

Our mission: For the Future of Farming

For the Future of Farming: that is the ForFarmers mission. We strive towards a strong farming business. We supply good feed at competitive prices and support farmers with tools and advice. We are aware of the impact our sector has on the climate and on nature. That is why we help livestock farmers to achieve a better return on-farm in a sustainable way and we strive for a production method in which we emit fewer and fewer greenhouse gases, among other things.

ForFarmers has a prominent position in the European animal nutrition industry. It is a dynamic world in which legislation and regulations, sustainability requirements and consumer sentiment are constantly changing. At the same time global demand for animal proteins continues to grow steadily. This calls for innovative and sustainable solutions.

Given our position we not only have the opportunity but also the responsibility to make a real contribution to the efficient and sustainable production of meat, eggs and dairy produce. Our mission, **For the Future of Farming**, not only demonstrates the confidence we have in the future of the agricultural sector; above all our efforts are focused on responsible food production. We do everything we can to enable farmers to produce high-quality food in a sustainable way, thus working towards a strong and future-proof agricultural sector.

We are active in five countries: the Netherlands, Belgium, Germany, Poland and the United Kingdom. We have 35

mills that produce (compound) feed for ruminants, pigs and poultry under the ForFarmers brand name. We also supply and use co-products and residual flows from the food industry. We are a leading player in the organic sector with the Reudink brand name, while under the Pavo brand we supply horse feed in around 30 countries. We also provide livestock farmers with advice and monitoring tools. We have a total of around 2,500 employees, including over 400 advisers who pay regular on-farm visits to our approximately 26,000 customers to assist them with their operational management and business decisions.

Core values

Successfully implementing the mission requires an appropriate corporate culture. For this, five core values have been determined, which we express through the acronym PROUD: passionate, responsible, open-minded, united and delivering.

Passionate

Working for ForFarmers is more than a job; it's a passion. The farming business is what makes us tick. We do everything we can to future-proof the sector, and this ambition shines through in our behaviour and our way of working. We push back boundaries and go the extra mile for our customers, suppliers and colleagues.

Responsible

Our actions have an impact. We help farmers work in a sustainable way so that together we can safeguard the continuity of the farming business. The same principle applies to our day-to-day operations: we take good care of our customers and other stakeholders, and always aim for the best, most efficient and most sustainable result.



Open-minded

Keeping an open mind enables us to support farmers in the rapidly changing agricultural sector. We are able to adapt to the needs and working methods of the industry and are always on the lookout for new opportunities. We are clear about our intentions and expectations and prefer to listen than to speak.

United

Addressing the challenges with which the agricultural industry is faced requires a joint effort and mutual trust. We join forces with colleagues and customers and work as one team towards our shared goals. In many cases we take the lead but we are also able to follow if that produces better results.

Delivering

We have a natural ambition to get things done, regardless of how difficult the job is. We do what we say and say what we do. We are respectful, honest and direct at all times. It is the sign of a ForFarmers employee.



* These include [circular] co-products such as residual flows from food production.

The chain and markets in which we operate

All over the world the agricultural sector is facing the huge challenge of feeding a growing global population while at the same time reducing the impact this has on the climate, biodiversity and nature in general. ForFarmers is part of the agricultural sector and as such feels a responsibility to work with our partners in the chain to meet this challenge.

ForFarmers is part of the food chain which begins with consumer demand for meat, eggs and dairy produce. To meet this demand retailers and processors rely on livestock farmers, who produce this food with the aid of our feed solutions. The ingredients in our feed solutions include co-products which are unsuitable for human consumption. We also use raw materials such as wheat, other grains and soy.

process is initiated by the local market teams and supported by both local and central purchasing managers. In addition to the use of co-products, residual flows from the food industry are processed in the feed. We do this to combat waste and to reduce the carbon footprint of feed concepts.

Raw materials account for a substantial part of the cost price of feed. Following the Russian invasion of Ukraine on 24 February 2022 raw material prices rose to unprecedented levels. Russia and Ukraine together account for around 30% of global grain exports. Exports from these countries virtually ground to a halt due to the war situation in Ukraine and the sanctions imposed on Russia. This resulted in a very volatile market in terms of supply and raw material prices. Under these circumstances supply security of feed to our customers was our foremost concern. We managed this very well, partly thanks to close collaboration between all the departments and with our partners in the chain.

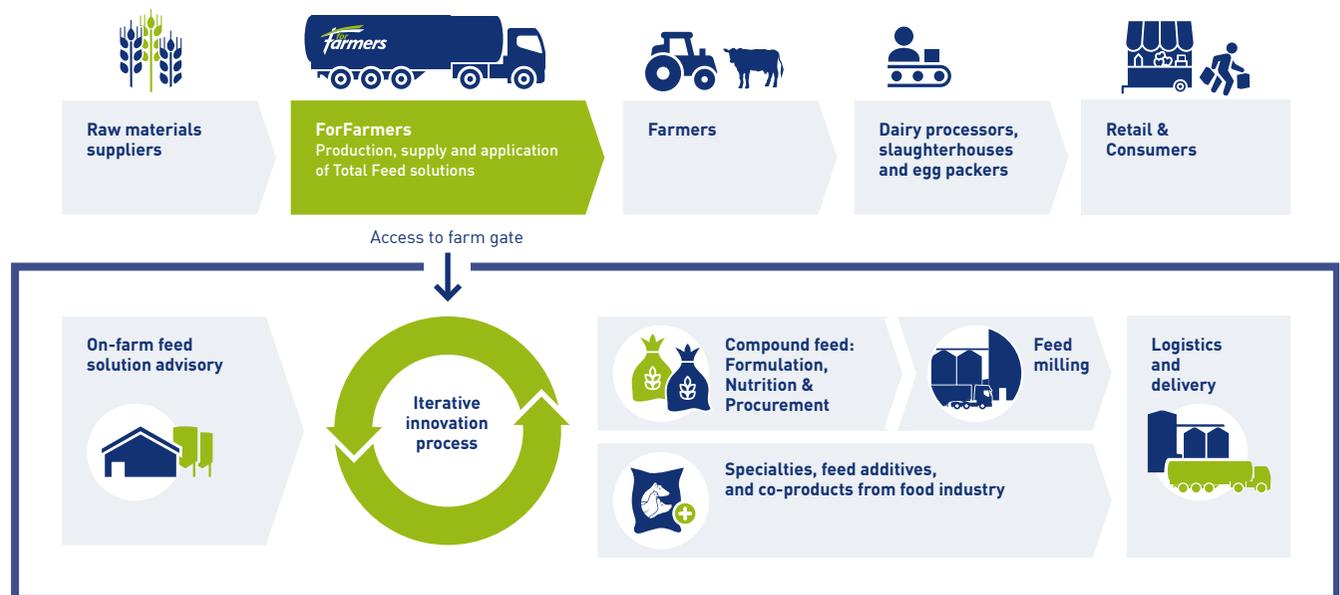


Raw materials market

ForFarmers is intensively involved in purchasing various raw materials to produce feed. We want to do this in a socially responsible way and so we make conscious choices regarding the provenance and production means of the raw materials that we use. We are increasingly using alternative proteins to reduce our reliance on raw materials such as soy.

We use micro and macro ingredients in our feed. Micro ingredients include amino acids, vitamins and minerals. Since 2014 we have purchased these as much as possible via our strategic partner Nutreco. Key macro ingredients include cereals, plant-based proteins and high-fibre raw materials. Many of these are suitable for animal feed but not for human consumption. We purchase our macro ingredients from a small number of global suppliers as well as from local arable farmers. The procurement

The chain in which we operate





With the prices of milk, meat and eggs also having risen in line with the costs, a large number of our customers in the poultry and dairy farming sectors enjoyed good returns. The same cannot be said for pig farmers. Partly because China imported fewer pigs from Europe, pig prices failed to keep pace with the increase in raw material prices.

ForFarmers' competitive position

The international compound feed market is highly fragmented. ForFarmers has to compete with large multinational companies as well as for example local family-run businesses and cooperatives. Annual global sales of animal feed total approximately 1.1 billion tonnes, of which some 155 million tonnes of compound feed in Europe. With a market share in Europe of roughly 4%, ForFarmers is a prominent player in the European compound feed industry.

We are active in five countries: the Netherlands, Belgium, Germany, Poland and the United Kingdom. These markets are very different. In the Netherlands ForFarmers, Agrifirm and De Heus are the three largest players. The rest of the market is shared among some 65 other feed producers.

With ForFarmers having ceased production of poultry feed in Belgium in 2022 we are now the fourth-largest feed company in the country after Arvesta, Vanden Avenne and Agrifirm-Quartes in a playing field of some 50 companies.

In the German market the five largest companies are Agravis, DTC, Bröring, Mega and ForFarmers. Germany also has around 300 medium-sized and smaller players,

many of which are owned by a cooperative or by one or several families.

In Poland many feed companies operate in integrated chains. ForFarmers/Tasomix holds the number three position in the non-integrated market, after De Heus and Cargill. In addition to the top three, some 35 other non-integrated players are active in the Polish market for compound feed. Major integrated players include Smithfield and Wipasz.

There are over 100 feed companies operational in the United Kingdom, of which ForFarmers, AB Agri and 2Agriculture are the larger players.

Farming businesses

ForFarmers mainly caters to the ruminant, swine and poultry sectors. In addition we are active in the horse sector with the Pavo brand and hold a prominent position in the organic livestock feed market under the Reudink brand name. The United Kingdom is the only country where we sell organic feed under the ForFarmers name.

The year under review was a turbulent one for the agricultural sector. In addition to the consequences of the war in Ukraine livestock farmers were confronted with ever stricter regulations on sustainability including measures to reduce nitrogen emissions in the Netherlands. The Covid lockdowns at the beginning of the year, the rising inflation and the outbreaks of avian flu and African swine fever led to a drop in demand for feed. This resulted in production overcapacity and margin pressure in the majority of our home markets.

Nitrogen



Ruminant sector

In the ruminant sector we mainly operate in the dairy segment but we also count beef farmers among our customers. We also supply to goat farmers, mainly in the Netherlands, and to sheep farmers, mainly in the United Kingdom. We are seeing similar developments in all these markets.

In all our home markets we need to work with livestock farmers to reduce nitrogen, CO₂ and methane emissions and improve phosphate efficiency. How and how fast this should happen differs from country to country. We work with chain partners to develop ways of reducing emissions to enable us to meet the targets while at the same time retaining a strong dairy farming sector.

The growing focus on sustainability and animal welfare as well as specific consumer preferences is leading to more differentiation in dairy flows in the countries where we operate. For example, livestock farmers in the Netherlands and Belgium export a large quantity of

non-GMO products to Germany. Consequently, they need feed which does not contain ingredients which are genetically modified.

We are also seeing growing interest in automation. Farming businesses are getting bigger, which increases the workload on-farm at a time when tightness in the labour market is making it difficult to find good employees. This is fuelling the need for on-farm automation, for example milking robots.



Swine sector

The European swine sector is going through tough times. This is due to various reasons including swine fever and declining demand from China, the world's largest importer of pig meat and as a result the over production in Europe. Furthermore, there has been a slow decline in pork consumption in Northwest Europe.

Swine fever

African swine fever broke out in China in the second half of 2018, leading to a substantial drop in local production and a sharp increase in imports from Europe. European pig prices rose sharply as a result.

When African swine fever was detected mainly amongst wild boars in Germany in late 2020, China imposed an import ban on pigs from Germany. Until recently China had a large number of small scale farming businesses which produced solely for their own consumption. In order to control swine fever outbreaks, many of these have been rationalised in recent years and replaced by large

professional farming businesses which largely produce for the domestic market. This has made the country less dependent on imports from Europe and elsewhere.

German and Spanish pig farmers consequently increased their exports to other European countries, putting unprecedented pressure on European pig prices. This crisis continued to have global reverberations in 2022. While pig prices rose significantly during the year, commodity prices increased relatively more. The margin pressure for pig farmers therefore only increased.

Increase in regulations

In the Netherlands, Germany and Belgium, there are more and more regulations to reduce the environmental impact of pig farming, to prevent odour nuisance and to improve animal welfare.

In the Netherlands the pig farming sector has undergone a 'warm restructuring'. Under the scheme the Dutch government reduced the pig herd by approximately 9 per cent between 2019 and 2021 by buying up the pig production rights of farmers who voluntarily exited the industry. At present the voluntary buyout of pig farmers is part of the government's new agricultural policy in the context of the nitrogen approach. In 2022 this saw the introduction of the Landelijke Beëindigingsregeling Veehouderij (national cessation scheme for the livestock farming industry), a voluntary buyout scheme under which pig, cattle and poultry farmers are offered compensation for discontinuing their business. Under the current coalition agreement the Dutch government has made a

total of around €6 billion available until 2030 for buying up cattle-, poultry- and pig farmers.

Pig farmers in Germany are also faced with environmental and animal welfare measures, for example compelling them to make better use of animal manure and to cut ammonia emissions and the runoff to ground and surface water. Pig farmers in the United Kingdom had a tough year with the sector facing financial challenges as well as labour shortages in the chain.



Poultry sector

The poultry sector has been developing for some considerable time now. European consumers increasingly switch to chicken meat, which is seen as an affordable, healthy and sustainable choice. In addition the sector is strongly impacted by the various quality labels; these include Beter Leven, an independent quality mark issued by the Dutch Society for the Protection of Animals for chickens of slower growing breeds. Chickens with this quality mark also enjoy better living conditions with for example barns that have plenty of space and daylight and a covered outdoor run.

All Dutch supermarkets have agreed that from 2023 they will only sell fresh chicken bearing at least one Beter Leven star. In Belgium several retailers have also voiced the ambition to meet the similar welfare criteria of the European Chicken Commitment (ECC) by 2026. Poultry farmers are now using specially developed welfare feed to meet the demand for slow-growing chickens and free-range eggs.

Integration

In the Netherlands intensive collaboration between retailers, slaughterhouses, hatcheries and feed companies is increasing. This may result in greater transparency on provenance and quality, more efficient working methods and more added value, as well as increasing security of sales in the domestic market.

In Germany traditional chickens are reared based on the Initiative Tierwohl concept. The Better Chicken Commitment (BCC) in the United Kingdom is still in its early stage. In other European countries conventional production remains the norm for the time being, particularly where exports are concerned.

The poultry market in Poland is a growth market and an export market, in terms of both the integrated chain and the non-integrated segment of the market. We hold a good position in this country thanks to our 60% stake in Polish poultry feed company Tasomix.

Avian influenza

In 2022, the poultry sector in our home countries had to deal with a violent outbreak of avian influenza (i.e. bird flu). In order to prevent the disease from spreading, a temporary measure was introduced in some countries to keep the chickens in the barns. Unfortunately, several poultry farmers have had to clear their barns.



Organic sector

Compared to conventional livestock farming the organic sector is a niche market. In the past year the market is experiencing the impact of the rising inflation which is putting pressure on consumer demand. In the longer term, however, there would appear to be growing demand and hence steady growth within the sector. This is partly driven by one of the targets of the European Green Deal, which is that by 2030 a quarter of agricultural land should be used for organic farming.

With our Reudink brand we hold a leading position in the European organic market. Our factory in the Netherlands specialises in the production of organic feeds, including for other feed producers. Reudink also produces specific concepts for the German market, such as Bioland and Naturland. In the United Kingdom our organic feeds are produced locally and sold under the ForFarmers brand name.



Horse sector

Horse riding and farming has been growing in popularity in Europe for some years now and the specialist retail sector is benefiting from the trend. Equestrian sport is now also adopting data-driven solutions and tools, allowing rations to be better tailored to the individual needs of the horse. We are responding to these trends with our Pavo brand. A growing percentage of orders in this sector are placed online. Pavo handles online sales through its own digital platform as well as through Amazon.

Retail

Generally speaking, retailers have a significant impact on the food production chain. They strive for cost control, greater efficiency in the supply chain and lower emissions, and increasingly demand transparency regarding food provenance and sustainability. In addition they promote animal welfare and seek to keep the food chain manageable. As such they aim towards intensive cooperation between partners in the chain. Our strong position in the market enables us to play a key role in bringing about this cooperation.

With the entire agricultural chain faced with higher costs in 2022 retailers were forced to substantially raise product prices. Increased inflation also means that consumers are choosing different products and buying less.

Consumers

Non-governmental organisations (NGOs) have a significant influence on the food chain and the agricultural sector. They get issues such as carbon footprint, deforestation and animal welfare onto the public debate agenda. They promote plant-based alternatives to meat as well as organic and locally produced foods. This results in changing concepts in the livestock farming industry, for example the Beter Leven concept in the poultry and swine sectors. At the same time, price and convenience still remain important to consumers, who have become more price-conscious due to the worsening economic conditions, buying less and more often opting for cheaper products.

Trends and opportunities in our markets

Some global events, such as the Covid pandemic and the war in Ukraine, are not directly related to the agricultural sector but their impact is nevertheless felt throughout the entire chain. Other developments are directly linked to the sector, such as the trends described below.

Environmental measures and legislation

Northwest Europe has the right conditions for the efficient production of animal proteins. The region is home to a number of renowned universities that conduct intensive research into nutrition and food production. In addition it has an optimum climate and good logistical infrastructure along with a plentiful supply of residual flows from the human food industry. Given the impact of the agricultural sector on the climate, biodiversity and water resources it is precisely this densely populated region that is seeing mounting social pressure on the production and consumption of animal proteins.

This was one of the reasons for the adoption of the European Green Deal in 2020, which aims to turn the EU into a resource-efficient, competitive economy while reducing greenhouse gas emissions to net zero by 2050. The EU Green Deal includes Farm to Fork, a strategic action plan to make food systems more sustainable. To this end the plan includes guidelines and regulations with regard to such matters as reducing the carbon footprint, cutting nitrogen emissions, improving animal welfare and protecting biodiversity.

The impact of these plans has become clearer over the last two years, such as regarding the reduction of nitrogen emissions for example. This was one of the reasons for revising our 2025 strategy. For our customers in the Netherlands 2022 was dominated by the nitrogen debate and the recommendation from independent mediator Johan Remkes regarding the future of the agricultural sector. He emphasised that the Netherlands must maintain Natura 2000 sites under the EU habitat guideline. One of the key conclusions is that nitrogen is not a standalone issue and must be part of a broad transition of agriculture and rural areas. The mobility, industry and construction sectors will also have to contribute to this process.

This transition has consequences for livestock farmers and may involve extensification, switching, regularisation and/or relocation. Along with other players in the chain ForFarmers emphasises the importance of innovation as an alternative to rationalisation alone. The various Dutch provinces must present their detailed plans in 2023. ForFarmers is acting in concert with parties including Coöperatie FromFarmers and Nevedi in the various discussions.

As a prominent feed producer in Europe we play a vital role in the ongoing process of making our sector more sustainable. We take this seriously, as is evidenced by the strong emphasis we lay on our Going Circular sustainability agenda and the targets associated with it.

We convert low-value ingredients into high-quality food. Wherever possible we produce our feed using ingredients such as co-products which are not suitable for human consumption. We advise dairy farmers on high-quality forage that is suited to their business operations. We also offer advice on the reuse of manure to ensure that the available animal waste is put to the best possible use. In addition we help our customers in all sectors improve their feed conversion and provide innovative solutions for reducing emissions.

Antibiotics

Reducing the use of antibiotics in the agricultural sector is another crucial theme of the Farm to Fork strategy. New EU regulations on veterinary medicinal products and the routine use of medicated animal feed came into force at the beginning of 2022 with the aim of limiting the risk of antimicrobial resistance in the EU. The pre-emptive use of antibiotics in feed is now banned across the EU. Although these regulations do not apply in the United Kingdom ForFarmers has chosen to apply the same policy in that country as well.

Smart use of data

A growing group of consumers want to know where and how food has been produced. This is linked to concerns about food safety as well as consideration for animal welfare and the environment. Supermarket chains want to work with slaughterhouses and feed companies to offer sustainable concepts with clear traceability.

The agricultural sector wants to accelerate digitalisation because cooperation between the parties depends on

them being able to share and analyse data. ForFarmers already applies data sharing and analysis on a wide scale to help livestock farmers with matters such as business management, food chain management and controlling their environmental impact.

Alternative proteins as a feed ingredient

For animals to grow and produce well and healthily their feed must include the right amount of energy and proteins. Using soy as a source of protein has the potential unwanted side effect of deforestation. To cut down on the amount of soy we use we are investigating alternative sources of protein; it is even one of the pillars of our revised strategy. Insects are an example of an alternative protein source; they can be sourced locally and are traceable and sustainable. Some hurdles still remain, including the considerable cost price. Over the next two years, we will be working together in a consortium of Dutch companies in the poultry value chain to investigate how insect ingredients of the black soldier fly in poultry feed affect sustainability, health and welfare aspects of slow-growing broilers. Another alternative to using soy is processed animal protein (PAP). Since 2021, the EU has allowed the use of this protein under strict conditions as an ingredient for pig and chicken feed. ForFarmers has started with the application of this in chicken feed in Belgium and Germany.

Furthermore we are involved in research projects into single-cell proteins – protein extracts derived from microorganisms through fermentation. Eventually it will be possible to use these proteins as a substitute for fishmeal and soy in feed for all the sectors. However,

expectations are that it will take some time to reach this stage given the still limited availability and high price. We also help dairy farmers to meet their own protein needs, for example by advising them on forage crops and fertilisation.

Growing professionalism and consolidation of livestock farmers, slaughterhouses and dairy processors

The number of livestock farmers in Northwest Europe has been declining for years. Farmers do not always have successors who want to take over their farms. Moreover, the decline is partly due to the increasing regulatory pressure which requires extra investments which cannot yet be easily passed on in the consumer price. This is leading to further consolidation of farming companies because increased scale is needed to make business operations profitable. This increase in scale creates a different demand for feed solutions, advice and tools.

There are various examples of this changing demand. In the United Kingdom consolidation has led to the creation of large slaughterhouses in a bid to cut costs. These slaughterhouses form integrated chains with pig farmers, in some cases even taking them over, and determine what type of feed is used in the supply chain. Meanwhile in the Netherlands livestock farmers are increasingly focusing on automation, with around 35 per cent of Dutch cows already being milked by robots. Farmers make this choice in order to save on labour costs but also in the interests of animal welfare and maximising technical results.

These two examples call for different solutions from feed companies. ForFarmers uses innovative monitoring systems to convert farming business data into information that livestock farmers can use to improve their results. We also have the scale to invest in concepts and resources that meet the technical requirements. For example, we recently started to focus on real-time monitoring of the data from the milking robot. This allows us to give the farmer even more accurate advice.

ForFarmers is uniquely well placed to distinguish itself in each individual market and segment by providing a differentiated offering tailored to the local situation in the respective sectors. This may range from total solutions aimed at optimum returns to the supply of specific products to best suit livestock farmers amid challenging market conditions.

Pressure on consumption of animal proteins in home markets

Global demand for animal proteins is rising. In Northwest Europe, however, overall consumption appears to be stabilising or even falling slightly, and consumers appear to be increasingly choosing chicken and fish rather than red meat. In addition, demand for plant-based meat alternatives and organic, vegetarian and vegan food is growing. However some consumers are simply adding plant-based options to a diet that includes animal proteins.

