



For immediate release

09 Nov 2022

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

**FIRST QUARTER TRADING UPDATE FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2022**

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

**HIGHLIGHTS**

- Turnover for the quarter of £5.975 million (Sept 2021: £5.722 million), an increase of 4.4%
- Revenues for core revenue streams increased by more than £200,000, an increase of 4.3%
- Revenue from testing for Johne’s disease was £1.228 million, an increase of 5.9% (Sept 21: £1.159 million)
- Revenues for milk recording services up 3.4% to £2.411 million (Sept 2021: £2.331 million)
- Surveillance adjacencies<sup>(\*)</sup> revenues of £167,000 (Sept 2021: £149,000), an increase of 11.9%
- Sales of Genomics testing up £68,000 to £151,000, a rise of 82%
- Planning is progressing for the launch of the GenoCells services in the UK and United States

<sup>(\*)</sup> Surveillance adjacencies include NMR’s antibiotic surveillance service, Farm Assist.

**Andy Warne, Managing Director, commented:**

“I am pleased to report a steady start to revenue growth in the first quarter of our new financial year.

“In particular, our Core revenue streams providing the engine room for growth reflects the focus of our strategic plan and the efforts of the NMR team. Johne’s disease testing continues to be a star performer growing by almost 6% year on year, and the second quarter will see a major engagement with milk processors and vets to underpin the detrimental role that this wasting disease has on animal health, milk production and sustainability. Our data shows that Johne’s can adversely impact the production of an animal by as much as 800 litres across its lactation.

“I am also pleased to see another quarter of significant growth in genomics testing. We are convinced that the benefits of genomics testing, particularly when coupled with our exclusive GenoCells service, will see a rapid penetration of the UK market. GenoCells provides farmers with a genomically driven individual animal cell count analysis, based purely on the sample of milk from their bulk tank. This allows them to manage mastitis in the herd, and its associated use of antibiotics, without the need for individual animal sampling.

“We are pleased with our progress in the early part of the new financial year, with the added excitement of launching GenoCells in 2023 in our core domestic market and in the United States.

“I would like to thank all of the NMR staff and our dedicated self-employed milk recorders and samplers who continue to demonstrate that NMR services decode milk data and build robust insights.”

## **TRADING UPDATE**

Turnover for the first quarter of the financial year was £5.975 million, £253,000 above the same period last year, a growth year-on-year (“YOY”) of 4.4%.

The three largest contributors to the YOY growth in the first quarter were in milk recording, testing for Johne’s disease and genomics testing. This reflects NMR’s strategic focus of growing the core business whilst pursuing new innovative technologies such as genomics and GenoCells. Testing of Johne’s disease continues to be a key driver of growth, up by £69,000, a rise of almost 6%, and despite a modest 1.1% fall in the number of cows on the database, milk recording revenues grew by 3.4% YOY.

Revenue from Genomics testing grew by 82% YOY, driven by the incremental business from the new contract with Genus plc for its bovine female genomic testing requirements in the UK market, but also by NMR’s distribution of the Clarifide™ genomic test in the UK, for the US leading genomics tester, Zoetis Inc. which also delivered 33% of the volume in the quarter. Having started in March 2022, the Genus contract will boost YOY comparisons of genomics trading until its anniversary, with strong growth anticipated in the current financial year.

In other areas, revenue from support for On-Farm Software grew by 4.9% in the quarter to £221,000 on the back of a strong 2021 and is considered a key strategic enabler as NMR looks to integrate the flow of data up and down the supply chain, controlled by suitable permissions. Sales of testing and tags under the Nordic brand had a disappointing quarter with Testing Adjacencies overall down 6.8% on the same period last year. Sales in this area are expected to quickly recover with renewed focus following a small change in organisational responsibilities.

## **KEY PROJECTS**

Significant research has been undertaken to examine value and routes to market for GenoCells in the United States, including field trials with the highly rated dairy herd of the University of Wisconsin, and end-user research via Farmers Journal. In addition, NMR Executives attended the World Dairy Expo event in Madison in October 2022 and favourable responses were received regarding the potential for the technology from major suppliers of genetics and of genomics testing in the US market. NMR is accelerating its research and development of the underpinning data feeds and GenoCells engine to support delivery of service into potential US sales channels in 2023.

This development forms part of the first steps towards NMR’s Future State Architecture for IT, and will provide scalable, reusable modules for product development and order fulfilment, including GenoCells in the domestic market. Given the disruptive nature of the GenoCells technology, sufficient analysis and consideration is being given to get the right market positioning and marketing plan ahead of a product launch.

Finally, work continues on the project to develop new Finance, Billing and Customer Relationship Management systems using Microsoft Dynamics 365. NMR is investing in in-house technical product knowledge prior to finalising a launch plan which will need to prioritise the complexity of rollout of functionality for the three components, whilst securely delivering the maximum benefit as early as possible along the delivery curve.

## OUTLOOK

Amidst the volatility of global and domestic politics and finance, it's heartening to reflect on an outlook on a sector characterised by calmness and stability. In fact, a recent AHDB survey shows a fall in the number of exits from UK dairy despite surging inflation costs, with a modest estimate of 1.9% of GB dairy farmers closing their parlours in the year to October 2022.

Inflation remains a pressure point in the sector, and the Company has seen a recent hardening of inflation in fuel and feed prices. Milk prices are expected to remain strong until at least the Spring flush. Whilst absolute margins are protected by milk price increases, significant inflation of input costs serves to underline the benefit of milk recording to manage performance and optimise output via animal health and breeding management. Furthermore, maximising the efficiency of a herd is the single most direct route for the supply chain to achieve its sustainability objectives. With a Government focused on food and energy security, alongside sustainability, efficient herds and milk recording remain essential tools for managing and optimising dairy production, and NMR is well placed to deliver growth in conventional and adjacent sectors of the market.

The Company is providing an additional video discussing the business and its strategy in the Investor section of the website at [www.nmr.co.uk/investors](http://www.nmr.co.uk/investors).

For further information please contact:

### **NMR plc**

Andy Warne, Managing Director  
Mark Frankcom, Finance Director

[andywa@nmrp.com](mailto:andywa@nmrp.com)  
[markfr@nmrp.com](mailto:markfr@nmrp.com)

### **Canaccord Genuity Limited**

Adam James  
Harry Rees

+44-20-7523 8000

### **BlytheRay (Financial PR)**

Megan Ray  
Rachael Brooks

+44-20-7138-3204

This announcement is available on the NMR website at [www.nmr.co.uk](http://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 1.8 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.

**\*\*ENDS\*\***