

Letter from the Executive Board

Despite difficult market conditions,
we achieved solid results in 2022.

Our employees have again made an
enormous effort to improve returns
on-farm.



2022: turning point in European history

No one will forget 2022. The year in which Russia suddenly invaded Ukraine, meaning that all at once the availability of raw materials could no longer be taken for granted. And in which European consumers faced the highest rate of inflation since the introduction of the euro. When Dutch farmers hung the national flag upside down to express their anger and concern about the government’s nitrogen plans. And a year with a very long, dry summer.

Results

2022 was a difficult year on several fronts. We are therefore especially proud that our employees supplied feed in time and as agreed to our customers, despite the many challenges. Our volumes decreased, mainly due to the decline in the pig sector as a result of the contraction in this sector. Nevertheless, we achieved solid underlying EBITDA and underlying net profit that was higher than last year. This was thanks to tightened processes and a strong contribution from the Germany/Poland cluster and despite the sharp rise in raw material and energy prices.

In the Netherlands we stood shoulder to shoulder with our farmers to emphasize that we believe that partnering and innovation are more effective solutions to the nitrogen problem than only restructuring. We see that the agricultural sector is facing an important transition. This is why

we are putting even more emphasis both on making our production processes more sustainable and on developing innovative feed concepts that reduce the impact of the sector on climate and nature. We do this through targeted sourcing of raw materials and co-products, proper utilization of feed and appropriate advice. Our dairy customers in the Netherlands for example have already significantly reduced their greenhouse gas emission.

Revised strategy for 2025

During the past year we took a fresh look at the basic principles of the strategy for 2025. This was necessary in order to adjust the strategy to the changing market and economic circumstances. After all, since the launch of the strategy in 2020 the emphasis on making the agricultural sector more sustainable has only further increased, which has been noticeable for example in the accelerated proposal and implementation of measures in connection with the EU Green Deal. In addition the prices of raw materials and energy have continued to increase and become even more volatile, partly as a result of the war in Ukraine. This has made it more difficult to pass on fluctuations in raw material prices, which, combined with other changes in the market requires more consolidation and cooperation in the chain, from feed manufacturer to

retailer. This was the reason for our intention to merge our organisation in the United Kingdom with the poultry feed producer 2Agriculture. In February 2023, we announced that we would abandon the proposed joint venture, taking into account the duration and costs of the competition process.

It was important to us that the strategy would have the support of the entire organisation as well as being supported by our external stakeholders. Starting from the beginning of 2022 we therefore involved various employees from several departments and countries within the organisation in defining the core points of the strategy. Their knowledge and understanding of the day-to-day practice were of key importance. In addition we held talks with farmers, suppliers and shareholders. In the review of our strategy we considered the results of the extensive stakeholder survey held among these stakeholders in 2021, in which they indicated which topics they considered to be of material importance to our activities and our role in society.

We launched the revised strategy for 2025 in November. It was clear during the meeting with investors and analysts as well as from sessions with our employees, sounding boards of customers and with the member council of the cooperative that the five strategic principles were well received. First and foremost because this strategy places emphasis on an even more local market approach along with differentiation and sustainability-focused innovation of feed concepts.



Our work is based on our mission: For the Future of Farming. This means that we are fully focused on a livestock farming sector that is sustainable, both ecologically and economically. For example we are going to develop ESG concepts which respond to themes in society, such as the use of alternative raw materials, circularity and the further reduction of nitrogen and other emissions. In addition we will be even more active in cooperating in the chain in order to meet the demand from consumers and society in general and to be able to work more efficiently. And above all we will remain faithful to our basic principle of supplying good feed at competitive prices to enable both farmers and us to run a profitable business. In our public affairs we will continue to emphasise the importance of healthy returns for all players in the chain. This is an absolute prerequisite to be able to make the investments needed for a reliable food chain as well as the transition to a net-zero carbon footprint. We have the knowledge, know-how and way of working to make a valuable contribution to this. This forms the basis of our long-term value creation for our stakeholders.

People with passion: #proudtobeforfarmers

We are fully aware that we can only successfully implement the strategy if we work with and towards a good team and involved employees. When the job market is tight simply offering good employment conditions is not enough; the culture of the company as well as its mission also help determine a candidate's choice. This was one of the reasons for adjusting our core values so that they best reflect our existing and desired culture. The new values

Passionate, Responsible, Open-minded, United and Delivering are more than just words to us. They provide us with concrete guidance in our everyday dealings with farmers, chain partners, stakeholders – and each other. The initials of these values together spell the word 'proud', which we use explicitly in our employer branding activities.

In 2022 we organised a large number of webinars and training sessions in the various countries. This allows us to keep each other informed of the developments within the company and help employees to develop in their jobs and careers. These activities, which took place both on location and online, were generally well-attended. In addition, we regularly pay attention to certain current themes on our intranet, such as the use of residual flows in our feed.

Safety first

Similarly it is important to us that our employees are able to do their work safely. We invest heavily in training sessions aimed at changing employee behaviour so that there is more awareness of unsafe situations. At the same time we actively devote attention to safety on our intranet as well as during conferences, in publications and in our daily activities. We are pleased that the number of lost time incidents in 2022 was significantly lower than in the previous year.

Social safety has been more explicitly brought into the global spotlight in 2022. Although we have had a code of conduct and whistle-blower policy in place for a long time we have become even more aware of the importance of having the right core values and are fully focused on this.

Changes at the top

The composition of the Executive Board changed several times during 2022. At the end of the Annual General Meeting of Shareholders in April we bade farewell to Yoram Knoop, who left us after serving two four-year terms as CEO. During his eight-year tenure ForFarmers gained a listing on Euronext Amsterdam, expanded its activities into Poland by taking a majority stake in Tasomix and achieved a more balanced volume distribution, partly through the acquisition of De Hoop Mengvoeders in the Netherlands. We are very grateful to Yoram for the way in which we have been able to realize this together. At the same AGM Pieter Wolleswinkel was appointed to the Executive Board. As managing director he also remains responsible for our largest cluster comprising the Netherlands/Belgium, Reudink and Pavo. This internal promotion is pleasing and good news, creating trust among colleagues and customers.

Shortly before the AGM it was announced that the Supervisory Board had nominated Chris Deen to succeed Yoram as CEO with effect from 1 July 2022. Until that date Roeland Tjebbes would fulfil the role of CEO, alongside his duties as CFO. Unfortunately it was not long before Chris announced that he was leaving the company due to health reasons. We regret that things turned out this way and wish Chris a full recovery. In November, just before the launch of the revised strategy, we were able to announce that the Supervisory Board was nominating Theo Spierings as the new CEO. At an extraordinary general meeting of shareholders in early 2023 Theo was appointed CEO for one year. During Chris's absence the role of CEO was fulfilled by Roeland and Pieter.

Partly because at the end of 2021 we started working more according to the principle ‘primarily local, close to the customer, supported by central’, we were able to keep a good focus on the operating activities despite these changes. The country teams are led by managing directors from the respective countries, each supported by a good management team and with an extensive network in the sector. A point for attention is to increase diversity in the organisation, including in the Executive Team. Too little progress has been booked here.

Supervisory Board

At the 2022 AGM we bade farewell to Sandra Addink-Berendsen and welcomed Marijke Folkers-In 't Hout. Vincent Hulshof and Roger Gerritzen were reappointed for a period of four years. This provides stability in the composition of the Supervisory Board, which will in turn benefit cooperation with the Executive Board.

Working towards a sustainable future

We see, acknowledge and value the importance of the agricultural sector and articulate this in our mission For the Future of Farming. After all, farmers put food on our plates – a basic fact that is all too often forgotten in the luxury position we live in in Northwest Europe, with a huge choice of high-quality food in our supermarkets. At the same time we also recognise that the impact of the livestock farming sector on the climate and nature can be reduced further to ensure that food remains available in the long term. To this end we are focusing explicitly on our sustainability agenda, which is aimed at reducing greenhouse gas emissions – both in our own production

processes and in the logistical processes. In addition we seek to reduce the carbon footprint of our feed. We so do by optimising feed conversion (progressively less feed per kilogram of product) and through the ever-increasing use of co-products which are not suitable for human consumption and residual flows from the food industry. To combat deforestation we focus on purchasing responsibly grown soy. In addition we are working on developing concepts based on alternative proteins which can replace soy as an ingredient. We seek to provide appropriate and affordable solutions to address as many social topics related to livestock farming as possible.

At the same time we realise that dairy, meat and eggs can be produced most efficiently in certain geographical regions which have the most suitable climate for this, along with a good logistics infrastructure and the availability of sufficient residual flows from the human food industry. This is the case for example in the densely populated region of Northwest Europe. However, local agricultural policy here is increasingly impacted by the fight for the use of land and social pressure regarding the sector’s environmental impact, partly as a result of the EU’s Farm to Fork agricultural policy. This is something that we experience on a daily basis for example in the Netherlands, where the fight for land and nature is high on the political agenda. We will continue to stress, both individually and through interest groups, that ecology should always go hand-in-hand with economy; only then can we work together to realise a good and sustainable transition. We believe that our feed-and-advice approach is the right one to help our customers to increase their

production and returns in a socially responsible way as well as reducing the carbon footprint across the entire process.

Theo Spierings: “I recently joined ForFarmers as CEO. During conversations and meetings over the past two months, I have been struck by the knowledge, experience, dedication and passion that are present in the company. Given the changes facing our sector, this is a solid foundation. After all, there is currently a lack of a clear vision in the sector with regard to how we can make the sector more sustainable in a good and appropriate manner. That has to change and I want to actively contribute to this with ForFarmers. So that all players in the chain know where they stand and can act accordingly. I am confident that we can do this. We have a good team and our strategy and focus are clear. In addition, we have recently sharpened the core values, building on the already existing corporate culture. This culture will help us to adapt the organization needed to properly implement the strategy.

We cannot do without our customers, the members of the cooperative, employees, shareholders, suppliers and other stakeholders. On behalf of myself and my colleagues in the Executive Team I want to thank them, for the trust placed in us in 2022.”

Lochem, 22 February 2023

Theo Spierings, CEO
Roeland Tjebbes, CFO
Pieter Wolleswinkel, COO