



Press release

Lochem, 2 November 2021

ForFarmers third quarter 2021 Trading Update

Highlights third quarter 2021¹:

- Volume Total Feed²: down by -1.4%
- Volume compound feed: up by 1.0%; due to acquisitions and like-for-like growth in Germany/Poland, decline elsewhere
- Gross profit: up by 2.6%; due to acquisitions and better product mix with more compound feed
- Underlying EBITDA: down by 22.0%; due to significantly higher energy prices and despite structural organisational cost savings.

Yoram Knoop, CEO of ForFarmers: "Our total volume has decreased in the third quarter as a result of the continuing challenging market circumstances. However, the two acquisitions which we made at the beginning of the year and our Polish activities realised good results. Our gross profit rose accordingly.

During this quarter we have also made progress with structural cost savings as part of our efficiency programme. However, the increase of energy prices was so substantial that this has led to a significant decrease of underlying EBITDA. How energy prices in particular will develop is unpredictable. We therefore refrain from providing an outlook for the results in the fourth quarter of 2021. Further and faster implementation of the strategy Build to Grow, including our efficiency programme, has the highest priority. We aim to enhance our positions through M&A, in our home countries but also possibly beyond. The intent is to create a better geographical balance of activities. Within the strategy, and given our strong balance sheet, we are also looking at alternatives for capital allocation. We will report about this shortly. In this light, we also intend to distribute a dividend per ordinary share over the year 2021, which is comparable to the dividend over 2020. Finally, we have also changed our management structure to be more agile and decisive in our local markets."

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

During the past months, the average prices for milk, eggs and broilers continued to rise to levels above the levels in the third quarter of 2020. Prices for pigs, however, have fallen so much that it is hardly possible for pig farmers to make any money. Northwest Europe is faced with an oversupply of pigs as a result of the export ban for pigs from Germany to China per the end of 2020. This export ban was implemented following the detection of African swine fever in Germany.

Except for pig farmers, many other farmers received higher prices for their products again. The higher raw material prices could therefore be largely passed on to them again.

Development consolidated results in the third quarter of 2021

Total Feed volume fell by 1.4%. Compound feed, as part of the Total Feed portfolio, rose with 1.0%, however. This was due to a like-for-like volume growth in Germany/Poland and the acquisitions of De Hoop Mengvoeders and Mühldorfer Pferdefutter. Like-for-like volume development in the Netherlands continued to be under pressure due to a smaller animal herd.

1. Results and developments of the third quarter 2021 are compared to those of the third 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)



Net revenue increased, mainly as the higher raw material prices could largely be passed on again, albeit with some delay. In addition, the higher compound feed volumes contributed to the increase. Margin pressure remained, because of the delay in passing on the higher raw material prices.

Gross profit rose by 2.6% compared to the level of last year, when gross profit was negatively impacted by the Covid measures. The increase in gross profit was mainly attributable to higher compound feed volumes, driven by the acquisitions in particular. Gross profit per tonne compound feed also grew.

Underlying total operating expenses increased. The acquisitions resulted in higher operating expenses. In line with the efficiency plans structural cost savings were realised. However, the significantly higher energy costs resulted in higher like-for-like total operating expenses. These exceptional increases of gas, electricity and diesel costs could not entirely be passed on in the chain. Consequently, underlying EBITDA declined by 22.0% in the third quarter of 2021.

Developments per cluster

The Netherlands/Belgium

Total Feed volume fell. However, within the Total Feed portfolio compound feed volume grew. This was attributable to the acquisitions of De Hoop Mengvoeders and Mühldorfer Pferdefutter, whereas like-for-like volumes declined. In the Netherlands, there was less demand from dairy farmers for compound feed. Some farmers purchased less compound feed as there was sufficient grass due to the moist summer. As a result of their tight liquidity positions, price was the decisive factor for purchasing feed, above technical returns. Besides other factors, the 'warm restructuring' measure, which ended in the summer of 2021, led to a decline in volumes in the pig sector. Pig farmers in Belgium were slower in filling their barns with new animals given the very low pig prices. Volumes in the broiler market were higher, driven by the acquisition of De Hoop. Volumes in the layer sector also increased.

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 and due to an increase of volumes through the online channels.

Gross profit in cluster Netherlands/Belgium rose due to the acquisitions. Gross profit per tonne compound feed rose too.

Germany/Poland

Total Feed volume grew. Compound feed volume grew relatively faster.

Total Feed volume fell in the ruminant sector as well as in the pig sector. This is partly attributable to the decision to stop trading straights in Germany and rather focus on selling compound feed and concentrates. In the past quarter, farmers in Germany continued to buy their feed based on price rather than technical returns, resulting in a lower margin for ForFarmers, compared to the third quarter last year. Compared to the second quarter of this year however, the margin improved.

The fragile recovery of the poultry market in Poland, which started in the second quarter, continued. This resulted in ForFarmers selling significantly higher volumes of compound feed to broiler farmers.

There is still margin pressure in the cluster Germany/Poland however, because the increased overcapacity that arose last year due to Covid and animal diseases. Gross profit accordingly grew less than volume, in terms of percentage.

The United Kingdom

Total Feed volume and compound feed volume declined. This is largely attributable to the loss of a large pig customer with whom an existing long-term contract could not be extended in the second quarter on a profitable basis. Excluding the loss of this customer, volumes in the pig sector grew.



Volumes in the ruminant sector started to increase in the second quarter. This continued in the third quarter, especially driven by the dairy sector. The number of beef cattle declined, as did the number of sheep. The volume to beef and sheep farmers dropped accordingly. Due to attracting new customers and a recovery of the broiler market, volumes in the poultry sector rose.

Gross profit fell, mainly due to the volume decline. Gross profit per tonne compound feed increased.

Progress efficiency plans and implementation strategy Build to Grow 2025

ForFarmers aims to realise a total of €7 million cost savings in 2021 and 2022, of which the full effect will be visible in 2023. Implementing the relevant programmes is proceeding according to plan.

In today's markets, where there is increased overcapacity, it has become even more important to optimize the network of factories in combination with the distance to the customer in order to save costs. The recently announced investment in the mill in Izegem (Belgium) needs to be seen in this context. This mill will be upgraded to be better suited to produce feed concepts for both pigs and ruminants. At the same time the decision has been taken to relocate the production of poultry feed to another mill and to close the older mill in Ingelmunster by the end of 2022.

Outlook

Continued impact of high energy prices

Recently, energy prices have risen quickly and substantially. It is challenging to entirely pass on such price increases to farmers, besides the increases in raw material prices. Consumers will ultimately be confronted with these increases. How quickly and to what extent the higher production and logistical costs can be passed on in the chain is impossible to predict.

Agricultural policy in the Netherlands

What cabinet will decide regarding the agricultural policy is still unclear. The general expectation is that the number of animals in the Netherlands will gradually decline due to environmental measures already implemented and still to come. In addition, the consumer demand for more welfare concepts, whereby animals have more space and live longer, limits a potential growth of the poultry herd.

Specific feeds are required for welfare concepts. ForFarmers produces these specific feed concepts, which together with the relating advice provided to the farmer, helps increase the (technical) return on farm. ForFarmers aims to do this in a sustainable manner, i.e., taking the environment into consideration as well as the future perspective of livestock farming. Consequently, ForFarmers continues to partner up in the chain. ForFarmers believes the sector can meet the sustainability challenges best through innovating, not through culling.

Animal diseases

Outbreaks of animal diseases pose a risk for the livestock industry. African swine fever was initially detected only among wild boars in East Germany, but recently also on some smaller pig farms. 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. Very recently a new case of avian influenza was detected in the Netherlands. A country wide measure was imposed on poultry farmers again to keep their animals indoors. The last measure had just been lifted in July.

Financial outlook

At the publication of the half-year 2021 results, ForFarmers announced that partly because the Covid measures remained in place for longer than expected³ and the uncertainty as to how long the margin

³ Refers to the base scenario used in determining the objectives as part of the Build to Grow 2025 strategy. The base scenario included assumptions such as: 1) a short-term impact of Covid-19 (no second wave), 2) the impact of nitrogen regulations and the warm restructuring of the



pressure in the markets would continue, the Company expected the underlying EBITDA in the second half-year 2021 (including acquisitions) to be more or less in line with the underlying EBITDA in 2H 2020.

Since then, energy prices have shown an unexpected development. Considering the uncertainties regarding raw material and energy prices, ForFarmers refrains from providing guidance on the results of 2021, nor on the like-for-like result development in 2022.

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:

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About ForFarmers N.V.

ForFarmers N.V. is an international organisation that provides complete innovative feed solutions to the livestock farming industry. With its '**For the Future of Farming**' mission ForFarmers is committed to the continuity of farming and to further increasing the sustainability of the agricultural sector.

ForFarmers is the market leader in Europe with annual sales of around 10 million tonnes of animal feed. The company is active in the Netherlands, Belgium, Germany, Poland and the United Kingdom. ForFarmers has approximately 2,500 employees. In 2020 revenue amounted to approximately €2.4 billion. ForFarmers N.V. is listed on Euronext Amsterdam.

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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 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.

pig farming sector in the Netherlands, 3) the effects of the outbreak of African swine fever in Poland but not in Germany and no effect of an avian influenza outbreak