



Press release

Lochem, 6 May 2021

ForFarmers first quarter 2021 Trading Update

Highlights first quarter 2021¹:

- Volume Total Feed²: up (1.8%); due to like-for-like volume growth in clusters Germany/Poland and the United Kingdom and due to the acquisition of De Hoop Mengvoeders in the Netherlands
- Volume compound feed: up (1.0%); the like-for-like volume growth in cluster Germany/Poland and the acquisition of De Hoop Mengvoeders was larger than the like-for-like volume decline in clusters Netherlands/Belgium and the United Kingdom
- Gross profit: down (-2.8%); the growth in cluster Netherlands/Belgium could not compensate the unexpected decline in cluster Germany/Poland in combination with the decline in the United Kingdom
- Underlying EBITDA: down (-12.8%); due to gross profit decline and despite like-for-like cost savings.

Yoram Knoop, CEO of ForFarmers: "The first quarter of 2021 showed a mixed picture compared to the same quarter last year, when there was no Covid-19 yet. We are grateful for the strong commitment of our employees during the still ongoing difficult circumstances because of Covid-19. Our Total Feed volumes rose due to the fact that like-for-like volumes remained virtually stable, in combination with the two acquisitions which we made at the beginning of this year. However, retaining and strengthening our market positions in the current market circumstances, which have temporarily become very competitive especially due to the impact of Covid measures, has led to margin erosion in a number of segments. In this context, a number of contracts were agreed upon in Germany of which pricing proved unfavourable for our margin. This has had an impact on both gross profit and underlying EBITDA in the past quarter and will also have a temporary impact in the coming months. It is expected that the total impact will be approximately € 4 million on underlying EBITDA in the first half-year of 2021. Consequently, we expect underlying EBITDA in the first half-year of 2021 to be lower than in the comparative period last year.

The acquisitions of De Hoop Mengvoeders and Mühldorfer Pferdefutter have contributed positively since their incorporation as of the beginning of February 2021. The integration of both companies is going according to plan and will be completely finalised this year."

Price developments and general developments in the agricultural sector in the first quarter of 2021

Over the past few months prices for dairy, meat and eggs have been rising again, after having been substantially under pressure for a year, due to the impact of the Covid-measures. At the end of the first quarter of 2021, prices had approximately returned to the level of a year earlier. However, liquidity positions of farmers have not yet recovered from the impact of the low prices during 2020. In some regions, this is still noticeable in farmers' purchasing behaviour relating to feed. In addition, raw material prices have risen significantly in the past few months.

Development consolidated results in the first quarter of 2021

Total Feed volume grew by 1.8% and compound feed volume by 1.0%. Total Feed volumes remained virtually stable while compound feed volumes declined slightly (both like-for-like). Volumes were

1. Results and developments of the first quarter 2021 are compared to those of the first quarter 2020, unless stated differently

2. Total Feed covers the entire ForFarmers product portfolio and comprises compound feed, specialties, co-products (from the feed industry, referred to as DML products), seeds and other products (such as forage)



additionally enhanced by the acquired volumes of De Hoop Mengvoeders in the Netherlands and Mühldorfer Pferdefutter in Germany.

Net revenues increased, both organically and through acquisitions and included a negative currency translation effect of the Pound sterling and Polish zloty versus the euro, which impacted the rest of the results as well. The rise of raw material prices also led to higher revenues. Although price fluctuations of raw materials were largely passed on to customers, in some cases this could only be done with some delay. This led to temporary margin pressure.

Gross profit fell by 2.8% due to the fact that the rise in gross profit in cluster Netherlands/Belgium could not offset the decline in clusters Germany/Poland and the United Kingdom.

Underlying total operating expenses increased slightly due to the acquisitions. Like-for-like operating expenses fell on the back of continuous focus on costs and due to the like-for-like decline of compound feed volumes.

Underlying EBITDA accordingly declined by 12.8% in the first quarter of 2021.

Developments per cluster

The Netherlands/Belgium

Both Total Feed volume and compound feed volume were up. Volume growth was attributable to the acquisitions of De Hoop Mengvoeders and Mühldorfer Pferdefutter, which is reported under this cluster as part of Pavo. Volumes in the ruminant sector decreased. Dairy farmers purchased less performance feed due to the high raw material prices in combination with the low product prices. They consequently also produced less milk. The impact of the closure of the hospitality sector remained large, particularly on the beef (cattle) sector. Volumes in the pig sector fell due to factors including the 'warm restructuring', which has so far resulted in a decline in the number of sows in the Netherlands. Although pig farmers in Belgium may export their products to non-EU countries again as of the beginning of 2021, they have remained reluctant in scaling up their production. Broiler farmers also continued to experience the negative effects of the ongoing closure of the hospitality and out-of-home sector. Nevertheless, volumes in this sector showed a decent growth on the back of the acquisition of De Hoop Mengvoeders as of 1 February 2021 and like-for-like growth based on good technical results. Volumes in the layer sector also increased somewhat in this cluster.

Reudink, which caters exclusively to organic farmers in various ForFarmers regions, improved the already strong market position especially in the poultry sector. Pavo, the brand under which horse feed is sold, continued its positive results, also supported by the acquisition of Mühldorfer. The margin in cluster Netherlands/Belgium improved, fully driven by the acquisitions.

Germany/Poland

Both Total Feed volume and compound feed volume grew.

Total Feed volume increased in the ruminant sector. Dairy farmers purchased relatively more co-products than compound feed due to the low milk prices in combination with the high raw material prices. Sales in the pig sector were again higher, both in Poland and in Germany. Volumes in the poultry sector also increased in the cluster, particularly in the layer sector in Germany. In parallel, slightly less was sold to broiler farmers, a combination of a small rise in sales in Poland and a slightly larger fall in Germany. Broiler farmers in Poland are cautiously starting to fill their barns with new chickens again, as the inventory in the freezers of the slaughter houses has significantly decreased. Accordingly, margins in Poland appear to start normalising again after the very low levels observed during the final quarter of 2020.

Gross profit in the cluster Germany/Poland fell however, particularly due to the situation with a number of unfavourably priced contracts in Germany.



The United Kingdom

Total Feed volume grew, while compound feed volume declined slightly.

Volumes in the ruminant sector were lower than in the same period in 2020. There was volume growth in the pig sector. In the poultry sector volumes also increased, as the growth to broiler farmers more than offset the decline to layer farmers.

Although the product mix was better, with more specialties, gross profit fell due to the very competitive market circumstances.

In this context, a low return contract was recently ended with a large customer in the pig sector.

Progress efficiency plans and implementation strategy Build to Grow 2025

As part of the efficiency plans and in line with the strategic objective to strengthen the position in Germany and enhance the position in the field of concentrates and specialties, the decision has been made, among other things, to invest in the mill in Beelitz and close the mill in Bardenitz. Volumes produced in Bardenitz will be transferred to the Beelitz mill, which is expected to be completed by the beginning of 2022.

In addition, a start has recently been made to optimise the logistics infrastructure of the joint venture HaBeMa in Germany, the trade organisation that provides services to feed companies, such as transshipment activities. Together with the joint venture partner and supported by a government subsidy, ForFarmers is investing in a new transshipment facility which is located next to a railway station. As a result, the carbon footprint of these activities will substantially improve and logistics and transshipment costs per tonne will decrease.

The integration of both De Hoop Mengvoeders and Mühldorfer is going according to plan. Furthermore, on the topic of business process optimisation, certain identified projects have now been launched, which will contribute to realising the efficiency objectives.

Outlook

Ongoing impact of Covid-19

In the various countries in which ForFarmers is active, Covid measures are being relaxed according to varying schedules. It is still unclear when all restrictions will be lifted. The closure of the hospitality sector and the out-of-home segment has taken longer than was originally expected. ForFarmers assumes that the agricultural markets will recover reasonably soon after the Covid measures have been lifted.

Nitrogen policy in the Netherlands

The (resigned) government has determined measures to be taken by farmers as part of the nitrogen policy. However, how and to what extent these measures will be implemented depends on the new government which is currently being formed. The number of pigs is expected to continue to decrease in the coming months as a result of the 'warm restructuring scheme'. In addition, it is likely that the dairy herd will shrink in due course. At the same time however, dairy farmers will continue to focus on issues including increasing milk production per cow in light of the slightly growing global demand for dairy products.

Animal diseases

Outbreaks of animal diseases pose a risk for the livestock industry. In the fourth quarter of 2020 African swine fever was detected only among wild boars in East Germany. Restricted zones have been installed and hygiene measures taken to prevent the disease from spreading. Nevertheless, non-EU countries have imposed import bans on pigs (meat) from Germany.

Both in Belgium and in the Netherlands poultry farmers are required to keep their animals indoors, as a result of an outbreak of avian influenza.



Financial objectives

As part of the strategy Build to Grow ForFarmers has set the following objectives for 2025:

- Underlying EBITDA in 2025 of in between €125 million and €135 million³, both by means of organic growth and through acquisitions;
- Annual like-for-like improvement of underlying EBITDA of 0%-3% (as of 2020) in challenging home countries;
- At least €10 million operating cost savings in 2025 (compared to normalised⁴ level of 2020).
- Partly due to the unexpected⁵ prolonged duration of the Covid measures, ForFarmers expects that it will be challenging to fully neutralise (like-for-like) in the second half of 2021 the estimated decline of underlying EBITDA in the first half of 2021. This is why ForFarmers anticipates for 2021, that it may not meet the objective to realise a like-for-like improvement of underlying EBITDA by 0%-3%.

ForFarmers remains positive with respect to realising the long-term integrated objectives, including the financial objectives 2025 such as attaining underlying EBITDA of between €125 million and €135 million on the back of both organic growth and acquisitions.

This press release contains information that qualifies as inside information in the sense of Article 7 paragraph 1 of the EU Market Abuse Regulation.

Note to the editor / For additional information:

Caroline Vogelzang, Director Investor Relations
T: 0031 573 288 000 M: 0031 6 10 94 91 61
E: caroline.vogelzang@forfarmers.eu

About ForFarmers N.V.

ForFarmers N.V. is an international organisation that offers complete and innovative feed solutions for livestock farming. With its **"For the Future of Farming"** mission, ForFarmers is committed to the continuity of farming and further sustainalising the agricultural sector.

ForFarmers is the market leader in Europe with annual sales of 10.1 million tonnes of animal feed. The company is operating in the Netherlands, Germany, Belgium, Poland and the United Kingdom. ForFarmers has approximately 2,600 employees. In 2019, the turnover amounted to approximately € 2.5 billion. ForFarmers N.V. is listed on Euronext Amsterdam.

ForFarmers N.V., P.O. Box 91, 7240 AB Lochem, T: +31 (0)573 28 88 00, F: +31 (0)573 28 88 99,
info@forfarmers.eu, www.forfarmersgroup.eu

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements, including those relating to ForFarmers legal obligations in terms of capital and liquidity positions in certain specified scenarios. In addition, forward-looking statements, without limitation, may include such phrases as "intends to", "expects", "takes into account", "is aimed at", "plans to", "estimated" and words with a similar meaning. These statements pertain to or may affect matters in the future, such as ForFarmers future financial results, business plans and current strategies. Forward-looking statements are subject to a number of risks and uncertainties, which may mean that there could be material differences between actual results and performance and expected future results or performances that are implicitly or explicitly included in the forward-looking statements. Factors that may result in variations on the current expectations or may contribute to the same include but are not limited to: developments in legislation, technology, jurisprudence and regulations, share price fluctuations, legal procedures, investigations by regulatory bodies, the competitive landscape and general economic conditions. These and other factors, risks and uncertainties that may affect any forward-looking statements or the

³ At constant currencies

⁴ Normalised in this instance means net of one-time effects on Covid-19

⁵ Refers to the base scenario which was used to determine the objectives as part of the strategy Build to Grow 2025. The base scenario included considerations such as 1) a short term impact of Covid-19 (no second wave), 2) the impact of the nitrogen regulations and warm restructuring (pig sector) in the Netherlands, 3) the effects of the outbreak of African swine fever in Poland but not in Germany nor any effect of any outbreak of avian influenza.



actual results of ForFarmers, are discussed in the last published annual report. The forward-looking statements in this press release are only statements as of the date of this document and ForFarmers accepts no obligation or responsibility with respect to any changes made to the forward-looking statements contained in this document, regardless of whether these pertain to new information, future events or otherwise, unless ForFarmers is legally obliged to do so.