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Genus plc

Interim results for the six months ended 31 December 2023

CHALLENGING MARKETS - MANAGEMENT ACTIONS TAKEN

Six months ended 31 December	Adjusted results[1]				Statutory results		
	Actual currency			Constant currency change[2]	Actual currency		
	2023	2022	Change		2023	2022	Change
	£m	£m	%	%	£m	£m	%
Revenue	**333.6**	350.2	(5)	1	**333.6**	350.2	(5)
Operating profit	**33.0**	41.2	(20)	(14)	**21.3**	14.7	45
Operating profit inc JVs	**38.1**	48.3	(21)	(17)	**n/a**	n/a	n/a
Profit before tax	**29.2**	42.2	(31)	(26)	**14.3**	15.0	(5)
Free cash flow	**(3.3)**	(3.3)	-	n/m[3]			
Basic earnings per share (pence)	**33.3**	48.8	(32)	(27)	**20.6**	20.4	1
Dividend per share (pence)					**10.3**	10.3	-

Resilient revenue delivery amidst challenging markets

- Low growth and prices in protein production across several markets, China the most impactful
- Decisive management actions taken:
  - Value Acceleration Programme underway in ABS to improve profitability and returns from investments
  - R&D strategic review completed to sharpen alignment to strategic and commercial goals
- Commercialisation of the PRP (PRRS Resistant Pig) remains on track; US FDA regulatory progress, genotypic and phenotypic durability submissions accepted. Engagement has shifted to the post-product approval compliance procedures with PRP approval now expected in fiscal year 2025

As expected, first half adjusted profit performance lower year on year

- Group revenue increased by +1%[2] in constant currency (5% decrease in actual currency)
- Adjusted operating profit including joint ventures decreased 17%[2] in constant currency (21% decrease in actual currency)
- Adjusted profit before tax (PBT) decreased 26%[2] (31% decrease in actual currency) as lower profit performances in China of PIC and ABS, and higher net finance costs were partially offset by profit growth in the rest of the Group
- Statutory PBT 5% lower at £14.3m, with a £2.6m increase in the non-cash fair value IAS41 valuation of biological assets of the Group, offset by exceptional expenses of £7.5m
- Stable free cash outflow[1] of £3.3m (2022: £3.3m outflow) as lower adjusted profit performance, higher exceptional expenses and interest costs were offset by positive working capital management
- Cash conversion increased to 69%[1] (2022: 62%), in line with expectations
- Net debt[1] increased to £250.1m, as expected, with a net debt to EBITDA ratio of 2.1x[1]
- Adjusted earnings per share 32% lower and interim dividend of 10.3p per share unchanged, with 2.2x[1] adjusted earnings cover

Reporting format change

Product Development costs now being allocated to PIC and ABS, having previously been reported within the R&D division; management has determined that this better aligns the costs as well as the opportunities of this activity with the businesses; no change to group adjusted operating profit.

Divisional headlines

Divisional headlines

- PIC - Resilient trading ex-China continuing to gain market share, ongoing challenging environment in China
    - Strategically important royalty revenue growth of 2%[2] with volumes also growing 2% demonstrating the strength of the royalty model
    - Adjusted operating profit including joint ventures decreased by 10%[2]; PIC trading regions ex-China grew adjusted operating profit by 5%, but was impacted primarily by China's decrease in adjusted operating profit, PRP commercialisation costs and higher product development costs due to expansion into PIC's Atlas farm
    - Enhanced commercial focus in China gaining traction; new royalty customers won in the period demonstrating the attractiveness of PIC's royalty model and genetics
- ABS - Challenging trading across all regions; significant action taken to improve performance
    - Volumes decreased 6% (ABS ex-China down 2%) with sexed volumes up 2% and beef volumes down 5%
    - Revenue increased 3% in constant currency supported by robust price increases and product mix
    - Adjusted operating profit decreased 15%, due to lower trading volumes in all regions except Europe partially offset by growth in IntelliGen third party contracts and management's mitigating price and cost actions
    - Comprehensive Value Acceleration Programme; leadership change and targeted restructuring. Focused price action, production rationalisation and other cost efficiencies delivered £1.3m in FY24 H1 with a further £5m of savings expected in FY24 H2, resulting in £10m annualised savings expected for FY25. Exceptional restructuring costs of £2.9m recognised through the FY24 H1 condensed income statement. Further ABS restructuring to continue in the second half and additional exceptional restructuring costs are anticipated in FY24 H2
    - In January 2024, US and NZ litigations with ST were settled outside the courts, details in the condensed financial statements.
- R&D - Investment decreased by 8%[2] as planned
    - Sharpened focus on key priorities that aligns to our strategy, has a compelling commercial opportunity, is deliverable, and leads to a portfolio that is balanced overall
    - Strategic review completed and expected to give rise to annual cost savings of £5m in FY25. We expect to recognise c£1m of associated exceptional cost in FY24 H2.

Commenting on the performance and outlook, Jorgen Kokke, Chief Executive, said:

"Genus faced challenging markets which impacted performance in the first half of the year. We have taken rapid action including initiating a comprehensive programme to accelerate the value delivery from our bovine operations. We have also completed a strategic review of R&D activities. The Company is benefitting from savings achieved in the first half and will benefit further in the second half of the year and into FY25, as we optimise resource allocation to best deliver our growth objectives.

In North America, Europe and Latin America PIC continued to achieve growth in royalty revenues and operating profit, illustrating the strength of PIC's business model. China continues to be a challenging porcine market, however enhanced commercial focus is delivering results. New royalty customers were signed in the first half which gives us more confidence that our sales approach is effective. The opportunity in China remains significant and given the success of the relationship with our local partner, BCA, we are jointly exploring ways to accelerate our collaboration going forward.

ABS saw weakness across most markets. China dairy was particularly challenging; not only did conventional volumes suffer from a double-digit decline in the dairy herd, but mix was also impacted as demand for sexed genetics reduced.

As described in our recent trading update, taking into account management actions taken, and assuming that present market conditions persist for the balance of the fiscal year, management expects fiscal year 2024 adjusted profit before tax to be not less than £58m in actual currency. We are seeing the positive impact of our actions to accelerate value delivery which will deliver further benefit in the second half and in subsequent years."

Results presentation today

A pre-recorded analysts and bankers briefing to discuss the interim results for the six months ended 31 December 2023 will be held via a video webcast facility and will be accessible via the following link from 7:01am today:

https://stream.buchanan.uk.com/broadcast/65a7b66cc5ec665c02ecf7b9

This will be followed by a live face to face Q&A session to be held at Buchanan at 10:30am. A Zoom alternative will also be available. Please contact Verity Parker at Buchanan for details: verityp@buchanan.uk.com

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 85 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 24 countries on six continents, with research laboratories located in Madison, Wisconsin, USA.

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

[2] Constant currency percentage movements are calculated by restating the results for the six months ended 31 December 2023 at the average exchange rates applied to adjusted operating profit for the year ended 30 June 2023. Percentages are calculated on prior period restated figures. Please see Note 1 on the notes to the condensed set of Financial Statements changes of reportable segments

[3] n/m = not meaningful

Group Performance

Genus had a challenging first half of the year with a number of markets, most notably China, proving to be difficult. PIC ex-China performed resiliently, with North America, Latin America and Europe achieving adjusted operating profit growth in constant currency. PIC adjusted operating profit from Asia, however, halved due to weak trading in China as well as higher supply chain costs and lower by-product revenue. ABS, faced into a number of difficult markets, which led to volumes decreasing 6% in the period.

During the period the Group initiated a comprehensive Value Acceleration Programme at ABS and completed a strategic review of R&D activities. These actions have delivered £1.3m of efficiencies in FY24 H1, a further £5m of benefit expected in FY24 H2, and full year combined benefits of £15m in FY25 across both programmes. Exceptional costs of £2.9m have been recognised through the FY24 H1 condensed income statement in respect of ABS restructuring.

Group revenue increased by 1% in constant currency (5% decrease in actual currency) to £333.6m (FY23 H1: £350.2m). PIC revenue decreased by 1%[2] but strategically important royalty revenue increased 2%[2] and volumes grew by 2%. ABS revenue increased by 3%[2] despite volumes decreasing 6%. Sexed genetic volumes continued to grow, up 2%, albeit beef volumes fell 5%.

Adjusted operating profit, including joint ventures, was £38.1m (FY23 H1: £48.3m), down 17% in constant currency. Within this, Genus's share of adjusted joint venture operating profits was £4.7m (FY23 H1: £6.9m) with profits from PIC Agroceres impacted by hyperinflation in Argentina. Net finance costs were higher at £8.9m (FY23 H1: £6.1m), due predominantly to higher interest rates year on year.

Statutory profit before tax was £14.3m (FY23 H1: £15.0m), and reflected a £2.6m non-cash increase (FY23 H1: £17.2m decrease) in the net IAS 41 biological assets fair value. Porcine biological assets increased by £30.6m principally due to the restocking of Aurora, our genetic nucleus farm in Canada, following an upgrade to the farm facilities and health status, along with stocking of the Ankang and LuoDian farms in China. Bovine biological assets reduced by £28.0m primarily reflecting lower forecast sales volumes and rationalisation of bulls. Exceptional items in the period were an expense of £7.5m which was primarily legal fees related to the litigation disputes with ST and ABS restructuring charges. In January 2024, US and NZ litigations with ST were settled outside the courts. Further details are provided in note 21 of the condensed financial statements.

The tax charge on adjusted profits for the period was £7.3m (2022: £10.2m), which represented a tax rate on adjusted profits of 25.0% (2022: 24.2%). The adjusted tax rate increased due to the full year impact of the UK tax rate increase to 25%, that took effect from April 2023, and a change in profit mix to higher tax rate jurisdictions. The statutory profit after tax was £10.3m (2022: £12.0m).

The effect of exchange rate movements on the translation of Genus's overseas profits was a negative impact of £2.7m compared with the prior period, primarily from weaker Sterling against Latin American currencies.

Free cash outflow of £3.3m (2022: £3.3m outflow) reflected the lower profit performance in the period offset by improved working capital. Cash generated by operations of £22.8m (2022: £25.7m), which is seasonally weaker in H1, represented a 69% conversion (2022: 62%) of adjusted operating profit of £33.0m (2022: £41.2m) into cash. Our medium-term objective is to achieve an annual conversion of at least 90%, and we are on track to achieve it this fiscal year.

Net debt increased to £250.1m (June 2023: £195.8m), as expected, reflecting the payment of the final dividend, free cash outflow, new farm leases in China and foreign exchange movements. The net debt to EBITDA ratio increased to 2.1x (June 2023: 1.6x), reflecting the higher net debt, and we expect our leverage ratio to be similar at June 2024.

The Board has declared an unchanged interim dividend of 10.3 pence per share, which is payable on 28 March 2024 to shareholders on the register at 1 March 2024.

Strategic Priorities

Genus is a leading genetics player with a long track record of investing behind its businesses. Amongst others, these investments span Product Development, R&D, supply chain and talent. We are resolute in our commitment to deliver the resources our businesses need to prosper in the medium-term, in-line with our strategic and commercial goals.

Our strategic priorities are to:

1) Continue growing in porcine, with more stable growth in China
2) Deliver successful commercialisation of PRP, the PRRS gene edited pig
3) Deliver greater value from bovine; and
4) Continue to generate returns from R&D investments

In porcine, North America, Latin America and Europe continue to grow. Asia trading, however, was weak, driven by the challenging Chinese porcine market. Here, we have enhanced our commercial focus which is already bearing fruit with new royalty customers signed in FY24 H1. Financial performance from royalty customers takes time to build but our experience shows that a greater mix of royalty business will deliver more stability over the longer-term. Our relationship with local Chinese partner, BCA, is close and collaborative. Given the success of the partnership to date, we are jointly exploring ways to accelerate our collaboration going forward.

With regards to our PRP gene edit, progress has been made with the US FDA's acceptance of our animal characterisation submissions in respect to phenotypic and genotypic durability. Recent engagement with the FDA has shifted to the post-product approval compliance procedures. This has clarified the data submissions and monitoring that will be required on an ongoing basis post PRP approval. Validation of our procedures to comply with these monitoring requirements is expected to take several months. We therefore now expect FDA PRP approval in FY25. Our dialogue shifting to the post-product approval compliance procedures reinforces our view that product approval will be forthcoming. There are no changes to our commercialisation timeline or financial projections.

To drive greater value from bovine we initiated a comprehensive Value Acceleration programme. These actions have delivered commercial and efficiency benefits in the first half. We have taken targeted action to increase cost recovery on our value-added services through price increases. We have rationalised our production and integrated our beef, dairy and IntelliGen leadership to drive efficiencies in supply chain and resource allocation. We will go further in the second half with additional action being taken to improve structural profitability in the future.

During the period we completed a strategic review of our R&D activities and portfolio. The goal was to ensure that all early-stage projects align to our strategy, have a compelling commercial opportunity, are deliverable, and lead to a portfolio that is balanced overall. Through this review, we have sharpened our focus on key workstreams and improved our innovation processes and governance. There were some projects that did not meet our criteria, and we have stopped further work. We expect this to result in £5m of ongoing annualised savings from FY25.

Aqua

During the period, we exercised our option to take full ownership of Xelect, the leading global aquaculture genetic services company, following the purchase of a minority stake in 2021. Xelect's small team of specialists are helping us explore opportunities for accelerating genetic improvement within aqua.

People

We foster an inclusive and ethical culture that challenges, inspires and supports our people to perform to their best and fulfil their potential. During the period, we began a project to explore key components of that culture and ensure they are embedded consistently across the company. This has included work to refresh our core values, which have been in place for more than 12 years, to better reflect the business we are now. This process has involved gaining input from colleagues across the company and the refreshed values will be introduced later this year.

We also ran our latest global employee engagement survey, which attracted a record number of responses. This gave us positive feedback on our culture and helped us identify areas for improvement, which leaders and managers are currently working on with their teams.

In February 2024, ABS Chief Operating Officer Dr Nate Zwald left the business. After a comprehensive search process, Jim Low has been appointed as the new Chief Operating Officer of ABS and will join the business on 15 April 2024. He has spent 25 years in the nutrition and food industries, most recently as Chief Commercial Officer for Glanbia's $1 billion global, dairy based, nutritional solution business.

Outlook

Conditions remain challenging for our customers in several parts of the world and we have driven acceleration of our value delivery initiatives to improve performance in the first half, with further action being taken in the second half. Our focus is on driving commercial excellence and efficiency improvements at ABS as well as concentrating our R&D efforts on projects with the most attractive commercial outcomes.

commercial outcomes.

With management actions taken, and assuming that present market conditions persist for the balance of the fiscal year, management expects fiscal year 2024 adjusted profit before tax to be not less than £58m in actual currency[1]. Management remains committed to strong profit growth in the medium-term.

[1] This is a forward looking statement. Although Genus believes that the expectations reflected in this forward-looking statement are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. Adjusted profit before tax is as defined in our Alternative Performance Measures glossary.

Genus PIC - Operating Review

Six months ended 31 December	Actual currency			Constant currency change
	2023	2022[1]	Change	
	£m	£m	%	%
Revenue	**175.8**	188.0	(6)	(1)
Porcine product development	**(19.9)**	(17.0)	17	31
Adjusted operating profit exc JV	**46.9**	53.1	(12)	(7)
Adjusted operating profit inc JV	**51.4**	59.8	(14)	(10)
Adjusted operating margin exc JV	**26.7%**	28.2%	(1.5)pts	(1.8)pts

[1] Prior year period restated. Please see Note 1 of the notes to the condensed set of Financial Statements changes of reportable segments

Pork producers were faced with contrasting market conditions in different parts of the world over the period. In North America, pork producers are suffering their worst period of financial losses since the 2008-2010 financial crisis. Weak market prices in China, caused by weaker demand and the slow exit of inefficient supply, are also causing significant producer financial losses in the region. Meanwhile in Europe, producers generally operated at positive margins as a significant contraction of the sow herd over the last few years supported prices.

Against this mixed producer profitability backdrop, PIC delivered a 1% decrease in constant currency revenue (6% decrease in actual currency) compared with the same period last year but a 2% increase in constant currency strategically important royalty revenue (2% decrease in actual currency) as it continued to gain market share. Volumes increased 2% across the business. Adjusted operating profit including JVs decreased 14% year on year (10% decrease in constant currency) albeit this was due to PIC Asia's performance as North America, Latin America and Europe all reported growth in adjusted operating profit in constant currency.

	Revenue	Royalty Revenue	Volumes (MPEs)	Adjusted Operating Profit
Actual Currency				
PIC Total	£175.8m (-6%)	£87.1m (-2%)	99.0m (+2%)	£51.4m (-14%)
Constant Currency				
NAM	-14%	+2%	-2%	+1%
LATAM	+15%	+6%	+4%	+1%
EMEA	+14%	+13%	+12%	+26%
ASIA	0%	-13%	-9%	-50%
Asia ex-China	-5%	+5%	+1%	+5%

NB: Growth rates compared to the same period last year

Regional Trading Commentary

North America: The U.S. breeding herd declined slightly, but stable health and higher productivity drove a net increase in production. Low prices throughout 2023, as well as rising input costs, have seen producers suffering some of their worst financial losses in 15 years. Against this backdrop, PIC North America performed resiliently due to its high penetration of royalty volumes. Adjusted operating profit increased 1% in constant currency compared with the same period last year, supported by a 2% increase in strategically important royalty revenues. Total revenue decreased 14% year on year in constant currency due to a decrease in low margin breeding stock sales.

Latin America: In Brazil, declining feed costs drove further increases in production and enhanced margins for producers. Pork faced competition from other proteins in the domestic market but benefitted from lower prices. Exports continued to grow strongly, particularly shipments to China,

although these showed signs of slowing down towards the end of the period. In Mexico, feed costs also declined but increasing domestic production, rising imports and slowing domestic consumption all put pressure on prices and impacted producer margins. The strength of the Mexican peso undermined exports, with volumes to all major markets declining. Argentinian currency instability and hyperinflation resulted in a £1.0m decrease in income year on year from our Agroceres JV. In aggregate, Latin America's performance in the period was resilient with a 1% increase in adjusted operating profit compared with the same period last year on royalty revenue growth of 6% in constant currency.

Europe: Pork production contracted sharply, with the resultant lower supply combined with growing consumer demand leading to increased prices across the region. Producers generally operated at positive margins, leading to a slowing rate of decline in the breeding herd towards the end of the period. High prices relative to other regions meant that exports to most countries declined. PIC Europe performed strongly during the period with royalty revenues growing particularly strongly in Spain and Germany. PIC Europe adjusted operating profit increased 26% compared with the same period last year with royalty revenues growing 13% in constant currency.

Asia: Pig prices in China remained low over the period, averaging 15 RMB/kg, as demand continued to lag behind expectations. Pressure on prices was further exacerbated by the relatively slow exit of inefficient supply. Most Chinese producers made significant losses in the period, resulting in slow herd replenishment. ASF continued to be the greatest challenge for producers in the Philippines, although PIC's business there performed well. PIC Asia's adjusted operating profit decreased 50% compared with the same period last year in constant currency, impacted by the aforementioned difficult trading in China as well as higher supply chain costs as our by-product revenues reduced and the business absorbed costs from two additional farms (Ankang and LuoDian) which PIC took on during the period. Excluding China, the rest of Asia performed resiliently with adjusted operating profits increasing 5% on royalty revenue growth of 5% in constant currency.

Porcine product development

Porcine product development costs increased to £19.9m in the first half (2023 H1: £17.0m), an increase of 17% compared with the same period last year (31% increase in constant currency). Within this, PRP commercialisation costs increased to £5.1m (2023 H1: £4.0m) as marketing and supply chain activity increased. In conventional product development, we continued to strengthen our genomic selection and accelerated progress on target traits for our customers. We also took further steps to embed digital phenotyping tools across our facilities. Production costs also rose as a result of costs at our new elite farm, Atlas.

Genus ABS - Operating Review

Six months ended 31 December	Actual currency			Constant currency change
	2023	2022[1]	Change	
	£m	£m	%	%
Revenue	**157.8**	162.2	(3)	3
Bovine Product Development	**(11.7)**	(12.4)	(6)	(3)
Adjusted operating profit[2]	**7.3**	10.1	(28)	(15)
Adjusted operating margin	**4.6%**	6.2%	(1.6)pts	(1.1)pts

[1] Prior year period restated. Please see Note 1 of the notes to the condensed set of Financial Statements changes of reportable segments

[2] Excluding loss attributable to non-controlling interest

Bovine producers experienced a challenging period across all regions, leading to lower demand for genetics and a 6% decline in ABS's volumes compared with the same period last year. Low milk prices were a challenge across most regions with beef prices proving more robust.

Against this backdrop, management took significant action to accelerate value creation. Targeted price increases were aimed at driving greater recovery rates on our value-added service provisions and resulted in minimal customer attrition. Cost efficiency programmes were completed including production rationalization, operating model changes and the delivery of other cost savings. In total, these actions delivered a £1.3m benefit in the first half with a further £5m expected in the second half. A full year benefit of £10m is expected in FY25. Exceptional costs of £2.9m have been recognised through the FY24 H1 condensed income statement in respect of ABS restructuring. Further ABS restructuring will continue in the second half and additional exceptional restructuring costs are anticipated in FY24 H2.

The impact of challenging markets saw ABS revenue decrease 3% compared with the same period last year (3% increase in constant currency) and adjusted operating profit decrease 28% year on year (15% decrease in constant currency). Every region, except Latin America, saw adjusting operating profit decrease. Asia was particularly challenging, driven by a sharp double-digit decline in the Chinese dairy herd. IntelliGen third party sexing performed well, with strong growth in India and Thailand, but this was insufficient to offset declines elsewhere in the business.

	Revenue	Volume (m straws)	Adjusted Operating Profit
Actual Currency			

ABS Total	£157.8m (-3%)	12.7m (-6%)	£7.3m (-28%)
Constant Currency			
NAM	+4%	-6%	-2%
LATAM	+6%	-7%	+4%
EMEA	+5%	+4%	-6%
ASIA	-11%	-12%	-11%

NB: Growth rates compared to the same period last year

Regional Trading Commentary

North America: Milk production contracted, as low milk prices early in the period forced producers to cut costs and cull herds. Prices subsequently rose and profitability improved, but the dairy recovery is still tenuous with producer profits being aided by high beef prices and alternative revenue streams. Market prices for beef cattle and calves remained considerably higher than the previous period following a significant herd reduction. Beef retail prices reached record levels as a result of strong consumer demand. Constant currency revenue increased 4% compared with the same period last year but adjusted operating profit decreased 2% as lower volumes were only partially offset by growth in IntelliGen third party business. Mitigating management action included implementing price rises to increase service cost recovery as well as cost reductions.

Latin America: Milk production in Brazil continued to recover, aided by stable input costs and favourable weather conditions, helping producer margins to improve despite lower milk prices. Weaker export demand from China and reduced internal consumption meant that an increased Brazilian beef supply led to lower prices. Beef production in Mexico reached record levels and the beef herd is now more than 30% larger than 10 years ago. Latin America delivered year on year constant currency revenue growth of 6% driven by an 11% increase in sexed volumes. Adjusted operating profit increased 4% compared with the same period last year in constant currency; management action in the region included a turnaround of the embryo business in Brazil with embryo production costs decreasing 15% through a combination of cost control and volume increases.

Europe: Milk production was undermined by challenging weather conditions in parts of the region and milk prices declined faster than input costs, putting pressure on producer margins. However, milk prices started to rise towards the end of the period. Beef production continued to decline in most major producing countries and the beef herd contracted, but carcass prices held firm due to limited supply. Overall beef exports from the region declined. Revenue growth was 5% compared with the same period last year but adjusted operating profit decreased 6% reflecting phasing of IntelliGen upgrades with third party customers. Within Europe, the UK has been a pioneer market in terms of driving better commercial excellence. Service cost recovery actions in the UK contributed to a 15% improvement in the UK's adjusted operating profit.

Asia: Milk prices in China fell below breakeven costs for most producers, driving a double-digit reduction of the dairy herd. Sexed semen volumes were particularly impacted as Chinese dairy farmers tend to source sexed semen foremostly for expansion. As a result, ABS China adjusted operating profit decreased £2.6m compared with the same period last year. In Australia, milk production improved but high prices relative to other markets hindered competitiveness, contributing to a double-digit decline in exports. Australia and New Zealand dairies were also impacted by the rapid decline of heifer exports to China which negatively impacted product mix. Australian beef production increased with competitive prices helping to significantly increase exports to the US and China. In India and Thailand, new IntelliGen business contributed very positively albeit outweighed by China's challenging trading overall. Asia revenues over the period decreased 11% compared with the same period last year and adjusted operating profit decreased 11% year on year in constant currency.

Bovine product development

We continued to develop our proprietary beef and dairy genetics. Our polled and beef-on-dairy genetics continue to have a leading market position. Ongoing advancements in our IntelliGen technology continue to be made.

Research and Development - Operating Review

Six months ended 31 December	Actual currency			Constant currency change
	2023	2022[1]	Change	
	£m	£m	%	%
Gene editing	**3.2**	3.7	(14)	(5)
Other research and development	**8.1**	9.4	(14)	(9)
Net expenditure in R&D	**11.3**	13.1	(14)	(8)

[1] Prior year period restated. Please see Note 1 of the notes to the condensed set of Financial Statements changes of reportable segments

During the period, we completed a strategic review of our R&D activities. The goal was to ensure that all early-stage projects align to our strategy, have a compelling commercial opportunity, are deliverable, and lead to a balanced portfolio overall. Through this review, we have sharpened our focus on key workstreams and improved our innovation processes and governance. There were some projects that did not meet our criteria, and we have stopped further work. We expect this to result in £5m of ongoing annualised savings in FY25 and expect to recognise approximately £1m of associated exceptional cost in FY24 H2.

We made further progress across our research programmes. Net expenditure in R&D decreased by 8% compared with the same period last year in constant currency, as planned, to support this work.

Principal Risks and Uncertainties

Genus's approach to risk management is to identify, evaluate and prioritise risks and uncertainties so we can take action to mitigate them. The Genus plc Annual Report 2023 (a copy of which is available on the Genus plc website at www.genusplc.com) sets out on pages 61-64 the principal risks and uncertainties that might impact the performance of the Group.

Some of these risks relate to our business operations, while others relate to future commercial exploitation of our leading-edge R&D programmes. We are also exposed to global economic and political risks such as trade restrictions attributed to the ongoing Russia-Ukraine conflict and slow economic recovery in China post COVID-19. Additionally, we monitor evolving risks such as the continued impact of the Russia-Ukraine conflict, geopolitical tensions across the globe, macro-economic conditions, impacts of climate change, carbon pricing and cyber security.

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

GENUS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 31 December 2023

	Note	**Six months ended 31 December 2023 £m**	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
REVENUE	2	**333.6**	350.2	689.7
Adjusted operating profit	2	**33.0**	41.2	74.6
Adjusting items:				
- Net IAS 41 valuation movement on biological assets	8	**2.6**	(17.2)	(16.9)
- Amortisation of acquired intangible assets	7	**(2.9)**	(4.8)	(7.7)
- Share-based payment expense		**(3.9)**	(2.3)	(6.0)
		(4.2)	(24.3)	(30.6)
Exceptional items (net)	3	**(7.5)**	(2.2)	(3.5)
Total adjusting items		**(11.7)**	(26.5)	(34.1)
OPERATING PROFIT		**21.3**	14.7	40.5
Share of post-tax profit of joint ventures and associates retained	10	**5.3**	6.4	10.5
Other gains and losses	17	**(3.4)**	-	2.7
Finance costs	4	**(11.0)**	(6.1)	(15.4)
Finance income	4	**2.1**	-	1.1
PROFIT BEFORE TAX		**14.3**	15.0	39.4
Taxation	5	**(4.0)**	(3.0)	(7.6)
PROFIT FOR THE PERIOD		**10.3**	12.0	31.8
ATTRIBUTABLE TO:				
Owners of the Company		**13.5**	13.4	33.3
Non-controlling interest	20	**(3.2)**	(1.4)	(1.5)
		10.3	12.0	31.8
EARNINGS PER SHARE				
Basic earnings per share	14	**20.6p**	20.4p	50.8p
Diluted earnings per share	14	**20.4p**	20.3p	50.5p
Alternative Performance Measures				
Adjusted operating profit		**33.0**	41.2	74.6
Adjusted operating loss attributable to non-controlling interest		**0.4**	0.2	0.4
Pre-tax share of profits from joint ventures and associates excluding net IAS 41 valuation movement		**4.7**	6.9	10.8
Adjusted operating profit including joint ventures and associates		**38.1**	48.3	85.8
Net finance costs	4	**(8.9)**	(6.1)	(14.3)
Adjusted profit before tax		**29.2**	42.2	71.5
Adjusted earnings per share				
Basic adjusted earnings per share	14	**33.3p**	48.8p	84.8p
Diluted adjusted earnings per share	14	**33.1p**	48.5p	84.2p

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 2023

	Six months ended 31 December 2023		Six months ended 31 December 2022		Year ended 30 June 2023	
	£m	**£m**	£m	£m	£m	£m
PROFIT FOR THE PERIOD		**10.3**		12.0		31.8
Items that may be reclassified subsequently to profit or loss						
Foreign exchange translation differences	**(2.1)**		(4.5)		(27.2)	
Fair value movement on net investment hedges	**(0.4)**		(0.9)		-	
Fair value movement on cash flow hedges	**(1.3)**		0.6		0.8	
Tax relating to components of other comprehensive expense	**0.3**		0.7		3.1	
		(3.5)		(4.1)		(23.3)
Items that may not be reclassified subsequently to profit or loss						
Actuarial losses on retirement benefit obligations	**(9.0)**		(36.4)		(40.4)	
Movement on pension asset recognition restriction	**9.1**		36.9		38.3	
Release of additional pension liability	**-**		-		3.0	
Gain on equity instruments measured at fair value	**0.2**		1.1		1.7	
Tax relating to components of other comprehensive expense/(income)	**-**		(0.3)		(1.2)	
		0.3		1.3		1.4
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD		**(3.2)**		(2.8)		(21.9)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**7.1**		9.2		9.9
ATTRIBUTABLE TO:						
Owners of the Company	**10.3**		10.9		11.1	
Non-controlling interest	**(3.2)**		(1.7)		(1.2)	
		7.1		9.2		9.9

GENUS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2023

	Note	Called up share capital £m	Share premium account £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
BALANCE AT 30 JUNE 2022		6.6	179.1	(0.1)	50.9	1.4	340.6	578.5	(6.4)	572.1
Foreign exchange translation differences, net of tax		-	-	-	(24.2)	-	-	(24.2)	0.3	(23.9)
Fair value movement on net investment hedges, net of tax		-	-	-	-	-	-	-	-	-
Fair value movement on cash flow hedges, net of tax		-	-	-	-	0.6	-	0.6	-	0.6
Gain on equity instruments measured at fair value, net of tax		-	-	-	-	-	0.7	0.7	-	0.7
Actuarial loss on retirement benefit obligations, net of tax		-	-	-	-	-	(30.3)	(30.3)	-	(30.3)
Movement on pension asset recognition restriction, net of tax		-	-	-	-	-	28.7	28.7	-	28.7
Recognition of additional pension liability, net of tax		-	-	-	-	-	2.3	2.3	-	2.3
Other comprehensive (expense)/income for the year		-	-	-	(24.2)	0.6	1.4	(22.2)	0.3	(21.9)
Profit/(loss) for the year		-	-	-	-	-	33.3	33.3	(1.5)	31.8
Total comprehensive income/(expense) for the year		-	-	-	(24.2)	0.6	34.7	11.1	(1.2)	9.9
Recognition of share-based payments, net of tax		-	-	-	-	-	6.3	6.3	-	6.3
Dividends	6	-	-	-	-	-	(21.0)	(21.0)	-	(21.0)
Adjustment arising from change in non-controlling		-	-	-	-	-	-	-	(0.1)	(0.1)

change in non-controlling interest and written put option										
BALANCE AT 30 JUNE 2023		6.6	179.1	(0.1)	26.7	2.0	360.6	574.9	(7.7)	567.2
Foreign exchange translation differences, net of tax		**-**	**-**	**-**	**(2.3)**	**-**	**-**	**(2.3)**	**0.1**	**(2.2)**
Fair value movement on net investment hedges, net of tax		**-**	**-**	**-**	**(0.3)**	**-**	**-**	**(0.3)**	**-**	**(0.3)**
Fair value movement on cash flow hedges, net of tax		**-**	**-**	**-**	**-**	**(1.0)**	**-**	**(1.0)**	**-**	**(1.0)**
Gain on equity instruments measured at fair value, net of tax		**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
Actuarial losses on retirement benefit obligations, net of tax		**-**	**-**	**-**	**-**	**-**	**(6.8)**	**(6.8)**	**-**	**(6.8)**
Movement on pension asset recognition restriction, net of tax		**-**	**-**	**-**	**-**	**-**	**6.9**	**6.9**	**-**	**6.9**
Other comprehensive expense for the period		**-**	**-**	**-**	**(2.6)**	**(1.0)**	**0.3**	**(3.3)**	**0.1**	**(3.2)**
Profit/(loss) for the period		**-**	**-**	**-**	**-**	**-**	**13.5**	**13.5**	**(3.2)**	**10.3**
Total comprehensive income for the period		**-**	**-**	**-**	**(2.6)**	**(1.0)**	**13.8**	**10.2**	**(3.1)**	**7.1**
Recognition of share-based payments, net of tax		**-**	**-**	**-**	**-**	**-**	**3.9**	**3.9**	**-**	**3.9**
Dividends	6	**-**	**-**	**-**	**-**	**-**	**(14.2)**	**(14.2)**	**-**	**(14.2)**
Adjustment arising from change in non-controlling interest and written put option	20	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8.9**	**8.9**
BALANCE AT 31 DECEMBER 2023		**6.6**	**179.1**	**(0.1)**	**24.1**	**1.0**	**364.1**	**574.8**	**(1.9)**	**572.9**

	Note	Called up share capital £m	Share premium account £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
BALANCE AT 30 JUNE 2022		6.6	179.1	(0.1)	50.9	1.4	340.6	578.5	(6.4)	572.1
Foreign exchange translation differences, net of tax		-	-	-	(3.7)	-	-	(3.7)	(0.3)	(4.0)
Fair value movement on net investment hedges, net of tax		-	-	-	(0.7)	-	-	(0.7)	-	(0.7)
Fair value movement on cash flow hedges, net of tax		-	-	-	-	0.6	-	0.6	-	0.6
Gain on equity instruments measured at fair value, net of tax		-	-	-	-	-	0.8	0.8	-	0.8
Actuarial losses on retirement benefit obligations, net of tax		-	-	-	-	-	(29.4)	(29.4)	-	(29.4)
Movement on pension asset recognition restriction, net of tax		-	-	-	-	-	29.9	29.9	-	29.9
Other comprehensive expense for the period		-	-	-	(4.4)	0.6	1.3	(2.5)	(0.3)	(2.8)
Profit/(loss) for the period		-	-	-	-	-	13.4	13.4	(1.4)	12.0
Total comprehensive income for the period		-	-	-	(4.4)	0.6	14.7	10.9	(1.7)	9.2
Recognition of share-based payments, net of tax		-	-	-	-	-	2.9	2.9	-	2.9
Dividends	6	-	-	-	-	-	(14.2)	(14.2)	-	(14.2)
Adjustment arising from change in non-controlling interest and written put option	20	-	-	-	-	-	-	-	(0.1)	(0.1)
BALANCE AT 31 DECEMBER 2022		6.6	179.1	(0.1)	46.5	2.0	344.0	578.1	(8.2)	569.9

GENUS PLC
CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 December 2023

	Note	**31 December 2023 £m**	31 December 2022 £m	30 June 2023 £m

	Note	31 December 2023 £m	31 December 2022 £m	30 June 2023 £m
ASSETS				
Goodwill		**111.3**	111.7	107.8
Other intangible assets	7	**67.5**	68.4	66.2
Biological assets	8	**319.3**	322.7	318.2
Property, plant and equipment	9	**190.2**	168.3	164.4
Interests in joint ventures and associates	10	**53.1**	49.1	53.5
Other investments		**4.2**	11.7	8.8
Derivative financial assets	17	**1.1**	2.6	4.9
Other receivables	12	**10.2**	8.1	8.2
Deferred tax assets		**19.0**	10.1	16.5
TOTAL NON-CURRENT ASSETS		**776.5**	752.7	748.5
Inventories	11	**65.6**	59.2	61.3
Biological assets	8	**31.0**	30.9	23.8
Trade and other receivables	12	**134.4**	135.9	132.1
Cash and cash equivalents		**42.0**	42.3	36.3
Income tax receivable		**3.2**	2.0	4.0
Derivative financial assets	17	**1.2**	0.9	1.5
Asset held for sale		**-**	0.2	-
TOTAL CURRENT ASSETS		**277.4**	271.4	259.0
TOTAL ASSETS		**1,053.9**	1,024.1	1,007.5
LIABILITIES				
Trade and other payables	13	**(105.3)**	(110.8)	(122.0)
Interest-bearing loans and borrowings		**(7.0)**	(7.3)	(4.2)
Provisions		**(1.9)**	(2.1)	(1.8)
Deferred consideration		**(0.6)**	**-**	**-**
Obligations under leases		**(11.5)**	(9.9)	(10.0)
Tax liabilities		**(1.0)**	(1.8)	(7.4)
Derivative financial liabilities	17	**(1.6)**	(1.7)	(1.8)
TOTAL CURRENT LIABILITIES		**(128.9)**	(133.6)	(147.2)
Interest-bearing loans and borrowings		**(226.2)**	(214.9)	(196.0)
Retirement benefit obligations	16	**(6.6)**	(7.3)	(6.9)
Provisions		**(10.3)**	(11.0)	(10.3)
Deferred consideration		**(0.6)**	(0.6)	(0.6)
Deferred tax liabilities		**(54.2)**	(55.8)	(51.2)
Derivative financial liabilities	17	**(6.8)**	(6.3)	(6.2)
Obligations under leases		**(47.4)**	(24.7)	(21.9)
TOTAL NON-CURRENT LIABILITIES		**(352.1)**	(320.6)	(293.1)
TOTAL LIABILITIES		**(481.0)**	(454.2)	(440.3)
NET ASSETS		**572.9**	569.9	567.2
EQUITY				
Called up share capital		**6.6**	6.6	6.6
Share premium account		**179.1**	179.1	179.1
Own shares		**(0.1)**	(0.1)	(0.1)
Translation reserve		**24.1**	46.5	26.7
Hedging reserve		**1.0**	2.0	2.0
Retained earnings		**364.1**	344.0	360.6
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**574.8**	578.1	574.9
Non-controlling interest		**3.6**	(2.5)	(2.2)
Put option over non-controlling interest		**(5.5)**	(5.7)	(5.5)
TOTAL NON-CONTROLLING INTEREST	20	**(1.9)**	(8.2)	(7.7)
TOTAL EQUITY		**572.9**	569.9	567.2

GENUS PLC
CONDENSED CONSOLIDATED GROUP STATEMENT OF CASH FLOWS
For the six months ended 31 December 2023

	Note	Six months ended 31 December 2023 £m	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
NET CASH FLOW FROM OPERATING ACTIVITIES	15	**6.0**	11.8	50.4
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from joint ventures and associates		**4.5**	-	2.6
Joint venture and associate loan investment		**-**	-	(1.9)
Acquisition of joint venture and associate		**(1.2)**	(2.0)	(1.0)
Acquisition of controlling interest in Xelect Limited (see note 19)		**(2.9)**	**-**	-
Sale of other investments		**4.7**	-	3.4
Acquisition of investments		**-**	(0.4)	(0.4)
Payment of deferred consideration		**-**	(0.8)	(0.8)
Purchase of property, plant and equipment		**(9.9)**	(10.7)	(25.9)

Purchase of property, plant and equipment	**(9.0)**	(10.7)	(25.9)
Purchase of intangible assets	**(5.4)**	(4.3)	(9.3)
Proceeds from sale of property, plant and equipment	**0.6**	**-**	2.4
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(8.7)**	(18.2)	(30.9)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings	**90.2**	80.1	126.8
Repayment of borrowings	**(57.8)**	(47.2)	(111.7)
Payment of lease liabilities	**(8.9)**	(5.9)	(11.1)
Equity dividends paid	**(14.2)**	(14.2)	(21.0)
Dividend to non-controlling interest	**-**	(0.1)	(0.1)
Debt issue costs	**-**	(1.1)	(1.1)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**9.3**	11.6	(18.2)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6.6**	5.2	1.3
Cash and cash equivalents at start of period	**36.3**	38.8	38.8
Net increase in cash and cash equivalents	**6.6**	5.2	1.3
Effect of exchange rate fluctuations on cash and cash equivalents	**(0.9)**	(1.7)	(3.8)
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**42.0**	42.3	36.3

GENUS PLC
ANALYSIS OF NET DEBT
For the six months ended 31 December 2023

	At 1 July 2023 £m	Net cash flows £m	Foreign exchange £m	Non-cash movement £m	At 31 December 2023 £m
Cash and cash equivalents	**36.3**	**6.6**	**(0.9)**	**-**	**42.0**
Interest-bearing loans - current	**(4.2)**	**(2.3)**	**-**	**(0.5)**	**(7.0)**
Lease liabilities - current	**(10.0)**	**8.9**	**-**	**(10.4)**	**(11.5)**
	(14.2)	**6.6**	**-**	**(10.9)**	**(18.5)**
Interest-bearing loans - non-current	**(196.0)**	**(30.1)**	**(0.1)**	**-**	**(226.2)**
Lease liabilities - non-current	**(21.9)**	**-**	**0.1**	**(25.6)**	**(47.4)**
	(217.9)	**(30.1)**	**-**	**(25.6)**	**(273.6)**
Total debt financing	**(232.1)**	**(23.5)**	**-**	**(36.5)**	**(292.1)**
Net debt	**(195.8)**	**(16.9)**	**(0.9)**	**(36.5)**	**(250.1)**

Included within non-cash movements is £36.0m in relation to net new leases and £0.5m in the unwinding of debt issue cost.

	At 1 July 2022 £m	Net cash flows £m	Foreign exchange £m	Non-cash movement £m	At 31 December 2022 £m
Cash and cash equivalents	38.8	5.2	(1.7)	-	42.3
Interest-bearing loans - current	(7.1)	0.4	(0.1)	(0.5)	(7.3)
Lease liabilities - current	(10.1)	5.9	0.1	(5.8)	(9.9)
	(17.2)	6.3	-	(6.3)	(17.2)
Interest-bearing loans - non-current	(182.1)	(32.2)	(0.6)	-	(214.9)
Lease liabilities - non-current	(24.5)	-	0.3	(0.5)	(24.7)
	(206.6)	(32.2)	(0.3)	(0.5)	(239.6)
Total debt financing	(223.8)	(25.9)	(0.3)	(6.8)	(256.8)
Net debt	(185.0)	(20.7)	(2.0)	(6.8)	(214.5)

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.

GENUS PLC
NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For the six months ended 31 December 2023

1. BASIS OF PREPARATION

The unaudited Condensed Set of Financial Statements for the six months ended 31 December 2023:

- 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 in the United Kingdom;
- 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 2023;
- 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 21 February 2024.

The information relating to the year ended 30 June 2023, with exception of note 2, 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 2023 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 2023. The Genus plc Annual Report 2023 (a copy of which is available on the Genus plc website at www.genusplc.com) sets out on pages 61-64 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 period.

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.

Functional and presentational currency
The principal exchange rates were as follows:

	Average			**Closing**		
	Six months ended 31 December 2023	Six months ended 31 December 2022	Year ended 30 June 2023	**31 December 2023**	31 December 2022	30 June 2023
US Dollar/£	**1.25**	1.18	1.21	**1.27**	1.21	1.27
Euro/£	**1.16**	1.16	1.15	**1.15**	1.13	1.16
Brazilian Real/£	**6.17**	6.16	6.20	**6.18**	6.39	6.08
Mexican Peso/£	**21.64**	23.38	22.84	**21.61**	23.57	21.74
Chinese Yuan/£	**9.02**	8.24	8.44	**9.01**	8.35	9.21
Russian Rouble/£	**116.45**	74.46	86.29	**113.39**	89.22	112.79

Impact of Russian Sanctions
The Group has two group operating companies that are incorporated in Russia - Limited Liability Co. Genus ABS Russia and PIC Genetics LLC ('Russian-based subsidiaries/entities'). Following the sanctions that have been put in place by the UK and other governments, the Group implemented a comprehensive screening process with external counsel to ensure that its Russian entities do not trade with sanctioned individuals or entities controlled by them. The main impact of the sanctions regime on our business has been to categorise the banks in Russia into sanctioned and non-sanctioned banks. Where we receive money from sanctioned banks we are unable to use the cash without a licence from His Majesty's Treasury ('HMT'). For cash receipts from non-sanctioned banks into the entities' non-sanctioned banks we are able to use the cash in Russia for day-to-day operations.

The Group applied to HMT for a licence on 25 April 2022, to allow the use of payments from sanctioned banks by non-sanctioned Russian customers for the delivery of porcine and bovine genetics; to allow the use of money in a non-sanctioned Russian bank account in the name of Genus Russia to pay Russian suppliers who continue to use sanctioned Russian bank accounts; and to remit any excess money in Genus Russia's non-sanctioned Russian bank account (regardless of whether it was received from a sanctioned or non-sanctioned Russian bank account) to other Genus Group company UK bank accounts.

The UK Office of Financial Sanctions Implementation ('OFSI') issued a general licence for trading in agricultural commodities in Russia effective on the 4 November 2022 which provides exemptions to the sanctions regime in connection with the export, production and transport of agricultural commodities. This definition includes reproductive materials such as are supplied by Genus. Under this general licence, receipts from non-sanctioned customers received from and before 4 November 2022 from sanctioned banks no longer need to be frozen and can be freely used. Also receipts from a sanctioned customer, if made through a non-sanctioned bank, no longer need to be frozen and can be freely used. If any customer is or becomes sanctioned and pays through a sanctioned bank, these funds would still need to be frozen even after 4 November 2022.

Under the requirements of IAS 7, where there is cash that is not available to be used by the rest of the Group this needs to be disclosed. As at 31 December 2023, we had a cash balance of £3.6m (30 June 2023 £3.1m) in the Russian entities of which £0.8m (30 June 2023: £0.8m) is not currently available to be used by the Group due to being received from sanctioned banks and held in a sanctioned bank.

Management has reviewed the operations and cash flow over a period of 18 months from 31 December 2023 to 30 June 2025, based upon the 2025 plans, to determine whether the Russian entities have sufficient non-sanctioned cash flow to enable them to continue day-to-day operations and to meet liabilities as they fall due. The analysis indicates they do have sufficient non-sanctioned cash flow to enable them to meet their day-to-day operational needs.

Critical accounting judgement - exercise of control
Management has assessed whether the actions of the UK and Russian Governments have caused the Group to lose control of these Russian-based subsidiaries.

Genus PLC applied for a licence to the Department for International Trade ('DIT') on 22 September 2022, to allow for UK-based employees within the Genus group to provide accounting, business and management consulting services to the Russian-based subsidiaries, for the purpose of helping them carry out business operations in Russia, delivery of humanitarian assistance activity and for the production or distribution of food, provided that it is for the benefit of the civilian population.

The licence was authorised by the DIT and came into force on 11 January 2023. It authorises the following services:
> The fullest possible range of accounting services, business and management consulting services, to include advisory, guidance and operational assistance services provided for business policy and strategy, and the overall planning, structuring, and control of the organisation.
> The oversight that a parent company would typically provide to its subsidiaries in the areas of accounting, financial controls, tax, treasury, finance and human resources, along with similar oversight in the areas of information technology, supply chain and other types of technology.

The licence expires on 11 January 2025 and, provided the facts and circumstances surrounding the issuance of the licence currently in place do not change materially we do not foresee or are aware any reasons at this time why the licence could not be renewed.

We have concluded that we do have control over the Russian-based subsidiaries for the half year ended 31 December 2023, as defined under IFRS 10 'Consolidated financial statements', and we are still able to consolidate them despite short-term restrictions on extracting cash. We have also assessed each of the asset balances for impairment. The material areas that could give rise to impairment are:

> PIC Russia farm: £2.4m (30 June 2023: £2.4m) - the value of the farm is predicated on the future economic benefit of the animals that are being reared there. We would need to assess if the property's open market price (less cost to sell) would support the carrying value.
> Trade receivables: £2.4m (30 June 2023: £2.7m) - the ongoing financial sanctions may affect our customers' ability to pay us for their goods. If determined that our customers are unlikely to repay these amounts, then they should be provided for.
> IAS 41 valuation: £1.8m (30 June 2023: £3.9m) - the ongoing impacts of both the local economic outlook and our customers' ability to pay us could result in a reversal of the fair value of the Russian biological assets in the December valuation.

Management's impairment analysis indicates that, under the current business environment and based on the plans for the Financial Year 2025 no impairment is required as at 31 December 2023.

Management will continue to monitor the situation closely to see if any further changes require additional analysis that may result in a different conclusion.

In the event of changes in legislation, such as more restrictive sanctions imposed by the UK Government or actions taken by the Russian Government, we may determine that we do not exercise control, as defined under IFRS 10 'Consolidated financial statements', over the assets and operations of the Russian entities and we would not be able to consolidate these companies into the Financial Statements. The deconsolidation would mean that we would reclassify the Russian entities as investments and we would need to assess for impairment. A charge of up to £9.3m (30 June 2023: £11.7m) may need to be recognised in the Income Statement, representing the total net assets of the two Russian entities. Dependent on the nature of the events leading to the decision to deconsolidate the entities, there may be additional expenses incurred which we are unable to estimate at this time. In addition, revenues would not be consolidated into the Financial Statements from the date of any deconsolidation. Revenues from the Russian entities were £7.2m in the half year ended 31 December 2023 (30 June 2023: £21.7m).

New standards and interpretations

In the current period, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins after 1 January 2023 and have been implemented with effect from 1 July 2023. These are:

> Amendments to IAS 1 and IFRS Practice Statement 2 - 'Disclosure of Accounting Policies';
> Amendments to IAS 8 - ' Definition of Accounting Estimates';
> Amendments to IAS 12 - ' Deferred Tax related to Assets and Liabilities arising from a Single Transaction'; and
> Amendments to IAS 12 - 'International Tax Reform Pillar Two Model Rules - application of the exception and disclosure of that fact'.

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

New standards and interpretations not yet adopted

At the date of the 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 by the UK). The Group will continue to assess the impact of these amendments prior to their adoption. These are:

> IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information';
> IFRS S2 'Climate-related Disclosures';
> Amendments to IAS 1 - ' Classification of Liabilities as Current or Non-Current';
> Amendments to IAS 7 and IFRS 7 - 'Disclosures: Supplier Finance Arrangements';
> Amendments to IAS 12 - 'International Tax Reform Pillar Two Model Rules - other disclosure requirements';
> Amendments to IAS 21 - 'Lack of Exchangeability'; and
> Amendments to IFRS 16- ' Lease Liability in a Sale and Leaseback'.

Going Concern

The Genus plc Annual Report 2023 (a copy of which is available on the Genus plc website at www.genusplc.com) sets out on pages 62-64 several 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 fiscal year.

In assessing the appropriateness of adopting the going concern basis of preparing the financial statements, the Board have considered: -

> Genus's Budget, Forecasts and Strategic Plan which forms management's best estimate of the future performance and position of the Group
> Genus's credit facility agreement which consists of a £190m multi-currency RCF, a 150m US dollar RCF and a US 20m USD bond guarantee. The term of the facility is for four years to 23 August 2025 having already exercised both extension options. Additionally, there is an uncommitted £40m accordion option which can be requested a further two occasions over the remaining lifetime of the facility.
> The availability of mitigating actions that could be utilised if needed; including reduction in dividends and postponing certain capital spend and investments.

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

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

The Directors have considered the position if each of the identified principal risks materialised individually and where multiple risks occur in parallel. In addition, we have overlaid this downside scenario, net of mitigating actions.

Based on this assessment our headroom under these sensitivities, including our mitigating actions, remain adequate and 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.

Alternative Performance Measures ('APMs')

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

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

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

Change of reportable segments
During the review of the Company's interim Financial Statements, management determined that product development revenues, costs and attributable assets and liabilities are more accurately presented as part of each trading unit's profit and loss account. This adjustment aligns our external reporting with our internal reporting structure, reflecting how the performance of the trading units is assessed and managed. As a result, the prior periods comparatives in note 2 have been restated to reflect the change.

Revenue	(As previously reported) Six months ended 31 December 2022 £m	Impact of restatement	**(restated) Six months ended 31 December 2022 £m**	(As previously reported) Year ended 30 June 2023 £m	Impact of restatement	(restated) Year ended 30 June 2023 £m
Genus PIC	179.0	9.0	**188.0**	349.5	18.6	**368.1**
Genus ABS	160.8	1.4	**162.2**	318.8	2.8	**321.6**
Genus Research and Development						
Porcine product development	9.0	(9.0)	**-**	18.5	(18.5)	**-**
Bovine product development	1.4	(1.4)	**-**	2.8	(2.8)	**-**
Gene editing	-	-	**-**	0.1	(0.1)	**-**
Other research and development	-	-	**-**	-		**-**
	10.4	(10.4)	**-**	21.4	(21.4)	**-**
	350.2	-	**350.2**	689.7	-	**689.7**

Adjusted operating profit	(As previously reported) Six months ended 31 December 2022 £m	Impact of restatement	**(restated) Six months ended 31 December 2022 £m**	(As previously reported) Year ended 30 June 2023 £m	Impact of restatement	(restated) Year ended 30 June 2023 £m
Genus PIC	70.1	(17.0)	**53.1**	135.0	(37.5)	**97.5**
Genus ABS	22.4	(12.7)	**9.7**	43.4	(25.3)	**18.1**
Genus Research and Development						
Porcine product development	(13.0)	13.0	**-**	(29.7)	29.7	**-**
Bovine product development	(12.7)	12.7	**-**	(25.6)	25.6	**-**
Gene editing	(7.7)	4.0	**(3.7)**	(14.3)	7.5	**(6.8)**
Other research and development	(9.4)	-	**(9.4)**	(17.4)	-	**(17.4)**
	(42.8)	29.7	**(13.1)**	(87.0)	62.8	**(24.2)**
Adjusted segment operating profit	49.7	-	**49.7**	91.4	-	**91.4**
Central	(8.5)	-	**(8.5)**	(16.8)	-	**(16.8)**
Adjusted operating profit	41.2	-	**41.2**	74.6	-	**74.6**

Segment assets	(As previously reported) Six months ended 31 December 2022 £m	Impact of restatement	**(restated) Six months ended 31 December 2022 £m**	(As previously reported) Year ended 30 June 2023 £m	Impact of restatement	(restated) Year ended 30 June 2023 £m
Genus PIC	294.8	276.5	**571.3**	265.4	269.1	**534.5**
Genus ABS	278.4	112.2	**390.6**	281.7	125.0	**406.7**
Genus Research and Development						
Research	15.8	-	**15.8**	11.4	-	**11.4**
Porcine product development	276.5	(276.5)	**-**	269.1	(269.1)	**-**
Bovine product development	112.2	(112.2)	**-**	125.0	(125.0)	**-**
	404.5	(388.7)	**15.8**	405.5	(394.1)	**11.4**
Segment total	977.7	-	**977.7**	952.6	-	**952.6**
Central	46.4	-	**46.4**	54.9	-	**54.9**
Total	1,024.1	-	**1,024.1**	1,007.5	-	**1,007.5**

Segment liabilities	(As previously reported) Six months ended 31 December 2022 £m	Impact of restatement	**(restated) Six months ended 31 December 2022 £m**	(As previously reported) Year ended 30 June 2023 £m	Impact of restatement	(restated) Year ended 30 June 2023 £m
Genus PIC	(65.4)	(53.5)	**(118.9)**	(66.0)	(55.3)	**(121.3)**
Genus ABS	(72.1)	(13.2)	**(85.3)**	(72.5)	(19.6)	**(92.1)**
Genus Research and Development						
Research	(4.0)	-	**(4.0)**	(4.5)	-	**(4.5)**
Porcine product development	(53.5)	53.5	**-**	(55.3)	55.3	**-**
Bovine product development	(13.2)	13.2	**-**	(19.6)	19.6	**-**
	(70.7)	66.7	**(4.0)**	(79.4)	74.9	**(4.5)**
Segment total	(208.2)	-	**(208.2)**	(217.9)	-	**(217.9)**
Central	(246.0)	-	**(246.0)**	(222.4)	-	**(222.4)**
Total	(454.2)	-	**(454.2)**	(440.3)	-	**(440.3)**

2. SEGMENTAL INFORMATION

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive and the Board, to allocate resources to the segments and to assess their performance. The Group's operating and reporting structure comprises three operating segments: Genus PIC, Genus ABS and Genus Research and Development. These segments are the basis on which the Group reports its segmental information. The principal activities of each segment are as follows:
> Genus PIC - our global porcine business including commercialisation costs relating to PRRS resistant pig ('PRP');
> Genus ABS - our global bovine business; and
> Genus Research and Development - our global spend on gene editing costs (excluding PRP commercialisation) and other research and development costs.

A segmental analysis of revenue, operating profit, segment assets and liabilities and is provided below. We do not include our adjusting items in the income statement segments, as we believe these do not reflect the underlying performance of the segments. The accounting policies of the reportable segments are the same as the Group's accounting policies, as described in the Financial Statements.

Revenue

	Six months ended 31 December 2023 £m	(restated*) Six months ended 31 December 2022 £m	(restated*) Year ended 30 June 2023 £m
Genus PIC	**175.8**	188.0	368.1
Genus ABS	**157.8**	162.2	321.6
Genus Research and Development	**-**	-	-
	333.6	350.2	689.7

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 2023 £m	(restated*) Six months ended 31 December 2022 £m	(restated*) Year ended 30 June 2023 £m
Genus PIC	**46.9**	53.1	97.5
Genus ABS	**6.7**	9.7	18.1
Genus Research and Development	**(11.3)**	(13.1)	(24.2)
Adjusted segment operating profit	**42.3**	49.7	91.4
Central	**(9.3)**	(8.5)	(16.8)
Adjusted operating profit	**33.0**	41.2	74.6

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

Exceptional items of £7.5m net expense (2022: £2.2m net expense) relate to Genus ABS (£6.9m net expense) and Genus PIC (£0.6m net expense). Note 3 provides details of these exceptional items.

We consider share-based payment expenses on a Group-wide basis and do not allocate them to reportable segments.

Other segment information

	Segment assets			**Segment liabilities**		
	31 December 2023 £m	(restated*) 31 December 2022 £m	(restated*) 30 June 2023 £m	**31 December 2023 £m**	(restated*) 31 December 2022 £m	(restated*) 30 June 2023 £m
Genus PIC	**598.6**	571.3	534.5	**(145.0)**	(118.9)	(121.3)
Genus ABS	**400.5**	390.6	406.7	**(66.7)**	(85.3)	(92.1)
Genus Research and Development	**7.6**	15.8	11.4	**(3.6)**	(4.0)	(4.5)
Segment total	**1,006.7**	977.7	952.6	**(215.3)**	(208.2)	(217.9)
Central	**47.2**	46.4	54.9	**(265.7)**	(246.0)	(222.4)
Total	**1,053.9**	1,024.1	1,007.5	**(481.0)**	(454.2)	(440.3)

Revenue by type

	Six months ended 31 December 2023 £m	(restated*) Six months ended 31 December 2022 £m	(restated*) Year ended 30 June 2023 £m
Genus PIC	**88.7**	99.1	192.1
Genus ABS	**154.0**	157.3	310.6
Genus Research and Development	**-**	-	-
Sale of animals, semen, embryos and ancillary products and services	**242.7**	256.4	502.7
Genus PIC	**87.1**	88.9	176.0
Genus ABS	**0.2**	0.5	1.4
Genus Research and Development	**-**	-	-
Royalties	**87.3**	89.4	177.4
Genus PIC	**-**	-	-
Genus ABS	**3.6**	4.4	9.6
Genus Research and Development	**-**	-	-
Consulting services	**3.6**	4.4	9.6

Consulting services	**3.0**	4.4	9.6
Total revenue	**333.6**	350.2	689.7

Revenue from contracts with customers

The Group's revenue is analysed below by the timing at which it is recognised.

	Six months ended 31 December 2023 £m	(restated*) Six months ended 31 December 2022 £m	(restated*) Year ended 30 June 2023 £m
Genus PIC	**172.4**	185.5	362.2
Genus ABS	**139.6**	148.7	293.1
Genus Research and Development	**-**	-	-
Recognised at a point in time	**312.0**	334.2	655.3
Genus PIC	**3.4**	2.5	5.9
Genus ABS	**18.2**	13.5	28.5
Genus Research and Development	**-**	-	-
Recognised over time	**21.6**	16.0	34.4
Total revenue	**333.6**	350.2	689.7

* See note 1 for details of the restatements.

3. EXCEPTIONAL ITEMS

Operating (expense)/credit	**Six months ended 31 December 2023 £m**	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
Litigation, settlement and damages (net)	**(4.0)**	(1.8)	(4.5)
Acquisition and integration	**-**	-	(0.4)
ABS restructuring	**(2.9)**	(0.2)	1.7
Other	**(0.6)**	(0.2)	(0.3)
	(7.5)	(2.2)	(3.5)

Litigation and damages

Litigation includes legal fees, settlement and related costs of £4.0m (2022: £1.8m) related to the actions between ABS Global, Inc. and certain affiliates ('ABS') and Inguran, LLC and certain affiliates (aka STgenetics ('ST')).

Material litigation activities

In July 2014, ABS launched a legal action against ST in the US District Court for the Western District of Wisconsin and initiated anti-trust proceedings, which ultimately enabled the launch of ABS's IntelliGen sexing technology in the US market ('ABS I'). In June 2017, ST filed proceedings against ABS in the same District Court, where ST alleged that ABS infringed seven patents and asserted trade secret and breach of contract claims ('ABS II'). On 29 January 2020, ST filed a new US complaint against ABS in the same court ('ABS III').

On 10 March 2020, the United States Patent and Trademark Office ('USPTO') issued patent 10,583,439 (the ''439 patent'), and subsequently ST asked the court for permission to file a supplemental complaint in ABS III asserting infringement of the '439 patent. On 15 April 2020, ST filed a new complaint ('ABS IV'), asserting the same claim of infringement of the '439 patent alleged in its supplemental complaint and then moved to consolidate the ABS IV and ABS III litigation. The ABS I, ABS II, ABS III and ABS IV proceedings in the periods before the year ended 30 June 2023 are more fully described in the Notes to the Financial Statements in previous Annual Reports.

On 26 October 2020, ABS filed Inter Partes Reviews ('IPR') against the '439 with the USPTO. On 4 May 2021, the Patent Trial and Appeal Board ('PTAB') instituted the '439 patent IPR, and on 28 April 2022, PTAB issued its decision and declined to invalidate the claims of the '439 patent. ABS has appealed the '439 patent decision (the ''439 Appeal').

On 20 December 2021, the Wisconsin Federal Court reached a decision on certain ABS III and ABS IV motions. In relation to ABS III, the court dismissed ABS III litigation in its entirety and ST appealed certain aspects of the decision (the 'ABS III Appeal').

On 1 July 2022, the court reached a decision on the ABS II post-judgment motions as well as the pending motions in ABS IV. The court followed the jury decision in ABS II, and in relation to ABS IV, the Court denied ABS's motion to dismiss the patent claims. Appeals were filed by ABS on the validity of the 8,206,987 patent (the '987 Appeal'), the 7,311,476, patent and the 7,611,309 patent (the 'ABS II Appeal') and ST appealed the award of the $5.3m in costs (the 'Fee Award Appeal').

On 27 December 2022, ABS and ST settled the 987 Appeal, the Fee Award Appeal and the Indian Patent Proceedings (see below).

On 5 July 2023, the Court of Appeals accepted ST's arguments in the ABS III Appeal in relation to claim preclusion for technology transfer. The ABS III and ABS IV litigations where then consolidated, and the hearing moved to 31 March 2025.

On 19 October 2023, the Court of Appeals for the Federal Circuit overturned PTAB's decision in the 439 Appeal and found the independent claims of the '439 patent unpatentable.The Court of Appeals vacated PTAB's decision and remanded the decision back to the Board for further consideration.

On 11 January 2024, a settlement agreement relating to the 439 Appeal, the ABS II Appeal, the ABS III/IV litigation and the New Zealand Litigation (see below) was agreed between the parties and each of these matters were discontinued. Other than the details given in note 21, the terms of the settlement agreement are confidential. The CCI Appeal remains ongoing between the parties (see below).

Indian Litigation: In September 2019, ST also filed parallel patent infringement proceedings against ABS in India, alleging infringement of the Indian patent 240790 (''790 patent'). The '790 patent is the equivalent of the US '476, '309 patents and US patent 7, 311,476 asserted in ABS II (the 'Indian Patent Proceedings'). In June 2021, ST appealed the decision of the Competition Commission of India ('CCI') which had confirmed that ABS India had not breached the Indian Competition Act in relation to its participation in a sexed semen tender offered by the Uttar Pradesh Livestock

Indian Competition Act in relation to its participation in a sexed semen tender offered by the Uttar Pradesh Livestock Development Board (the 'CCI Appeal'). The CCI Appeal is scheduled for 15 February 2024.

New Zealand Litigation: On 14 June 2023, ST initiated proceedings against ABS, Genus, ABS Genus (NZ) Limited, CRV International BV and CRV Limited in New Zealand, alleging patent infringement and seeking a preliminary injunction. ABS sought a stay of the New Zealand Litigation while the US courts consider whether the settlement agreement between ABS and ST dated 27 December 2022 precludes the New Zealand Litigation. The hearing of the ABS's stay application and ST's preliminary injunction application was on 27 November 2023 and on 14 December 2023, the New Zealand Court awarded the ST parties the interim injunction for a limited 3-month period to 30 March 2024 and dismissed the ABS stay application.

ABS restructuring
As part of an on-going strategic global Value Acceleration programme, significant one-off expenses in relation to £1.1m of staff redundancies, £1.5m relating to fixed asset and inventory write downs were incurred and £0.3m consultancy fees to date.

Other
Included with other is £0.6m expense that relates to costs of repairing extensive weather damage to part of our elite porcine farm in Canada.

4. NET FINANCE COSTS

	Six months ended 31 December 2023 £m	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
Interest payable on bank loans and overdrafts	**(8.5)**	(4.7)	(12.3)
Amortisation of debt issue costs	**(0.5)**	(0.5)	(1.1)
Other interest payable	**(0.2)**	**-**	(0.3)
Unwinding of discount put options	**(0.2)**	(0.2)	(0.3)
Net interest cost in respect of pension scheme liabilities	**(0.1)**	(0.1)	(0.2)
Interest on lease liabilities	**(1.5)**	(0.6)	(1.2)
Total interest expense	**(11.0)**	(6.1)	(15.4)
Interest income on bank deposits	**0.5**	-	0.1
Net interest income on derivative financial instruments	**1.6**	-	1.0
Total interest income	**2.1**	-	1.1
Net finance costs	**(8.9)**	(6.1)	(14.3)

5. TAXATION AND DEFERRED TAXATION

Income tax expense

	Six months ended 31 December 2023 £m	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
Current tax	**3.7**	7.3	21.5
Deferred tax	**0.3**	(4.3)	(13.9)
Total income tax expense	**4.0**	3.0	7.6

The tax charge for the period of £4.0m (2022: £3.0m) on the statutory profit represents an effective tax rate of 27.7% (2022: 20.0%). The increase in the statutory ETR of 7.7% results from the large tax charge on net IAS 41 profit of £2.6m which comprises tax at 29.0% on porcine IAS 41 profits of £30.6m less tax relief of 24.5% on bovine IAS 41 losses of £28.0m.

The tax charge on adjusted profits for the period is £7.3m (2022: £10.2m), which represents a tax rate on adjusted profits of 25.0% (2022: 24.2%).

There is a deferred tax liability at the period end of £54.2m (2022: £55.8m) which mainly relates to the recognition at fair value of biological assets and intangible assets arising on acquisition and a deferred tax asset of £19.0m (2022: £10.1m) which mainly relates to future tax deductions in respect of pension scheme liabilities, losses and share scheme awards.

6. DIVIDENDS

Amounts recognised as distributions to equity holders in the period

	Six months ended 31 December 2023 £m	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
Final dividend			
Final dividend for the year ended 30 June 2023 of 21.7 pence per share	**14.2**	-	-
Final dividend for the year ended 30 June 2022 of 21.7 pence per share	**-**	**14.2**	14.3
Interim dividend			
Interim dividend for the year ended 30 June 2023 of 10.3 pence per share	**-**	-	6.7
	14.2	14.2	21.0

The final dividend for the year ended 30 June 2023 was approved at the Company Annual General Meeting on 22 November 2023 and paid on 8 December 2023.

On 21 February 2024, the Directors proposed an interim dividend of 10.3 pence per share payable on 28 March 2024.

7. OTHER INTANGIBLE ASSETS

	Brands, multiplier	**Separately**

	Porcine and bovine genetics technology £m	contracts and customer relationships £m	identified acquired intangible assets £m	Software £m	Assets under construction £m	IntelliGen £m	Patents, licences and other £m	Total £m
Cost								
Balance at 1 July 2022	56.5	102.9	159.4	28.9	3.7	26.8	4.4	223.2
Additions	-	-	-	-	9.3	-	-	9.3
Transfers	-	-	-	5.9	(5.9)	-	-	-
Effect of movements in exchange rates	(0.2)	(4.0)	(4.2)	(0.3)	(0.1)	(1.1)	-	(5.7)
Balance at 30 June 2023	56.3	98.9	155.2	34.5	7.0	25.7	4.4	226.8
Additions	**-**	**-**	**-**	**-**	**5.4**	**-**	**-**	**5.4**
Business Combination (see note 19)	**-**	**1.9**	**1.9**	**-**	**-**	**-**	**0.1**	**2.0**
Transfers	**-**	**-**	**-**	**2.4**	**(2.4)**	**-**	**-**	**-**
Effect of movements in exchange rates	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**	**-**	**(0.2)**
Balance at 31 December 2023	**56.3**	**100.8**	**157.1**	**36.8**	**10.0**	**25.6**	**4.5**	**234.0**
Amortisation and impairment losses								
Balance at 1 July 2022	39.1	80.1	119.2	15.5	-	12.3	4.2	151.2
Amortisation for the year	3.3	4.4	7.7	2.9	-	2.7	0.1	13.4
Effect of movements in exchange rates	0.1	(3.3)	(3.2)	(0.2)	-	(0.6)	-	(4.0)
Balance at 30 June 2023	42.5	81.2	123.7	18.2	-	14.4	4.3	160.6
Disposals	-	-	-	-	-	-	-	-
Amortisation for the period	**1.7**	**1.2**	**2.9**	**1.7**	-	**1.3**	**0.1**	**6.0**
Effect of movements in exchange rates	**-**	**-**	**-**	-	-	**(0.1)**	-	**(0.1)**
Balance at 31 December 2023	**44.2**	**82.4**	**126.6**	**19.9**	-	**15.6**	**4.4**	**166.5**
Carrying amounts								
At 31 December 2023	**12.1**	**18.4**	**30.5**	**16.9**	**10.0**	**10.0**	**0.1**	**67.5**
At 30 June 2023	13.8	17.7	31.5	16.3	7.0	11.3	0.1	66.2

Included within brands, multiplier contracts and customer relationships are carrying amounts for brands of £0.5m (30 June 2023: £0.6m), multiplier contracts of £9.1m (30 June 2023: £9.2m) and customer relationships of £8.8m (30 June 2023: £7.9m).

Included within the software class of assets is £9.7m (30 June 2023: £9.5m) and included in assets in the course of construction is £3.0m (30 June 2023: £2.3m) that relate to the ongoing development costs of GenusOne, our single global enterprise system.

8. BIOLOGICAL ASSETS

Fair value of biological assets	Bovine £m	Porcine £m	Total £m
Balance at 1 July 2023	**99.3**	**242.7**	**342.0**
Increases due to purchases	**9.0**	**71.0**	**80.0**
Decreases attributable to sales	**-**	**(138.4)**	**(138.4)**
Decrease due to harvest	**(5.6)**	**(16.0)**	**(21.6)**
Changes in fair value less estimated sale costs	**(32.3)**	**120.5**	**88.2**
Effect of movements in exchange rates	**0.2**	**(0.1)**	**0.1**
Balance at 31 December 2023	**70.6**	**279.7**	**350.3**
Non-current biological assets	**70.6**	**248.7**	**319.3**
Current biological assets	**-**	**31.0**	**31.0**
Balance at 31 December 2023	**70.6**	**279.7**	**350.3**
Balance at 1 July 2022	88.0	278.8	366.8
Increases due to purchases	10.7	75.7	86.4
Decreases attributable to sales	-	(160.8)	(160.8)
Decrease due to harvest	(6.9)	(15.7)	(22.6)
Changes in fair value less estimated sale costs	(11.9)	97.4	85.5
Effect of movements in exchange rates	0.6	(2.3)	(1.7)
Balance at 31 December 2022	80.5	273.1	353.6
Non-current biological assets	80.5	242.2	322.7
Current biological assets	-	30.9	30.9
Balance at 31 December 2022	80.5	273.1	353.6
Balance at 1 July 2022	88.0	278.8	366.8
Increases due to purchases	23.2	228.9	252.1
Decreases attributable to sales	-	(259.4)	(259.4)
Decrease due to harvest	(14.6)	(31.4)	(46.0)
Changes in fair value less estimated sale costs	6.6	38.2	44.8
Effect of movements in exchange rates	(3.9)	(12.4)	(16.3)
Balance at 30 June 2023	99.3	242.7	342.0
Non-current biological assets	99.3	218.9	318.2
Current biological assets	-	23.8	23.8
Balance at 30 June 2023	99.3	242.7	342.0

Balance at 30 June 2023 99.5 242.7 342.0

Bovine
Bovine biological assets include £8.7m (2022: £6.3m) representing the fair value of bulls owned by third parties but managed by the Group, net of expected future payments to such third parties, which are therefore treated as assets held under finance leases.

There were no movements in the carrying value of the bovine biological assets in respect of sales or other changes during the period.

A risk-adjusted rate of 12.0% (June 2023: 13.2%) 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 £31.8m (2022: £28.6m).

Decreases attributable to sales during the period of £138.4m (2022: £160.8m) include £37.7m (2022: £38.7m) 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 £64.4m (2022: £49.1m) 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 £139.6m (2022: £127.6m) in respect of these contracts, comprising £52.4m (2022: £38.7m) on initial transfer of animals and semen to customers and £87.1m (2022: £88.9m) in respect of royalties received.

A risk-adjusted rate of 12.0% (June 2023: 12.9%) has been used to discount future net cash flows from the expected output of the pure line porcine herds. The number of future generations which have been taken into account is seven (2022: seven) and their estimated useful lifespan is 1.4 years (2022: 1.4 years).

Six months ended 31 December 2023

	Bovine £m	**Porcine £m**	**Total £m**
Changes in fair value of biological assets	**(32.3)**	**120.5**	**88.2**
Inventory transferred to cost of sales at fair value	**4.3**	**(16.0)**	**(11.7)**
Biological assets transferred to cost of sales at fair value	**-**	**(74.4)**	**(74.4)**
	(28.0)	**30.1**	**2.1**
Fair value movement in related financial derivative	**-**	**0.5**	**0.5**
Net IAS 41 valuation movement on biological assets[1]	**(28.0)**	**30.6**	**2.6**

Six months ended 31 December 2022

	Bovine £m	Porcine £m	Total £m
Changes in fair value of biological assets	(11.9)	97.4	85.5
Inventory transferred to cost of sales at fair value	(0.1)	(15.7)	(15.8)
Biological assets transferred to cost of sales at fair value	-	(87.0)	(87.0)
	(12.0)	(5.3)	(17.3)
Fair value movement in related financial derivative	-	0.1	0.1
Net IAS 41 valuation movement on biological assets[1]	(12.0)	(5.2)	(17.2)

Year ended 30 June 2023

	Bovine £m	Porcine £m	Total £m
Changes in fair value of biological assets	6.6	38.2	44.8
Inventory transferred to cost of sales at fair value	1.4	(31.4)	(30.0)
Biological assets transferred to cost of sales at fair value	-	(31.4)	(31.4)
	8.0	(24.6)	(16.6)
Fair value movement in related financial derivative	-	(0.3)	(0.3)
Net IAS 41 valuation movement on biological assets[1]	8.0	(24.9)	(16.9)

1 This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation to adjusted operating profit (see APMs).

9. 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**
Cost or deemed cost								
Balance at 1 July 2022	100.2	113.6	29.6	243.4	31.5	28.4	59.9	303.3
Additions	0.2	3.1	19.8	23.1	2.0	8.9	10.9	34.0
Transferred from assets held for sale	0.2	-	-	0.2	-	-	-	0.2
Transfers	18.3	12.1	(30.4)	-	-	-	-	-
Disposals	(1.3)	(3.7)	(0.3)	(5.3)	-	(4.9)	(4.9)	(10.2)
Effect of movements in exchange rates	(6.4)	(5.4)	(1.8)	(13.6)	(1.8)	(0.8)	(2.6)	(16.2)
Balance at 30 June 2023	111.2	119.7	16.9	247.8	31.7	31.6	63.3	311.1
Additions	**1.3**	**1.3**	**7.7**	**10.3**	**33.0**	**3.4**	**36.4**	**46.7**
Business Combination (see		**0.3**		**0.3**	**0.1**		**0.1**	**0.4**

Business Combination (see note 19)	**-**	**0.3**	**-**	**0.3**	**0.4**	**-**	**0.4**	**0.7**
Transfers	**4.6**	**5.7**	**(10.3)**	**-**	**-**	**-**	**-**	**-**
Disposals	**(0.1)**	**(2.0)**	**-**	**(2.1)**	**(2.3)**	**(1.1)**	**(3.4)**	**(5.5)**
Effect of movements in exchange rates	**(0.5)**	**(0.5)**	**-**	**(1.0)**	**(0.8)**	**0.4**	**(0.4)**	**(1.4)**
Balance at 31 December 2023	**116.5**	**124.5**	**14.3**	**255.3**	**62.0**	**34.3**	**96.3**	**351.6**
Depreciation and impairment losses								
Balance at 1 July 2022	32.2	73.3	-	105.5	11.4	15.0	26.4	131.9
Depreciation for the year	5.6	12.8	-	18.4	4.6	7.2	11.8	30.2
Disposals	(1.1)	(2.7)	-	(3.8)	-	(4.7)	(4.7)	(8.5)
Effect of movements in exchange rates	(2.2)	(3.6)	-	(5.8)	(0.7)	(0.4)	(1.1)	(6.9)
Balance at 30 June 2023	34.5	79.8	-	114.3	15.3	17.1	32.4	146.7
Depreciation for the period	**2.8**	**6.6**	**-**	**9.4**	**5.1**	**3.6**	**8.7**	**18.1**
Impairment	**1.7**	**0.2**	**-**	**1.9**	-	**-**	**-**	**1.9**
Disposals	**(0.1)**	**(1.7)**	**-**	**(1.8)**	**(2.2)**	**(0.7)**	**(2.9)**	**(4.7)**
Effect of movements in exchange rates	**(0.1)**	**(0.4)**	**-**	**(0.5)**	**(0.7)**	**0.6**	**(0.1)**	**(0.6)**
Balance at 31 December 2023	**38.8**	**84.5**	**-**	**123.3**	**17.5**	**20.6**	**38.1**	**161.4**
Carrying amounts								
At 31 December 2023	**77.7**	**40.0**	**14.3**	**132.0**	**44.5**	**13.7**	**58.2**	**190.2**
At 30 June 2023	76.7	39.9	16.9	133.5	16.4	14.5	30.9	164.4

Included within additions right-of-use assets is £23.4m relating to the lease of two pig farms in China.

10. 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 2023 was £5.1m (2022: £6.4m).

The carrying value of the investment is reconciled as follows:

	31 December 2023 £m	31 December 2022 £m
Balance at 1 July	**53.5**	41.2
Share of post-tax retained profits of joint ventures and associates	**5.3**	6.4
Additions	**1.2**	2.0
Acquisition of controlling interest of Xelect Limited (see note 19)	**(2.5)**	-
Dividends received from Agroceres - PIC Genética de Suínos Ltda (Brazil)	**(3.2)**	-
Dividends received from Zhidan - Yan'an Xinyongxiang Technology Co., Ltd (China)	**(1.3)**	-
Effect of other movements including exchange rates	**0.1**	(0.5)
Balance at 31 December	**53.1**	49.1

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

Income Statement	**Revenue £m**	**Net IAS 41 valuation movement on biological assets £m**	**Expenses £m**	**Taxation £m**	**Profit after tax £m**
Six months ended 31 December 2023	**21.5**	**2.3**	**(16.8)**	**(1.7)**	**5.3**
Six months ended 31 December 2022	24.4	0.9	(17.5)	(1.4)	6.4
Year ended 30 June 2023	48.1	3.6	(37.3)	(3.9)	10.5

Our Brazilian joint venture, Agroceres, includes results from an Argentinian trading subsidiary, its profit has been impacted by hyperinflation and the significant revaluation of the Argentinian Peso.

11. INVENTORIES

	31 December 2023 £m	31 December 2022 £m	30 June 2023 £m
Biological assets' harvest classed as inventories	**24.4**	21.8	22.7
Raw materials and consumables	**3.9**	5.1	3.9
Goods held for resale	**37.3**	32.3	34.7
	65.6	59.2	61.3

During the period £1.7m of inventory was written down to net realisable value (2022: £0.2m) of which £0.9m is recognised within exceptional items in the period (2022: nil).'

12. TRADE AND OTHER RECEIVABLES

	31	31	30 June

	December 2023 £m	December 2022 £m	2023 £m
Trade receivables	**93.8**	94.4	95.4
Less expected credit loss allowance	**(3.8)**	(3.8)	(3.9)
Trade receivables net of impairment	**90.0**	90.6	91.5
Other debtors	**7.6**	8.9	8.1
Prepayments	**11.5**	11.4	7.7
Contract assets	**21.4**	21.3	22.4
Other taxes and social security	**3.9**	3.7	2.4
Current trade and other receivables	**134.4**	135.9	132.1
Other debtors	**4.6**	2.2	3.0
Contract assets	**5.6**	5.9	5.2
Non-current other receivables	**10.2**	8.1	8.2
	144.6	144.0	140.3

Trade receivables
The average credit period our customers take on the sales of goods is 49 days (30 June 2023: 48 days). We do not charge interest on receivables for the first 30 days from the date of the invoice.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ('ECLs'). The ECLs on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the general economic conditions of the industry and country in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

No customer represents more than 5% of the total balance of trade receivables (30 June 2023: no more than 5%).

13. TRADE AND OTHER PAYABLES

	31 December 2023 £m	31 December 2022 £m	30 June 2023 £m
Trade payables	**34.9**	31.5	34.8
Other payables	**3.2**	12.8	11.6
Accrued Expenses	**51.3**	51.0	58.1
Contract liabilities	**6.2**	7.1	9.8
Other taxes and social security	**9.7**	8.4	7.7
Current trade and other payables	**105.3**	110.8	122.0

The average credit period taken for trade purchases is 30 days (30 June 2023: 32 days).

14. EARNINGS PER SHARE

Weighted average number of ordinary shares (diluted)

	Six months ended 31 December 2023 000s	Six months ended 31 December 2022 000s	Year ended 30 June 2023 000s
Weighted average number of ordinary shares (basic)	**65,680**	65,540	65,557
Dilutive effect of share awards and options	**540**	441	441
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**66,220**	65,981	65,998

	Six months ended 31 December 2023 (pence)	Six months ended 31 December 2022 (pence)	Year ended 30 June 2023 (pence)
Earnings per share			
Basic earnings per share	**20.6**	20.4	50.8
Diluted earnings per share	**20.4**	20.3	50.5
Adjusted earnings per share			
Adjusted earnings per share	**33.3**	48.8	84.8
Diluted adjusted earnings per share	**33.1**	48.5	84.2

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 £13.5m (six months ended 31 December 2022: £13.4m; year ended 30 June 2023: £33.3m) 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 £21.9m (six months ended 31 December 2022: £32.0m; year ended 30 June 2023: £55.6m), which is calculated as follows:

Adjusted earnings

	Six months ended 31 December 2023 £m	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
Profit before tax	**14.3**	15.0	39.4
Add/(deduct):			
Net IAS 41 valuation movement on biological assets (note 8)	**(2.6)**	17.2	16.9
Amortisation of acquired intangible assets (note 7)	**2.9**	4.8	7.7
Share-based payment expense	**3.9**	2.3	6.0
Exceptional items (note 3)	**7.5**	2.2	3.5
Other gains and losses (note 17)	**3.4**	-	(2.7)
Net IAS 41 valuation movement on biological assets in joint ventures (note 10)	**(2.3)**	(0.9)	(3.6)
Tax on joint ventures and associates (note 10)	**1.7**	1.4	3.9
Attributable to non-controlling interest	**0.4**	0.2	0.4
Adjusted profit before tax	**29.2**	42.2	71.5
Adjusted tax charge	**(7.3)**	(10.2)	(15.9)
Adjusted profit after tax	**21.9**	32.0	55.6
Effective tax rate on adjusted profit	**25.0%**	24.2%	22.2%

15. CASH FLOW FROM OPERATING ACTIVITIES

	Six months ended 31 December 2023 £m	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
Profit for the period	**10.3**	12.0	31.8
Adjustment for:			
Net IAS 41 valuation movement on biological assets	**(2.6)**	17.2	16.9
Amortisation of acquired intangible assets	**2.9**	4.8	7.7
Share-based payment expense	**3.9**	2.3	6.0
Share of profit of joint ventures and associates	**(5.3)**	(6.4)	(10.5)
Other gains and losses	**3.4**	-	(2.7)
Finance costs (net)	**8.9**	6.1	14.3
Income tax expense	**4.0**	3.0	7.6
Net exceptional items	**7.5**	2.2	3.5
Adjusted operating profit from continuing operations	**33.0**	41.2	74.6
Depreciation of property, plant and equipment	**18.1**	14.9	30.2
Loss on disposal of plant and equipment	**0.1**	0.6	0.1
Amortisation and impairment of intangible assets	**3.1**	2.9	5.7
Adjusted earnings before interest, tax, depreciation and amortisation	**54.3**	59.6	110.6
Cash impact of exceptional items relating to operating activities	**(6.1)**	(3.0)	(7.1)
Other movements in biological assets and harvested produce	**(7.2)**	(6.7)	(11.1)
Decrease in provisions and release in deferred consideration	**-**	(0.8)	(1.0)
Additional pension contributions in excess of pension charge	**(0.3)**	(0.6)	(0.6)
Other	**(1.0)**	0.6	0.2
Operating cash flows before movement in working capital	**39.7**	49.1	91.0
Increase in inventories	**(3.5)**	(7.4)	(9.6)
Increase in receivables	**(5.0)**	(7.1)	(9.3)
(Decrease)/increase in payables	**(8.4)**	(8.9)	6.6
Cash generated by operations	**22.8**	25.7	78.7
Interest received	**0.5**	-	0.1
Interest and other finance costs paid	**(8.7)**	(4.4)	(10.7)
Interest on leased assets	**(1.5)**	(0.6)	(1.2)
Cash flow from derivative financial instruments	**1.2**	(0.2)	1.3
Income taxes paid	**(8.3)**	(8.7)	(17.8)
Net cash from operating activities	**6.0**	11.8	50.4

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 2023. The aggregated position of defined benefit schemes are provided below:

	31 December 2023 £m	31 December 2022 £m	30 June 2023 £m
Present value of funded obligations	**778.0**	778.1	746.8
Present value of unfunded obligations	**7.2**	7.7	7.4
Total present value of obligations	**785.2**	785.8	754.2
Fair value of plan assets	**(809.8)**	(820.2)	(787.6)
Restricted recognition of asset (MPF and DPF)	**31.2**	41.7	40.3

Recognised liability for defined benefit obligations	**6.6**	7.3	6.9

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

	31 December 2023	31 December 2022	30 June 2023
Discount rate	**4.55%**	4.85%	5.25%
Consumer Price Index	**2.35%**	2.55%	2.65%
Retail Price Index	**2.75%**	2.95%	3.05%

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 2023.

17. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES

The table below sets out the categorisation of the financial instruments held by the Group at 31 December 2023.

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 2023				31 December 2022				30 June 2023			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets												
Other investments	**0.5**	**-**	**3.7**	**4.2**	7.6	-	4.1	11.7	4.8	-	4.0	8.8
Trade and other receivables, excluding prepayments (note 12)	**-**	**133.1**	**-**	**133.1**	-	132.6	-	132.6	-	132.6	-	132.6
Cash and cash equivalents	**-**	**42.0**	**-**	**42.0**	-	42.3	-	42.3	-	36.3	-	36.3
Derivative instruments in non-designated hedge accounting relationships	**-**	**0.9**	**-**	**0.9**	-	0.9	-	0.9	-	0.8	-	0.8
Derivate instruments in designated hedge accounting relationships	**-**	**1.4**	**-**	**1.4**	-	2.6	-	2.6	-	5.6	-	5.6
	0.5	**177.4**	**3.7**	**181.6**	7.6	178.4	4.1	190.1	4.8	175.3	4.0	184.1
Financial liabilities												
Trade and other payables, excluding other taxes and social security (note 13)	**-**	**(95.6)**	**-**	**(95.6)**	-	(102.4)	-	(102.4)	**-**	(114.3)	**-**	(114.3)
Loans and overdrafts	**-**	**(233.2)**	**-**	**(233.2)**	-	(222.2)	-	(222.2)	**-**	(200.2)	**-**	(200.2)
Leasing obligations	**-**	**(58.9)**	**-**	**(58.9)**	-	(34.6)	-	(34.6)	**-**	(31.9)	**-**	(31.9)
Derivative instruments in non-designated hedge accounting relationships	**-**	**(0.6)**	**-**	**(0.6)**	-	(0.6)	-	(0.6)	-	(0.9)	-	(0.9)
Derivative instruments in designated hedge accounting relationships	**-**	**(0.5)**	**-**	**(0.5)**	-	-	-	-	-	-	-	-
Put option over non-controlling interest	**-**	**(7.3)**	**-**	**(7.3)**	-	(7.4)	-	(7.4)	-	(7.1)	-	(7.1)
Deferred consideration	**-**	**-**	**(1.2)**	**(1.2)**	-	-	(0.6)	(0.6)	**-**	**-**	(0.6)	(0.6)
	-	**(396.1)**	**(1.2)**	**(397.3)**	-	(367.2)	(0.6)	(367.8)	**-**	(354.4)	(0.6)	(355.0)

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.

Included within other gains and losses is a £3.4m loss (2022 - £nil) on the mark to market valuation (MTM) in relation to £60m of SONIA interest rate swaps executed in April 2023. Whilst the interest rate swaps are a perfect commercial hedge of a similar amount of our GBP borrowings for at least a three-year period, as the executing banks have a written option at the three-year point to unilaterally terminate the swaps at no cost, the transaction does not qualify for hedge accounting treatment. Accordingly, the MTM gain on the valuation of these swaps is recognised in the Group Income Statement.

31 December 2023 £m	31 December 2022 £m	30 June 2023 £m

(Loss)/gain on derivative	**(3.4)**	-	2.7
Other gains and losses	**(3.4)**	-	2.7

18. 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 former 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 2023 amounted to £1.1m (2022: £1.2m). As at 31 December 2023, the balance owing to these entities was £0.1m (2022: £0.1m), 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 2023 £m	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m	**Six months ended 31 December 2023 £m**	Six months ended 31 December 2022 £m	Year ended 30 June 2023 £m
Sale of goods and services to joint ventures and associates	**-**	-	-	**-**	-	-
Purchase of goods and services from joint ventures and associates	**2.6**	**1.5**	**4.1**	**1.2**	(0.2)	-

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.

19. BUSINESS COMBINATIONS

On 5th December 2023, the group exercised an option to acquire the remaining 61% of the issued share capital of Xelect Limited ('Xelect'). Prior to this, the group owned 39% of the issued share capital. Xelect is a leading provider of specialist genetics and breeding management services to the aquaculture industry. Xelect was acquired to establish a window into the Aqua sector and a foundational platform upon which the Group can build an entry into the aqua germplasm space.

The provisional amounts recognised in respect of the identifiable assets acquired and the liabilities assumed are as set out in the table below.

	£m
Other intangible assets	2.0
Property, plant and equipment	0.3
Right of use asset	0.4
Inventories	0.1
Trade and other receivables	0.4
Cash and cash equivalents	0.4
Trade and other payables	(0.3)
Obligations under leases	(0.4)
Deferred tax liabilities	(0.5)
Total identifiable assets	**2.4**
Goodwill	4.0
Total consideration	**6.4**
Satisfied by:	
Cash	3.3
Previously held 39% (note 10)	2.5
Contingent consideration arrangement	0.6
Total consideration transferred	**6.4**
Cash consideration	3.3
Less: cash and cash equivalent balances acquired	(0.4)
Net cash outflow arising on acquisition	**2.9**

Prior to control being obtained Xelect was accounted for as an associate (see note 10), when control was obtained the carrying value of the asset was £2.5m. The goodwill of £4.0m arising from the acquisition consists of the knowledge and experience of the workforce. The contingent consideration arrangement is based on the performance of Xelect in the remainder the year ending 30 June 2024. The total value of the contingent consideration will not exceed £0.6m. Acquisition related costs (including administrative costs) amount to £0.1m.

Xelect contributed £0.1m of revenue and a loss after tax of £0.1m for the period between the date control was achieved and the balance sheet date. Prior to control being achieved £nil was recognised in the Group's profit for our 39% share of Xelect's results to that date. If control of Xelect was achieved on the first day of the financial year, the contribution to revenue would have been £0.8m and a loss after tax of £0.1m.

20. NON-CONTROLLING INTEREST

	31 December 2023 £m	31 December 2022 £m	30 June 2023 £m
Non-controlling interest	3.6	(2.5)	(2.2)
Put option over non-controlling interest at inception	(5.5)	(5.7)	(5.5)

Total non-controlling interest	(1.9)	(8.2)	(7.7)

The non-controlling interest can be reconciled as follows:

	31 December 2023 £m	31 December 2022 £m
Balance at 1 July	**(2.2)**	(0.7)
Total comprehensive expense attributable to the non-controlling interest	**(3.2)**	(1.4)
De- Novo Genetics LLC capital injection	**8.9**	-
Dividends paid by PIC Italia S.r.l	**-**	(0.1)
Effect of exchange rates	**0.1**	(0.3)
Balance at 31 December	**3.6**	(2.5)

During the period the owners of De Novo Genetics LLC converted amounts owed by the company into capital. This did not change the percentage of ownership, as an equivalent loan was also capitalised from ABS Global Inc.

21. POST BALANCE SHEET EVENT

ST litigation settlement

As set out in Note 3, on 11 January 2024 a settlement agreement relating to the ST litigation was entered into by the parties. Under the settlement agreement, Genus agreed to pay $20m in cash, in 4 equal instalments, over the next 18 months. A related exceptional charge of approximately £5m is expected to be recognised in the full year accounts.

GENUS PLC
RESPONSIBILITY STATEMENT
For the six months ended 31 December 2023

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
Jorgen Kokke

Chief Financial Officer
Alison Henriksen

21 February 2024

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY

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

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

These APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial information relating to the Group, which are prepared in accordance with IFRS. The Group believes that these APMs are useful indicators of its performance. However, they may not be comparable to similarly-titled measures reported by other companies, due to differences in the way they are calculated.

The key APMs that the Group uses include:

Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Income statement measures		
Adjusted operating profit exc JVs	Adjusted operating profit is operating profit with the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items added back and excludes JV and associate results. *Closest equivalent IFRS measure: Operating profit*[1] See reconciliation below.	Allows the comparison of underlying financial performance by excluding the impacts of exceptional items and is a performance indicator against which short-term and long-term incentive outcomes for our senior executives are measured: > net IAS 41 valuation movements on biological assets - these movements can be materially volatile and do not directly correlate to the underlying trading performance in the period. Furthermore, the movement is non-cash related and many assumptions used in the valuation model are based on projections rather than current trading; > amortisation of acquired intangible assets - excluding this improves the comparability between acquired and organically grown operations, as the latter cannot recognise internally generated intangible assets. Adjusting for amortisation provides a more consistent basis for comparison between the two; > share-based payments - this expense is considered to be relatively volatile and not fully reflective of the current period trading, as the performance criteria are based on EPS performance over a three-year period and include estimates of future performance; and > exceptional items - these are items which due to either their size or their nature are excluded, to improve the understanding of the Group's underlying performance.
Adjusted operating profit inc JVs	Including adjusted operating profit from JV and associate results. See reconciliation below.	
Adjusted operating profit inc JVs after tax	Adjusted operating profit including JV less adjusted effective tax. See reconciliation below.	
Adjusted profit inc JVs before tax	Adjusted operating profit including JVs less net finance costs. See reconciliation below.	
Adjusted profit inc JVs after tax	Adjusted profit including JVs before tax less adjusted effective tax. See reconciliation below.	
Adjusted operating profit inc JVs exc gene editing costs	Previously performance was monitored using adjusted operating profit from JV and associate results but excluding gene editing costs. As the Group is approaching PRP commercialisation this measure is no longer used to track performance in the business, as such it is has not been included within our APM Glossary.	
Adjusted effective tax rate	Total income tax charge for the Group excluding the tax impact of adjusting items, divided by the adjusted profit before tax. *Closest equivalent IFRS measure: Effective tax rate* See reconciliation below.	Provides an underlying tax rate to allow comparability of underlying financial performance, by excluding the impacts of net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items.
Adjusted basic earnings per share	Adjusted profit after tax profit divided by the weighted basic average number of shares. *Closest equivalent IFRS measure: Earnings per share* See calculation below.	On a per share basis, this allows the comparability of underlying financial performance by excluding the impacts of adjusting items.
Adjusted diluted earnings per share	Underlying attributable profit divided by the diluted weighted basic average number of shares. *Closest equivalent IFRS measure: Diluted earnings per share* See calculation below.	
Adjusted earnings cover	Adjusted earnings per share divided by the expected dividend for the preceding 12 months. See calculation below.	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	This is adjusted operating profit, adding back cash received from our joint ventures, depreciation of property, plant and equipment, depreciation of the historical cost of biological assets, operational amortisation (i.e. excluding amortisation of acquired intangibles) and deducting the amount attributable to minority interest	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

Financing facilities	amount attributable to minority interest. *Closest equivalent IFRS measure: Operating profit*[1] See reconciliation below.	banks to ensure compliance with our bank covenants.
Adjusted operating margin	Adjusted operating profit (including JVs) divided by revenue.	Allows for the comparability of underlying financial performance by excluding the impacts of exceptional items.
Adjusted operating margin (exc JVs)	Adjusted operating profit divided by revenue.	
Constant currency basis	The Group reports certain financial measures, on both a reported and constant currency basis and re-translates the current year's results at the average actual exchange rates used in the previous financial year.	The Group's business operates in multiple countries worldwide and its trading results are translated back into the Group's functional currency of Sterling. This measure eliminates the effects of exchange rate fluctuations when comparing year-on-year reported results.
Balance sheet measures		
Net debt	Net debt is gross debt, made up of unsecured bank loans and overdrafts and obligations under finance leases, with a deduction for cash and cash equivalents. See reconciliation 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 excluding 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.
Cash flow measures		
Cash conversion	Cash generated by operations as a percentage of adjusted operating profit excluding 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 cash flow	Cash generated by the Group before debt repayments, acquisitions and investments, dividends and proceeds from share issues. *Closest IFRS measure: Net cash flow from operating activities* See reconciliation below.	Shows the cash retained by the Group in the year.
Other measures		
Ratio of net debt to adjusted EBITDA	The ratio of net debt, calculated in accordance with the definitions used in our financing facilities, is gross debt, made up of unsecured bank loans and overdrafts and obligations under finance leases, with a deduction for cash and cash equivalents and adding back amounts related to guarantees and deferred purchase arrangements, to adjusted EBITDA. *Closest equivalent IFRS components for the ratio: The equivalent IFRS components are gross debt, cash and cash equivalents and operating profit.* See calculation 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.

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

THE TABLES BELOW RECONCILE THE CLOSEST EQUIVALENT IFRS MEASURE TO THE APM OR OUTLINE THE CALCULATION OF THE APM

INCOME STATEMENT MEASURES
Adjusted operating profit exc JVs
Adjusted operating profit inc JVs

	31 December 2023		31 December 2022		30 June 2023		
	£m	£m	£m	£m	£m	£m	Reference
Operating profit		**21.3**		**14.7**		**40.5**	Group Income Statement
Add back:							
Net IAS 41 valuation movement on biological assets	(2.6)		17.2		16.9		Group Income Statement
Amortisation of acquired intangible assets	2.9		4.8		7.7		Group Income Statement
Share-based payment expense	3.9		2.3		6.0		Group Income Statement
Exceptional items	7.5		2.2		3.5		Group Income Statement
Adjusted operating profit exc JVs		**33.0**		**41.2**		**74.6**	Group Income Statement
Less: amounts attributable to non-controlling interest		0.4		0.2		0.4	Group Income Statement
Operating profit from joint ventures and associates	5.3		6.4		10.5		Group Income Statement
Tax on joint ventures and associates	1.7		1.4		3.9		Note 10 - Interests in joint ventures and associates
Net IAS 41 valuation movement attributable to joint ventures	(2.3)		(0.9)		(3.6)		Note 10 - Interests in joint ventures and associates
Adjusted operating profit from JVs		4.7		6.9		10.8	
Adjusted operating profit inc JVs		**38.1**		**48.3**		**85.8**	

Adjusted profit inc JVs before tax
Adjusted profit inc JVs after tax

	31 December 2023	31 December 2022	30 June 2023	
	£m	£m	£m	Reference
Adjusted operating profit inc JVs	**38.1**	**48.3**	**85.8**	See APM
Less net finance costs	(8.9)	(6.1)	(14.3)	Note 4 - Net finance costs
Adjusted profit inc JVs before tax	**29.2**	**42.2**	**71.5**	
Adjusted tax	(7.3)	(10.2)	(15.9)	Note 14 - Earnings per share
Adjusted profit inc JVs after tax	**21.9**	**32.0**	**55.6**	

Adjusted effective tax £m/rate

	31 December 2023		31 December 2022		30 June 2023		
	£m	%	£m	%	£m	%	Reference
Adjusted effective tax £m/rate	**7.3**	**25.0**	**10.2**	**24.2**	**15.9**	**22.2**	Note 14 - Earnings per share
Exceptional items	(1.7)	(22.7)	(0.5)	(22.7)	(0.9)	(25.7)	No direct reference
Share-based payment expense	(0.2)	(5.1)	(0.5)	(21.7)	(0.8)	(14.5)	No direct reference
Other gains and losses	(0.9)	(25.0)	-	-	0.7	25.0	No direct reference
Amortisation of acquired intangible assets	(0.8)	(27.6)	(0.8)	(16.7)	(1.9)	(24.7)	No direct reference
Net IAS 41 valuation movement on biological assets	1.9	73.1	(4.0)	(23.3)	(1.5)	(8.8)	No direct reference
Effective tax £m/rate inc joint ventures	**5.6**	**35.0**	**4.4**	**26.8**	**11.5**	**26.6**	No direct reference

Adjusted basic earnings per share

	31 December 2023	31 December 2022	30 June 2023	
				Reference
Adjusted profit inc JVs after tax (£m)	**21.9**	**32.0**	**55.6**	See APM
Weighted average number of ordinary shares ('000)	65.680	65.540	65.557	Note 14 - Earnings per share
Adjusted basic earnings per share (pence)	**33.3**	**48.8**	**84.8**	

Adjusted diluted earnings per share

	31 December 2023	31 December 2022	30 June 2023	
				Reference
Adjusted profit inc JVs after tax (£m)	**21.9**	**32.0**	**55.6**	See APM

Weighted average number of diluted ordinary shares ('000)	66.220	65.981	65.998	Note 14 - Earnings per share
Adjusted diluted earnings per share (pence)	**33.1**	**48.5**	**84.2**	

Rolling 12 month Adjusted Earnings cover

	31 December 2023		31 December 2022		30 June 2023		
	Pence	Times	Pence	Times	Pence	Times	Reference
Adjusted Earnings per share	**33.3**		**48.8**		**84.8**		See APM
Add: Prior June Adjusted Earnings per share	84.8		82.7		N/a		See APM
Deduct: Prior Interim Adjusted Earnings per share	(48.8)		(42.4)		N/a		See APM
Rolling 12 month adjusted Earnings per share	**69.3**		**89.1**		**84.8**		
Dividend for the period	10.3		10.3		32.0		Note 6 - Dividends
Add: Dividend for prior June	32.0		32.0		N/a		Note 6 - Dividends
Less: prior interim dividend	(10.3)		(10.3)		N/a		Note 6 - Dividends
Rolling 12-month dividend	**32.0**		**32.0**		**32.0**		
Rolling 12 month Adjusted Earnings cover		**2.2**		**2.8**		**2.7**	No direct reference

Adjusted EBITDA - as calculated under our financing facilities

	31 December 2023		31 December 2022		30 June 2023		
	£m	£m	£m	£m	£m	£m	Reference
Operating profit		**21.3**		**14.7**		**40.5**	Group Income Statement
Add back:							
Net IAS 41 valuation movement on biological assets	(2.6)		17.2		16.9		Group Income Statement
Amortisation of acquired intangible assets	2.9		4.8		7.7		Group Income Statement
Share-based payment expense	3.9		2.3		6.0		Group Income Statement
Exceptional items	7.5		2.2		3.5		Group Income Statement
Adjusted operating profit exc JVs		**33.0**		**41.2**		**74.6**	Group Income Statement
Adjust for:							
Cash received from JVs (dividend and loan repayment)	4.5		-		0.7		Group Statement of Cash Flows
Depreciation: property, plant and equipment	18.1		14.9		30.2		Note 9 - Property, plant and equipment
Operational lease payments	(10.4)		(6.5)		(12.3)		No direct reference
Depreciation: historical cost of biological assets	8.3		7.2		13.4		No direct reference
Amortisation and impairment (excluding separately identifiable acquired intangible assets)	3.1		2.9		5.7		Note 7 - Intangible assets
Less amounts attributable to non-controlling interest	0.4		0.2		0.4		Group Income Statement
Adjusted EBITDA - as calculated under our financing facilities		**57.0**		**59.9**		**112.7**	

Rolling 12 month Adjusted EBITDA - as calculated under our financing facilities

	31 December 2023		31 December 2022		30 June 2023		
	£m	£m	£m	£m	£m	£m	Reference
Operating profit							
Adjusted EBITDA - as calculated under our financing facilities	57.0		59.9		112.7		See APM
Add: Prior June Adjusted EBITDA	112.7		100.7		N/a		See APM
Deduct: Prior Interim Adjusted EBITDA	(59.9)		(48.9)		N/a		See APM
Rolling 12 month Adjusted EBITDA		**109.8**		**111.7**		**112.7**	

BALANCE SHEET MEASURES
Net Debt
Net debt as calculated under our financing facilities

	31 December 2023		31 December 2022		30 June 2023		
	£m	£m	£m	£m	£m	£m	Reference

	£m	£m	£m	£m	£m	£m	Reference
Current unsecured bank loans and overdrafts	7.0		7.3		4.2		
Non-current unsecured bank loans and overdrafts	226.2		214.9		196.0		
Unsecured bank loans and overdrafts		233.2		222.2		200.2	Group Balance Sheet
Current obligations under finance leases	11.5		9.9		10.0		
Non-current obligations under finance leases	47.4		24.7		21.9		
Obligations under finance leases		58.9		34.6		31.9	Group Balance Sheet
Total debt financing		292.1		256.8		232.1	
Deduct:							
Cash and cash equivalents		(42.0)		(42.3)		(36.3)	Group Balance Sheet
Net debt		**250.1**		**214.5**		**195.8**	
Deduct:							
Lower of obligations under finance leases or £30m		(30.0)		(30.0)		(30.0)	
Add back:							
Guarantees		11.7		13.7		12.6	No direct reference
Cash not available		1.3		-		0.8	
Deferred purchase arrangements		1.4		1.4		-	No direct reference
Net debt - as calculated under our financing facilities		**234.5**		**199.6**		179.2	

CASH FLOW MEASURES
Cash conversion

	31 December 2023		31 December 2022		30 June 2023		
	£m	£m	£m	£m	£m	£m	Reference
Cash generated by operations		**22.8**		**25.7**		**78.7**	Note 15 - Notes to the cash flow statement
Operating profit	21.3		14.7		40.5		Group Income Statement
Add back:							
Net IAS 41 valuation movement on biological assets	(2.6)		17.2		16.9		Group Income Statement
Amortisation of acquired intangible assets	2.9		4.8		7.7		Group Income Statement
Share-based payment expense	3.9		2.3		6.0		Group Income Statement
Exceptional items	7.5		2.2		3.5		Group Income Statement
Adjusted operating profit exc JVs		**33.0**		**41.2**		**74.6**	Group Income Statement
Cash conversion (%)		**69%**		**62%**		**105%**	

Free cash flow

	31 December 2023	31 December 2022	30 June 2023	
	£m	£m	£m	Reference
Cash generated by operations	**22.8**	**25.7**	**78.7**	Note 15 - Notes to cash flow statement
Net interest and tax paid	(16.8)	(13.9)	(28.3)	Note 15 - Notes to cash flow statement
Capital expenditure	(14.4)	(15.0)	(35.2)	Group Statement of Cash flows
Dividend received from joint venture and associate	4.5	-	2.6	Group Statement of Cash flows
Joint venture and associate loan investment	-	-	(1.9)	Group Statement of Cash flows
Proceeds from sale of property, plant and equipment	0.6	-	2.4	Group Statement of Cash flows
Dividend to non-controlling interest	-	(0.1)	(0.1)	Group Statement of Cash flows
Free cash flow	**(3.3)**	**(3.3)**	**18.2**	

OTHER MEASURES

Ratio of net debt to adjusted EBITDA

	31 December 2023		31 December 2022		30 June 2023		
	£m	**Times**	**£m**	**Times**	£m	Times	Reference
Net debt - as calculated under our financing facilities	**234.5**		**199.6**		**179.2**		See APM
Rolling 12 month Adjusted EBITDA - as calculated under our financing facilities	**109.8**		**111.7**		**112.7**		See APM
Ratio of net debt to Adjusted EBITDA		**2.1**		**1.8**		**1.6**	

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