	**(6.9)**	(8.3)

Amounts recognised in the Group Income Statement

	2023 £m	2022 £m
Administrative expenses	**0.7**	0.4
Interest obligation	**32.6**	20.7
Interest income on plan assets	**(35.4)**	(21.3)
Interest on additional liability	**3.0**	0.8
Exceptional cost	**–**	0.4
	0.9	1.0

The expense is recognised in the following line items in the Group Income Statement

	2023 £m	2022 £m
Administrative expenses	**0.7**	0.4
Exceptional cost	**–**	0.4
Net finance charge	**0.2**	0.2
	0.9	1.0

Actuarial losses/(gains) recognised in the Group Statement of Comprehensive Income

	2023 £m	2022 £m
Cumulative loss at the start of the year	**60.0**	60.3
Actuarial losses/(gains) recognised during the year	**40.4**	(27.3)
Movement in restriction of assets	**(38.3)**	69.8
Release of additional liability	**(3.0)**	(43.7)
Exchange rate adjustment	**0.1**	0.9
Cumulative loss at the end of the year	**59.2**	60.0

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Actuarial assumptions and sensitivity analysis

Principal actuarial assumptions (expressed as weighted averages) are:

	2023	2022
Discount rate	**5.25%**	3.90%
Consumer Price Index	**2.65%**	2.40%
Retail Price Index	**3.05%**	2.90%

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 2023, the mortality tables used are 100% of the S3PMA (males)/S3PFA_M (females) all lives tables, with birth year and CMI 2022 projections with parameters of Sk=7.0 and A=0.5% and weighting parameters of w2020=0%, w2021=0% and w2022=25%, subject to a long-term rate of improvement of 1.50% per annum for males and females and for 2022, the mortality tables used are 100% of the S3PMA (males)/S3PFA_M (females) all lives tables, with birth year and 2021 CMI projections with a smoothing parameter of Sk=7.0 and A=0.5%, subject to a long-term rate of improvement of 1.5% per annum for males and females.

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.

		2023 Years	2022 Years
Retiring at balance sheet date at age 65	Male	**22.1**	22.6
	Female	**24.0**	24.4
Retiring at age 65 in 20 years' time	Male	**23.7**	24.2
	Female	**25.8**	26.2

Duration of benefit obligations

	2023 Years	2022 Years
Weighted average duration of the defined benefit obligations	**10.1**	11.4
Weighted average duration of the defined benefit obligations, excluding defined benefit obligations backed by purchased annuities	**12.4**	14.3

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 2023. 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 and the conflict in Ukraine, we continue to use a sensitivity analysis of 0.5%.

	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	44.1	(41.7)	(35.3)	30.6	(28.5)	28.5
Excluding purchased annuity obligations increase/(decrease) in present value of defined obligation	16.3	(15.4)	(13.0)	11.3	(10.5)	10.5

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:

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Present value of the defined benefit obligation	**754.2**	866.0	1,106.6	1,169.3	1,179.5
Fair value of plan assets	**(787.6)**	(936.3)	(1,147.2)	(1,182.5)	(1,201.1)
Restrict recognition of asset and recognition of additional liability	**40.3**	78.6	51.7	31.3	45.8
Deficit in the plans	**6.9**	8.3	11.1	18.1	24.2
Experience adjustments arising on plan liabilities (%)	**17.2**	21.0	2.1	1.8	4.8
Experience adjustments arising on plan assets (%)	**16.3**	19.3	2.4	1.6	2.5

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 £6.0m (2022: £3.7m), including National Insurance contributions credit of £0.4m (2022: £0.1m charge).

Share awards

There were 821,681 conditional share awards outstanding at 30 June 2023. These conditional shares were awarded to Executive Directors and senior management under the 2014 and 2019 Performance Share Plans. 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 2023:

- 409,595 awards were granted on 14 September 2022, 28 September 2022, 10 October 2022, 11 November 2022 and 12 December 2022 with an aggregate fair value of £10,565,000. 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 £25.79, based on an expected dividend yield of 1.51%.
- 126,935 awards in total were granted on 2 May 2023, with an aggregate fair value of £3,346,000. 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 aggregate fair value of a share awarded was £26.36, based on an expected dividend yield of 1.16%.

	Number of awards 2023	Number of awards 2022
Outstanding at the start of year	**560,511**	665,522
Exercised during the year	**(137,998)**	(205,010)
Forfeited during the year	**(137,362)**	(37,819)
Granted during the year	**536,530**	137,818
Outstanding at 30 June	**821,681**	560,511
Exercisable at 30 June	**13,764**	17,605

Bonus and restricted stock share awards

In addition to the outstanding share awards above, there were 48,728 bonus and restricted stock share awards outstanding at 30 June 2023. 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 2023, 8,153 bonus share awards were granted on 14 September 2022, with an aggregate fair value of £209,000.

	Number of awards 2023	Number of awards 2022
Outstanding at the start of year	**61,313**	72,466
Exercised during the year	**(20,738)**	(29,345)
Forfeited during the year	**–**	–
Granted during the year	**8,153**	18,192
Outstanding at 30 June	**48,728**	61,313
Exercisable at 30 June	**–**	–

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2023

30. SHARE-BASED PAYMENTS CONTINUED

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	26 September 2013	3,884	Exercisable	1,413.00p	10 years
Total share options		3,884			

Share options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2023	**Number of options 2023**	Weighted average exercise price 2022	Number of options 2022
Outstanding at the start of year	**1,400p**	**11,430**	1,331p	32,633
Forfeited during the year	**1,413p**	**(1,975)**	1,374p	(2,755)
Share appreciation rights effected during the year	**1,386p**	**(2,618)**	1,312p	(6,328)
Exercised during the year	**1,387p**	**(2,953)**	1,265p	(12,120)
Outstanding at 30 June	**1,413p**	**3,884**	1,400p	11,430
Exercisable at 30 June	**1,413p**	**3,884**	1,400P	11,430

The options at 30 June 2023 had a weighted average remaining contractual life of 0.2 years (2022: 1.1 years). No share options were granted during the year (2022: nil). The weighted average share price at the date of exercise during the year was £29.56p (2022: £44.18p).

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

	2023 Number	2022 Number	**2023 £m**	2022 £m
Issued and fully paid				
Ordinary shares of 10 pence	**66,027,210**	65,773,620	**6.6**	6.6

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:

	2023 Number	2022 Number	**2023 £m**	2022 £m
Issued under the Executive Share Option Plan	**2,953**	12,120	**–**	–
Issued to Employee Benefit Trust	**250,000**	–	**–**	–
Issued to Genus plc Share Incentive Plan	**637**	–	**–**	–
	253,590	12,120	**–**	–

Shares issued under the Executive Share Option Plan were issued at option prices as follows:

	2023 Number	**2023 Option price**	2022 Number	2022 Option price
Executive Share Option Plan				
	–	**–**	2,837	977.83p
	983	**1334.00p**	7,027	1334.00p
	1,970	**1413.00p**	2,256	1413.00p
	2,953		12,120	

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:

	2023 Number	2022 Number	**2023 £m**	2022 £m
Shares allocated but not vested	**375,998**	280,803	**8.1**	7.1
Unallocated shares	**92,334**	92,334	**2.0**	2.3
	468,332	373,137	**10.1**	9.4

The shares have a nominal value of £46,833 (2022: £37,314).

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 £41.0m (2022: £32.3m) 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 2021	–	(7.9)
Exchange differences on translation of overseas operations	–	67.2
Gain recognised on net investment hedges	–	(0.7)
Loss recognised on cash flow hedges – interest rate swaps and cross currency swaps	1.9	–
Income tax related to net losses recognised in other comprehensive income	(0.5)	(7.7)
Balance at 30 June 2022	1.4	50.9
Exchange differences on translation of overseas operations	**–**	**(27.5)**
Gain recognised on net investment hedges	**–**	**–**
Loss recognised on cash flow hedges – interest rate swaps and cross currency swaps	**0.8**	**–**
Income tax related to net losses recognised in other comprehensive income	**(0.2)**	**3.3**
Balance at 30 June 2023	**2.0**	**26.7**

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

32. NOTES TO THE CASH FLOW STATEMENT

	2023 £m	2022 £m
Profit for the year	**31.8**	36.7
Adjustment for:		
Net IAS 41 valuation movement on biological assets	**16.9**	5.4
Amortisation of acquired intangible assets	**7.7**	8.3
Share-based payment expense	**6.0**	3.7
Share of profit of joint ventures and associates	**(10.5)**	(5.2)
Other gains and losses	**(2.7)**	–
Finance costs (net)	**14.3**	6.2
Income tax expense	**7.6**	11.7
Exceptional items (net)	**3.5**	2.0
Adjusted operating profit from continuing operations	**74.6**	68.8
Depreciation of property, plant and equipment	**30.2**	26.4
Loss on disposal of plant and equipment	**0.1**	0.4
Amortisation and impairment of intangible assets	**5.7**	4.3
Adjusted earnings before interest, tax, depreciation and amortisation	**110.6**	99.9
Cash impact of exceptional items relating to operating activities	**(7.1)**	1.1
Other movements in biological assets and harvested produce	**(11.1)**	(19.1)
Decrease in provisions	**(1.0)**	–
Additional pension contributions in excess of pension charge	**(0.6)**	(3.1)
Other	**0.2**	0.2
Operating cash flows before movement in working capital	**91.0**	79.0
Increase in inventories	**(9.6)**	(6.1)
Increase in receivables	**(9.3)**	(18.5)
Increase in payables	**6.6**	2.2
Cash generated by operations	**78.7**	56.6
Interest received	**0.1**	0.4
Interest and other finance costs paid	**(10.7)**	(4.0)
Interest on leased assets	**(1.2)**	(1.1)
Cash flow from derivative financial instruments	**1.3**	(0.1)
Income taxes paid	**(17.8)**	(17.5)
Net cash from operating activities	**50.4**	34.3

Analysis of net debt
Total changes in liabilities due to financing activities are as follows:

	At 1 July 2022 £m	Net cash flows £m	Foreign exchange £m	Other non-cash movements £m	At 30 June 2023 £m
Cash and cash equivalents (see note 22)	38.8	**1.3**	**(3.8)**	**–**	**36.3**
Interest-bearing loans – current (see note 27)	(7.1)	**3.8**	**0.2**	**(1.1)**	**(4.2)**
Lease liabilities – current (see note 28)	(10.1)	**11.1**	**0.5**	**(11.5)**	**(10.0)**
	(17.2)	**14.9**	**0.7**	**(12.6)**	**(14.2)**
Interest-bearing loans – non-current (see note 27)	(182.1)	**(17.8)**	**3.9**	**–**	**(196.0)**
Lease liabilities – non-current (see note 28)	(24.5)	**–**	**0.8**	**1.8**	**(21.9)**
	(206.6)	**(17.8)**	**4.7**	**1.8**	**(217.9)**
Total debt financing	(223.8)	**(2.9)**	**5.4**	**(10.8)**	**(232.1)**
Net debt	(185.0)	**(1.6)**	**1.6**	**(10.8)**	**(195.8)**

Included within non-cash movements is £9.7m in relation to net new leases and £1.1m in the unwinding of debt issue costs.

32. NOTES TO THE CASH FLOW STATEMENT CONTINUED

	At 1 July 2021 £m	Net cash flows £m	Foreign exchange £m	Other non-cash movements £m	At 30 June 2022 £m
Cash and cash equivalents (see note 22)	46.0	(11.0)	3.8	–	38.8
Interest-bearing loans – current (see note 27)	(13.9)	8.9	(1.2)	(0.9)	(7.1)
Lease liabilities – current (see note 28)	(9.0)	11.3	(0.7)	(11.7)	(10.1)
	(22.9)	20.2	(1.9)	(12.6)	(17.2)
Interest-bearing loans – non-current (see note 27)	(109.4)	(63.1)	(9.6)	–	(182.1)
Lease liabilities – non-current (see note 28)	(19.3)	–	(1.6)	(3.6)	(24.5)
	(128.7)	(63.1)	(11.2)	(3.6)	(206.6)
Total debt financing	(151.6)	(42.9)	(13.1)	(16.2)	(223.8)
Net debt	(105.6)	(53.9)	(9.3)	(16.2)	(185.0)

Included within non-cash movements is £15.3m in relation to net new leases and £0.9m in the unwinding of debt issue costs.

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:

	2023 £m	2022 £m
In less than one year	**1.2**	–
Between one and five years	**1.2**	–
In more than five years	**–**	–
	2.4	–

34. CAPITAL AND OTHER COMMITMENTS

At 30 June 2023, outstanding contracted capital expenditure amounted to £nil (2022: £nil).

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% (2022: 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.

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 where 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 2023, we had entered into bank guarantees totalling £12.6m (2022: £20.2m).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2023

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 GELT.

	2023 £m	2022 £m
Salaries and short-term employee benefits	**5.4**	4.9
Post-employment benefits	**0.2**	0.2
Share-based payment expense	**3.0**	1.2
	8.6	6.3

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 2023 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 (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%
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, Pastorale 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%
Bovec SASU	69 Chemin des Molières, PA du Charpenay, 69210, Lentilly, France	France	Indirect	€10 Ordinary	100%
Chitale Genus ABS (India) Private Limited	Gat No 29, Bramha Facility, Burungwadi Near Bhilawadi Railway Station, Taluka Palus,Maharashtra, Sangli, 416303, 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 (NZ) Limited	Generate Accounting Group Limited, Level 2, 22 Dundonald Street, Eden Terrace, Auckland, 1021, New Zealand	New Zealand	Indirect	NZD1 Ordinary	100%
Genus ABS Colombia SAS	Avenida Carrera 70, No. 105 – 51, Bogota, Colombia	Colombia	Indirect	COP10,000 Ordinary	100%

37. GROUP ENTITIES CONTINUED

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
Genus ABS Netherlands B.V.	Hoogoorddreef 15, Amsterdam, 1101BA, Netherlands	Netherlands	Indirect	EUR1 Ordinary	100%
Genus Australia Pty Ltd	15 Scholar drive, Bundoora VIC 3063, Australia	Australia	Indirect	AUD1.388 Ordinary	100%
Genus Breeding India Private Limited	5th FLOOR, C WING, ETERNIA PREMISES CO-OP SOC, NEAR DA UNIT NO 505, 506, DAGDI BUNGLOW, WAKDEWADI,Maharashtra, Pune, 411005, India	India	Indirect	INR1 Ordinary	100%
Genus Breeding Limited (01192037)[2]	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
'Genus Ukraine' LLC	Pidlisna str., 1, KYIV 03164, Ukraine	Ukraine	Indirect	No Par Value Common Stock	100%
JBI Genetics LLC	130 North Kelsey Street, Visalia CA 93291, United States	United States	Indirect	No Par Value Common Stock	100%
LLC Genus ABS Rus	Zheleznodorozhnaya Street, House 51, Letter Zh, Premises 2, 300062, Tula, Russian Federation	Russia	Indirect	RUB1 Ordinary	100%
Millwood Products Ltd (08662101)[2]	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Indirect	£1 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	No Par Value Common	100%

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]
GENEETIC Service S.R.L.	Viale Europa 71, 32100, Belluno, Italy	Italy	Indirect	€1 Ordinary	33%[1]
Inner Mongolia Genus Biotechnology Co., Ltd	3rd Floor, Building A-15 North, Intelligent Manufacturing Industrial Park, Inner Mongolia, Helinger New Area, China	China	Indirect	CNY1 Ordinary	100%
Inner Mongolia Haoxiang Pig Breeding Co. Ltd	Jintang Village, Jinding Town, Zhidan County, Yan An Municipality, Shaanxi Province, China	China	Indirect	No Par Value Common	49%[1]
Liao Ning PIC Agriculture Science and Technology Co., Ltd	Gunzigou Village, Gao Guan Town, Benxi County, Benxi City, Liaoning Province, China	China	Indirect	CNY1 Ordinary	100%
PIC (Shanghai) Agriculture Science and Technology Company Limited	Room 702-5, No. 719 Shen Gui Road, Min Hang District, Shangha, China	China	Indirect	No Par Value Common	100%
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	CLP1 Ordinary	100%

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

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
PIC Ankang Agriculture Science and Technology Co., Ltd.	Shishubian village, Hanbin District, Shaanxi Province, Ankang, China	China	Indirect	CNY1 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 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	Jathostraße 11a, D-30163 Hannover, Germany	Germany	Indirect	No Par Value Common Stock	100%
Pig Improvement Company España, S.A.	C/Pau Vila, 22 2º 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 2101-2103 and 2203, 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.	6874 Caravan Ct, Columbia MD 21044, United States	United States	Direct	USD0.001 Series Seed Preferred	33%[1]
Reprodutores PIC, Lda	Av. Eng. Duarte Pacheo, Amoreiras, Torre 2 – 14ºA, 1070-102 Lisboa, Portugal	Portugal	Indirect	No Par Value Common Stock	100%
Società Agricola GENEETIC S.R.L.	Via Marche n. 2, 42122, Reggion Emilia, Italy	Italy	Indirect	€1 Ordinary	33%[1]
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%
Yan'an Xinyongxiang Agriculture Technology Co., Ltd.	Jintang Village, Jianjun Town Zhidan County, Yan An Municipality, in Shaanxi Province, China	China	Indirect	No Par Value Common Stock	49%[1]

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%

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
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%
Cannavarro 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%
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	Riverside One, Sir John Rogerson's Quay, Dublin 2, 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 R&D, Inc.	1525 River Road, De Forest WI 53532, United States	United States	Indirect	US$0.01 Common	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 Do Brasil Empreendimentos e Participações Ltda.	Rua 1 JN, no. 1411, Sala 13, Jardim Novo, Rio Claro, Estado De São 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%
Pig Improvement Company Overseas Limited (01583814)[2]	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Pigtales Limited (00723762)[2]	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 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	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£0.25 Ordinary	100%
Spillers Overseas Limited (00069723)[2]	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£0.25 Ordinary	100%

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

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
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	UK	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%
Xelect Limited	Horizon House, Abbey Walk, St Andrews, Fife, Scotland, KY16 9LB	UK	Indirect	£0.001 Ordinary	39%[1]

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 2021	1.7	0.4	2.1
Business combination	0.1	0.2	0.3
Payment of consideration	(0.6)	(0.4)	(1.0)
Transfer	(0.8)	0.8	–
Effect of movement in exchange rates	0.1	–	0.1
Balance at 30 June 2022	0.5	1.0	1.5
Business combination	**–**	**–**	**–**
Payment of consideration	**–**	**(0.8)**	**(0.8)**
Transfer	**–**	**–**	**–**
Effect of movement in exchange rates	**(0.1)**	**–**	**(0.1)**
Balance at 30 June 2023	**0.4**	**0.2**	**0.6**
Current	**–**	**–**	**–**
Non-current	**0.4**	**0.2**	**0.6**
Balance at 30 June 2023	**0.4**	**0.2**	**0.6**
Current	–	0.8	0.8
Non-current	0.5	0.2	0.7
Balance at 30 June 2022	0.5	1.0	1.5

38. DEFERRED CONSIDERATION CONTINUED

The balance at 30 June 2023 relates to the following transactions:

	Fiscal year of transaction	Contingent deferred consideration £m	Deferred consideration £m	Total £m
Dairy LLC (also known as BoviSync)	**2019**	**0.4**	**–**	**0.4**
T.A.C. – Laboratório de Reprodução Animal Ltda.	**2022**	**–**	**0.2**	**0.2**
Balance at 30 June 2023		**0.4**	**0.2**	**0.6**

39. NON-CONTROLLING INTEREST

	2023 £m	2022 £m
Non-controlling interest	**(2.2)**	(0.7)
Put option over non-controlling interest at inception	**(5.5)**	(5.7)
Total non-controlling interest	**(7.7)**	(6.4)

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	2023 £m
Revenue	**4.1**	**5.1**	**9.2**
Expenses	**(7.4)**	**(4.6)**	**(12.0)**
Total comprehensive (expense)/income for the year	**(3.3)**	**0.5**	**(2.8)**
Total comprehensive (expense)/income attributable to owners of the Company	**(1.7)**	**0.4**	**(1.3)**
Total comprehensive (expense)/income attributable to the non-controlling interest	**(1.6)**	**0.1**	**(1.5)**
Biological assets	**15.6**	**–**	**15.6**
Current assets	**–**	**1.7**	**1.7**
Other non-current assets	**0.8**	**1.4**	**2.2**
Current liabilities	**(22.9)**	**(2.0)**	**(24.9)**
Net (liabilities)/assets	**(6.5)**	**1.1**	**(5.4)**
Equity attributable to owners of the Company	**4.1**	**(0.9)**	**3.2**
Non-controlling interest	**(2.4)**	**0.2**	**(2.2)**

Dividends of £0.1m were paid to non-controlling interests (2022: £0.1m).

	De Novo Genetics LLC £m	PIC Italia S.r.l. £m	2022 £m
Revenue	3.7	3.4	7.1
Expenses	(12.6)	(2.6)	(15.2)
Total comprehensive (expense)/income for the year	(8.9)	0.8	(8.1)
Total comprehensive (expense)/income attributable to owners of the Company	(4.5)	0.6	(3.9)
Total comprehensive (expense)/income attributable to the non-controlling interest	(4.4)	0.2	(4.2)
Biological assets	15.2	–	15.2
Current assets	0.9	1.0	1.9
Other non-current assets	0.8	2.3	3.1
Current liabilities	(19.6)	(1.8)	(21.4)
Net (liabilities)/assets	(2.7)	1.5	(1.2)
Equity attributable to owners of the Company	1.8	(1.3)	0.5
Non-controlling interest	(0.9)	0.2	(0.7)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

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 2023 amounted to £1.3m (2022: £1.3m). As at 30 June 2023, the balance owing to these entities was £0.1m (2022: £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.

PARENT COMPANY BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £m	2022 £m
Non-current assets			
Intangible assets	C3	**11.8**	9.6
Property, plant and equipment	C4	**0.9**	0.9
Investments in subsidiaries	C5	**319.4**	345.5
Other investments	C6	**4.4**	2.1
Other receivables	C7	**70.9**	74.0
Derivative financial asset	C15	**4.9**	2.2
Deferred tax asset	C8	**6.8**	2.9
		419.1	437.2
Current assets			
Other receivables	C7	**103.3**	69.3
Cash and cash equivalents		**1.3**	1.9
		104.6	71.2
Current liabilities			
Current payables	C9	**(59.0)**	(65.0)
Provisions	C11	**(0.3)**	(0.4)
		(59.3)	(65.4)
Net current assets		**45.3**	5.8
Total assets less current liabilities		**464.4**	443.0
Non-current liabilities			
Non-current payables	C10	**(196.6)**	(183.3)
Provisions	C11	**(0.1)**	(0.3)
		(196.7)	(183.6)
Net assets		**267.7**	259.4
Equity			
Called up share capital	C16	**6.6**	6.6
Share premium account		**179.1**	179.1
Own shares		**(0.1)**	(0.1)
Retained earnings		**80.3**	73.5
Hedging reserve		**1.8**	0.3
Total equity		**267.7**	259.4

The Company recognised profit for the year of £20.1m (2022: £31.3m profit).

The Financial Statements were approved and authorised for issue by the Board of Directors on 6 September 2023.

Signed on behalf of the Board of Directors.

Jorgen Kokke
Chief Executive

Alison Henriksen
Chief Financial Officer

Company number: 02972325

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	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 2021	6.6	179.1	(0.1)	60.2	–	245.8
Fair value of movement on cash flow hedges, net of tax	–	–	–	–	0.3	0.3
Actuarial gain on retirement benefits obligations, net of tax	–	–	–	2.8	–	2.8
Movement on pension asset recognition restriction, net of tax	–	–	–	(2.8)	–	(2.8)
Other comprehensive income for the year	–	–	–	–	0.3	0.3
Total profit for the financial year	–	–	–	31.3	–	31.3
Total comprehensive income for the financial year	–	–	–	31.3	0.3	31.6
Dividends paid	–	–	–	(20.9)	–	(20.9)
Share-based payment expense, net of tax	–	–	–	2.9	–	2.9
Balance at 30 June 2022	6.6	179.1	(0.1)	73.5	0.3	259.4
Fair value of movement on cash flow hedges, net of tax	**–**	**–**	**–**	**–**	**1.5**	**1.5**
Gain on equity instruments measured at fair value, net of tax	**–**	**–**	**–**	**1.2**	**–**	**1.2**
Actuarial loss on retirement benefits obligations, net of tax	**–**	**–**	**–**	**(3.6)**	**–**	**(3.6)**
Movement on pension asset recognition restriction, net of tax	**–**	**–**	**–**	**3.6**	**–**	**3.6**
Other comprehensive income for the year	**–**	**–**	**–**	**1.2**	**1.5**	**2.7**
Total profit for the financial year	**–**	**–**	**–**	**20.1**	**–**	**20.1**
Total comprehensive income for the financial year	**–**	**–**	**–**	**21.3**	**1.5**	**22.8**
Dividends paid	**–**	**–**	**–**	**(21.0)**	**–**	**(21.0)**
Share-based payment expense, net of tax	**–**	**–**	**–**	**6.5**	**–**	**6.5**
Balance at 30 June 2023	**6.6**	**179.1**	**(0.1)**	**80.3**	**1.8**	**267.7**

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 2023

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 the Companies Act 2006. The Group Financial Statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

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 2 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 balance sheet date 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 has not identified any critical accounting judgements or key sources of estimation uncertainty.

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
The Company has 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's 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 whereas 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 29 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 date. All differences are taken to the Income Statement.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

C1. ACCOUNTING INFORMATION AND POLICIES CONTINUED

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.

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, and 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 yield 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.

C1. ACCOUNTING INFORMATION AND POLICIES CONTINUED

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 directions, 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:

	2023 £m	2022 £m
Wages and salaries	**7.4**	9.0
Social security costs	**0.7**	1.1
Pension costs	**0.2**	0.2
Share-based payment expense	**2.2**	1.4
	10.5	11.7

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:

	2023 Number	2022 Number
Administration	**45**	44

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	Assets under construction £m	Total £m
Cost				
Balance at 1 July 2021	7.1	3.7	1.1	11.9
Additions	–	–	3.9	3.9
Transfers	2.3	–	(2.3)	–
Balance at 30 June 2022 and 1 July 2022	9.4	3.7	2.7	15.8
Additions	**–**	**–**	**3.3**	**3.3**
Transfers	**3.7**	**–**	**(3.7)**	**–**
Balance at 30 June 2023	**13.1**	**3.7**	**2.3**	**19.1**
Amortisation				
Balance at 1 July 2021	1.7	3.7	–	5.4
Amortisation for the year	0.8	–	–	0.8
Balance at 30 June 2022 and 1 July 2022	2.5	3.7	–	6.2
Amortisation for the year	**1.1**	**–**	**–**	**1.1**
Balance at 30 June 2023	**3.6**	**3.7**	**–**	**7.3**
Carrying amounts				
At 30 June 2023	**9.5**	**–**	**2.3**	**11.8**
At 30 June 2022	6.9	–	2.7	9.6
At 30 June 2021	5.4	–	1.1	6.5

Included within the software class of assets is £9.5m (2022: £6.9m) and included in assets in the course of construction is £2.3m (2022: £2.7m) that relate to the ongoing development costs of GenusOne, our single global enterprise system.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2023

C4. PROPERTY, PLANT AND 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 10 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	Right-of-use leased buildings £m	Total £m
Cost					
Balance at 1 July 2022	0.5	0.3	0.8	1.0	1.8
Additions	**–**	**–**	**–**	**0.2**	**0.2**
Balance at 30 June 2023	**0.5**	**0.3**	**0.8**	**1.2**	**2.0**
Depreciation					
Balance at 1 July 2022	0.3	0.3	0.6	0.3	0.9
Depreciation for the year	**–**	**–**	**–**	**0.2**	**0.2**
Balance at 30 June 2023	**0.3**	**0.3**	**0.6**	**0.5**	**1.1**
Carrying amounts					
At 30 June 2023	**0.2**	**–**	**0.2**	**0.7**	**0.9**
At 30 June 2022	0.2	–	0.2	0.7	0.9

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 2022	543.6
Additions	**5.7**
Disposals	**(21.4)**
Balance at 30 June 2023	**527.9**
Provision for impairment	
Balance at 1 July 2022	198.1
Provided during the year	**10.4**
Balance at 30 June 2023	**208.5**
Carrying amounts	
At 30 June 2023	**319.4**
At 30 June 2022	345.5

Additions relate to increasing our investments in Genus Investments Limited and ABS Argentina S.A..

C5. INVESTMENTS IN SUBSIDIARIES CONTINUED

The Company considers the relationship between its invested capital and the carrying value of its investments, among other factors, when reviewing for indicators of impairment. As at 30 June 2023, the net investment in five of the Company's subsidiary undertakings exceeded the Company's 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 ended 30 June 2023. 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 Company's 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). This equates to a pre-tax discount rate of 11.2% (2022: 11.2%). Cash flows beyond the five-year period are extrapolated using a long-term growth rate of 2.5% (2022: 2.5%).

During the year, £7.8m was provided against the investment held in ABS Argentina S.A. and £2.6m against the investment held in ABS Pecplan Ltda. to reflect a reduction in the net assets of those companies and expected future trading performance.

Principal subsidiary undertakings

The Company's principal subsidiaries and their main activities are given in note 37 to the Group Financial Statements.

C6. OTHER INVESTMENTS

Accounting policies

Listed equity investments are stated at fair value.

	2023 £m	2022 £m
Listed investment – NMR	**4.4**	2.1

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.

C7. OTHER RECEIVABLES

Accounting policies

We state other receivables at their amortised cost less any impairment losses.

	Note	2023 £m	2022 £m
Amounts due within one year			
Amounts owed by Group undertakings		**97.1**	61.8
Corporation tax recoverable		**1.7**	1.6
Prepayments		**1.5**	2.0
Other receivables		**1.5**	2.0
Deferred taxation	C8	**–**	0.9
Derivative financial asset	C15	**1.5**	1.0
		103.3	69.3
Amounts due after one year			
Amounts owed by Group undertakings		**70.9**	74.0
		70.9	74.0

At the balance sheet date, the total amounts owed by Group undertakings were £168.0m (2022: £135.8m). The carrying amount of these assets approximates their fair value. Of the amounts owed by Group undertakings, £163.6m (2022: £133.5m) 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 2023

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.

	2023 £m	2022 £m
Deferred tax asset due within one year	**–**	0.9
Deferred tax asset due after more than one year	**6.8**	2.9
	6.8	3.8

The movements in deferred taxation are as follows:

	2023 £m	2022 £m
At the start of the year	**3.8**	4.2
Recognised in the Income Statement	**4.3**	0.6
Recognised in equity	**(1.3)**	(1.0)
At the end of the year	**6.8**	3.8

The amounts provided are as follows:

	2023 £m	2022 £m
Share-based payment expense	**1.0**	1.1
Other timing differences	**5.0**	1.6
Losses	**0.8**	1.1
	6.8	3.8

At the balance sheet date, the Company had unused tax losses available for offset against future profits, with a potential tax benefit of £0.8m (2022: £1.1m). 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	**2023 £m**	2022 £m
Bank loans and overdrafts	C12	**4.2**	7.1
Trade payables		**1.2**	1.7
Other payables		**0.4**	0.7
Amounts owed to Group undertakings		**48.2**	51.9
Accruals		**3.4**	2.5
Deferred income		**0.5**	0.1
Obligations under leases	C13	**0.2**	0.1
Derivative financial liabilities	C15	**0.9**	0.9
		59.0	65.0

Included within amounts owed to Group undertakings are amounts of £24.2m (2022: £26.2m) 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 (2022: £nil).

C10. NON-CURRENT PAYABLES

	Note	2023 £m	2022 £m
Bank loans and overdrafts	C12	**196.0**	182.1
Obligations under leases	C13	**0.6**	0.5
Derivative financial liabilities	C15	**–**	0.3
Deferred income		**–**	0.4
		196.6	183.3

C11. PROVISIONS

	2023 £m	2022 £m
Provisions due within one year	**0.3**	0.4
Provisions after more than one year	**0.1**	0.3
	0.4	0.7

The provisions primarily consist of a share forfeiture provision of £0.3m, which relates to potential claims that could be made by untraced members over a period of three years, relating to the resale proceeds of shares that were identified during 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.

	2023 £m	2022 £m
Loans and borrowings comprise amounts falling due:		
In one year or less or on demand	**5.3**	8.0
In more than one year but not more than two years	**–**	–
In more than two years but not more than five years	**196.0**	182.3
	201.3	190.3
Less: unamortised issue costs	**(1.1)**	(1.1)
	200.2	189.2
Amounts falling due within one year	**(4.2)**	(7.1)
Amounts falling due after more than one year	**196.0**	182.1

At the balance sheet date, the Company's credit facilities comprised a £190m multi-currency revolving credit facility ('RCF'), a USD 150 million RCF and a USD 20 million bond and guarantee facility. The original term of the facility was for three years to 24 August 2023. On 24 August 2021 and 26 August 2022, the Company and its lenders extended the maturity date of the total facilities to 24 August 2024 and 24 August 2025 respectively. The Company's credit facility also includes an uncommitted £100m accordion option, £60m of which was exercised in August 2022 to increase the facilities to their current size, leaving a remaining unsecured accordion facility of £40m, which can be requested on a maximum of two further occasions over the lifetime of the facility to fund the Group's business development plans.

As part of its interest rate hedging strategy, the Company has entered into interest rate swaps to hedge variable interest rates. At the balance sheet date, bank loan and overdrafts include borrowings of USD85m fixed at 3.48%, borrowings of £60m fixed at 3.45%, borrowings of EUR12.5m fixed at 0.37%, and borrowings of USD 13.9m, swapped via a cross currency swap into EUR12.5m, fixed at 0.36%, excluding applicable bank margins. Approximately 76% of total Facility Borrowings are covered by these interest rate swaps as at 30 June 2023.

Terms and debt repayment schedule
The terms and conditions of outstanding loans and overdrafts were as follows:

	Currency	Interest rate	2023 £m	2022 £m
RCF and overdraft	GBP	6.4%	**91.6**	95.9
RCF, term loan and overdraft	USD	6.9%	**78.0**	77.3
RCF and overdraft	EUR	5.0%	**30.1**	10.8
Other unsecured bank borrowings	Other	5.7%	**0.5**	5.2
Total interest-bearing liabilities			**200.2**	189.2

The above RCFs are unsecured.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

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, and 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 the 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 changes in the lease liabilities are as follows:

	2023 £m	2022 £m
Balance at the start of the year	**0.6**	0.8
Payments made	**(0.1)**	(0.2)
Leases entered into during the year	**0.3**	–
Balance at the end of the year	**0.8**	0.6

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 28 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 asset (e.g. software licences).

Total of future minimum lease payments under non-cancellable operating leases which expire:

	2023 £m	2022 £m
In less than one year	**1.2**	–
Between one and five years	**1.2**	–
In more than five years	**–**	–
	2.4	–

Operating lease rentals charged in the year:

	2023 £m	2022 £m
Other	**1.2**	0.8

C15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Additional disclosures on financial instruments can be found in note 26 to the Group Financial Statements.

FINANCIAL STATEMENTS

C16. CAPITAL AND RESERVES

Share capital

	2023 Number	2022 Number	2023 £m	2022 £m
Issued and fully paid				
Ordinary shares of 10 pence	**66,027,210**	65,773,620	**6.6**	6.6

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:

	2023 Number	2022 Number	2023 £m	2022 £m
Issued under the Executive Share Option Plan	**2,953**	12,120	**–**	–
Issued to Employee Benefit Trust	**250,000**	–	**–**	
Issued to Genus plc Share incentive Plan	**637**	–	**–**	–
	253,590	12,120	**–**	–

Shares issued under the Executive Share Option Plan were issued at option prices as follows:

	2023		2022	
	Number	Option price	Number	Option Price
Executive Share Option Plan	**–**	**–**	2,837	977.83p
	983	**1334.00p**	7,027	1334.00p
	1,970	**1413.00p**	2,256	1413.00p
	2,953		12,120	

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:

	2023 Number	2022 Number	2023 £m	2022 £m
Shares allocated but not vested	**375,998**	280,803	**8.1**	7.1
Unallocated shares	**92,334**	92,334	**2.0**	2.3
	468,332	373,137	**10.1**	9.4

The shares have a nominal value of £46,833 (2022: £37,314).

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 2023, outstanding contracted capital expenditure amounted to £nil (2022: £nil).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

C19. PENSIONS, GUARANTEES AND CONTINGENCIES

The NMR pension assigned to Genus plc under the Flexible Apportionment Agreement, recorded an actuarial loss of £4.8m, which has decreased the asset restriction made in 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% (2022: 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 2023. The Company has given a statutory guarantee over all of the liabilities held by those UK subsidiaries for the year ended 30 June 2023. The Company has assessed the probability of loss under the guarantee as remote.

At 30 June 2023, the Company had entered into bank guarantees totalling £10.3m (2022: £15.8m).

FIVE-YEAR RECORD – CONSOLIDATED RESULTS

The information included in the five-year record below is in accordance with IFRS as adopted for use under the Companies Act 2006.

Financial results	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Revenue from continuing operations	**689.7**	593.4	574.3	551.4	488.5
Adjusted operating profit from continuing operations[1]	**74.6**	68.8	76.9	60.1	51.8
Adjusted operating profit including joint ventures and associates[1]	**85.8**	77.7	89.8	70.8	59.0
Adjusted profit before tax[1]	**71.5**	71.5	84.8	65.8	55.1
Basic adjusted earnings per share[1]	**84.8p**	82.7p	100.9p	77.3p	63.8p
Diluted adjusted earnings per share[1]	**84.2p**	82.3p	100.1p	76.7p	61.7p
Operating profit from continuing operations	**40.5**	49.4	47.7	42.4	2.8
Profit before tax from continuing operations	**39.4**	48.4	55.8	46.3	4.0
Profit after tax from continuing operations	**31.8**	36.7	46.8	35.7	0.8
Net profit attributable to owners of the Company	**33.3**	40.9	47.3	35.3	1.9
Basic earnings per share	**50.8p**	62.5p	72.6p	54.4p	3.0p
Diluted earnings per share	**50.5p**	62.2p	72.0p	54.0p	2.9p
Net assets	**567.2**	572.1	496.6	494.5	479.0
Net debt	**195.8**	185.0	105.6	102.6	79.6

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

ALTERNATIVE PERFORMANCE MEASURES 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 GELT. 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. *Closest equivalent IFRS measure: Operating profit*[1] See reconciliation on page 203.	Allows the comparison 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: • 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 but it is also a measure excluded from our managements remuneration assessment, as well as our debt agreements and banking covenants. It is also one requested and used by our investor group to evaluate our performance.; • 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 203.	
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 203.	
Adjusted operating profit inc JVs after tax	Adjusted operating profit including JV less adjusted effective tax. See reconciliation on page 203.	
Adjusted profit inc JVs before tax	Adjusted operating profit including JVs less net finance costs. See reconciliation on page 203.	
Adjusted profit inc JVs after tax	Adjusted profit including JVs before tax less adjusted effective tax. See reconciliation on page 203.	

Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Adjusted effective tax rate	Total income tax charge for the Group excluding the tax impact of adjusting items, divided by the adjusted operating profit. *Closest equivalent IFRS measure: Effective tax rate* See reconciliation on page 204.	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.
Adjusted basic earnings per share	Adjusted profit after tax profit divided by the weighted basic average number of shares. *Closest equivalent IFRS measure: Earnings per share* See calculation on page 204.	On a per share basis, this allows the comparability of underlying financial performance by excluding the impacts of adjusting items.
Adjusted diluted earnings per share	Underlying attributable profit divided by the diluted weighted basic average number of shares. *Closest equivalent IFRS measure: Diluted earnings per share* See calculation on page 204.	
Adjusted earnings cover	Adjusted earnings per share divided by the expected dividend for the year. See calculation on page 204.	The Board's dividend policy targets adjusted earning cover to be between 2.5–3 times.
Adjusted EBITDA – calculated in accordance with the definitions used in our financing facilities	This is adjusted operating profit, adding back cash received from our JVs, depreciation of property, plant and equipment, depreciation of the historical cost of biological assets, operational amortisation (i.e. excluding amortisation of acquired intangibles) and deducting the amount attributable to minority interest. *Closest equivalent IFRS measure: Operating profit*[1] See reconciliation on page 204.	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.
Adjusted operating margin	Adjusted operating profit (including JVs) divided by revenue.	Allows for the comparability of underlying financial performance by excluding the impacts of exceptional items.
Adjusted operating margin (exc JVs)	Adjusted operating profit divided by revenue.	
Constant currency basis	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.	The Group's business operates in multiple countries worldwide 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.
Balance Sheet measures		
Net debt	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. See reconciliation on page 205.	This allows the Group to monitor its levels of debt.
Net debt – calculated in accordance with the definitions used in our financing facilities	Net debt excluding the impact of adopting IFRS 16 and adding back guarantees and deferred purchase arrangements. See reconciliation on page 205.	This is a key metric that we report to our banks to ensure compliance with our bank covenants.

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
Cash flow measures		
Cash conversion	Cash generated by operations as a percentage of adjusted operating profit excluding JVs. See calculation on page 206.	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.
Free cash flow	Cash generated by the Group before debt repayments, acquisitions and investments, dividends and proceeds from share issues. *Closest IFRS measure: Net cash flow from operating activities* See reconciliation on page 206.	Shows the cash retained by the Group in the year.
Other measures		
Interest cover	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. *Closest equivalent IFRS components for the ratio: The equivalent IFRS components are finance costs, finance income and operating profit* See calculation and reconciliation on page 206.	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	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 adjusted EBITDA. *Closest equivalent IFRS components for the ratio: The equivalent IFRS components are gross debt, cash and cash equivalents and operating profit* See calculation on page 206.	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	The Group's return on adjusted invested capital is measured on the basis of adjusted operating profit including JVs after tax, which is operating profit with the pre-tax share of profits from JVs 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. The adjusted operating profit including JVs 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. *Closest equivalent IFRS components for the ratio: Return on invested capital* See calculation and reconciliation on page 207.	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.

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 JVs and associates retained

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

	2023		2022		
	£m	£m	£m	£m	Reference
Operating profit		**40.5**		**49.4**	Group Income Statement
Add back:					
Net IAS 41 valuation movement on biological assets	16.9		5.4		Group Income Statement
Amortisation of acquired intangible assets	7.7		8.3		Group Income Statement
Share-based payment expense	6.0		3.7		Group Income Statement
Exceptional items	3.5		2.0		Group Income Statement
Adjusted operating profit exc JVs		**74.6**		**68.8**	Group Income Statement
Amounts attributable to non-controlling interest		0.4		(0.3)	Group Income Statement
Operating profit from JVs and associates	10.5		5.2		Group Income Statement
Tax on JVs and associates	3.9		2.6		Note 11 – Income tax expense
Net IAS 41 valuation movement	(3.6)		1.4		Note 18 – Equity-accounted investees
Adjusted operating profit from JVs		10.8		9.2	
Adjusted operating profit inc JVs		**85.8**		**77.7**	
Gene editing costs		14.3		7.9	Note 5 – Segmental information
Adjusted operating profit inc JVs and exc gene editing costs		**100.1**		**85.6**	

Adjusted operating profit inc JVs after tax

	2023		2022		
		£m		£m	Reference
Adjusted operating profit inc JVs		**85.8**		**77.7**	See APM
Effective Tax Rate	**22.2%**		24.3%		Note 12 – Earnings per share
Adjusted tax		(19.0)		(18.9)	No direct reference
Adjusted operating profit inc JVs after tax		**66.8**		**58.8**	

Adjusted profit inc JVs before tax
Adjusted profit inc JVs after tax

	2023	2022	
	£m	£m	Reference
Adjusted operating profit inc JVs	**85.8**	**77.7**	See APM
Less net finance costs	(14.3)	(6.2)	Note 10 – Net finance costs
Adjusted profit inc JVs before tax	**71.5**	**71.5**	
Adjusted tax	(15.9)	(17.4)	Note 12 – Earnings per share
Adjusted profit inc JVs after tax	**55.6**	**54.1**	

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY CONTINUED

Adjusted effective tax £m/rate

	2023		2022		
	£m	%	£m	%	Reference
Adjusted effective tax £m/rate	**15.9**	**22.2**	**17.4**	**24.3**	Note 12 – Earnings per share
Exceptional items	(0.9)	(25.7)	(0.8)	(40.0)	Note 12 – Earnings per share
Share-based payment expense	(0.8)	(14.5)	(0.5)	(13.5)	Note 12 – Earnings per share
Other gains and losses	0.7	25.0	–	–	Note 12 – Earnings per share
Amortisation of acquired intangible assets	(1.9)	(24.7)	(3.3)	(39.8)	Note 12 – Earnings per share
Net IAS 41 valuation movement on biological assets	(1.5)	(8.8)	1.5	27.8	Note 12 – Earnings per share
Effective tax £m/rate	**11.5**	**26.6**	**14.3**	**28.0**	Note 11 – Taxation and deferred taxation

Adjusted basic earnings per share

	2023	2022	Reference
Adjusted profit inc JVs after tax (£m)	**55.6**	**54.1**	See APM
Weighted average number of ordinary shares (000s)	65,557	65,395	Note 12 – Earnings per share
Adjusted basic earnings per share (pence)	**84.8**	**82.7**	

Adjusted diluted earnings per share

	2023	2022	Reference
Adjusted profit inc JVs after tax (£m)	**55.6**	**54.1**	See APM
Weighted average number of diluted ordinary shares (000s)	65,998	65,714	Note 12 – Earnings per share
Adjusted diluted earnings per share (pence)	**84.2**	**82.3**	

Adjusted earnings cover

	2023		2022		
	pence	times	pence	times	Reference
Adjusted earnings per share	**84.8**		**82.7**		See APM
Dividend for the year	**32.0**		**32.0**		Note 13 – Dividends
Adjusted earnings cover		**2.7**		**2.6**	

Adjusted EBITDA – as calculated under our financing facilities

	2023		2022		
	£m	£m	£m	£m	Reference
Operating profit		**40.5**		**49.4**	Group Income Statement
Add back:					
Net IAS 41 valuation movement on biological assets	16.9		5.4		Group Income Statement
Amortisation of acquired intangible assets	7.7		8.3		Group Income Statement
Share-based payment expense	6.0		3.7		Group Income Statement
Exceptional items	3.5		2.0		Group Income Statement
Adjusted operating profit exc JVs	74.6		68.8		Group Income Statement
Adjust for:					
Cash received from JVs (dividend and loan investment)	0.7		3.2		Group Statement of Cash Flows
Depreciation: property, plant and equipment	30.2		26.4		Note 17 – Property, plant and equipment
Operational lease payments	(12.3)		(12.4)		Note 28 – Obligations under leases
Depreciation: historical cost of biological assets	13.4		10.7		See Financial Review
Amortisation and impairment (excluding separately identifiable acquired intangible assets)	5.7		4.3		Note 15 – Intangible assets
Amounts attributable to non-controlling interest	0.4		(0.3)		Group Income Statement
Adjusted EBITDA – as calculated under our financing facilities		**112.7**		**100.7**	

BALANCE SHEET MEASURES

Net debt

Net debt as calculated under our financing facilities

	2023		2022		
	£m	£m	£m	£m	Reference
Current unsecured bank loans and overdrafts	4.2		7.1		
Non-current unsecured bank loans and overdrafts	196.0		182.1		
Unsecured bank loans and overdrafts		200.2		189.2	Group Balance Sheet
Current obligations under finance leases	10.0		10.1		
Non-current obligations under finance leases	21.9		24.5		
Obligations under finance leases		31.9		34.6	Group Balance Sheet
Total debt financing		232.1		223.8	Note 32 – Notes to the cash flow statement
Deduct:					
Cash and cash equivalents		(36.3)		(38.8)	Group Balance Sheet
Net debt		**195.8**		**185.0**	
Deduct:					
Lower of obligations under finance leases or £30m		(30.0)		(30.0)	
Add back:					
Guarantees		12.6		20.2	Note 35 – Contingencies and bank guarantees
Cash not available		0.8		–	Note 22 – Cash and cash equivalents
Net debt – as calculated under our financing facilities		**179.2**		**175.2**	

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY CONTINUED

CASH FLOW MEASURES

Cash conversion

	2023		2022		
	£m	£m	£m	£m	Reference
Cash generated by operations		**78.7**		**56.6**	Note 32 – Notes to the cash flow statement
Operating profit	40.5		49.4		Group Income Statement
Add back:					
Net IAS 41 valuation movement on biological assets	16.9		5.4		Group Income Statement
Amortisation of acquired intangible assets	7.7		8.3		Group Income Statement
Share-based payment expense	6.0		3.7		Group Income Statement
Exceptional items	3.5		2.0		Group Income Statement
Adjusted operating profit exc JVs		**74.6**		**68.8**	Group Income Statement
Cash conversion (%)		**105%**		**82%**	

Free cash flow

	2023		2022		
	£m	£m	£m	£m	Reference
Cash generated by operations		**78.7**		**56.6**	Note 32 – Notes to the cash flow statement
Net interest and tax paid		(28.3)		(22.3)	Note 32 – Notes to the cash flow statement
Capital expenditure		(35.2)		(50.9)	Group Statement of Cash Flows
Dividends received from JV and associates		2.6		3.2	Group Statement of Cash Flows
Joint venture and associate loan investment		(1.9)		–	Group Statement of Cash Flows
Proceeds from sale of property, plant and equipment		2.4		–	Group Statement of Cash Flows
Dividend to non-controlling interest		(0.1)		(0.1)	Group Statement of Cash Flows
Free cash flow		**18.2**		**(13.5)**	

OTHER MEASURES

Interest cover

	2023		2022		
	£m	Times	£m	Times	Reference
Finance costs	15.4		6.6		Group Income Statement
Finance income	(1.1)		(0.4)		Group Income Statement
Net finance costs	14.3		6.2		Note 10 – Net finance costs
Deduct:					
Pension interest	(0.2)		(0.2)		Note 10 – Net finance costs
Interest on lease liabilities	(1.2)		(1.1)		Note 10 – Net finance costs
Unwinding discount on put options	(0.3)		(0.2)		Note 10 – Net finance costs
Amortisation of refinancing fees	(1.1)		(0.9)		Note 10 – Net finance costs
Adjusted net finance costs	**11.5**		**3.8**		
Adjusted EBITDA – as calculated under our financing facilities	**112.7**		**100.7**		See APM
Interest cover		**10**		**27**	

Ratio of net debt to adjusted EBITDA

	2023		2022		
	£m	Times	£m	Times	Reference
Net debt – as calculated under our financing facilities	**179.2**		**175.2**		See APM
Adjusted EBITDA – as calculated under our financing facilities	**112.7**		**100.7**		See APM
Ratio of net debt to EBITDA		**1.6**		**1.7**	

Return on adjusted invested capital

	2023 £m	2023 %	2022 £m	2022 %	Reference
Adjusted operating profit inc JVs after tax	**66.8**		**58.8**		See APM
Equity attributable to owners of the Company	574.9		578.5		Group Balance Sheet
Add back:					
Net debt	195.8		185.0		Note 32 – Notes to the cash flow statement
Pension liability	6.9		8.3		Group Balance Sheet
Related deferred tax	(1.2)		(1.3)		Note 11 – Taxation and deferred taxation
Adjust for:					
Biological assets – carrying value	(342.0)		(366.8)		Note 16 – Biological assets
Biological assets' harvest classed as inventories	(22.7)		(20.9)		Note 20 – Inventories
Biological assets – historic cost	83.4		77.2		See Financial Review
Goodwill	(107.8)		(111.0)		Group Balance Sheet
Related deferred tax	67.7		73.0		Note 11 – Taxation and deferred taxation
Adjusted invested capital	**455.0**		**422.0**		
Return on adjusted invested capital		**14.7%**		**13.9%**	

Return on invested capital

	2023 £m	2023 %	2022 £m	2022 %	Reference
Return on adjusted invested capital		**14.7%**		**13.9%**	See APM
Adjusted operating profit inc JVs after tax	66.8		58.8		See APM
Tax rate	19.0	22.2%	18.9	24.3%	Note 12 – Earnings per share
Adjusted operating profit inc JVs	85.8		77.7		Group Income Statement
Adjusted operating profit attributable to non-controlling interest	(0.4)		0.3		Group Income Statement
Pre-tax share of profits from JVs exc net IAS 41 valuation movement	(10.8)		(9.2)		Group Income Statement
Adjusted operating profit exc JVs	74.6		68.8		Group Income Statement
Fair value movement on biological assets	(16.9)		(5.4)		Group Income Statement
Amortisation of acquired intangibles	(7.7)		(8.3)		Group Income Statement
Share-based payment expense	(6.0)		(3.7)		Group Income Statement
Exceptional items	(3.5)		(2.0)		Group Income Statement
Share of post-tax profit of JVs	10.5		5.2		Group Income Statement
Other gains and losses	2.7		–		Group Income Statement
Finance costs	(14.3)		(6.2)		Group Income Statement
Profit before tax	39.4		48.4		Group Income Statement
Tax	(7.6)		(11.7)		Group Income Statement
Profit	**31.8**		**36.7**		Group Income Statement
Equity attributable to owners of the Company	**574.9**		**578.5**		Group Balance Sheet
Return on invested capital		**5.5%**		**6.3%**	

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.

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.

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.

Net Present Value (NPV) – a financial tool that helps to assess future value in today's terms. NPV is calculated with an assumed discount rate over a given amount of time and the calculation considers the amount and timing of the free cash flows.

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.

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.

Russian Sanctions – legislation introduced by the UK, EU or US (as appropriate) which impose financial, trade, transport, immigration or other sanctions for the purposes of encouraging Russia to cease actions which destabilise Ukraine, or undermine or threaten the territorial integrity, sovereignty or independence of Ukraine.

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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