

Proposed Acquisition of NMR by AB Foods plc

Who is Associated British Food PLC?

Associated British Food Group (“ABF”) is a diversified international food, ingredients, and retail group with 132,000 employees in 53 countries. ABF has a premium listing on the Main Market of the London Stock Exchange, and has a market capitalisation of some £14 billion with a net cash position of circa £0.6 billion.

AB Agri is ABF’s international agri-food business and a leader in the UK agricultural sector. AB Agri occupies a key position in the food supply chain, with a presence in more than 80 countries, employing over 3,000 people internationally. AB Agri supplies a wide range of animal feed, supplements and specialist ingredients, and provides value-added services and expertise to farmers, feed and food manufacturers and retailers. It operates at the heart of the agricultural industry and its vision centres around working with its customers to produce high-quality, affordable, safe and responsibly sourced food products. AB Agri has an established position in the UK dairy industry, working with over 2,000 UK dairy farms.

Why have ABF chosen NMR?

The NMR Directors believe that NMR is the leading agri-tech supplier of management information and testing services to the UK dairy supply chain, developing technology used to inform farming efficiency and animal welfare, and quantify food provenance. NMR regularly collects a milk sample from virtually every dairy farm in Great Britain, positioning it as a highly respected and present voice across the breadth of the national dairy sector. NMR's success has been largely driven by strong collaborative relationships with key industry players, including dairy farmers, vets, milk processors, third party suppliers, and major retailers.

NMR provides milk recording and testing services, invoicing upwards of 3,000 farms every month, to the majority of the UK’s milk processors. Through its laboratories, NMR also provides disease testing services for individual animals and whole herd analysis. NMR continues to differentiate itself by developing new products and services and investing in alternative technologies, notably genomics and GenoCells.

In delivering its services, NMR has been working to help reduce carbon emissions per litre of milk whilst maintaining overall milk yields. This objective aligns with the aims of the UK dairy supply chain, which continues to be proactive in its drive to prove its carbon reduction and carbon neutrality credentials. NMR’s services and data are central to achieving that aim.

NMR’s business is well aligned with AB Agri’s objective of supporting customers across the dairy industry, helping to drive efficiency and increase productivity. NMR provides complementary services and technology offerings to AB Agri’s existing operations across the dairy supply chain, and AB Agri believes that a combination of NMR’s existing services and AB Agri’s services will enable a better service to the UK dairy industry. AB Agri believes that the Acquisition will allow NMR to accelerate and de-risk the delivery of its strategy, as well as creating greater opportunities for NMR’s customers, employees and wider stakeholders.

Why ABF?

NMR's business is well aligned with AB Agri's objective of supporting customers across the dairy industry, helping to drive efficiency and increase productivity. NMR provides complementary services and technology offerings to AB Agri's existing operations across the dairy supply chain, and AB Agri believes that a combination of the NMR and AB Agri service offerings will enable a better service to the dairy industry, initially in the UK.

The NMR Directors believe the backing of ABF will accelerate and de-risk NMR's ability to deliver its strategic objectives, streamlining industry processes by creating a holistic business that can provide end-to-end data and analysis to ensure the long term sustainability, efficiency and profitability of UK Dairy. The NMR Directors believe that the recommended Acquisition will provide additional resources and support to scale NMR's business, including Genocells in the UK and the US, whilst also providing complementary expertise, technologies and actionable insights to NMR's existing and prospective customers including UK dairy farmers, milk processors and retailers.

The NMR Directors believe ABF's and AB Agri's status within the UK agricultural sector and expertise in the dairy industry will provide a significant benefit to NMR's customers. As the UK dairy supply chain continues its drive to carbon neutrality, NMR's work with GenoCells and milk data, and its pivotal role in payment testing, will contribute important information to aid in this transition.

Will NMR still exist?

If the Acquisition completes, NMR will become part of AB Agri and cease to exist as a separate trading company. ABF does not intend to make any material changes to the business operations of NMR upon acquisition. However, until the transaction is finalised NMR's corporate structure, business and services will remain as normal.

Will shareholders have a say in the Acquisition?

Yes, details of the Acquisition were circulated to Shareholders on 06 June 2023.

It is intended that the Acquisition be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. The purpose of the Scheme is to provide for AB Agri to become the owner of the entire issued and to be issued ordinary share capital of NMR. The Scheme will be put to Scheme Shareholders at a Court Meeting and to the NMR Shareholders at a General Meeting. In order to become Effective, the Scheme must be approved by a majority in number of the Scheme Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75% in value of the Scheme Shares voted. In addition, the implementation of the Scheme must also be approved by NMR Shareholders at a General Meeting.

What will happen to the current shares held in NMR?

Under the terms of the Acquisition, each NMR Shareholder will be entitled to receive 215 pence per NMR Share in cash. Upon completion of the acquisition, the NMR Shareholders will not hold any shares in ABF or AB Agri.

Will NMR Shareholders automatically get shares in ABF?

No, if the transaction completes, the NMR Shares will be bought out, with each NMR Shareholder receiving 215 pence per NMR Share in cash. Any shares in ABF must be purchased separately.

I don't want to sell my shares, do I have to?

It is intended that the Acquisition be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. The purpose of the Scheme is to provide for AB Agri to become the owner of the entire issued and to be issued ordinary share capital of NMR. The Scheme will be put to Scheme Shareholders at a Court Meeting and to the NMR Shareholders at a General Meeting.

In order to become Effective, the Scheme must be approved by a majority in number of the Scheme Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75% in value of the Scheme Shares voted. In addition, the implementation of the Scheme must also be approved by a Shareholder vote at a General Meeting.

If this Scheme is approved then all currently held NMR shares will be bought by ABF for 215 pence per NMR share.

Will NMR still be providing the same services?

Yes, NMR provides complementary services and technology offerings to AB Agri's existing operations across the dairy supply chain, and AB Agri believes that a combination of NMR's existing services and AB Agri's services will enable a better service to the UK dairy industry.

What happens to NMR's current customers?

During the process the existing services offered by NMR will be maintained. If the Acquisition completes, any existing contractual rights will be fully safeguarded, to the extent permitted in accordance with applicable law.

The NMR Directors believe that the recommended Acquisition will provide additional resources and support to scale NMR's business, whilst also providing complementary expertise, technologies and actionable insights to NMR's existing and prospective customers including UK dairy farmers, milk processors and retailers.

Do I need to sign a new agreement with ABF?

Existing agreements will remain as they are, to the extent permitted by applicable law.

Will NMR's objectives change?

NMR will maintain its current strategies and objectives. The recommended Acquisition is intended to support the acceleration of these strategies with NMR benefiting from the capabilities, scale and

resources of AB Agri.

Will NMR's operations remain in the UK?

NMR provides complementary services and technology offerings to AB Agri's existing operations across the dairy supply chain, and AB Agri believes that a combination of its services alongside NMR's existing services will enable a better service to the UK dairy industry.

Will NMR remain focused on dairy?

Yes, NMR provides complementary services and technology offerings to AB Agri's existing operations across the dairy supply chain, and AB Agri believes that a combination will enable a better service to the dairy industry, initially in the UK.

Why is the NMR Board recommending this?

In considering the financial terms of the Acquisition and determining whether they reflect an appropriate valuation of NMR and its prospects, the NMR Board has taken into account a number of factors.

The Acquisition reflects the strength of the NMR business and its medium-term future prospects, and provides an opportunity for NMR Shareholders to crystallise, in cash, the value of their investments on fair and reasonable financial terms, incorporating the potential for future value creation.

Following careful consideration of both the financial terms of the Acquisition and ABF's plans for the NMR business under ABF's ownership, the NMR Board believe that the Offer is in the best interests of NMR and NMR Shareholders as a whole. Accordingly, the NMR Board, which has been so advised by Canaccord Genuity as to the financial terms of the Offer, has agreed to unanimously recommend the Offer to enable it to be put forward to NMR Shareholders.

The NMR Directors believe that the Offer will provide additional resources and support required to scale NMR's business, including GenoCells in the UK and the US, whilst also providing complementary expertise, technologies and actionable insights to NMR's existing and prospective customers including UK dairy farmers, milk processors and retailers.

Furthermore, having given due consideration to ABF's intentions regarding NMR's employees, the NMR Directors believe that NMR's workforce will benefit from enhanced future employment opportunities within the combined group.

Who do I contact if I want some more information?

If you would like further information regarding the acquisition, please contact your normal NMR contact, your stockbroker or financial adviser, or NMR's public relations team, BlytheRay at NMR@blytheray.com.