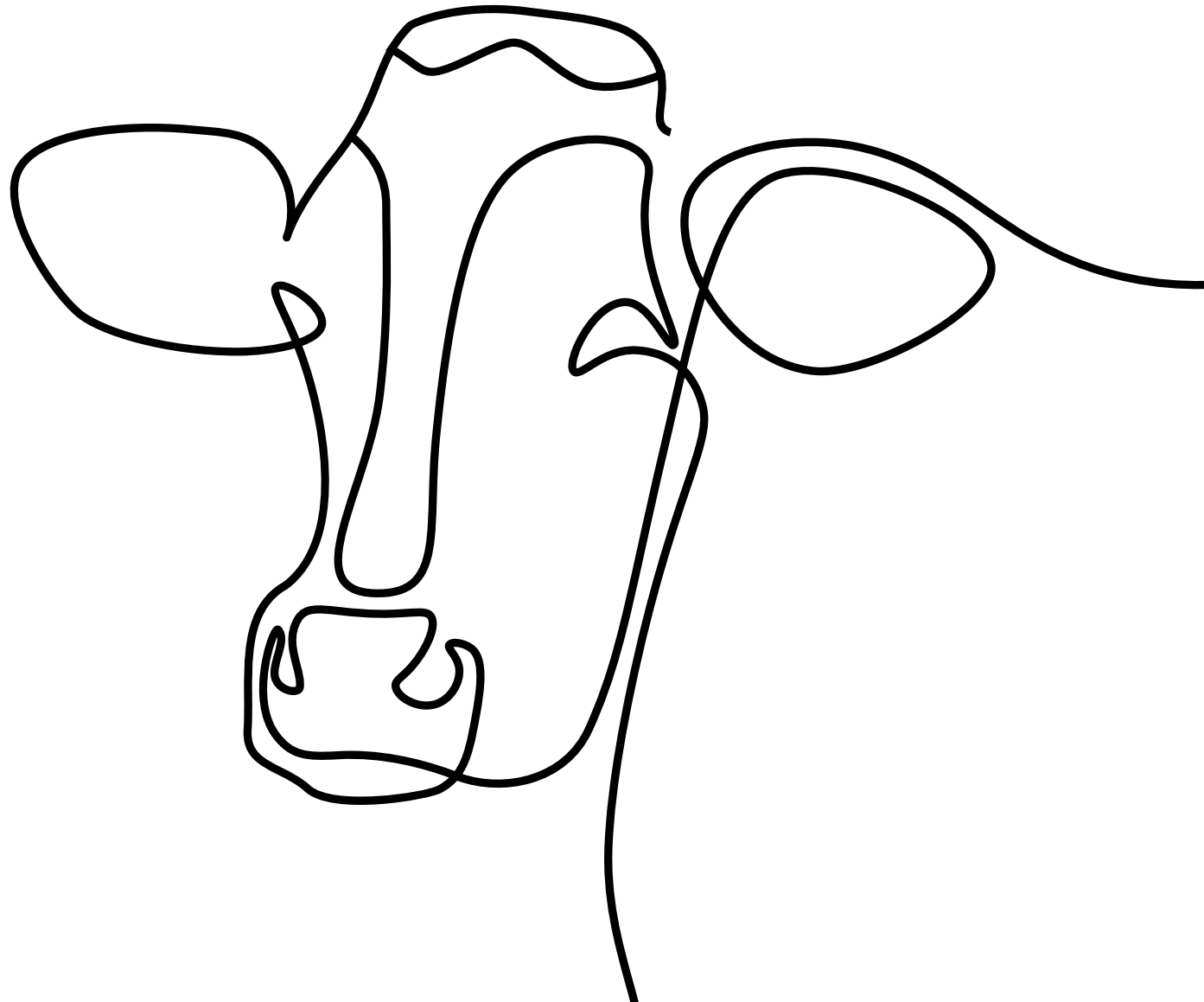




2022
ANNUAL
REPORT

2023
BUSINESS
PLAN



We **empower, inspire** and **educate** Canadian dairy farmers and industry partners with insightful solutions that drive business success.



Harold Sweetnam (MB)

Gert Schrijver (AB)

Frido Hamoen (Netherlands)

Ed Friesen (MB)

Pierre Lampron (QC)

Korb Whale (ON)

Gabriel Belzile (QC)

Tom Pasco (ON)

Barbara Paquet
Chair (QC)

Matthew Flaman
Vice-Chair (SK)

Harm Kelly (ON)

2022 BOARD OF DIRECTORS

ABOUT US

- Formed in 2019, Lactanet is a farmer-led partnership of the Canadian Dairy Network, CanWest DHI and Valacta
- 11 Board of Directors
- 450+ employees
- National administrator of DairyTrace animal traceability
- 4 labs and 2 offices across Canada

WHO WE SERVE

- All dairy farms across Canada
- Breed associations
- AI units and breeding companies
- Nutritionists
- Veterinarians
- Provincial milk boards



VIRTUAL CELEBRATION

Join us February 21, 2023 as we celebrate Lactanet Canada's Best Managed Dairy Herds for 2022.

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THE BUZZ OF SUSTAINABILITY

From climate action to food security, sustainability can mean a lot of things to a lot of people, but for herd management, it's a balance of productivity and profitability to support economic and environmental sustainability. As dairy farmers, we know that every litre of milk counts and we have to get the most from our cows to be profitable. But how do we meet the increased demand in milk while reducing our carbon footprint?

At Lactanet, we are continuously growing our collection of sustainability tools to support your decisions regarding longevity, feeding, production, disease, and overall animal health. We have to ensure that the milk from our cows contributes to quality milk products, and we want to provide products, services, analysis and tools to help us do that. In 2021, we expanded the offering of our Selective Dry Cow Therapy report to more producers across the country and introduced Feed Efficiency Evaluations. Two other genetic evaluations arriving in 2023 worth noting involve methane efficiency and body maintenance requirements. We look forward to supporting our industry to achieve net-zero greenhouse gas (GHG) emissions by 2050!

To be progressive and work with data in new ways, there must also be insight to show us how to work differently. Lactanet's training programs led the way in 2022 with over 1,800 participants attending online webinars and workshops, alongside an in-person DairyComp roadshow in multiple provinces. For 2023, two new online workshops will be offered with a focus on profitability and economic sustainability. From analyzing expenses to evaluating heifer inventory, our team of experts won't disappoint you!

Encouraging producer communication and feedback continues to be a priority. In its second year, Lactanet's Resolutions program continues to attract interest from across the country with seven resolutions received in 2022. This is in addition to the 28 resolutions received during our first year. Our 2023 deadline for resolutions is March 1st. Thank you to everyone who has participated in the process as we appreciate your role in bringing change to our industry.



In closing, on behalf of all dairy producers, thank you to Gilles Côté and Yvon Boucher for their valuable contribution and years of service on the Lactanet board since its inception in 2019. I would also like to express a warm welcome to Harold Sweetnam and Gabriel Belzile who have been appointed to the board and bring great leadership and experience to the organization. As a board, we will continue to guide Lactanet and bring a voice to our colleagues from coast to coast!

Sincerely,

Barbara Paquet
Chair, Lactanet Canada
Dairy Producer from Saint-Côme-Linière, QC

CHALLENGES, PROGRESS AND MILESTONES

As we leave the pandemic behind us, 2023 brings a new year of challenges, progress, and milestones. Let me share some comments on each of these areas.

Challenges — let's start with the hardest one. As we enter the new year, we are experiencing a rate of inflation that we have not seen for decades. This has had an impact on our operating costs as inputs and supplies have increased — particularly the cost of fuel — which is important as we travel about five million kilometers annually on a national level. The impact of economic instability is the same concern that you face every day on your own farm and like your business, we are evolving. However, sound decisions can only be made with good information, and we will continue to provide you with the insight you need to best manage these challenges.

Progress — requires determination and the capacity to deal with change. In 2023, there are many developments that will move us ahead to adopt new technologies. We will start the year with modifications to the rules related to the publication of lactation records. Working together with the unanimous support of all national breed associations, we created the opportunity to include sensor component data in publishable lactations. This data will be included in breed association pedigrees and displayed on our website. Integrating sensor data in public record calculations makes us one of the first in the world and we are proud to bring this innovation to Canadian dairy producers.

In addition, we will be making changes to BCA's for animals that dry-off between 280 and 305 days-in-milk and introduce a new Cow Ranking by Income report, in response to Resolutions brought forward by dairy farmers.

Milestones — mark accomplishments along our journey. The first DHI test in a Canadian robot herd happened just over 20 years ago. Today, we are on the threshold of 1,000 robot farms in Canada using milk recording services — a significant milestone. While these herds represent about 16% of dairy farms,



they include more than 20% or 125,000 cows enrolled on DHI. There is little doubt that we will reach over 30% of cows milked in robots by 2030!

As you flip through our Ontario Annual Report, please take the time to read about other highlights and what to expect in the year ahead. Lastly, be sure to join us online on February 21st, 2023, as we celebrate Canada's 2022 Best Managed Dairy Herds, recognizing the best in herd performance in the country.

Sincerely,

Neil Petreny
CEO, Lactanet Canada

VISION

To be a driving force for a sustainable and prosperous Canadian Dairy industry.

MISSION

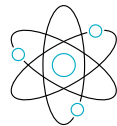
The leading provider of services, knowledge and progressive herd management solutions for Canadian dairy farmers and industry partners.

OUR CORE VALUES



EXCELLENCE

We take pride in working with dairy farms and industry partners to deliver quality products and services that support their business objectives.



INNOVATION

We provide the dairy industry with access to essential, progressive, and science-based resources for a thriving sustainable future by adapting to the changing needs of our customers and business environment.



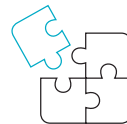
INTEGRITY

We act with integrity and are committed to the accuracy of our data and analytical services that are driven by science-based decisions as we practice responsible data stewardship on behalf of our industry.



DIVERSITY

We practice inclusivity and respect diverse views of our team, our customers and everyone we work with.



SYNERGY

We champion our people and collaborate with national and international partners on opportunities that create value for the Canadian dairy industry.



LEADERSHIP

We facilitate industry initiatives, create opportunities and maintain transparency to make our industry stronger.

END-TO-END HERD MANAGEMENT SOLUTIONS

MILK RECORDING

Milk collected during routine milk recording provides you with vital information to help you manage and understand your dairy animals from the inside out.

 **124,000+ COWS**
tested in robot herds*


LAB SERVICES

Milk analysis is simple, reliable, affordable, and non-invasive. The results allow you and your team the ability to focus on the right cows, at the right time, with the right treatment.

 **5 MILLION**
milk samples tested annually*


SOFTWARE & APPS

Connecting dairy farmers to their data with software and apps is what we do. Take the guess-work out of your daily decision making and let our tech options serve you and your dairy production system.

 **#1**
herd management software
provider in Canada*


GENETICS

Our world-class genetic evaluation services provide data to advance breed performance and boost profitability, which pave the way to high quality animals and nutrient-rich products.

 **ANNUAL GAINS DOUBLED**
in Holstein LPI and Pro\$ since the
introduction of genomics in 2009*

CENTRE OF EXPERTISE

As a knowledge hub, our experts uncover new ground and share innovative and progressive dairy practices through education and training.

 **1,800+**
participants attended
webinars and workshops*

CUSTOMER CARE

Service is just as important as the solution itself to keep your business running at its very best. On-site or remote, we are here to look after your needs and help care for your herd.

 **PROUDLY**
serving all Canadian dairy farms*

2022 AT A GLANCE

ONTARIO HERDS LEAD IN MILK RECORDING & TESTING

1.5 MILLION
MILK SAMPLES TESTED*

66%
ON MILK RECORDING*
(HIGHEST ENROLLMENT IN CANADA)

42%
ENROLLED ON KETOLAB*

24%
ENROLLED ON MUN*

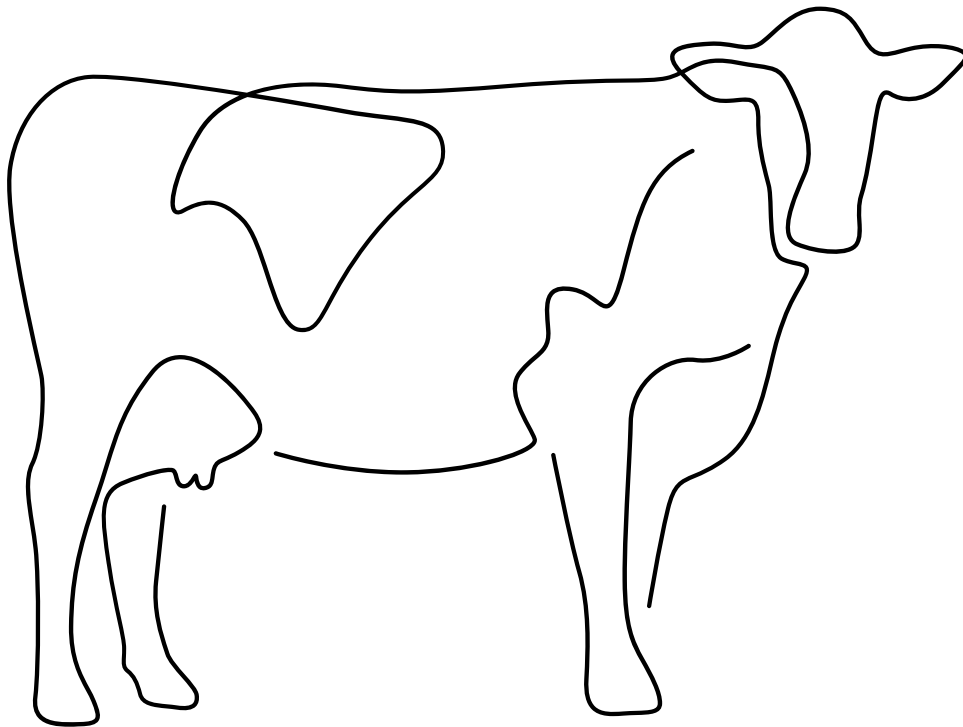
24,000+
GESTALAB MILK PREGNANCY
SAMPLES TESTED*

11,000+
MASTITIS4 TESTS CONDUCTED*

2022 ACHIEVEMENTS AND WHAT'S AHEAD

We offer herd management tools, products and services to help you build a high performing herd, a sustainable dairy operation, and a better bottom line.

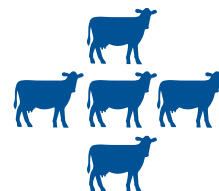
Trust your herd with us.



EXPANSION OF SERVICES
TECHNOLOGY INTEGRATION
GENETIC PROGRESS
SUSTAINABILITY TOOLS
SUPPORT

EXPANSION OF SERVICES

You need data to know where you are at and where you want to go **because every litre of milk counts.**



PUBLISHABLE LACTATION'S

Expanded publication options

Beginning in 2023, we are expanding **lactation publication** options for producers, in conjunction with our breed association partners. Among the changes being implemented, will be the opportunity to include component production based on on-farm sensor data as well as the option to share management records with breed associations for inclusion in extended pedigrees.

PROFILAB

Increase *de novo* fatty acids

Are you satisfied with your herd's milk and butterfat output? **PROFILab** is a bulk tank fatty acid profile analysis to help improve overall feed management and rumen health. Lactanet is expanding the PROFILab program to select regions in Canada to help you understand your herd from the inside out.

ROBOT REPORT

Go beyond typical robot data

Robotic milking continues to grow and can improve farming life and potentially allow a farm to expand without additional labour. In fact, 1,000 Lactanet customers and 21% of milk recorded cows in Canada milk with robots. Lactanet's **Robot Report** is now available at the herd level. The data has proven to be valuable for benchmarking and optimizing the efficiency of robotic systems to get the most out of your investment.

TECHNOLOGY

Let our **tech options** serve you and your dairy production system.



DAIRYCOMP

The industry's leading herd management software application

Herd management software is a key tool for dairy herds of all sizes. In fact, over half of all milk recorded cows in Western Canada and Ontario are managed with **DairyComp**. Whether via desktop or from the app, producers are able to boost herd performance, work smarter, save time, integrate it with other on-farm technologies, automatically report events to DairyTrace, and tap into excellent customer support.

eDHI

All the benefits of milk recording without sampling

As automated milking and the use of sensors continues to grow, our **eDHI** service can capture data electronically from on-farm systems without the collection of milk samples. Beginning in 2023, sensor component data is eligible to be included in publishable lactation records and is ideal for herd owners that enjoy the benefits of having milk recording data all at a reduced cost to their operation.

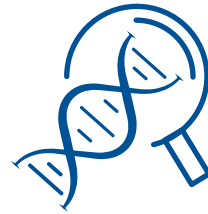
LACTANET MOBILE

New updates coming

The Lactanet **mobile app** brings you powerful cow-side technology to help keep tabs on all of your animals — anytime, anywhere. In fact, 24% of our customers subscribe to the Lactanet mobile app and enjoy quick and easy access to their milk recording and animal performance data on-the-go. Get ready for updates and improvements!

GENETIC PROGRESS

100+ evaluation traits help you reach herd goals faster and take the guess-work out of genetic selection.



Share, connect, transform

In 2022, Lactanet hosted the ICAR/ Interbull conference in Montreal attracting over 200 industry stakeholders, suppliers, leaders, and scientists from around the globe. From technical sessions to dairy farm tours, the event showcased Canadian dairy and was an absolute success.

SELECTING FOR BETA AND KAPPA CASEINS

Maximize your herds potential

In 2022, Lactanet released its **A2 Probability Report (Beta Casein)** to provide customers with selection guidance and the A2 status of their animals and herd. Thereafter, **Kappa Casein** genetic test results became available for those who are interested in the marketing and selection of milk properties that are optimal for cheese production.

GENOMICS IMPACT TOOL

Visual proof of genotyping

The **Genomics Impact** tool allows you to see how your animal's genetic evaluation has changed after genotyping and also provides the associated gain in reliability. This new tool was developed as an outcome of a Resolution for producers seeking additional interpretation tools.



SUSTAINABILITY TOOLS

Lactanet plays an important role in **supporting sustainable agriculture** by providing opportunities and tools to help dairy farmers build productive and profitable herds for a sustainable dairy operation.

UDDER HEALTH REPORT

Implement a sDCT program

Selective Dry Cow Therapy (sDCT) is a growing practice and an opportunity to reduce the use of antimicrobials. Research shows that 50% of the herds in Canada are good candidates for a proactive and sustainable approach to dry-off. Our **Udder Health** report provides insight to identify eligible animals, monitor dry and fresh cows, control mastitis, and help producers and veterinarians implement a sDCT program. The report is available at no charge to Lactanet customers.

FEED EFFICIENCY

Predict an animals' lifetime feed efficiency

In 2022, Lactanet's **Feed Efficiency** (FE) evaluations improved in three ways: a new purchase option became available for herd owners not enrolled on Lactanet's milk-recording services (for Holstein heifers and cows), second lactation data was added, and FE was incorporated into LPI and Pro\$.

SUSTAINABILITY REPORT

Develop a forward-thinking sustainability program

Available in select regions, the **Sustainability Index** paints a picture of your herd from birth to removal. Through calculations of milk recording and benchmark data, the information can help you identify your strengths as well as your challenges to move toward sustainable dairy practices. The Sustainability Report is generated in April, August and December, alongside each Genetic Evaluation release.

NEW EVALUATIONS COMING

Animal size, components, feed conversion, calving, health and welfare are all important to meet the increased demand in milk while reducing our carbon footprint.



Methane Efficiency

Building capacity to reduce methane emissions in Canada.



Body Maintenance

A reflection of body maintenance requirements to reduce feed costs.

SUPPORT

We help dairy producers meet today's challenges with simple, convenient, affordable and proven solutions that work. **Allow us to inspire you.**



ONLINE RESOLUTIONS

Shaping the future of dairy

In its second year, Lactanet's Resolutions program gave producers a platform to submit ideas, voice their concerns, get involved and facilitate change for the dairy industry. To-date, 35 non-binding resolutions have been submitted by licensed dairy farmers to Lactanet for consideration by the Board of Directors. Be sure to check out the status of carried Resolutions at LactanetResolutions.ca.

CUSTOMER CARE

We're here for you

From understanding reports and interpreting data, to assisting with animal traceability and software support, our knowledgeable staff can help you along the way. In fact, last year alone we submitted over 80,000 electronic registrations on behalf of our customers and we strive to make your experience better.

ONLINE LEARNING

Learn. Grow. Thrive.

Over 1,800 participants attended last seasons Lactanet workshops and webinars reflecting the thirst for knowledge among producers across the country. Be sure to sign-up for our 2023 topics featuring two new and exciting programs: *The Secrets to Profitable Milk* and *The Story Behind Your Heifer Inventory*.



2022 STATISTICS

HERD NUMBERS

| | 2022 | 2021 | 2020 | 2019 |
|------------------------|--------------|--------------|--------------|--------------|
| British Columbia | 211 | 228 | 233 | 257 |
| Alberta | 295 | 302 | 309 | 330 |
| Saskatchewan | 76 | 79 | 78 | 82 |
| Manitoba | 137 | 140 | 150 | 156 |
| Ontario | 2,154 | 2,253 | 2,326 | 2,471 |
| Quebec | 2,910 | 3,078 | 3,223 | 3,452 |
| Atlantic | 287 | 289 | 299 | 315 |
| Lactanet Canada | 6,070 | 6,369 | 6,618 | 7,063 |

COW NUMBERS

| | 2022 | 2021 | 2020 | 2019 |
|------------------------|----------------|----------------|----------------|----------------|
| British Columbia | 39,442 | 42,125 | 46,380 | 49,813 |
| Alberta | 48,750 | 50,087 | 50,969 | 53,609 |
| Saskatchewan | 14,815 | 15,880 | 15,426 | 16,425 |
| Manitoba | 25,929 | 26,611 | 27,445 | 28,227 |
| Ontario | 196,933 | 207,015 | 212,874 | 221,426 |
| Quebec | 246,836 | 252,400 | 252,853 | 257,251 |
| Atlantic | 30,644 | 30,644 | 31,252 | 31,560 |
| Lactanet Canada | 603,349 | 624,762 | 637,199 | 658,311 |

AVERAGE HERD SIZE

| | 2022 | 2021 | 2020 | 2019 |
|------------------------|-----------|-----------|-----------|-----------|
| British Columbia | 187 | 185 | 199 | 194 |
| Alberta | 165 | 166 | 165 | 163 |
| Saskatchewan | 195 | 201 | 198 | 200 |
| Manitoba | 189 | 190 | 183 | 181 |
| Ontario | 91 | 92 | 92 | 90 |
| Quebec | 85 | 82 | 79 | 75 |
| Atlantic | 106 | 106 | 105 | 100 |
| Lactanet Canada | 99 | 98 | 96 | 93 |

Data Source: Lactanet Canada 2022

MILKING SYSTEMS: Percent of Milk Recorded Herds

| ROBOT | 2022 | 2021 | 2020 |
|------------------------|--------------|--------------|--------------|
| British Columbia | 27.5% | 24.6% | 24.5% |
| Alberta | 22.4% | 20.5% | 18.8% |
| Saskatchewan | 28.9% | 26.6% | 25.6% |
| Manitoba | 48.2% | 44.3% | 36.7% |
| Ontario | 15.8% | 14.5% | 13.2% |
| Quebec | 13.5% | 12.5% | 12.0% |
| Atlantic | 16.7% | 12.1% | 13.0% |
| Lactanet Canada | 16.3% | 14.9% | 14.0% |

| PARLOUR | 2022 | 2021 | 2020 |
|------------------------|--------------|--------------|--------------|
| British Columbia | 69.2% | 71.9% | 73.4% |
| Alberta | 72.2% | 72.8% | 75.1% |
| Saskatchewan | 63.2% | 64.6% | 66.7% |
| Manitoba | 30.7% | 35.0% | 39.3% |
| Ontario | 27.2% | 27.7% | 28.0% |
| Quebec | 9.1% | 8.5% | 8.8% |
| Atlantic | 41.8% | 44.3% | 44.1% |
| Lactanet Canada | 23.4% | 23.5% | 23.9% |

| TIE-STALL | 2022 | 2021 | 2020 |
|------------------------|--------------|--------------|--------------|
| British Columbia | 2.8% | 3.1% | 2.6% |
| Alberta | 4.4% | 6.0% | 6.1% |
| Saskatchewan | 5.3% | 7.6% | 7.7% |
| Manitoba | 21.9% | 21.4% | 22.7% |
| Ontario | 55.8% | 56.1% | 57.5% |
| Quebec | 79.1% | 80.1% | 83.2% |
| Atlantic | 38.7% | 42.6% | 42.5% |
| Lactanet Canada | 60.4% | 61.4% | 63.6% |

WESTERN CANADA & ONTARIO

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1-800-549-4373



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INTERNATIONAL AFFILIATION

