



For immediate release

9 August 2022

**National Milk Records plc
("NMR", the "Company", or, together with its subsidiaries, the "Group")**

FOURTH QUARTER TRADING UPDATE FOR THE THREE MONTHS ENDED 30 JUNE 2022

National Milk Records plc, the established agri-tech information services provider in UK dairy, listed on Aquis Stock Exchange (AQSE: NMRP), is pleased to announce its unaudited trading update for the three months ended 30 June 2022.

HIGHLIGHTS

- Turnover for the quarter of £6.090 million (Q4 June 2021: £5.719 million), an increase of 6.5%
- Revenues in core milk recording grew by £0.112 million to £2.448 million, an increase of 4.8%
- Revenues for testing of Johne's disease increased by £0.142 million or 12.6% on the back of a 9.0% increase in the same period last year
- On-Farm Software support revenues were up 8.7% on the same period last year to £224k million (Q4 June 2021: £206k)
- Revenue from genomics testing up by £0.111 million to £0.192 million, an increase of 138.1% (Q4 June 2021: £81k)
- Successful delivery of IT to support NMR's genomics testing contract for Genus

Andy Warne, Managing Director, commented:

"I am really pleased to see the final quarter of our financial year performing on this strong footing. This is particularly true this year as the comparative quarter in 2021 was also a strong quarter. Seeing the consistency of performance in the core sectors of milk recording, Johne's testing, and on-farm software demonstrates the relevance of our services to customers, and the essential nature of NMR's services to the supply chain as a whole. I would like to take this opportunity to thank the NMR staff and our team of self-employed milk recorders for their dedication to our customers across the UK dairy sector.

"It is also exciting to see significant growth in genomics testing, up by nearly 140% in the year against Q4 2021, as the uptake of this important technology and the value it offers is increasingly recognised by farmers. We are delighted to be supporting Genus' genomics testing in the UK and providing the technology platforms that enable the flow of data required to support these services effectively.

"The NMR team is absolutely focused on delivering the values set out in our strategic plan, dedicating ourselves to our core business and growing the number of cows on our database, as well as the pursuit of innovation. We are excited about the positive feedback we are receiving from dairy farmers and optimistic about the relevance of Genocells across a wide variety of UK and US dairy producers. This

disruptive technology is proving itself in field trials and will be delivered using our proprietary software analytics platform.”

TRADING UPDATE

Turnover for the fourth quarter was £6.090 million, £373,000 higher than the same period last year, an increase of 6.5%. This marks two consecutive occasions where Q4 has been up by £373,000 year-on-year (“y-o-y”). Two thirds of this year’s increase was in core revenue streams, led by core milk recording and Johne’s testing, and the majority of the remaining third was in genomics testing.

A further consistency in the y-o-y performance is the key drivers from core revenue streams. Core milk recording revenues were £2.448 million in the quarter, up by 4.8% on a year earlier. Much of this increase is down to higher value per customer and pricing, more than offsetting a slight reduction in cow numbers on the database. Johne’s testing revenues improved by 12.6% in the quarter, having grown by 9.0% a year earlier. This consistency of revenue growth y-o-y demonstrates the relevance of NMR’s services supporting the supply chain in their pursuit of efficient milk production from healthy animals.

On-farm-software support sales were also up by nearly 9% in the quarter, at £224,000, an increase of £18,000. This is an important revenue stream that supports the future strategy of sharing data with stakeholders up and down the supply chain.

Revenue from genomics testing was up by 138% y-o-y and stands at £192,000 in the quarter. In April 2022, NMR announced a contract to partner with Genus for its bovine female genomic testing requirements in the UK market. This volume is providing a significant increase to NMR’s revenues and demonstrates the potential for genomic testing in the UK. Alongside NMR’s own testing under the GeneEze brand, and via its relationship with Zoetis and their range of genomics testing called Clarifide, NMR is now involved with more than half of the female bovine genomics testing in the UK.

NMR also anticipates that the contract with Genus will provide significant signposting for the new GenoCells service, for which NMR has an exclusive UK licence, when it launches early next year. GenoCells is a disruptive technology which enables the monitoring and detection of mastitis and sub-clinical mastitic infection of individual animals from the testing of one sample of milk from the bulk-tank in the farm’s parlour.

Below the revenue level, there have been no significant structural, organisational or cash flow changes that would suggest any dilutive effect on this revenue performance against expectations.

KEY PROJECTS

NMR has successfully delivered the first phases of its new Genotyping solution, driven by the commercial opportunity with Genus. This expands the existing GeneEze service and provides the ability to test samples from other organisations through the laboratory. Two new portals have been developed, using NMR’s new future state architecture, and modules have been developed for Animal, Product Delivery and Order Processing services, which will be reused and will form a common solution for future product development. With reuse at its centre, this development is expandable and forms part of the building blocks for the GenoCells service in the UK and the US.

The acceleration of CRM functionality within Dynamics 365 has been scoped and base-level requirements have been evaluated to support CRM functions including lead management, case management, customer segmentation, and resignation management. The business requirements can be met by configuration of the Dynamics applications, rather than any bespoke coding. The next considerations are how to balance and prioritise these requirements alongside invoicing and finance, and then to develop the most effective deployment planning ahead of first implementation later in 2022.

The work to pursue GenoCells technology in the United States is being backed-up by farm trials with the University of Wisconsin-Madison and market research via Farm Journal. Following early signs of positive indicators, NMR is actively engaged with potential sales channel partners to determine the optimum go-to-market launch options and will be attending the World Dairy Expo in the US in October.

OUTLOOK

The war in Ukraine has led to unprecedented inflation, higher interest rates and concern from world leaders regarding security of energy supply as well as food. In the UK dairy sector, milk prices have increased significantly in 2022 to cover costs of fuel, fertiliser, and feed. Although these price pressures, are beginning to ease, UK milk prices are staying firm as milk processors secure supply into autumn and winter. This inflationary influence, increasing the long-term value of milk, underpins the increasing value of NMR's services.

For NMR, the continuing trend for greater provenance, animal health, antibiotic management, and sustainability provides the backdrop for increased testing in the UK dairy industry. Couple this with exclusive access to a new technology and enabling genomic recording services in new sectors, NMR is well-placed to deliver growth in core revenue and adjacent sectors of the market.

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This announcement is available on the NMR website at www.nmr.co.uk

The Directors of the Company are responsible for the contents of this announcement.

About NMR

NMR is the leading agri-tech supplier of 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.

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