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

TRADING UPDATE

Genus (LSE: GNS), a leading global animal genetics company, publishes the following trading update for the period from 1 January 2023 to 30 April 2023, and revised outlook for the 2023 fiscal year.

Trading Update

During the period under review Genus achieved good trading in its porcine business, with the exception of China, where the market conditions have been very challenging. Overall, in the four months to 30 April 2023, PIC achieved strong volume and royalty revenue growth, and good operating profit growth. North America, Latin America and Europe all delivered strong growth in operating profit, whilst Asia experienced a decline in operating profit due to the performance in China.

Since December 2022 the Chinese porcine market has been weak, reflecting high supply of slaughter pigs following widespread African Swine Fever ('ASF'). Expectations of a recovery in the market grew during February 2023, when the pig price rose from a low of 14.1 RMB/kg to 15.9 RMB/kg on 2 March. However, since then the pig price has fallen back below 15 RMB/kg and is currently 14.3 RMB/kg, with continued widespread ASF outbreaks and subdued demand. At these prices, producers are unprofitable, and many are not replacing and rebuilding their sow herds at the current time. Due to the volatile porcine market PIC China's trading has been weaker than the first half of the fiscal year, achieving lower revenues, with operating profit also impacted by costs associated with the clearance of inventory at two PIC farms that were infected by ASF in the period.

The bovine business saw better trading than in the first half of the fiscal year, with good volume and revenue growth in North America, Europe and Asia. Market conditions remained challenging in Brazil, however all regions achieved operating profit growth. ABS's revenue and profitability was better than prior year due to the growth achieved in sexed volumes as well as price increases.

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. Our PRRSv-resistant pig programme has made further positive progress. An important milestone was the final animal testing for the US FDA, which was successfully completed this month. Genus now expects to complete final submissions to the US FDA over the summer, slightly ahead of the previous timeline.

Outlook

Market researchers are currently anticipating a recovery in the China porcine market in the summer as the supply decreases and consumer demand for pork continues to increase, but there is uncertainty as to the timing of when the demand for porcine genetics will improve.

Due to the challenging porcine market conditions in China, we now expect PIC China to be modestly loss making in the second half of the year, which compares with a profit of £8.8 million delivered in the first half of the year. Consequently, the Board anticipates that the Group's profit before tax will now be lower than its previous expectations for the full year.

Despite this the Board remains confident that due to the investments made PIC China remains well positioned to take advantage of the recovery and capture the growth opportunity as it develops, and that the Group's strategy to commercialise the PRRSv-resistant pig is one of many opportunities ahead for Genus.

The Group expects to announce its preliminary results for the year ending 30 June 2023 on 7 September 2023.

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

Regulatory Notes

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. The person responsible for making this announcement on behalf of the Group is Dan Hartley (General Counsel and Company Secretary).

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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