



National Milk Records plc

('NMR', or the 'Company' or the 'Group')

30 March 2020

COVID-19 Update

National Milk Records plc, the leading supplier of essential dairy and livestock information services, provides an update to the market of the impact of COVID-19 on the Group.

The continuous nature of milk supply is such that it largely cannot be dialled up and down to adjust for issues such as COVID-19, however the switch of the public's dairy product buying pattern from outlets such as coffee shops and restaurants to supermarkets is naturally putting strain on the milk processing community. Our core service, payment testing of bulk milk samples, is anticipated to be largely uninterrupted and NMR has extensive contingency plans to minimise the effect of potential staff shortages in the laboratories. The majority of milk recording services rely on farm visits from field technicians and will be impacted by the effects of social distancing. Milk recording and associated disease testing (eg Johne's disease) account for c.60% of the company's turnover. Whilst this is expected to have an impact on the Company's ability to procure samples for testing, milk recording services are an essential component of herd performance and health management and as such NMR is promoting its 'self-serve' offering by which the farmer takes the samples themselves. The impact any transition to 'self-serve' will have on earnings is difficult to quantify at this stage as the depth and duration of the COVID-19 outbreak is unknown, although the relative margins of the assisted and self-serve models are similar.

Protection of the health and welfare of staff is paramount for NMR, and their role in limiting movement of people and visitors to sites is not underestimated. As such NMR has enabled home-working for all employees who are able to do so, and the recent deployment of cloud-based Office365 platforms has made this straightforward. Where on-site work is required, such as in laboratories, and limited services from office operations, NMR is maintaining strict hand-hygiene protocols and enforcing social distancing for all staff. Measures to separate key staff, such as managers and deputies, are also being implemented. The Board of NMR are consistently monitoring Government and regulatory measures and implementing the appropriate changes.

NMR provides essential services to the food supply chain and therefore NMR workers are defined as key workers by the Government. Whilst this may provide some protection against scarce resources, the potential length of the school closure period and availability of alternative childcare arrangements brings uncertainty to resource models. NMR is building contingency arrangements on a site-by-site basis.

The Directors remain assured that the Company has sufficient liquid funds and access to debt facilities for its current purposes. We are nevertheless acting prudently to preserve cash to ensure investment in new projects planned for 2020 can go ahead. Investment will continue as planned however and as stated in our Interim announcement investment in the second half of our financial year is expected to be lower than in the first half. The Company will also take advantage of the VAT deferral element of the Government's COVID-19 support to businesses.

Lastly, the restrictions on large gatherings and events will limit marketing activity in the key Spring and Summer season for agricultural shows.

In summary, NMR operates an essential service for the food supply chain, and its endeavours are focussed on continuing business as usual. NMR is maintaining contingency plans to limit the impact of COVID-19. Due to the dynamic nature of the situation and its potential impact on both revenue streams and resource availability, management cannot give any specific revised guidance on the financial impact of COVID-19.



For further information please contact:

National Milk Records plc

Andy Warne, Managing Director

+44 7970 009 141

Mark Frankcom, Finance Director

+44 7458 002 444

Canaccord Genuity

+44 20 7523 8000

Adam James

Georgina McCooke

Blytheweigh (Financial PR)

+44 20 7138 3204

Megan Ray

Rachael Brooks

About NMR

NMR is the leading supplier of essential management information to the UK dairy supply chain. Through a team of self-employed milk-recorders, it collects and tests milk samples for approximately 50% of the UK's two million cows. In addition, its laboratories provide payment testing and disease testing services for Britain's milk processors. NMR has a joint-venture laboratory in the Republic of Ireland providing similar services to farmers and processors across the whole of Ireland. Another division of the Group is a livestock traceability business, Nordic Star, which services the UK dairy and beef sectors.