



Immediate

25 February 2021

Genus plc

Unaudited half year results for the six months ended 31 December 2020

VERY STRONG PERFORMANCE and GOOD STRATEGIC PROGRESS

Six months ended 31 December	Adjusted results <sup>1</sup>				Statutory results		
	Actual currency			Constant currency change <sup>2</sup>	Actual currency		
	2020	2019	Change		2020	2019	Change
	£m	£m	%	%	£m	£m	%
Revenue	285.7	270.7	6	11	285.7	270.7	6
Operating profit exc JVs	45.1	34.4	31	37	35.5	28.1	26
Operating profit inc JVs exc gene editing	54.7	43.7	25	35			
Profit before tax	48.4	36.6	32	44	38.7	30.4	27
Free cash flow	26.6	10.5	153	n/m <sup>3</sup>			
Basic earnings per share (pence)	57.3	43.5	32	44	48.4	36.5	33
Dividend per share (pence)					10.3	9.4	10

**Strong revenue growth of 6% in actual currency and 11% in constant currency<sup>2</sup>**

- Strong revenue growth of 8%<sup>2</sup> in PIC, our porcine genetics business; royalty revenue up 7%<sup>2</sup>, particularly high growth in Asia and Europe
- Continued royalty growth and high breeding stock sales in China contributing to PIC volume growth 11% (up 7% excluding China)
- Excellent revenue growth of 17%<sup>2</sup> in ABS, our bovine genetics business, particularly Brazil, Russia, India and China; continued success with Sexcel<sup>®</sup> and NuEra<sup>®</sup> beef genetics
- ABS volume growth of 19%, with sexed volumes up 42% and beef up 22%

**Record adjusted profit before tax ('PBT')<sup>1</sup>, up 44% in constant currency; statutory PBT at £38.7m**

- Adjusted operating profit including joint ventures and excluding gene editing cost<sup>1</sup> up 35%<sup>2</sup>
- Double digit adjusted operating profit growth<sup>1</sup> in PIC (up 17%<sup>2</sup>) and ABS (up 37%<sup>2</sup>); R&D investment decreased 2%<sup>2</sup> with lower spend than planned due to COVID-19 short-term constraints
- Statutory PBT increased 27% to £38.7m, impacted by a lower net IAS 41 biological asset valuation uplift offset by lower exceptional costs

**Strong cash generation, earnings momentum and increased dividends**

- Record first half free cash inflow<sup>1</sup> of £26.6m, net debt<sup>1</sup> reduced to £92.2m, net debt to EBITDA<sup>1</sup> of 0.8x
- Adjusted earnings per share<sup>1</sup> up 44%<sup>2</sup>; interim dividend up 10% with 3.3x adjusted earnings cover<sup>4</sup>

**Good strategic progress**

- Continue to win new customers globally, with leading porcine and bovine genetics; contributing through genetic improvements to the reduction in use of energy, water and land in animal protein production
- Beijing Capital Agribusiness Co. Ltd ('BCA') long-term collaboration in relation to PRRSv is progressing well, and first non-gene edited pigs shipped from US to stock BCA multiplication farms
- Continued shift in ABS's product mix with more than 20% of global sales volume now Sexcel<sup>®</sup>
- Significant capex spend is planned to support expansion of best in industry farm facilities for PIC and ABS
- Sustainability a key focus through our 'Delta C' programme; climate targets set to reduce carbon emissions and become carbon neutral

<sup>1</sup> 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.

<sup>2</sup> All growth/decline rates quoted are in constant currency unless otherwise stated. Constant currency percentage movements are calculated by restating the results for the six months ended 31 December 2020 at the average exchange rates applied to adjusted operating profit for the year ended 30 June 2020.

<sup>3</sup> n/m = not meaningful

<sup>4</sup> Calculated on a rolling 12 month basis

## **Commenting on the interim results, Stephen Wilson, Chief Executive, said:**

“Genus performed very strongly and made further good strategic progress in the first half of the 2021 fiscal year. The Group continued to show its resilience during the COVID-19 pandemic and I would like to thank our people who have shown great dedication to our customers whilst navigating the various challenges that the pandemic has caused.

“Both PIC and ABS grew adjusted operating profits in double digits, with China, Brazil, India and Russia, being notably high growth markets. PIC’s expansion in China was significant, gaining share with large producers that have been re-stocking following the spread of African Swine Fever in 2019. PIC Europe’s growth was also very strong reflecting success with key accounts, leveraging our genetics and supply chain.

“ABS’s volume growth in the half was a record, driven by the continued success of Sexcel®, and strong performance by our proprietary NuEra® beef business. Latin America, Europe and Asia all grew strongly, and ABS’s adjusted operating margin improved through better product mix and operating leverage.

“In the second half of the 2021 fiscal year we expect that growth will be lower and there are increased currency headwinds. Nevertheless, Genus continues to have significant growth opportunities and the Board’s expectations remain unchanged for the full year.”

## **Results presentation today**

A pre-recorded analysts and bankers briefing to discuss the interim results for the six months ended 31 December 2020 will be held via a video webcast facility and will be accessible via the following link from 7:01am today:

<https://webcasting.buchanan.uk.com/broadcast/600ed56bea090471deaf6780>

This will be followed by a live Q&A session to be held by invitation via Microsoft Teams at 10:30am.

## **Enquiries:**

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## **About Genus**

Genus advances animal breeding and genetic improvement by applying biotechnology and sells added value products for livestock farming and food producers. Its technology is applicable across livestock species and is currently commercialised by Genus in the dairy, beef and pork food production sectors.

Genus's worldwide sales are made in over 80 countries under the trademarks 'ABS' (dairy and beef cattle) and 'PIC' (pigs) and comprise semen, embryos and breeding animals with superior genetics to those animals currently in farms. Genus's customers' animals produce offspring with greater production efficiency and quality, and our customers use them to supply the global dairy and meat supply chains.

Genus’s competitive edge comes from the ownership and control of proprietary lines of breeding animals, the biotechnology used to improve them and its global supply chain, technical service and sales and distribution network.

Headquartered in Basingstoke, United Kingdom, Genus companies operate in over 25 countries on six continents, with research laboratories located in Madison, Wisconsin, USA.

## Group Performance

Whilst there were some impacts from COVID-19 in the Group, the overall performance in the first half of the year was very strong, with revenue increasing by 6% (11% in constant currency), and adjusted profit before tax growing 32% (44% in constant currency), to a record £48.4m.

Revenue of £285.7m (2019: £270.7m) increased 6% in actual and 11% in constant currency during the period. PIC (8% growth) and ABS (17% growth) both contributed, with particularly strong trading across Brazil, Russia, India and China. Strategically important porcine royalty revenue was up 7% in constant currency and ABS's volume growth was a record high of 19% achieved through sexed genetics up 42%, and beef up 22%.

Adjusted operating profit, including joint ventures and excluding gene editing, was £54.7m (2019: £43.7m), up 25% (35% in constant currency). Adjusted operating profit, including joint ventures and after the costs of gene editing, increased 40% in constant currency. Adjusted operating margin, including joint ventures, expanded to 17.9% (2019: 14.6%). Within this, Genus's share of adjusted joint venture operating profits was £5.9m (2019: £5.3m), with a strong performance in the PIC Agroceres JV in Brazil. The impact to profit from COVID-19 effects on trading across the Group were largely offset by short term travel savings of approximately £5m. Net finance costs decreased to £2.6m (2019: £2.8m).

Adjusted profit before tax was up 32% (44% in constant currency), the highest growth rate in over 10 years. This reflected double digit growth in adjusted operating profit in both PIC and ABS. The ongoing impact of African Swine Fever ('ASF') in China led to very high pork prices continuing through the period, driving strong breeding stock sales, royalty income and farm margins for PIC.

The statutory profit before tax was £38.7m (2019: £30.4m), benefitting from a £3.5m non-cash increase (2019: £13.3m) in net IAS 41 biological asset fair value. Other adjusting items, including amortisation of acquired intangibles and share based payments, were slightly higher in aggregate period to period. Exceptional costs of £5.1m were £7.7m lower than the prior period which included damages and costs for the ongoing ST litigation. A non-cash Guaranteed Minimum Pension ('GMP') equalisation charge of £3.3m in respect of legacy pension schemes has been recognised due to a High Court ruling on 20 November 2020, which ruled individual transfer payments made by UK pension schemes since 17 May 1990 would need to be equalised for the effects of GMP.

The tax rate on adjusted profit before tax was 22.9% (2019: 23.0%) and continued to benefit from the increased proportion of the Group's profit arising in China, where there is agricultural tax relief on certain activities. The statutory profit after tax was £30.3m (2019: £24.1m).

The effect of exchange rate movements on the translation of Genus's overseas profits was an adverse impact of £3.7m compared with the prior period, primarily from stronger Sterling against the Brazilian Real, Mexican Peso and Russian Rouble.

Free cash inflow of £26.6m (2019: £10.5m inflow) reflected the strong trading and a continued focus on improving working capital management. Cash generated by operations of £45.0m (2019: £32.9m) represented 100% conversion (2019: 96%) of adjusted operating profit of £45.1m (2019: £34.4m) into cash. Capital expenditure of £11.9m (2019: £17.0m) included continuing investment in the ABS supply chain and the new GenusOne enterprise system. Overall capital investment was lower than the same period last year, due to IntelliGen capital expenditure for new production locations incurred last year.

Net debt decreased to £92.2m (2019: £107.2m) benefiting from the strong free cash inflow and favourable foreign currency movement on US dollar loans of £7.0m, offset by payment of £7.0m of deferred consideration on previous acquisitions. The net debt to EBITDA ratio of 0.8x (2019: 0.9x) as defined in the debt facility agreement reflects strong EBITDA growth and lower net debt levels.

As a result of Genus's strong earnings growth and cash flow generation, the Board has declared an interim dividend of 10.3 pence per share, an increase of 10% on last year's interim dividend, which is payable on 1 April 2021 to shareholders on the register at 5 March 2021.

## Strategic Progress

Despite the challenges of COVID-19, Genus continued to successfully advance its strategy of creating value for farmers through delivering differentiated and sustainable proprietary genetic solutions that have been created through harnessing leading edge technologies, data and the talent of our people.

Our strategic investments in Genus's proprietary pork, dairy and beef breeding programs and leading sexing technology continued to benefit performance for both PIC and ABS. In PIC, demand for our superior genetics fuelled customer wins in all regions, and during the first half of the year PIC progressed its distribution contract with BCA in China with the delivery of the first non-gene-edited pigs from the USA as scheduled.

ABS now own over 50 of the top 100 Holstein bulls globally (\$Net Merit Index), and its NuEra beef programme gained further traction with customers as US beef feedlot trials demonstrated significant per calf value creation compared with alternatives.

In addition to delivering today, Genus is focused on the long term. Notwithstanding the short-term decrease in R&D spending in the first half, growing R&D investment to support the development of new technologies for our customers remains a focus. We are continuously improving IntelliGen, our bovine sexing technology, and our potentially transformational porcine PRRSv-resistance programme is progressing as planned. We have also made important new hires in the fields of reproductive biology and scientific data, as we explore new ways to create value for our customers.

The implementation of GenusOne, the Group's new enterprise system, is progressing well. We have now completed the 'go-live' in both businesses in North America and have plans to complete the rollout to the rest of the world on schedule.

We are investing over £50m in capex during the next two years, to create new porcine nucleus farms in Canada and Russia and new and upgraded bull housing facilities in the US and UK. These investments will support the Group's objectives of accelerating genetic improvement, meeting the growing demand for our products, increase supply chain resilience and lead the industry in terms of animal welfare standards and sustainability.

## Sustainability Focus

Our primary focus is the use of animal genetic improvement to drive the reduction in use of carbon/energy, water and land in animal protein production. The vision of Genus is 'Pioneering animal genetic improvement to help nourish the world' and as we look over time, we can see the clear impact improving genetics has on reducing greenhouse gasses ('GHGs') in protein production.

Additionally, we have two climate targets focused on our internal operations that support international (Paris) climate goals: Genus will reduce its carbon emissions by 25% (per tonne animal weight from 2020 levels) by 2030 and become a carbon 'net zero' business by 2050. We have established a carbon reduction trajectory and contributory reduction opportunities as part of our 'Delta C' programme. We are targeting 'least cost mitigation' measures for emissions from manures. We have completed an initial assessment of the potential for 'conservation' management of soils on our estate and are developing plans to realize this opportunity. We are also targeting reductions in GHGs using, among other things, renewable energy, methane management and capture, and electric vehicles in our operations.

## Outlook

Genus performed very strongly in the first half of the year, and we expect that the Group will remain resilient as the COVID-19 pandemic continues to impact society and the world economy and presents challenges for elements of the animal protein value chain. Although growth in the second half is anticipated to be lower than experienced in the first half and there are increased currency headwinds, the Board expects the company to perform in line with its expectations for the financial year 2021.

## Genus PIC – Operating Review

Six months ended 31 December	Actual currency			Constant
	2020	2019	Change	currency
	£m	£m	%	change
Revenue	152.9	146.5	4	8
Adjusted operating profit exc JV	63.0	57.3	10	14
Adjusted operating profit inc JV	68.9	62.6	10	17
Adjusted operating margin exc JV	41.2%	39.1%	2.1pts	2.3pts

### Market

COVID-19 and ASF caused significant volatility in global pork demand and supply in the period.

ASF continues to be a major influence on China's porcine industry. As expected, larger producers are rapidly growing capacity to rebuild China's pig herd. The Chinese herd recovered significantly in size through 2020, but ASF outbreaks continue. China's full recovery may take several years, keeping pig prices inflated and supporting higher pork imports than pre-ASF. While pig prices in China are down around 8% compared with a year ago and down 20% from their 24-month peak, they are around 150% higher than prices than pre-ASF. Pig prices are expected to moderate, but remain above historical levels, in the coming months in China, making market confidence and efficiency of producers even more important.

In the first nine months of 2020, EU pork exports were up more than 16%, with Chinese demand driving nearly all the growth. In September 2020, ASF was found in Germany and many trade partners, including China immediately banned German pork, affecting approximately 42% of German pork exports. Spanish exports to China have benefited but the ban decreased slaughter prices significantly across Europe, with producers incurring negative margins. Pressure on prices will continue into 2021, with lower consumption caused by COVID-19 also a factor. Labour shortages in slaughterhouses due to COVID-19 infections and new labour regulations have also caused backlogs of pigs and frozen pork in multiple EU countries. Sow inventory reductions have started, especially in North West Europe, supported by government buyout programmes to improve the environment, forthcoming animal welfare regulations and poor market conditions.

In the United States, COVID-19 brought unprecedented volatility to pork prices as slaughter pigs could not be slaughtered due to packing plant slowdowns. In 2021, production is forecast to be just 1% higher, with flat exports as less demand for exports to China are offset by increased demand from Japan and Mexico. While recent increases in corn and soybean prices are expected to have some impact on farmers' profits, buoyant lean hog futures point to profitable margins for producers in 2021.

In South America, Brazil had a record year for pork production helped by exports to China rising 36%. Brazilian pork production in 2021 is projected to increase 2.5% over 2020 levels on the back of recovering local demand and an increased share of China's lower import requirements.

### Performance

PIC's adjusted operating profit including joint ventures was £68.9m for the period, up 17% in constant currency, driven by very strong growth in most countries and especially China, Russia and Brazil. Volumes were up 11%, with all regions contributing and the highest growth was experienced in Asia and Europe. Total revenue increased by 8% in constant currency and strategically important porcine royalty revenue was up 7% in constant currency.

In North America, as expected COVID-19 continued to cause market volatility, packing plant slowdowns and reductions in customer breeding stock investments and pig numbers. Adjusted operating profit was down 6% and revenue was down 3% reflecting a 4% decline in royalty revenue. However, there was continued strong demand for the Camborough sow and Duroc PIC 800 sire from both new and existing customers, providing royalty growth opportunity for future periods.

Latin American adjusted operating profit grew by 13% in constant currency, with most countries contributing. Volumes were up 4% and royalty revenue were up 9% in constant currency. The buoyant market in Brazil, supported by strong exports to China, drove PIC Brazil adjusted operating profit growth of 30%. Higher royalties in Chile also contributed to growth in the period.

Adjusted operating profit in Europe rose by 42% and revenue was up by 10%. Royalty revenue was up 15%, with nearly all countries achieving growth. Expansion projects in Russia continued, nearly doubling profits, and PIC's partnerships with Hermitage Genetics and Møllevang continue to add value in the region and globally, through the wider portfolio of genetics, distribution and supply.

Asia's adjusted operating profit grew by 56%. The continued strength in pig prices contributed to exceptional profits across the pork industry in China, leading to PIC's continued growth in customer breeding projects, higher royalties and improved farm margins. PIC continued to invest in operations across Asia, and expanded its customer base in China, meaning it is now serving around one third of the top 50 producers. However, the Philippines continued to be adversely affected by a combination of COVID-19 and ASF.

## Genus ABS - Operating Review

Six months ended 31 December	Actual currency			Constant
	2020	2019	Change	currency
	£m	£m	%	change
Revenue	129.0	118.0	9	17
Adjusted operating profit	18.7	14.6	28	37
Adjusted operating margin	14.5%	12.4%	2.1pts	2.1pts

### Market

In the second half of 2020, consistent demand from retail and food services resulted in milk prices remaining stable. China and other Asian markets played an important role supporting these prices, with demand increasing compared with 2019. Some markets, such as Brazil, saw record milk prices, underpinned by local government initiatives aimed at countering the COVID-19 pandemic.

Much of the demand in China and Asia was met by increased imports from the US and New Zealand. In 2020, total milk exports worldwide grew at the fastest rate for three years, showing the resilience of dairy producers despite the COVID-19 pandemic. The second half of the year saw the major exporting nations achieve export growth of over 2 billion litres of milk against the same period in 2019. In the US, this was the result of an increase in the national herd size compared with the first half of 2020. The UK saw improved performance per cow, although the national herd decreased. China's increasing demand for feed, particularly for its recovering pork industry, continued to drive up global feed prices in the latter part of 2020. This is likely to continue into early 2021 applying pressure to dairy producer margins.

The COVID-19 pandemic affected beef consumption trends during 2020 and, in many markets, the switch from dining out to home eating stabilised overall demand in the second half of the year. Demand for beef in China also remained at the higher level it reached during the ASF pandemic, despite pork producers restocking. This contributed to beef prices throughout the period being higher than the prior year in Brazil, Australia and China, with demand outweighing supply. In Europe, beef prices were down moderately in the second half of 2020, underpinned by a constrained recovery in demand as COVID-19 restrictions remained greater than in other global markets. Uncertainty in the U.S. also saw prices fall by 5% in 2020 when compared to 2019, although prices stabilised in the second half of the year.

In the bovine genetics marketplace, the significant investment required to run competitive breeding programmes saw a number of trading partnerships develop, particularly between European co-operatives during this period. This trend is likely to continue as a smaller number of growing dairy and beef producers want to partner with world class leading genetics companies to help them grow sustainable protein production.

### Performance

Globally, COVID-19 created dynamic and challenging market conditions for our customers but overall demand for ABS's products was resilient. This was helped by the salesforce's focus on obtaining 100% of customers' business and the introduction of new partnership-based contract structures.

ABS's adjusted operating profit increased by 37%, with volumes up 19% and revenue up 17% in constant currency, as dairy customers continued the shift from conventional to sexed and beef genetics. Sexed volumes grew by 42%, reflecting Sexcel's continued success. Increased use of NuEra beef genetics in dairy herds, and customer growth in the traditional beef segment supported a 22% increase in global beef volumes.

Europe achieved volume growth of 10% and revenue growth of 12%, with adjusted operating profit up 28% against the prior year in constant currency. The business made strategic progress with key accounts in Russia and saw strong growth in other distributor markets. However, conditions in the UK and Italy were particularly challenging as COVID-19 lockdowns reduced salesforce mobility and customer access, and dairy producers limited their herd growth. Sexed semen volumes rose by 43%, with the UK, Ireland and the European distributor business achieving the strongest growth. The trend of dairy

customers using sexed genetics, coupled with beef genetics for a portion of the herd, led to beef volumes increasing by 4%. During the period, a new IntelliGen production facility was opened in Europe, our fourth external customer site globally.

In North America, revenue grew by 3% and adjusted operating profit increased by 5% in constant currency. Our ability to leverage our strategic investments in key account management was limited, as COVID-19 travel restrictions prevented face to face customer interactions. Overall volumes were 1% lower, as dairy producers rationalised genetic inventory on farm in response to the uncertain market conditions. Volumes of beef genetics into dairy animals rose 25%, supported by proprietary NuEra genetics selected for cross-bred beef-on-dairy performance, but there was limited growth in sexed volumes of 2% and customers also used less conventional product. Embryo volumes increased by 8%.

In Latin America, revenue grew by 35% and adjusted operating profit increased by 68% in constant currency, with Brazil particularly strong. The Brazil beef market was strong, and the team achieved good success through innovative digital sales campaigns, while maintaining robust pricing policies. Volumes in Latin America overall increased by 19%, with sexed volumes up 48% and beef volumes up 31%, utilising NuEra genetics, selected for cross-bred performance of North American sires with tropical cows. Embryo volumes increased by 35%.

In Asia, adjusted operating profit was up 116% and volumes by 52%, with trading activity increasing in China following a period of vertical integration among customers, as dairy processors acquired farms. Australia rebounded strongly from last year's turbulent drought and bushfire conditions. Sexed volumes were up 142%, with strong Sexcel sales in China and the business seeing the benefits of IntelliGen production at the State of Uttar Pradesh facility in India, which started operation earlier in 2020.



## Research and Development - Operating Review

Six months ended 31 December	Actual currency			Constant
	2020	2019	Change	currency
	£m	£m	%	change
Porcine product development	10.3	12.0	(14)	(11)
Bovine product development	9.3	9.7	(4)	1
Gene editing	3.7	4.3	(14)	(12)
Other research and development	5.7	4.8	19	23
<b>Net expenditure in R&amp;D<sup>5</sup></b>	<b>29.0</b>	<b>30.8</b>	<b>(6)</b>	<b>(2)</b>

### Performance

Net research and development investment decreased by 2% in constant currency, primarily due to the large investments in the prior period to expand the porcine elite nucleus populations. External research collaboration spend was also lower due to timing caused by COVID-19 constraints, and the Group benefited from efficiencies in gene editing capability, from internalising gene edited animal production. Genus continued to strengthen its proprietary differentiated offerings and to invest in key strategic initiatives, including gene editing, IntelliGen production capacity and porcine elite farm nucleuses, as well as further developing its research and development pipeline.

Porcine product development continued to deliver high rates of genetic improvement, driven by the combination of our expanded genetic production, implementing the best science and capturing accurate and meaningful data. Our ongoing improvement initiatives were focused on further refining our genomic evaluation, exploring digital tools for automated capture of new and novel traits, and continued integration of Møllevang genetics. The decrease in porcine product development expenditure was primarily related to start-up costs on projects in 2019 to expand capacity in Genus PIC's elite farms.

Bovine product development continued to generate an industry leading Holstein dairy bull portfolio, which supported strong volume growth in ABS. The De Novo joint venture continued to produce more than 50% of these animals and the strong pipeline of young bulls will help sustain our leadership position. Global demand for NuEra Genetics continued to grow and represented more than 20% of total beef volumes produced. Recent validation trials in customer systems have demonstrated NuEra's significant superiority to competitor genetics. In addition, we continue to invest in IntelliGen while amortising previously capitalised development costs. We expect to expand our production capacity further to meet increasing demand for sexed semen.

Gene editing expenditure decreased by 12% in the period, as work with Caribou completed and we internalised our capability for producing gene edited animals as planned. The PRRSv programme is progressing as planned, and we maintained our engagement with the US Food and Drug Administration, with whom we have a constructive and positive relationship. Directly and with local partners, we also initiated conversations on regulatory and market acceptance in key global markets including China and Japan.

Other research and development expenditure increased by 23%. This included initiating work on reproductive biology and data science objectives, and continuing efforts in our bioinformatics platform and genome science. External collaborations in a variety of discovery areas also continued, though at slower pace due to institutions prioritising COVID-19 research and vaccines.

<sup>5</sup> Excluding profit attributable to non-controlling interest

## **Principal risks and uncertainties**

Genus's approach to risk management is to identify, evaluate and prioritise risks and uncertainties and actively manage actions to mitigate them. The Genus plc Annual Report 2020 (a copy of which is available on the Genus plc website at [www.genusplc.com](http://www.genusplc.com)) sets out on pages 44-46 a number of risks and uncertainties that might impact the performance of the Group.

Some of these risks relate to the current business operations in our global agricultural markets, while others relate to future commercial exploitation of our leading-edge R&D programmes. We are also exposed to global economic and political risks such as trade restrictions. Additionally, we also monitor emerging new risks such as changing consumption patterns, environmental sustainability and the emergence of alternative proteins such as lab-based meat.

There has been no material change to the principal risks in the current financial year that might affect the performance of the Group.

**GENUS PLC**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 31 December 2020**

	Notes	Six months ended 31 December 2020 £m	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
<b>REVENUE</b>	4	<b>285.7</b>	270.7	551.4
<b>Adjusted operating profit</b>	4	<b>45.1</b>	34.4	65.3
<b>Adjusting items:</b>				
- Net IAS 41 valuation movement on biological assets	10	<b>3.5</b>	13.3	15.8
- Amortisation of acquired intangible assets	9	<b>(3.7)</b>	(4.0)	(8.5)
- Share-based payment expense		<b>(4.3)</b>	(2.8)	(5.8)
		<b>(4.5)</b>	6.5	1.5
- Exceptional items:	5			
- Litigation		<b>(1.7)</b>	(12.0)	(16.4)
- Pension related		<b>(3.3)</b>	-	-
- Acquisition and integration		<b>(0.1)</b>	(0.5)	(2.1)
- Other		-	(0.3)	(0.7)
Total exceptional items		<b>(5.1)</b>	(12.8)	(19.2)
<b>Total adjusting items</b>		<b>(9.6)</b>	(6.3)	(17.7)
<b>OPERATING PROFIT</b>		<b>35.5</b>	28.1	47.6
Share of post-tax profit of joint ventures and associates retained	12	<b>5.8</b>	5.1	8.9
Finance costs	6	<b>(2.8)</b>	(2.9)	(5.3)
Finance income	6	<b>0.2</b>	0.1	0.3
<b>PROFIT BEFORE TAX</b>		<b>38.7</b>	30.4	51.5
Taxation	7	<b>(8.4)</b>	(6.3)	(10.6)
<b>PROFIT FOR THE PERIOD</b>		<b>30.3</b>	24.1	40.9
<b>ATTRIBUTABLE TO:</b>				
Owners of the Company		<b>31.5</b>	23.7	40.5
Non-controlling interest		<b>(1.2)</b>	0.4	0.4
		<b>30.3</b>	24.1	40.9
<b>EARNINGS PER SHARE</b>	14			
Basic earnings per share		<b>48.4p</b>	36.5p	62.4p
Diluted earnings per share		<b>48.0p</b>	36.3p	61.9p
<b>Alternative Performance Measures</b>				
Adjusted operating profit		<b>45.1</b>	34.4	65.3
Adjusted operating profit attributable to non-controlling interest		-	(0.3)	(0.6)
Pre-tax share of profits from joint ventures and associates excluding net IAS 41 valuation movement		<b>5.9</b>	5.3	11.3
Gene editing costs		<b>3.7</b>	4.3	5.2
<b>Adjusted operating profit including joint ventures and associates, excluding gene editing costs</b>		<b>54.7</b>	43.7	81.2
Gene editing costs		<b>(3.7)</b>	(4.3)	(5.2)
<b>Adjusted operating profit including joint ventures and associates</b>		<b>51.0</b>	39.4	76.0
Net finance costs	6	<b>(2.6)</b>	(2.8)	(5.0)
<b>Adjusted profit before tax</b>		<b>48.4</b>	36.6	71.0
<b>Adjusted earnings per share</b>	14			
Basic adjusted earnings per share		<b>57.3p</b>	43.5p	85.4p
Diluted adjusted earnings per share		<b>56.9p</b>	43.2p	84.7p

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

**GENUS PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 31 December 2020**

	<b>Six months ended 31 December 2020</b>		<b>Six months ended 31 December 2019</b>		<b>Year ended 30 June 2020</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>PROFIT FOR THE PERIOD</b>		<b>30.3</b>		24.1		40.9
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign exchange translation differences	<b>(39.4)</b>		(24.1)		(4.9)	
Fair value movement on net investment hedges	-		0.6		(0.1)	
Fair value movement on cash flow hedges	<b>0.1</b>		(0.2)		(0.4)	
Tax relating to components of other comprehensive income	<b>6.2</b>		3.2		(1.4)	
		<u><b>(33.1)</b></u>		<u>(20.5)</u>		<u>(6.8)</u>
<b>Items that may not be reclassified subsequently to profit or loss</b>						
Actuarial gain/(loss) on retirement benefit obligations	<b>0.2</b>		(26.7)		(16.6)	
Movement on pension asset recognition restriction	<b>0.6</b>		13.6		10.4	
Release of additional pension liability	<b>1.8</b>		13.2		4.7	
Tax relating to components of other comprehensive income	<b>(0.5)</b>		-		0.8	
		<u><b>2.1</b></u>		<u>0.1</u>		<u>(0.7)</u>
<b>OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD</b>		<u><b>(31.0)</b></u>		<u>(20.4)</u>		<u>(7.5)</u>
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD</b>		<u><b>(0.7)</b></u>		<u>3.7</u>		<u>33.4</u>
<b>ATTRIBUTABLE TO:</b>						
Owners of the Company		<b>0.4</b>		3.5		33.1
Non-controlling interest		<b>(1.1)</b>		0.2		0.3
		<u><b>(0.7)</b></u>		<u>3.7</u>		<u>33.4</u>

**GENUS PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 31 December 2020**

	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
<b>BALANCE AT 30 JUNE 2019</b> <b>(restated*)</b>		6.5	179.0	(0.1)	35.8	0.2	267.0	488.4	(1.3)	487.1
Foreign exchange translation differences, net of tax		-	-	-	(6.4)	-	-	(6.4)	(0.1)	(6.5)
Fair value movement on net investment hedges, net of tax		-	-	-	0.1	-	-	0.1	-	0.1
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Actuarial loss on retirement benefit obligations, net of tax		-	-	-	-	-	(10.4)	(10.4)	-	(10.4)
Movement on pension asset recognition restriction, net of tax		-	-	-	-	-	6.8	6.8	-	6.8
Release of additional pension liability, net of tax		-	-	-	-	-	2.9	2.9	-	2.9
<b>Other comprehensive expense for the year</b>		-	-	-	(6.3)	(0.4)	(0.7)	(7.4)	(0.1)	(7.5)
Profit for the year		-	-	-	-	-	40.5	40.5	0.4	40.9
<b>Total comprehensive (expense)/income for the year</b>		-	-	-	(6.3)	(0.4)	39.8	33.1	0.3	33.4
Recognition of share-based payments, net of tax		-	-	-	-	-	5.5	5.5	-	5.5
Dividends	8	-	-	-	-	-	(18.3)	(18.3)	-	(18.3)
Issue of ordinary shares		-	0.1	-	-	-	-	0.1	-	0.1
<b>BALANCE AT 30 JUNE 2020</b>		<b>6.5</b>	<b>179.1</b>	<b>(0.1)</b>	<b>29.5</b>	<b>(0.2)</b>	<b>294.0</b>	<b>508.8</b>	<b>(1.0)</b>	<b>507.8</b>
Foreign exchange translation differences, net of tax		-	-	-	(33.3)	-	-	(33.3)	0.1	(33.2)
Fair value movement on net investment hedges, net of tax		-	-	-	-	-	-	-	-	-
Fair value movement on cash flow hedges, net of tax		-	-	-	-	0.1	-	0.1	-	0.1
Actuarial gain on retirement benefit obligations, net of tax		-	-	-	-	-	0.2	0.2	-	0.2
Movement on pension asset recognition restriction, net of tax		-	-	-	-	-	0.5	0.5	-	0.5
Release of additional pension liability, net of tax		-	-	-	-	-	1.4	1.4	-	1.4
<b>Other comprehensive (expense)/income for the period</b>		-	-	-	(33.3)	0.1	2.1	(31.1)	0.1	(31.0)
Profit/(loss) for the period		-	-	-	-	-	31.5	31.5	(1.2)	30.3
<b>Total comprehensive (expense)/income for the period</b>		-	-	-	(33.3)	0.1	33.6	0.4	(1.1)	(0.7)
Recognition of share-based payments, net of tax		-	-	-	-	-	4.0	4.0	-	4.0
Adjustment arising from changes in non-controlling interest		-	-	-	-	-	-	-	(0.2)	(0.2)
Dividends	8	-	-	-	-	-	(12.8)	(12.8)	-	(12.8)
<b>BALANCE AT 31 DECEMBER 2020</b>		<b>6.5</b>	<b>179.1</b>	<b>(0.1)</b>	<b>(3.8)</b>	<b>(0.1)</b>	<b>318.8</b>	<b>500.4</b>	<b>(2.3)</b>	<b>498.1</b>

	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
<b>BALANCE AT 30 JUNE 2019 (restated*)</b>		6.5	179.0	(0.1)	35.8	0.2	267.0	488.4	(1.3)	487.1
Foreign exchange translation differences, net of tax		-	-	-	(20.6)	-	-	(20.6)	(0.2)	(20.8)
Fair value movement on net investment hedges, net of tax		-	-	-	0.5	-	-	0.5	-	0.5
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Actuarial loss on retirement benefit obligations, net of tax		-	-	-	-	-	(22.1)	(22.1)	-	(22.1)
Movement on pension asset recognition restriction, net of tax		-	-	-	-	-	11.3	11.3	-	11.3
Release of additional pension liability, net of tax		-	-	-	-	-	10.9	10.9	-	10.9
<b>Other comprehensive (expense)/income for the period</b>		-	-	-	(20.1)	(0.2)	0.1	(20.2)	(0.2)	(20.4)
Profit for the period		-	-	-	-	-	23.7	23.7	0.4	24.1
<b>Total comprehensive (expense)/income for the period</b>		-	-	-	(20.1)	(0.2)	23.8	3.5	0.2	3.7
Recognition of share-based payments, net of tax		-	-	-	-	-	1.3	1.3	-	1.3
Dividends	8	-	-	-	-	-	(12.2)	(12.2)	-	(12.2)
<b>BALANCE AT 31 DECEMBER 2019 (restated*)</b>		6.5	179.0	(0.1)	15.7	-	279.9	481.0	(1.1)	479.9

\*see note 1 for details of the prior period restatement

**GENUS PLC**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2020**

	Notes	31 December 2020 £m	(restated*) 31 December 2019 £m	30 June 2020 £m
<b>Assets</b>				
Goodwill		99.4	101.5	105.6
Other intangible assets	9	68.7	77.1	76.2
Biological assets	10	294.2	287.1	310.1
Property, plant and equipment	11	110.0	107.8	117.9
Interests in joint ventures and associates	12	28.4	24.4	22.7
Other investments		6.8	6.7	6.9
Other receivables		2.0	-	1.8
Deferred tax assets		3.3	2.7	3.7
<b>Total non-current assets</b>		<b>612.8</b>	<b>607.3</b>	<b>644.9</b>
Inventories		35.0	33.7	37.4
Biological assets	10	38.2	46.1	39.8
Trade and other receivables		101.5	96.8	100.8
Cash and cash equivalents		50.2	31.1	41.3
Income tax receivable		2.9	3.0	3.1
Derivative financial asset	17	0.9	0.3	1.2
Asset held for sale		0.2	0.2	0.2
<b>Total current assets</b>		<b>228.9</b>	<b>211.2</b>	<b>223.8</b>
<b>Total assets</b>		<b>841.7</b>	<b>818.5</b>	<b>868.7</b>
<b>Liabilities</b>				
Trade and other payables		(92.5)	(86.7)	(95.0)
Interest-bearing loans and borrowings		(9.8)	(8.7)	(9.2)
Provisions	18	(3.7)	(10.0)	(4.0)
Deferred consideration	19	(1.0)	(0.4)	(7.5)
Obligations under leases		(9.0)	(7.5)	(10.0)
Current tax liabilities		(6.5)	(2.9)	(4.0)
Derivative financial liabilities	17	(0.4)	(0.5)	(0.5)
<b>Total current liabilities</b>		<b>(122.9)</b>	<b>(116.7)</b>	<b>(130.2)</b>

\*see note 1 for details of the prior period restatement

		(restated*)	
	<b>Notes</b>	<b>31 December 2020 £m</b>	<b>31 December 2019 £m</b>
			<b>30 June 2020 £m</b>
Trade and other payables		<b>(4.8)</b>	-
Interest-bearing loans and borrowings		<b>(105.0)</b>	(100.4)
Retirement benefit obligations	16	<b>(15.0)</b>	(20.5)
Provisions	18	<b>(10.9)</b>	(4.9)
Deferred consideration	19	<b>(0.4)</b>	(4.3)
Deferred tax liabilities		<b>(60.1)</b>	(64.6)
Derivative financial liabilities	17	<b>(5.9)</b>	(5.5)
Obligations under leases		<b>(18.6)</b>	(21.7)
<b>Total non-current liabilities</b>		<b>(220.7)</b>	(221.9)
<b>Total liabilities</b>		<b>(343.6)</b>	(338.6)
<b>Net assets</b>		<b>498.1</b>	479.9
<b>Equity</b>			
Called up share capital		<b>6.5</b>	6.5
Share premium account		<b>179.1</b>	179.0
Own shares		<b>(0.1)</b>	(0.1)
Translation reserve		<b>(3.8)</b>	15.7
Hedging reserve		<b>(0.1)</b>	-
Retained earnings		<b>318.8</b>	279.9
<b>Equity attributable to owners of the Company</b>		<b>500.4</b>	481.0
Non-controlling interest		<b>2.8</b>	4.4
Put option over non-controlling interest		<b>(5.1)</b>	(5.5)
<b>Total non-controlling interest</b>		<b>(2.3)</b>	(1.1)
<b>Total equity</b>		<b>498.1</b>	507.8

\*see note 1 for details of the prior period restatement



**GENUS PLC**  
**GROUP STATEMENT OF CASH FLOWS**  
**For the six months ended 31 December 2020**

	Notes	Six months ended 31 December 2020 £m	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
<b>Net cash flow from operating activities</b>	15	<b>38.1</b>	24.1	65.8
<b>Cash flows from investing activities</b>				
Dividends received from joint ventures and associates		-	0.2	2.5
Joint venture loan repayment		-	1.2	1.2
Investment in joint venture		<b>(0.4)</b>	(2.2)	(2.2)
Disposal of joint venture		-	3.8	3.8
Deferred consideration paid		<b>(6.6)</b>	(1.3)	(1.7)
Purchase of owned property, plant and equipment		<b>(9.5)</b>	(11.1)	(24.6)
Purchase of intangible assets		<b>(2.4)</b>	(5.9)	(10.8)
Proceeds from sale of owned property, plant and equipment		<b>0.6</b>	2.0	1.1
<b>Net cash outflow from investing activities</b>		<b>(18.3)</b>	(13.3)	(30.7)
<b>Cash flows from financing activities</b>				
Drawdown of borrowings		<b>148.3</b>	54.5	80.0
Repayment of borrowings		<b>(138.0)</b>	(46.0)	(73.8)
Payment of lease liabilities		<b>(5.0)</b>	(5.1)	(11.1)
Equity dividends paid		<b>(12.8)</b>	(12.2)	(18.3)
Dividend to non-controlling interest		<b>(0.2)</b>	-	-
Debt issue costs		<b>(1.9)</b>	-	-
Issue of ordinary shares		-	-	0.1
<b>Net cash outflow from financing activities</b>		<b>(9.6)</b>	(8.8)	(23.1)
<b>Net increase in cash and cash equivalents</b>		<b>10.2</b>	2.0	12.0
Cash and cash equivalents at beginning of period		<b>41.3</b>	30.5	30.5
Net increase in cash and cash equivalents		<b>10.2</b>	2.0	12.0
Effect of exchange rate fluctuations on cash and cash equivalents		<b>(1.3)</b>	(1.4)	(1.2)
<b>Total cash and cash equivalents at end of period</b>		<b>50.2</b>	31.1	41.3

**GENUS PLC**  
**ANALYSIS OF NET DEBT**  
**For the six months ended 31 December 2020**

	At 1 July 2020 £m	Net cash flows £m	Foreign exchange £m	Non-cash movement £m	At 31 December 2020 £m
Cash and cash equivalents	<u>41.3</u>	<u>10.2</u>	<u>(1.3)</u>	<u>-</u>	<u>50.2</u>
Interest-bearing loans - current	<u>(9.2)</u>	<u>(0.7)</u>	<u>0.6</u>	<u>(0.5)</u>	<u>(9.8)</u>
Lease liabilities -current	<u>(10.0)</u>	<u>5.0</u>	<u>0.5</u>	<u>(4.5)</u>	<u>(9.0)</u>
	<u>(19.2)</u>	<u>4.3</u>	<u>1.1</u>	<u>(5.0)</u>	<u>(18.8)</u>
Interest-bearing loans non-current	<u>(103.6)</u>	<u>(7.7)</u>	<u>6.3</u>	<u>-</u>	<u>(105.0)</u>
Lease liabilities – non-current	<u>(21.1)</u>	<u>-</u>	<u>1.0</u>	<u>1.5</u>	<u>(18.6)</u>
	<u>(124.7)</u>	<u>(7.7)</u>	<u>7.3</u>	<u>1.5</u>	<u>(123.6)</u>
<b>Total debt financing</b>	<u>(143.9)</u>	<u>(3.4)</u>	<u>8.4</u>	<u>(3.5)</u>	<u>(142.4)</u>
<b>Net debt</b>	<u>(102.6)</u>	<u>6.8</u>	<u>7.1</u>	<u>(3.5)</u>	<u>(92.2)</u>

	At 1 July 2019 (reported) £m	Adoption of IFRS 16 leases £m	At 1 July 2019 (post adoption) £m	Net cash flows £m	Foreign exchange £m	Non-cash movement £m	At 31 December 2019 £m
Cash and cash equivalents	<u>30.5</u>	<u>-</u>	<u>30.5</u>	<u>2.0</u>	<u>(1.4)</u>	<u>-</u>	<u>31.1</u>
Interest-bearing loans - current	<u>(2.1)</u>	<u>-</u>	<u>(2.1)</u>	<u>(6.7)</u>	<u>0.3</u>	<u>(0.2)</u>	<u>(8.7)</u>
Lease liabilities - current	<u>(2.2)</u>	<u>(7.5)</u>	<u>(9.7)</u>	<u>5.1</u>	<u>0.1</u>	<u>(3.0)</u>	<u>(7.5)</u>
	<u>(4.3)</u>	<u>(7.5)</u>	<u>(11.8)</u>	<u>(1.6)</u>	<u>0.4</u>	<u>(3.2)</u>	<u>(16.2)</u>
Interest-bearing loans non-current	<u>(101.9)</u>	<u>-</u>	<u>(101.9)</u>	<u>(1.8)</u>	<u>3.3</u>	<u>-</u>	<u>(100.4)</u>
Lease liabilities – non-current	<u>(3.9)</u>	<u>(19.1)</u>	<u>(23.0)</u>	<u>-</u>	<u>1.1</u>	<u>0.2</u>	<u>(21.7)</u>
	<u>(105.8)</u>	<u>(19.1)</u>	<u>(124.9)</u>	<u>(1.8)</u>	<u>4.4</u>	<u>0.2</u>	<u>(122.1)</u>
<b>Total debt financing</b>	<u>(110.1)</u>	<u>(26.6)</u>	<u>(136.7)</u>	<u>(3.4)</u>	<u>4.8</u>	<u>(3.0)</u>	<u>(138.3)</u>
<b>Net debt</b>	<u>(79.6)</u>	<u>(26.6)</u>	<u>(106.2)</u>	<u>(1.4)</u>	<u>3.4</u>	<u>(3.0)</u>	<u>(107.2)</u>

Net debt is defined as the total of cash and cash equivalents, interest-bearing loans, unamortised debt issue costs and lease obligations.

**GENUS PLC**  
**NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS**  
**For the six months ended 31 December 2020**

**1. Basis of preparation**

The unaudited Condensed Set of Financial Statements for the six months ended 31 December 2020:

- were prepared in accordance with International Accounting Standard 34 '*Interim Financial Reporting*' ('IAS 34') and thereby have been prepared in conformity with the requirements of the Companies Act 2006 and the International Financial Reporting Standards ('IFRSs') adopted pursuant to the Regulation (EC) No 1606/2002 as it applies in the European Union;
- are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements; these should be read, therefore, in conjunction with the Genus plc Annual Report 2020;
- includes all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the periods presented;
- do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006; and
- were approved by the Board of Directors on 24 February 2021.

The information relating to the year ended 30 June 2020 is an extract from the published financial statements for that year, which have been delivered to the Registrar of Companies. The auditor's report on those financial statements was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The unaudited Condensed Set of Financial Statements for the six months ended 31 December 2020 has not been reviewed by our Auditor.

The unaudited condensed set of financial statements have been prepared on the basis of the accounting policies set out in the Annual Report 2020. The Genus plc Annual Report 2020 (a copy of which is available on the Genus plc website at [www.genusplc.com](http://www.genusplc.com)) sets out on pages 44-46 a number of risks and uncertainties that might impact upon the performance of the Group. There has been no material change to the principal risks that might affect the performance of the Group in the current financial year.

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, they have considered

- these risks and uncertainties including uncertainty arising from Covid-19 and its impact on our people, our customers and our critical business processes, taking into account the resilient performance of the Group to date in dealing with the challenges of Covid-19;
- Genus's results to 31 December 2020 including its strong cash position with free cash flow of £26.6m (2019: £10.5m) and net debt of £92.2m (2019: £107.2m) and had substantial headroom of £135.8m (2019: £125.6m) under the Group's credit facilities of £241m; and
- Genus's new credit facility agreement which consists of a £150m multi-currency RCF, a 125m US dollar RCF and a 20m US dollar bond and guarantee facility. The term of the new facility is for three years with an option to extend the maturity date before the first and second anniversaries of the signing date for a further year. The facility also includes an uncommitted £100m accordion option which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans.

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 half-yearly report and the Condensed Set of Financial Statements.

The preparation of the Condensed Set of Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the period. Actual results could vary from these 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 revision and future periods if the revision affects both current and future periods.

For the year ended 30 June 2020, we restated the prior period balances sheets in accordance with IAS 8 and in accordance with IAS 1 (revised), to update an input used in the valuation of our porcine biological assets that was not in line with operational data, reducing the biological asset value by £20.5m and related deferred tax balances of £5.3m. We have therefore also reclassified the comparative period to 31 December 2019 to reflect these previously reported changes, so to be consistent with the 2020 Annual Report. For the six months ended 31 December 2019, there has been no material effect on the Group Income Statement, Group Statement of Comprehensive Income and no impact on the Group Statement of Cash Flows. Therefore, there has been no restatement of the Group Income Statement and there is no adjustment to earnings per share.

## 2. Accounting policies and non-GAAP measures

### **New standards and interpretations**

In the current period, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins after 1 January 2020 and has been implemented with effect from 1 July 2020.

- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4);
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Definition of a Business (Amendments to IFRS 3);
- Covid-19-Related Rent Concessions (Amendment to IFRS 16).

Their addition has not had any material impact on the disclosures, or the amounts reported in the Group Financial Statements.

### **New standards and interpretations not yet adopted**

At the date of the interim 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 in accordance with the Companies Act 2006). The Group will continue to assess the impact of these amendments prior to their adoption.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements 2018-2020 Cycle;
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
- Amendments to IFRS 17;

### **Alternative performance measures ('APMs')**

In reporting financial information, the Group presents Alternative Performance Measures, ('APMs'), which are not defined or specified under the requirements of IFRS and which are not considered to be a substitute for, or superior to, IFRS measures.

The Group believes that these APMs provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how we plan our business performance and report on it in our internal management reporting to the Board and the executive leadership team. Some of these measures are also used for the purpose of setting remuneration targets.

For a full list of all APMs please see the Alternative Performance Measures glossary at the end of this release.

### 3. Foreign currencies

The principal exchange rates used were as follows:

	Average			Closing		
	Six months ended 31 December 2020	Six months ended 31 December 2019	Year ended 30 June 2020	31 December 2020	31 December 2019	30 June 2020
US Dollar/£	1.32	1.26	1.26	1.37	1.33	1.24
Euro/£	1.11	1.14	1.14	1.12	1.18	1.10
Brazilian Real/£	7.18	5.13	5.74	7.10	5.33	6.77
Mexican Peso/£	28.07	24.50	26.08	27.16	25.11	28.52
Chinese Yuan/£	8.90	8.88	8.89	8.92	9.23	8.75
Russian Rouble/£	100.37	81.02	85.17	101.11	82.30	88.19

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. We translate these operations' revenues and expenses using an average rate for the period.

#### 4. 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 Group Chief Executive and the Board to allocate resources to the segments and to assess their performance.

The Group's operating and reporting structure comprises of three operating segments; Genus PIC, Genus ABS and Research and Development. These segments are the basis on which the Group reports its segmental information. The principal activities of each segment are as follows:

- Genus PIC – our global porcine sales business;
- Genus ABS - our global bovine sales business; and
- Research and Development – our global spend on research and development.

A segment analysis of revenue, operating profit and segment assets and liabilities are detailed below. We do not include our adjusting items in the revenue and operating profit segments as we believe these do not reflect the trading progress 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

	<b>Six months ended 31 December 2020 £m</b>	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
Genus PIC	<b>152.9</b>	146.5	298.8
Genus ABS	<b>129.0</b>	118.0	237.6
Research and Development			
Porcine Product Development	<b>3.0</b>	5.0	11.7
Bovine Product Development	<b>0.8</b>	1.2	3.3
Gene Editing	-	-	-
Other Research and Development	-	-	-
	<b>3.8</b>	6.2	15.0
	<b>285.7</b>	270.7	551.4

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 period is shown on the face of the Condensed Consolidated Income Statement.

## Adjusted operating profit

	Six months ended 31 December 2020	Six months ended 31 December 2019	Year ended 30 June 2020
	£m	£m	£m
Genus PIC	63.0	57.3	113.3
Genus ABS	18.7	14.6	32.5
Research and Development			
Porcine Product Development	(10.3)	(12.0)	(28.9)
Bovine Product Development	(9.3)	(9.4)	(20.6)
Gene Editing	(3.7)	(4.3)	(5.2)
Other Research and Development	(5.7)	(4.8)	(10.2)
	(29.0)	(30.5)	(64.9)
<b>Adjusted segment operating profit</b>	<b>52.7</b>	41.4	80.9
Central	(7.6)	(7.0)	(15.6)
<b>Adjusted operating profit</b>	<b>45.1</b>	34.4	65.3

Our business is not highly seasonal and our customer base is diversified, with no individual customer generating more than 2% of revenue.

Exceptional items, not included within adjusted operating profit, of £5.1m expense (2019: £12.8m expense), relate to Genus ABS (£1.6m expense), Genus PIC (£nil) and our central segment (£3.5m expense). Note 5 provides the details of these exceptional items.

We consider share-based payment expenses, not included within adjusted operating profit, on a Group-wide basis and do not allocate them to reportable segments.

	<u>Segment assets</u>			<u>Segment liabilities</u>		
		(restated*)			(restated*)	
	31 December 2020 £m	31 December 2019 £m	30 June 2020 £m	31 December 2020 £m	31 December 2019 £m	30 June 2020 £m
Genus PIC	253.9	242.1	247.6	(52.7)	(62.4)	(72.6)
Genus ABS	198.5	184.8	201.3	(57.3)	(47.5)	(52.9)
Research and Development						
Porcine Product Development	216.7	211.6	226.3	(51.9)	(50.7)	(56.3)
Bovine Product Development	130.9	134.0	146.5	(28.9)	(26.4)	(33.6)
Research	6.4	7.6	7.2	(3.7)	(1.5)	(3.5)
	354.0	353.2	380.0	(84.5)	(78.6)	(93.4)
<b>Segment total</b>	<b>806.4</b>	780.1	828.9	<b>(194.5)</b>	(188.5)	(218.9)
Central	35.3	38.4	39.8	(149.1)	(150.1)	(142.0)
<b>Total</b>	<b>841.7</b>	818.5	868.7	<b>(343.6)</b>	(338.6)	(360.9)

\*see note 1 for details of the prior period restatement



## Revenue by product

	<b>Six months ended 31 December 2020 £m</b>	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
Sale of animals, semen, embryos, products and ancillary services	<b>212.0</b>	199.9	408.1
Royalties	<b>70.2</b>	67.4	136.2
Consulting services	<b>3.5</b>	3.4	7.1
	<b>285.7</b>	270.7	551.4

## Revenue from contracts with customers

	<b>Six months ended 31 December 2020 £m</b>	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
Genus PIC	<b>151.5</b>	144.8	295.5
Genus ABS	<b>119.1</b>	108.0	217.7
Research and Development	<b>3.8</b>	6.2	14.9
<b>Recognised at a point in time</b>	<b>274.4</b>	259.0	528.1
Genus PIC	<b>1.4</b>	1.7	3.3
Genus ABS	<b>9.9</b>	10.0	19.9
Research and Development	<b>-</b>	-	0.1
<b>Recognised over time</b>	<b>11.3</b>	11.7	23.3
<b>Total Revenue</b>	<b>285.7</b>	270.7	551.4

## 5. Exceptional items

	<b>Six months ended 31 December 2020 £m</b>	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
Operating expenses:			
Litigation and damages	<b>(1.7)</b>	(12.0)	(16.4)
Pension related	<b>(3.3)</b>	-	-
Acquisition and integration	<b>(0.1)</b>	(0.5)	(2.1)
Other	<b>-</b>	(0.3)	(0.7)
	<b>(5.1)</b>	(12.8)	(19.2)

### Litigation

Litigation includes legal fees and related costs of £1.7m (2019: £3.8m) related to the actions between ABS Global, Inc. ('ABS') and Inguran, LLC (aka STGenetics ('ST')) and £nil (2019: £8.2m) for damages and costs related to patent infringement, which is included in non-current provisions (see note 18).

*ST litigation activities six-month period ended 31 December 2020.*

The ABS I and ABS II proceedings in the periods before the year ended 30 June 2020 are more fully described in the Notes to the Financial Statements in previous Annual Reports.

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. The parties await the court's decision.

On 10 March 2020, the USPTO issued patent 10,583,439 (the "439 patent'), and subsequently ST asked the court for permission to file a supplemental complaint in ABS III asserting infringement of the '439 patent. ABS believes that ST's claim for infringement falls short and has filed an opposition to ST's request. On 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 has opposed this action and has filed a motion for summary dismissal. On 23 June 2020, the USPTO issued patent 10,689,210 (the '210 patent'), and on 6 July 2020, ST sought a second supplement of ABS III by adding a claim of '210 patent infringement. ABS has opposed this action. The parties await the court's decision. On 26 October 2020 and 10 December 2020 ABS filed Inter Partes Review against the '439 and '210 patents.

ABS has also sought judgments as a matter of law ('JMOL') in relation to the invalidity of all three of the patents considered in ABS II, JMOLs in relation to the non-infringement of two of those patents, and a reduction in damages awarded by the jury. The parties await the court's decision.

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 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.

### **Pension related**

On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. This judgment followed on from the previous judgment on 26 October 2018, where the High Court ruled that schemes had a legal obligation to pay benefits allowing for GMP equalisation, resulting in an additional liability being recognised. The previous judgment had not considered historic transfer values. Genus's legacy pension schemes are also affected by this ruling, resulting in an aggregate past service charge of £3.3m in the period, being £0.9m for the Dalgety Pension Fund ('DPF') and £2.4m for the Milk Pension Fund ('MPF').

### **Acquisition and integration**

During the period £0.1m (2019: £0.5m) of expenses were incurred in relation to acquisitions and integration.

## 6. Net finance costs

	Six months ended 31 December 2020 £m	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
Interest payable on bank loans and overdrafts	(1.4)	(1.7)	(2.9)
Amortisation of debt issue costs	(0.5)	(0.2)	(0.4)
Other interest payable	-	(0.2)	(0.1)
Unwinding of discount put options	(0.3)	-	(0.5)
Interest on lease liabilities	(0.4)	(0.5)	(1.0)
Net interest cost in respect of pension scheme liabilities	(0.2)	(0.3)	(0.4)
<b>Total interest expense</b>	<b>(2.8)</b>	<b>(2.9)</b>	<b>(5.3)</b>
Interest income on bank deposits	0.2	0.1	0.3
<b>Total interest income</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>
<b>Net finance costs</b>	<b>(2.6)</b>	<b>(2.8)</b>	<b>(5.0)</b>

## 7. Taxation

	Six months ended 31 December 2020 £m	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
Current tax	8.2	3.7	12.7
Deferred tax	0.2	2.6	(2.1)
<b>Income tax expense</b>	<b>8.4</b>	<b>6.3</b>	<b>10.6</b>

The tax charge for the period of £8.4m (2019: £6.3m) on the statutory profit represents an effective tax rate of 21.7% (2019: 20.7%).

The tax charge on adjusted profits for the period is £11.1m (2019: £8.4m), which represents a tax rate on adjusted profits of 22.9% (2019: 23.0%). The Group tax charge benefits by approximately 2.5% from the share of Group profits arising in China, which is taxed at an average rate of 15% due to the availability of tax relief on owned production agricultural activities.

In common with other UK Groups, the Group has a potential exposure to the State Aid challenge of the European Commission to group financing arrangements put in place under the UK's CFC Finco regime. The maximum potential exposure is £4.3m. Based on a comparative benchmarking study of the significant people functions performed in the UK relating to these structures, the company has made a provision of £1m for this uncertain tax position in a previous year and we believe this provision remains adequate. In February 2021 the company received correspondence from HMRC advising that they would shortly issue a charging notice for £1.2m in respect of these exposures. The company intends to appeal this charging notice.

There is a deferred tax liability at the period end of £60.1m (2019: £64.6m) which mainly relates to the recognition at fair value of biological assets and intangible assets arising on acquisition and a deferred tax asset of £3.3m (2019: £2.7m) relating to future tax deductions in respect of pension scheme liabilities, share scheme awards and financial instruments.

## 8. Dividends

	Six months ended 31 December 2020 £m	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
Amounts recognised as distributions to equity holders in the period:			
<b>Final dividend</b>			
Final dividend for the year ended 30 June 2020 of 19.7 pence per share	12.8	-	-
Final dividend for the year ended 30 June 2019 of 18.8 pence per share	-	12.2	12.2
<b>Interim dividend</b>			
Interim dividend for the year ended 30 June 2020 of 9.4 pence per share	-	-	6.1
	<u>12.8</u>	<u>12.2</u>	<u>18.3</u>

The final dividend for the year ended 30 June 2020 was approved at the Company Annual General Meeting on 25 November 2020 and paid on 11 December 2020.

On 24 February 2021, the Directors proposed an interim dividend of 10.3 pence per share payable on 1 April 2021.

## 9. Other intangible assets

	Porcine and bovine genetics Technology £m	Brand, multiplier contracts and customer relationships £m	Separately identified acquired intangible assets £m	Software £m	Assets under construction £m	IntelliGen £m	Patents, licence and other £m	Total £m
<b>Cost</b>								
Balance at 1 July 2019	53.0	85.1	138.1	14.7	11.0	24.0	4.4	192.2
Additions	-	-	-	0.1	8.9	1.8	-	10.8
Disposals	-	-	-	(0.6)	-	(1.0)	-	(1.6)
Transfers	-	-	-	13.6	(13.6)	-	-	-
Effect of movements in exchange rates	(1.0)	0.8	(0.2)	0.1	-	0.6	-	0.5
<b>Balance at 30 June 2020</b>	<b>52.0</b>	<b>85.9</b>	<b>137.9</b>	<b>27.9</b>	<b>6.3</b>	<b>25.4</b>	<b>4.4</b>	<b>201.9</b>
Additions	-	-	-	-	1.5	0.9	-	2.4
Disposals	-	-	-	(0.8)	-	-	-	(0.8)
Transfers	-	-	-	0.2	(0.2)	-	-	-
Effect of movements in exchange rates	(0.3)	(6.8)	(7.1)	(0.6)	-	(2.5)	(0.1)	(10.3)
<b>Balance at 31 December 2020</b>	<b>51.7</b>	<b>79.1</b>	<b>130.8</b>	<b>26.7</b>	<b>7.6</b>	<b>23.8</b>	<b>4.3</b>	<b>193.2</b>
<b>Amortisation and impairment losses</b>								
Balance at 1 July 2019	30.8	61.8	92.6	11.6	-	5.0	2.9	112.1
Impairment	-	-	-	0.2	-	-	-	0.2
Disposal	-	-	-	-	-	(0.4)	-	(0.4)
Amortisation for the year	2.9	5.6	8.5	1.6	-	2.3	1.0	13.4
Effect of movements in exchange rates	(0.5)	0.8	0.3	0.1	-	-	-	0.4
<b>Balance at 30 June 2020</b>	<b>33.2</b>	<b>68.2</b>	<b>101.4</b>	<b>13.5</b>	<b>-</b>	<b>6.9</b>	<b>3.9</b>	<b>125.7</b>
Amortisation for the period	1.4	2.3	3.7	1.3	-	1.0	0.1	6.1
Disposal	-	-	-	(0.3)	-	-	-	(0.3)
Effect of movements in exchange rates	(0.1)	(5.6)	(5.7)	(0.5)	-	(0.7)	(0.1)	(7.0)
<b>Balance at 31 December 2020</b>	<b>34.5</b>	<b>64.9</b>	<b>99.4</b>	<b>14.0</b>	<b>-</b>	<b>7.2</b>	<b>3.9</b>	<b>124.5</b>
<b>Carrying amounts</b>								
<b>At 31 December 2020</b>	<b>17.2</b>	<b>14.2</b>	<b>31.4</b>	<b>12.7</b>	<b>7.6</b>	<b>16.6</b>	<b>0.4</b>	<b>68.7</b>
<b>At 30 June 2020</b>	<b>18.8</b>	<b>17.7</b>	<b>36.5</b>	<b>14.4</b>	<b>6.3</b>	<b>18.5</b>	<b>0.5</b>	<b>76.2</b>

Included within the Software class of assets is £10.6m (30 June 2020: £11.5m) and included in assets in the course of construction is £7.5m (30 June 2020: £5.7m) that relate to the ongoing development costs of GenusOne, our single global enterprise system.

## 10. Biological assets

Fair value of biological assets	Bovine £m	Porcine £m	Total £m
<b>Balance at 1 July 2020</b>	<b>107.2</b>	<b>242.7</b>	<b>349.9</b>
Increases due to purchases	5.9	57.4	63.3
Decreases attributable to sales	-	(111.6)	(111.6)
Decrease due to harvest	(11.1)	(10.7)	(21.8)
Changes in fair value less estimated sale costs	3.9	77.4	81.3
Effect of movements in exchange rates	(9.0)	(19.7)	(28.7)
<b>Balance at 31 December 2020</b>	<b>96.9</b>	<b>235.5</b>	<b>332.4</b>
Non-current biological assets	96.9	197.3	294.2
Current biological assets	-	38.2	38.2
<b>Balance at 31 December 2020</b>	<b>96.9</b>	<b>235.5</b>	<b>332.4</b>
<b>Balance at 1 July 2019 (restated*)</b>	98.7	228.5	327.2
Increases due to purchases	6.6	53.9	60.5
Decreases attributable to sales	-	(112.5)	(112.5)
Decrease due to harvest	(11.1)	(12.3)	(23.4)
Changes in fair value less estimated sale costs	13.1	82.5	95.6
Effect of movements in exchange rates	(4.4)	(9.8)	(14.2)
<b>Balance at 31 December 2019 (restated*)</b>	<b>102.9</b>	<b>230.3</b>	<b>333.2</b>
Non-current biological assets	102.9	184.2	287.1
Current biological assets	-	46.1	46.1
<b>Balance at 31 December 2019 (restated*)</b>	<b>102.9</b>	<b>230.3</b>	<b>333.2</b>
<b>Balance at 1 July 2019 (restated*)</b>	98.7	228.5	327.2
Increases due to purchases	17.5	118.7	136.2
Decreases attributable to sales	-	(217.3)	(217.3)
Decrease due to harvest	(24.5)	(22.7)	(47.2)
Changes in fair value less estimated sale costs	13.5	130.6	144.1
Effect of movements in exchange rates	2.0	4.9	6.9
<b>Balance at 30 June 2020</b>	<b>107.2</b>	<b>242.7</b>	<b>349.9</b>
Non-current biological assets	107.2	202.9	310.1
Current biological assets	-	39.8	39.8
<b>Balance at 30 June 2020</b>	<b>107.2</b>	<b>242.7</b>	<b>349.9</b>

\*see note 1 for details of the prior period restatement

## **Bovine**

Bovine biological assets include £8.2m (2019: £5.4m) representing the fair value of bulls owned by third parties but managed by the Group, net of expected future payments to such third parties, which are therefore treated as assets held under finance leases. There are no movements in the carrying value of the bovine biological assets in respect of sales or other changes during the period.

A risk adjusted rate of 8.8% (2019: 8.7%) 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.

## **Porcine**

Included in increases due to purchases is the aggregate increase arising during the period on initial recognition of biological assets in respect of multiplier purchases, other than parent gilts, of £23.4m (2019: £18.0m).

Decreases attributable to sales during the period of £111.6m (2019: £112.5m) include £34.7m (2019: £33.5m) 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 £46.0m (2019: £49.2m) 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 period.

Total revenue in the period, including parent gilts, includes £109.1m (2019: £103.0m) in respect of these contracts, comprising £34.2m (2019: £35.5m) on initial transfer of animals and semen to customers and £74.9m (2019: £67.4m) in respect of royalties received.

A risk adjusted rate of 8.8% (2019: 11.0%) has been used to discount future net cash flows from the expected output of the pure line porcine herds. The number of future generations which have been taken into account is seven (2019: seven) and their estimated useful lifespan is 1.4 years (2019: 1.4 years).

<b>Six months ended 31 December 2020</b>	<b>Bovine £m</b>	<b>Porcine £m</b>	<b>Total £m</b>
Net IAS 41 valuation movement on biological assets*			
Changes in fair value of biological assets	3.9	77.4	81.3
Inventory transferred to cost of sales at fair value	(10.5)	(10.7)	(21.2)
Biological assets transferred to cost of sales at fair value	-	(56.4)	(56.4)
	<u>(6.6)</u>	<u>10.3</u>	<u>3.7</u>
Fair value movements in related financial derivative	-	(0.2)	(0.2)
	<u>(6.6)</u>	<u>10.1</u>	<u>3.5</u>
<b>Six months ended 31 December 2019</b>	<b>Bovine £m</b>	<b>Porcine £m</b>	<b>Total £m</b>
Net IAS 41 valuation movement on biological assets*			
Changes in fair value of biological assets	13.1	82.5	95.6
Inventory transferred to cost of sales at fair value	(9.7)	(12.3)	(22.0)
Biological assets transferred to cost of sales at fair value	-	(59.5)	(59.5)
	<u>3.4</u>	<u>10.7</u>	<u>14.1</u>
Fair value movements in related financial derivative	-	(0.8)	(0.8)
	<u>3.4</u>	<u>9.9</u>	<u>13.3</u>
<b>Year ended 30 June 2020</b>	<b>Bovine £m</b>	<b>Porcine £m</b>	<b>Total £m</b>
Net IAS 41 valuation movement on biological assets*			
Changes in fair value of biological assets	13.5	130.6	144.1
Inventory transferred to cost of sales at fair value	(10.9)	(22.7)	(33.6)
Biological assets transferred to cost of sales at fair value	-	(95.1)	(95.1)
	<u>2.6</u>	<u>12.8</u>	<u>15.4</u>
Fair value movements in related financial derivative	-	0.4	0.4
	<u>2.6</u>	<u>13.2</u>	<u>15.8</u>

\* 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.



## 11. Property, plant and equipment

	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
<b>Cost or deemed cost</b>								
Balance at 1 July 2019	62.1	91.3	4.7	158.1	-	-	-	158.1
Recognised on the adoption of IFRS 16	-	-	-	-	19.7	6.9	26.6	26.6
Transfers on the adoption of IFRS 16	-	(12.2)	-	(12.2)	-	12.2	12.2	-
Additions	0.4	9.4	14.8	24.6	1.9	7.2	9.1	33.7
Transfers	6.6	4.7	(11.3)	-	-	-	-	-
Disposals	(1.6)	(5.4)	-	(7.0)	-	(2.7)	(2.7)	(9.7)
Effect of movements in exchange rates	0.4	-	-	0.4	0.3	0.4	0.7	1.1
<b>Balance at 30 June 2020</b>	<b>67.9</b>	<b>87.8</b>	<b>8.2</b>	<b>163.9</b>	<b>21.9</b>	<b>24.0</b>	<b>45.9</b>	<b>209.8</b>
Additions	0.2	1.9	7.4	9.5	1.0	2.7	3.7	13.2
Transfers	3.5	2.6	(6.1)	-	-	-	-	-
Disposals	(0.3)	(1.3)	-	(1.6)	(1.5)	(1.3)	(2.8)	(4.4)
Effect of movements in exchange rates	(5.9)	(6.5)	(0.6)	(13.0)	(1.4)	(1.3)	(2.7)	(15.7)
<b>Balance at 31 December 2020</b>	<b>65.4</b>	<b>84.5</b>	<b>8.9</b>	<b>158.8</b>	<b>20.0</b>	<b>24.1</b>	<b>44.1</b>	<b>202.9</b>
<b>Depreciation and impairment losses</b>								
Balance at 1 July 2019	20.8	51.3	-	72.1	-	-	-	72.1
Transfer of the adoption of IFRS 16	-	(4.8)	-	(4.8)	-	4.8	4.8	-
Depreciation for the year	3.8	9.3	-	13.1	4.4	6.5	10.9	24.0
Disposals	(0.7)	(2.7)	-	(3.4)	-	(1.5)	(1.5)	(4.9)
Effect of movements in exchange rates	0.4	-	-	0.4	-	0.3	0.3	0.7
<b>Balance at 30 June 2020</b>	<b>24.3</b>	<b>53.1</b>	<b>-</b>	<b>77.4</b>	<b>4.4</b>	<b>10.1</b>	<b>14.5</b>	<b>91.9</b>
Depreciation for the period	1.6	5.0	-	6.6	1.8	3.5	5.3	11.9
Disposals	(0.2)	(0.8)	-	(1.0)	(0.9)	(1.2)	(2.1)	(3.1)
Effect of movements in exchange rates	(2.7)	(4.2)	-	(6.9)	(0.3)	(0.6)	(0.9)	(7.8)
<b>Balance at 31 December 2020</b>	<b>23.0</b>	<b>53.1</b>	<b>-</b>	<b>76.1</b>	<b>5.0</b>	<b>11.8</b>	<b>16.8</b>	<b>92.9</b>
<b>Carrying amounts</b>								
<b>At 31 December 2020</b>	<b>42.4</b>	<b>31.4</b>	<b>8.9</b>	<b>82.7</b>	<b>15.0</b>	<b>12.3</b>	<b>27.3</b>	<b>110.0</b>
<b>At 30 June 2020</b>	<b>43.6</b>	<b>34.7</b>	<b>8.2</b>	<b>86.5</b>	<b>17.5</b>	<b>13.9</b>	<b>31.4</b>	<b>117.9</b>

## 12. Interests in joint ventures and associates

The Group's share of profit after tax in its equity accounted investees for the six months ended 31 December 2020 was £5.8m (2019: £5.1m).

The carrying value of the investment is reconciled as follows:

	<b>31 December 2020 £m</b>	31 December 2019 £m
<b>Balance at 1 July</b>	<b>22.7</b>	23.6
Share of post-tax retained profits of joint ventures and associates	<b>5.8</b>	5.1
Additions	<b>0.4</b>	2.2
Disposal proceeds	-	(3.8)
Loan repayment	-	(1.2)
Dividend received	-	(0.2)
Effect of other movements including exchange rates	<b>(0.5)</b>	(1.3)
<b>Balance at 31 December</b>	<b>28.4</b>	24.4

Summary financial information for equity accounted investees, adjusted for the Group's percentage ownership, is shown below:

<b>Income statement</b>	<b>Revenue £m</b>	<b>Net IAS 41 valuation movement on biological assets £m</b>	<b>Expenses £m</b>	<b>Taxation £m</b>	<b>Profit after tax £m</b>
<b>Six months ended 31 December 2020</b>	<b>20.6</b>	<b>2.1</b>	<b>(14.7)</b>	<b>(2.2)</b>	<b>5.8</b>
Six months ended 31 December 2019	16.8	1.5	(11.5)	(1.7)	5.1
Year ended 30 June 2020	33.5	(0.1)	(22.2)	(2.3)	8.9

### 13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

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 the six months ended 31 December 2020 amounted to £0.4m (2019: £1.0m). As at 31 December 2020, the balance owing to these entities was £nil (2019: £nil), all amounts were settled in cash.

These related party transactions were made on terms equivalent to those that prevail in arms' length transactions.

#### Other related party transactions

Transactions between the Group and its joint ventures and associates are described below:

	Transaction value			Balance outstanding		
	Six months ended 31 December 2020 £m	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m	31 December 2020 £m	31 December 2019 £m	30 June 2020 £m
Sale of goods and services to joint ventures and associates	-	-	(1.2)	-	-	-
Purchase of goods and services from joint ventures and associates	<b>3.3</b>	0.3	3.1	<b>(1.0)</b>	(0.2)	(1.6)

All outstanding balances with joint ventures and associates are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

## 14. Earnings per share

	<b>Six months ended 31 December 2020 000s</b>	Six months ended 31 December 2019 000s	Year ended 30 June 2020 000s
Weighted average number of ordinary shares (basic)	<b>65,056</b>	64,868	64,908
Dilutive effect of share options and awards	<b>554</b>	485	519
	<hr/>	<hr/>	<hr/>
<b>Weighted average number of ordinary shares for the purpose of diluted earnings per share</b>	<b>65,610</b>	65,353	65,427
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>Six months ended 31 December 2020</b>	Six months ended 31 December 2019	Year ended 30 June 2020
<b>Earnings per share</b>			
Basic earnings per share	<b>48.4p</b>	36.5p	62.4p
Diluted earnings per share	<b>48.0p</b>	36.3p	61.9p
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Adjusted earnings per share</b>			
Adjusted earnings per share	<b>57.3p</b>	43.5p	85.4p
Diluted adjusted earnings per share	<b>56.9p</b>	43.2p	84.7p
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Earnings per share measures are calculated on the weighted average number of ordinary shares in issue during the period. As in previous periods, adjusted earnings per share have been shown, since the Directors consider that this alternative measure gives a more comparable indication of the Group's trading performance.

Basic earnings per share is based on the net profit attributable to owners of the Company for the period of £31.5m (six months ended 31 December 2019: £23.7m; year ended 30 June 2020: £40.5m) divided by weighted average number of ordinary shares (basic and diluted) as calculated above.

Adjusted earnings per share is calculated on profit for the period before net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items, after charging taxation associated with those profits, of £37.3m (six months ended 31 December 2019: £28.2m; year ended 30 June 2020: £55.4m), which is calculated as follows:

#### Adjusted earnings

	<b>Six months ended 31 December 2020 £m</b>	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
<b>Profit before tax</b>	<b>38.7</b>	30.4	51.5
Add/(deduct):			
Net IAS 41 valuation movement on biological assets	<b>(3.5)</b>	(13.3)	(15.8)
Amortisation of acquired intangible assets	<b>3.7</b>	4.0	8.5
Share-based payment expense	<b>4.3</b>	2.8	5.8
Exceptional items	<b>5.1</b>	12.8	19.2
Net IAS 41 valuation movement on biological assets in joint ventures and associates	<b>(2.1)</b>	(1.5)	0.1
Tax on joint ventures and associates	<b>2.2</b>	1.7	2.3
Attributable to non-controlling interest	-	(0.3)	(0.6)
<b>Adjusted profit before tax</b>	<b>48.4</b>	36.6	71.0
Adjusted tax charge	<b>(11.1)</b>	(8.4)	(15.6)
<b>Adjusted profit after tax</b>	<b>37.3</b>	28.2	55.4
<b>Effective tax rate on adjusted profit</b>	<b>22.9%</b>	23.0%	22.0%

## 15. Cash flow from operating activities

	Six months ended 31 December 2020 £m	Six months ended 31 December 2019 £m	Year ended 30 June 2020 £m
Profit for the period	30.3	24.1	40.9
Adjustment for:			
Net IAS 41 valuation movement on biological assets	(3.5)	(13.3)	(15.8)
Amortisation of acquired intangible assets	3.7	4.0	8.5
Share-based payment expense	4.3	2.8	5.8
Share of profit of joint ventures and associates	(5.8)	(5.1)	(8.9)
Finance costs (net)	2.6	2.8	5.0
Income tax expense	8.4	6.3	10.6
Exceptional items	5.1	12.8	19.2
Adjusted operating profit	45.1	34.4	65.3
Depreciation of property plant and equipment	11.9	10.5	24.0
Loss on disposal of property plant and equipment	-	0.1	3.7
Loss on disposal of intangible assets	0.5	-	1.2
Amortisation and impairment of intangible assets	2.4	2.4	5.1
Adjusted earnings before interest, tax, depreciation and amortisation	59.9	47.4	99.3
Cash impact of exceptional items	(1.8)	(2.7)	(5.8)
Other movements in biological assets and harvested produce	(7.7)	(4.9)	(2.9)
Decrease in provisions and release in deferred consideration	(0.4)	(2.1)	(2.2)
Additional pension contribution in excess of pension charge	(3.2)	(3.6)	(7.9)
Other	(0.6)	0.2	(0.9)
Operating cash flows before movement in working capital	46.2	34.3	79.6
Decrease/(increase) in inventories	0.6	(0.8)	0.1
Increase in receivables	(5.7)	(2.2)	(8.8)
Increase in payables	3.9	1.6	12.0
<b>Cash generated by operations</b>	<b>45.0</b>	<b>32.9</b>	<b>82.9</b>
Interest received	0.2	0.1	0.3
Interest and other finance costs paid	(1.4)	(1.9)	(3.4)
Interest on leased assets	(0.4)	(0.4)	(1.0)
Cash flow from derivative financial instruments	-	-	0.5
Income taxes paid	(5.3)	(6.6)	(13.5)
<b>Net cash from operating activities</b>	<b>38.1</b>	<b>24.1</b>	<b>65.8</b>

## 16. Retirement benefit obligations

The Group has a number of defined contribution and defined benefit pension schemes covering many of its employees, further details can be found in the Genus plc Annual Report 2020. The aggregated position of defined benefit schemes are provided below:

	<b>31 December</b>	(restated*) 31 December	30 June
	<b>2020</b>	2019	2020
	<b>£m</b>	£m	£m
Present value of funded obligations	<b>1,166.1</b>	1,189.1	1,159.5
Present value of unfunded obligations	<b>9.0</b>	8.8	9.8
Total present value of obligations	<b>1,175.1</b>	1,197.9	1,169.3
Fair value of plan assets	<b>(1,189.0)</b>	(1,196.4)	(1,182.5)
Restricted recognition of asset (DPF)	<b>8.1</b>	5.5	8.7
Recognition of additional liability (MPF)	<b>20.8</b>	13.5	22.6
<b>Recognised liability for defined benefit obligations</b>	<b>15.0</b>	20.5	18.1

\*The December 2019 comparative figures have been restated to include in the aggregated disclosures the assets and related liabilities of the bulk annuity policies. The deficit recognised in 2019 has not been impacted.

The principal actuarial assumptions (expressed as weighted averages) are:

	<b>31</b>	31	30
	<b>December</b>	December	June
	<b>2020</b>	2019	2020
	<b>%</b>	%	%
Discount rate	<b>1.45</b>	2.05	1.65
Retail Price Index	<b>2.60</b>	2.95	2.80
Consumer Price Index	<b>2.10</b>	2.05	2.10

### Guaranteed Minimum Pension ('GMP')

On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. This judgment followed on from the previous judgment on 26 October 2018, where the High Court ruled that schemes had a legal obligation to pay benefits allowing for GMP equalisation, resulting in an additional liability being recognised. The previous judgment had not considered historic transfer values. Genus's legacy pension schemes are also affected by this ruling, resulting in an aggregate past service charge of £3.3m in the period.

The Dalgety Pension Fund ('DPF') is both in surplus and additionally had a reserve of £8.7m at 30 June 2020 against future unknown liabilities, neither of which has been recognised in the Genus accounts as the Group does not have a unilateral right to them. The cost of GMP equalisation relating to individual transfer payments is estimated to be £0.9m for the DPF which will be fully met by the scheme reserve without a cash cost to Genus. However, IAS19 requires us to record a charge in the Income Statement of £0.9m, which is offset by an equal and opposite credit in the Statement of Comprehensive Income.

The cost of GMP equalisation relating to individual transfer payments for Genus's share of the Milk Pension Fund ('MPF') is estimated to be £2.4m which is also recorded as a charge to the Income Statement. On an IAS19 basis the

MPF is also in surplus, however under IFRIC 14 Genus accounts for its committed payments under the deficit recovery plan agreed as part of the 31 March 2018 scheme valuation as a liability.

## The Milk Pension Fund

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. Although the MPF is managed on a sectionalised basis, it is a “last man standing scheme”, which means that all participating employers are joint and severally liable for all of the fund’s liabilities.

Further details of the Milk Pension Fund can be found in the Genus plc Annual Report 2020.

## 17. Financial instruments fair value disclosures

The table below sets out the categorisation of the financial instruments held by the Group at 31 December 2020.

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). Valuations categorised as Level 2 are obtained from third parties. 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.

	31 December 2020				31 December 2019				30 June 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Financial assets</b>												
Other investments	1.8	-	5.0	6.8	2.0	-	4.7	6.7	1.8	-	5.1	6.9
Trade receivables and other debtors, excluding prepayments and accrued income	-	90.1	-	90.1	-	87.7	-	87.7	-	89.0	-	89.0
Cash and cash equivalents	-	50.2	-	50.2	-	31.1	-	31.1	-	41.3	-	41.3
Derivative instruments in non-designated hedge accounting relationships	-	0.9	-	0.9	-	0.1	-	0.1	-	1.2	-	1.2
Derivative instruments in designated hedge accounting relationships	-	-	-	-	-	0.2	-	0.2	-	-	-	-
<b>Financial assets</b>	<b>1.8</b>	<b>141.2</b>	<b>5.0</b>	<b>148.0</b>	<b>2.0</b>	<b>119.1</b>	<b>4.7</b>	<b>125.8</b>	<b>1.8</b>	<b>131.5</b>	<b>5.1</b>	<b>138.4</b>
<b>Financial liabilities</b>												
Trade and other payables, excluding other taxes and social security	-	(89.7)	-	(89.7)	-	(79.1)	-	(79.1)	-	(92.2)	-	(92.2)
Loans and overdrafts	-	(114.8)	-	(114.8)	-	(109.1)	-	(109.1)	-	(112.8)	-	(112.8)
Leasing obligations	-	(27.6)	-	(27.6)	-	(29.2)	-	(29.2)	-	(31.1)	-	(31.1)
Derivative instruments in non-designated hedge accounting relationships	-	(0.3)	-	(0.3)	-	(0.4)	-	(0.4)	-	(0.3)	-	(0.3)
Derivative instruments in designated hedge accounting relationships	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.2)	-	(0.2)
Put option over non-controlling interest	-	(5.9)	-	(5.9)	-	(5.5)	-	(5.5)	-	(6.1)	-	(6.1)
Deferred consideration (see note 19)	-	(0.4)	(1.0)	(1.4)	-	(4.7)	-	(4.7)	-	(5.1)	(3.6)	(8.7)
	-	(238.8)	(1.0)	(239.8)	-	(228.1)	-	(228.1)	-	(247.8)	(3.6)	(251.4)

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.



## 18. Provisions

	ST litigation £m	Contingent deferred consideration £m	Share forfeiture £m	Other provisions £m	Total £m
Balance at 1 July 2019	-	4.5	2.0	2.3	8.8
Additional provision in the year	10.2	-	0.3	2.5	13.0
Utilisation of provision	-	-	-	(1.6)	(1.6)
Release of provision	-	-	-	(0.2)	(0.2)
Reclassified to deferred consideration*	-	(4.5)	-	-	(4.5)
Effect of movement in exchange rates	0.3	-	-	-	0.3
Balance at 30 June 2020	10.5	-	2.3	3.0	15.8
Additional provision in the year	0.2	-	-	1.5	1.7
Utilisation of provision	(0.1)	-	-	(1.5)	(1.6)
Release of provision	-	-	-	(0.2)	(0.2)
Effect of movement in exchange rates	(1.0)	-	-	(0.1)	(1.1)
<b>Balance at 31 December 2020</b>	<b>9.6</b>	<b>-</b>	<b>2.3</b>	<b>2.7</b>	<b>14.6</b>

\*Contingent deferred consideration has been reclassified to be disclosed within deferred consideration, as the balances are recorded at fair value and not estimated.

	31 December 2020 £m	31 December 2019 £m	30 June 2020 £m
<b>Current</b>	<b>3.7</b>	10.0	4.0
<b>Non-current</b>	<b>10.9</b>	4.9	11.8
	<b>14.6</b>	14.9	15.8

ST litigation relates specifically to our litigation only with Sexing Technologies, as described in note 5.

## 19. Deferred consideration

	Contingent deferred consideration £m	Deferred consideration £m	Total £m
Balance at 1 June 2019	-	6.2	6.2
Reclassified from provisions	4.5	-	4.5
Payment of consideration	(0.6)	(1.1)	(1.7)
Release of unutilised contingent consideration	(0.4)	-	(0.4)
Effect of movement in exchange rates	0.1	-	0.1
Balance at 30 June 2020	3.6	5.1	8.7
Payment of consideration	<b>(2.0)</b>	<b>(4.6)</b>	<b>(6.6)</b>
Release of unutilised contingent consideration	<b>(0.4)</b>	-	<b>(0.4)</b>
Effect of movement in exchange rates	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.3)</b>
<b>Balance at 31 December 2020</b>	<b>1.0</b>	<b>0.4</b>	<b>1.4</b>
<b>Current</b>	<b>0.6</b>	<b>0.4</b>	<b>1.0</b>
<b>Non-current</b>	<b>0.4</b>	-	<b>0.4</b>
<b>Balance at 31 December 2020</b>	<b>1.0</b>	<b>0.4</b>	<b>1.4</b>
Current	2.8	4.7	7.5
Non-current	0.8	0.4	1.2
Balance at 30 June 2020	3.6	5.1	8.7

The balance at 31 December 2020 relates to the following transactions:

	Fiscal year of transaction	Contingent deferred consideration £m	Deferred consideration £m	Total £m
De Novo Genetics LLC	2017	-	0.4	0.4
Hermitage Genetics DAC	2017	0.5	-	0.5
Dairy LLC (n/a Bovisync)	2019	0.4	-	0.4
Progenex S.L.	2019	0.1	-	0.1
<b>Balance at 31 December 2020</b>		<b>1.0</b>	<b>0.4</b>	<b>1.4</b>

**GENUS PLC**  
**RESPONSIBILITY STATEMENT**  
**For the six months ended 31 December 2020**

We confirm that to the best of our knowledge;

- a) the Condensed Set of Financial Statements has been prepared in accordance with IAS 34;
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and charges therein).

Neither the Company nor the Directors accept any liability to any person in relation to the half-yearly financial report except to the extent that such liability could arise under English Law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

By order of the Board

Chief Executive  
Stephen Wilson

Chief Financial Officer  
Alison Henriksen

24 February 2021

## Alternative Performance Measures ('APMs) - Glossary

The Group tracks a number of APMs in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and executive leadership team. Some of these APMs are also used for the purpose of setting remuneration targets.

These APM 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
<b>Income statement measures</b>		
Adjusted operating profit exc JVs	Adjusted operating profit is operating profit with the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items added back and excludes JV and associate results.  <i>Closest equivalent IFRS measure:- Operating profit*</i>  See reconciliation below.	Allows the comparability of underlying financial performance by excluding the impacts of exceptional items and is a performance indicator against which short-term and long-term incentive outcomes for our senior executives are measured. <ul style="list-style-type: none"> <li>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;</li> <li>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.</li> </ul>
Adjusted operating profit inc JVs	Including adjusted operating profit from JV and associate results.  See reconciliation below.	Adjusting for amortisation provides a more consistent basis for comparison between the two;
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 below.	<ul style="list-style-type: none"> <li>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</li> </ul>
Adjusted profit inc JVs before tax	Adjusted operating profit inc JVs less net finance costs  See reconciliation below.	

		<p>estimates of future performance; and</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
Adjusted effective tax rate	<p>Total income tax charge for the Group excluding the tax impact of adjusting items divided the adjusted operating profit</p> <p><i>Closest equivalent IFRS measure:- Effective tax rate</i></p> <p>See reconciliation below.</p>	Provides an underlying tax rate to allow comparability of underlying financial performance by excluding the impacts of net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items.
Adjusted basic earnings per share	<p>Adjusted profit after tax divided by the weighted basic average number of shares</p> <p><i>Closest equivalent IFRS measure:- Earnings per share</i></p> <p>See calculation below.</p>	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	<p>Underlying attributable profit divided by the diluted weighted average number of shares</p> <p><i>Closest equivalent IFRS measure:- Diluted earnings per share</i></p> <p>See calculation below.</p>	
Adjusted earnings cover	<p>Adjusted earnings per share divided by the expected dividend for the year.</p> <p>See calculation below.</p>	The board dividend policy targets the adjusted earning cover to be between 2.5 – 3 times
Adjusted EBITDA- calculated in accordance with the definitions used in our financing facilities	<p>This is adjusted operating profit, adding back cash received from our joint ventures, depreciation of property, plant &amp; equipment, depreciation of the historical cost of biological assets, operational amortisation (i.e. excluding amortisation on acquired intangibles) and deducting the amount attributable to minority interest.</p> <p><i>Closest equivalent IFRS measure:- Operating profit*</i></p> <p>See calculation &amp; reconciliation below.</p>	This APM is presented because it is used in calculating our ratio of net debt to EBITDA and our interest cover which we report to our banks to ensure compliance with our bank covenants.
Adjusted operating margin	Adjusted operating profit (inc JV) divided by Revenue	Allows for the comparability of underlying financial performance by excluding the impacts of exceptional items.
Adjusted operating margin (exc JV)	Adjusted operating profit (exc JV) 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 business operates in multiple worldwide and its trading results when translated back into the groups functional currency of £ Sterling. This measure eliminates the effects of exchange rate

		fluctuations when comparing the year-on-year reported results.
<b>Balance sheet measures</b>		
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 below.	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 exc the impact of adopting IFRS 16 and adding back guarantees and deferred purchase arrangements.  See reconciliation below.	This is a key metric that we report to our banks to ensure compliance with our bank covenants.
<b>Cash flow measures</b>		
Cash conversion	Cash generated by operations as a percentage of adjusted operating profit exc JVs.  See calculation below.	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 cashflow	Cash generated by the Group before debt repayments, acquisitions and investments, dividends and proceeds from share issues  <i>Closest equivalent IFRS measure:- Net cashflow from operating activities</i>  See reconciliation below	Shows the cash retained by the group in the year.
<b>Other measures</b>		
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 EBITDA.  <i>Closest equivalent IFRSs components for the ratio:- The equivalent IFRS components are gross debt, cash and cash equivalents and operating profit.</i>  See calculation below	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.

\* Operating profit is not defined per IFRS. It is presented in the Group Income Statement and is shown as profit before tax, finance income/costs and share of post-tax profit of joint ventures and associates retained.

The tables below reconcile the closest equivalent IFRS measure to the APM or outline the calculation of the APM.

## Income Statement Measures

	31 December 2020		31 December 2019		30 June 2020		
Adjusted operating profit exc JVs	£m	£m	£m	£m	£m	£m	Reference
Adjusted operating profit inc JVs							
Adjusted operating profit inc JVs and exc gene editing costs							
<b>Operating Profit</b>		<b>35.5</b>		<b>28.1</b>		<b>47.6</b>	Group Income Statement
Add back:							
Net IAS 41 valuation movement on biological assets	(3.5)		(13.3)		(15.8)		Group Income Statement
Amortisation of acquired intangible assets	3.7		4.0		8.5		Group Income Statement
Share-based payment expense	4.3		2.8		5.8		Group Income Statement
Exceptional items	5.1		12.8		19.2		Group Income Statement
<b>Adjusted operating profit exc JVs</b>		<b>45.1</b>		<b>34.4</b>		<b>65.3</b>	Group Income Statement
Less: amounts attributable to non-controlling interest		-		(0.3)		(0.6)	
Operating profit from joint ventures and associates	5.8		5.1		8.9		Group Income Statement
Tax on joint ventures and associates	2.2		1.7		2.3		Note 12 – Equity accounted investees
Net IAS 41 valuation movement	(2.1)		(1.5)		0.1		Note 12 – Equity accounted investees
Adjusted operating profit from JVs		5.9		5.3		11.3	
<b>Adjusted operating profit inc JVs</b>		<b>51.0</b>		<b>39.4</b>		<b>76.0</b>	
Gene editing costs		3.7		4.3		5.2	Note 4 - Segmental information
<b>Adjusted operating profit inc JVs and exc gene editing costs</b>		<b>54.7</b>		<b>43.7</b>		<b>81.2</b>	

	31 December 2020		31 December 2019		30 June 2020		
Adjusted profit inc JVs before tax	£m	£m	£m	£m	£m	£m	Reference
Adjusted profit inc JVs after tax							
<b>Adjusted operating profit inc JVs</b>	<b>51.0</b>		<b>39.4</b>		<b>76.0</b>		See APM
Less net finance costs	(2.6)		(2.8)		(5.0)		Note 6 – Net Finance Costs
<b>Adjusted profit inc JVs before tax</b>	<b>48.4</b>		<b>36.6</b>		<b>71.0</b>		
Adjusted tax	(11.1)		(8.4)		(15.6)		Note 14 - Earnings per share
<b>Adjusted profit inc JVs after tax</b>	<b>37.3</b>		<b>28.2</b>		<b>55.4</b>		

	31 December 2020		31 December 2019		30 June 2020		
Adjusted effective tax £m/rate	£m	%	£m	%	£m	%	Reference
<b>Adjusted effective tax £m/rate</b>	<b>8.4</b>	<b>21.7</b>	<b>6.3</b>	<b>20.7</b>	<b>15.6</b>	<b>22.0</b>	Note 14 - Earnings per share
Exceptional items	1.0	19.6	3.2	24.7	(4.5)	(23.4)	
Share-based payment expense	0.8	18.9	(0.2)	(6.6)	(1.1)	(19.0)	
Amortisation of acquired intangible assets	0.8	21.6	0.9	22.5	(1.8)	(21.2)	
Net IAS 41 valuation movement on biological assets	(1.0)	(28.6)	(3.0)	(22.3)	4.7	29.7	
Net IAS 41 valuation movement on biological assets in JVs	(1.1)	(52.4)	(0.5)	(33.3)	-	-	
Tax on share of profits from joint ventures and associates	2.2	100.0	1.7	100.0	-	-	
<b>Effective tax £m/rate</b>	<b>11.1</b>	<b>22.9</b>	<b>8.4</b>	<b>23.0</b>	<b>12.9</b>	<b>24.0</b>	Note 7 – Income tax expense

	31 December 2020		31 December 2019		30 June 2020		
Adjusted Basic Earnings per share	£m	£m	£m	£m	£m	£m	Reference
<b>Adjusted profit inc JVs after tax (£m)</b>	<b>37.3</b>		<b>28.2</b>		<b>55.4</b>		See APM
Weighted average number of ordinary shares (m)	65.056		64.868		64.908		Note 14 - Earnings per share
<b>Adjusted Earnings per share (pence)</b>	<b>57.3</b>		<b>43.5</b>		<b>85.4</b>		

	31 December 2020		31 December 2019		30 June 2020		
Adjusted Diluted Earnings per share	£m	£m	£m	£m	£m	£m	Reference
<b>Adjusted profit inc JVs after tax (£m)</b>	<b>37.3</b>		<b>28.2</b>		<b>55.4</b>		See APM
Weighted average number of diluted ordinary shares (m)	65.610		65.353		65.427		Note 14 - Earnings per share
<b>Diluted adjusted Earnings per share (pence)</b>	<b>56.9</b>		<b>43.2</b>		<b>84.7</b>		

Rolling 12 month Adjusted Earnings cover	31 December 2020		31 December 2019		30 June 2020		Reference
	Pence	Times	Pence	Times	Pence	Times	
Adjusted Earnings per share (pence)	57.3		43.5		85.4		See APM
Add: Prior June Adjusted Earnings per share (pence)	85.4		73.2		N/a		See APM
Deduct: Prior Interim Adjusted Earnings per share (pence)	(43.5)		(35.8)		N/a		See APM
<b>Rolling 12 month adjusted Earnings per share</b>	<b>99.2</b>		<b>80.9</b>		<b>85.4</b>		
Final dividend for the year ended 30 June 2019			18.8				Note 8 - Dividends
Interim dividend for the year end 30 June 2020			9.4		9.4		Note 8 - Dividends
Final dividend for the year ended 30 June 2020	19.7				19.7		Note 8 - Dividends
Interim dividend for the year end 30 June 2021	10.3						Note 8 - Dividends
<b>Rolling 12-month dividend</b>	<b>30.0</b>		<b>28.2</b>		<b>29.1</b>		
<b>Rolling 12 month Adjusted Earnings cover</b>		<b>3.3</b>		<b>2.9</b>		<b>2.9</b>	

Adjusted EBITDA – as calculated under our financing facilities	31 December 2020		31 December 2019		30 June 2020		Reference
	£m	£m	£m	£m	£m	£m	
<b>Operating Profit</b>		<b>35.5</b>		<b>28.1</b>		<b>47.6</b>	Group Income Statement
Add back:							
Net IAS 41 valuation movement on biological assets	(3.5)		(13.3)		(15.8)		Group Income Statement
Amortisation of acquired intangible assets	3.7		4.0		8.5		Group Income Statement
Share-based payment expense	4.3		2.8		5.8		Group Income Statement
Exceptional items	5.1		12.8		19.2		Group Income Statement
Adjusted operating profit exc JVs	45.1		34.4		65.3		Group Income Statement
Adjust for:							
Cash received from JVs (dividend and loan repayment)	-		1.4		3.7		Group Statement of Cash Flows
Depreciation:- Property, plant & equipment owned assets	6.6		6.0		13.1		Note 11 - Property, Plant & Equipment
Depreciation:- historical cost of biological assets	5.2		5.0		11.0		No direct reference
Amortisation and impairment (excluding separately identified acquired intangible assets)	2.4		2.4		5.1		Note 9 - Intangible Assets
Less amounts attributable to non-controlling interest	-		(0.3)		(0.6)		Group Income Statement
<b>Adjusted EBITDA - as calculated under our financing facilities</b>		<b>59.3</b>		<b>48.9</b>		<b>97.6</b>	

Rolling 12 month Adjusted EBITDA – as calculated under our financing facilities	31 December 2020		31 December 2019		30 June 2020		Reference
	£m	£m	£m	£m	£m	£m	
Adjusted EBITDA							
- as calculated under our financing facilities	59.3		48.9		97.6		See APM
Add: Prior June Adjusted EBITDA	97.6		88.3		N/a		See APM
Deduct: Prior Interim Adjusted EBITDA	(48.9)		(40.7)		N/a		See APM
<b>Rolling 12 month Adjusted EBITDA</b>		<b>108.0</b>		<b>96.5</b>		<b>97.6</b>	



## Balance Sheet Measures

Net Debt Net debt as calculated under our financing facilities	31 December 2020		31 December 2019		30 June 2020		Reference
	£m	£m	£m	£m	£m	£m	
Current unsecured bank loans and overdrafts	9.8		8.7		9.2		Group Balance Sheet
Non-current unsecured bank loans and overdrafts	105.0		100.4		103.6		Group Balance Sheet
Total unsecured bank loans and overdrafts		114.8		109.1		112.8	
Current obligations under finance leases	9.0		7.5		10.0		Group Balance Sheet
Non-current obligations under finance leases	18.6		21.7		21.1		Group Balance Sheet
Total obligations under finance leases		27.6		29.2		31.1	
Total debt financing		142.4		138.3		143.9	Analysis of Net Debt
Deduct:-							
Cash and cash equivalents		(50.2)		(31.1)		(41.3)	Group Balance Sheet
<b>Net Debt</b>		<b>92.2</b>		<b>107.2</b>		<b>102.6</b>	
Deduct:-							
Impact of IFRS 16 adoption*		-		(23.4)		(24.7)	No direct reference
Lower of obligations under finance leases or £30m*		(27.6)		N/a		N/a	Group Balance Sheet
Add back:-							
Guarantees		19.6		4.9		5.9	No direct reference
Deferred purchase arrangements		1.2		1.3		0.2	No direct reference
<b>Net Debt - as calculated under our financing facilities</b>		<b>85.4</b>		<b>90.0</b>		<b>84.0</b>	

\*Following Genus entering a new credit facility the definition of net debt was revised alongside the adoption of IFRS 16 'Leases'

## Cashflow Measures

Cash conversion	31 December 2020		31 December 2019		30 June 2020		Reference
	£m	£m	£m	£m	£m	£m	
<b>Cash generated by operations</b>		<b>45.0</b>		<b>32.9</b>		<b>82.9</b>	Note 15 - Notes to the cash flow statement
Operating Profit	35.5		28.1		47.6		Group Income Statement
Add back:							
Net IAS 41 valuation movement on biological assets	(3.5)		(13.3)		(15.8)		Group Income Statement
Amortisation of acquired intangible assets	3.7		4.0		8.5		Group Income Statement
Share-based payment expense	4.3		2.8		5.8		Group Income Statement
Exceptional items	5.1		12.8		19.2		Group Income Statement
<b>Adjusted operating profit exc JVs</b>		<b>45.1</b>		<b>34.4</b>		<b>65.3</b>	Group Income Statement
<b>Cash Conversion (%)</b>		<b>100%</b>		<b>96%</b>		<b>127%</b>	

Free cashflow	31 December 2020		31 December 2019		30 June 2020		Reference
	£m	£m	£m	£m	£m	£m	
<b>Cash generated by operations</b>		<b>45.0</b>		<b>32.9</b>		<b>82.9</b>	Note 15 - Notes to cashflow statement
Interest and tax paid		(6.9)		(8.8)		(17.1)	Note 15 - Notes to cashflow statement
Capital expenditure		(11.9)		(17.0)		(35.4)	Group Statement of Cashflows
Cash received from JV (dividends and loan repayment)		-		1.4		3.7	Group Statement of Cashflows
Other		0.4		2.0		1.1	Group Statement of Cashflows
<b>Free cashflow</b>		<b>26.6</b>		<b>10.5</b>		<b>35.2</b>	

## Other Measures

Ratio of net debt to Adjusted EBITDA	31 December 2020		31 December 2019		30 June 2020		Reference
	£m	Times	£m	Times	£m	Times	
<b>Net Debt - as calculated under our financing facilities</b>	85.4		90.0		84.0		See APM
<b>Rolling 12 month Adjusted EBITDA - as calculated under our financing facilities</b>	108.0		96.5		97.6		See APM
<b>Ratio of net debt to Adjusted EBITDA</b>		<b>0.8</b>		<b>0.9</b>		<b>0.9</b>	