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Genus plc
('Genus' or the 'Group')

AGM TRADING UPDATE

Genus (LSE: GNS), a leading global animal genetics company, publishes the following trading update for the period from 1 July 2022 to 22 November 2022, to coincide with its AGM at 11:00am GMT this morning.

In the period under review Genus saw good trading in the porcine business, with strength and market share gains in North America and improved trading in China, whilst the bovine business faced more challenging market conditions particularly in LATAM and EMEA.

In the four months to 31 October 2022, PIC's volumes and revenue were higher than the prior year. Royalty revenue achieved strong growth, including in China. Since September the Chinese porcine market has continued to recover with the live pig price remaining above 22 RMB/kg and currently being approximately 24 RMB/kg. At current prices, producers are profitable, and we anticipate this should lead to improved confidence for producers to replace and rebuild sow herds over time. However, COVID restrictions in China present continuing challenges for businesses and consumers, impacting demand for pork. The investments made in PIC China's supply chain will support demand for PIC's elite genetics as the market recovers and further growth of large-scale producers continues over time.

In the period ABS's overall volumes were unchanged compared with prior year, although revenue growth was achieved due to price increases and changes in product mix. Sexed and beef volumes continued to grow, while conventional dairy volume declined markedly. Volume growth was impacted by weaker market conditions, principally in LATAM and EMEA. In LATAM producers experienced inflationary cost pressures and reduced their demand for dairy and beef genetics, particularly in Brazil. EMEA similarly saw reduced demand in certain distributor markets. ABS's profitability was lower in the period, impacted by higher costs including travel, in particular fuel costs, and manufacturing costs per unit arising from lower production volume levels.

Genus continued to make good progress towards its strategic objectives with an increase in R&D investments as planned, supporting the long-term growth prospects of the Group. As expected, finance costs were higher due to higher debt year on year and the rise in interest rates, while foreign exchange translation was a benefit to performance due to weaker sterling.

As expected, there was a seasonal net cash outflow in the period, while net debt of the Group at the end of October 2022 was higher due to US dollar denominated debt being translated at a weaker sterling exchange rate.

Outlook

While market conditions in bovine have been challenging, porcine has performed well in the first four months. Pig prices in China remained at a profitable level for producers, which we anticipate will lead to improved demand for porcine genetics in the second half of financial year 2023. Although COVID restrictions in China continue to be a headwind to a recovery in demand, PIC China remains well positioned to capture the growth opportunity as it develops.

The benefit of favourable exchange rates is expected to be largely offset by higher interest costs in the year.

Overall, the Group's profit before tax is currently anticipated to be in line with the Board's expectations for the financial year 2023, albeit with performance weighted to the second half. The Board remains confident in the Group's strategy and the many opportunities ahead for Genus.

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This announcement is available on the Genus website www.genusplc.com

About Genus

Genus creates advances to 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' worldwide sales are made in over seventy-five 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 use these to supply the global dairy and meat supply chains.

The Group's competitive edge has been created 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.

With headquarters in Basingstoke, United Kingdom, Genus companies operate in over twenty-five countries on six continents, with research laboratories located in Madison, Wisconsin, USA.

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