



Press release

Lochem, 4 May 2023

ForFarmers first quarter 2023 Trading Update

Highlights first quarter 2023¹:

- Volume Total Feed²: -5.2%; especially due to pressure on volumes in pig sector
of which compound feed: -6.4%
- Gross profit: -0.6%; due to decline in cluster Netherlands/Belgium
- Underlying EBITDA: +4.5%; mainly due to improvement in Germany/Poland and the United Kingdom.

Pieter Wolleswinkel, CEO of ForFarmers:

"I am honoured to have recently been appointed CEO of ForFarmers, at a time when opportunities and threats are not far apart. To be able to respond quickly and appropriately, we are placing the emphasis in our revised strategy on local approach and responsibility. Market position and returns are important to us. That is why we have recently started a reorganization, so that the local approach can be implemented effectively and efficiently. Knowledge, innovative power and focus on cost reduction are key drivers. After all, volumes are under pressure, as they were in the first quarter. This is mainly due to the impact of bird flu in the United Kingdom and Poland and the crisis in the pig sector. However, the good result in the ruminant sector in the first quarter in the United Kingdom was gratifying. To contribute to the transition of the sector, we must continue to innovate and therefore also to make returns. These are basic preconditions. My colleagues and I are convinced that we can make the adjustments in our approach and business operations and that we can include current and new customers in this transition. We will focus on this change in 2023."

First quarter 2023: Price developments and general developments in the European agricultural sector

Average milk prices were higher in the first quarter of 2023 than a year earlier, although prices have started to fall since the beginning of the year. The average price for broilers and eggs was much higher than in the first quarter of 2022 because supplies were tighter as a result of bird flu. In the pig sector, the sharp fall in the number of sows resulted in less supply and consequently also a much higher price. Raw material prices were on average higher than a year earlier, but during the quarter some prices dropped to levels just before the start of the war in Ukraine. Availability of raw materials had largely recovered. Energy and diesel prices have decreased in recent months.

Development consolidated results ForFarmers in the first quarter 2023

The decline of volumes was mainly induced by the volume decrease in the **pig sector**, especially in the United Kingdom, where approximately 16% fewer pigs were slaughtered than in the same period last year. This is largely due to the sharp decrease in the number of sows, which is also evident in Europe³. Moreover, there are more and more pig farmers who stop because of restrictive government measures or financial stress. As a result, feed factories are becoming less optimally utilised, leading to consolidation and cooperation in the chain being required to achieve cost reduction. The recently announced divestment of ForFarmers Belgium to Arvesta should be seen in this light. ForFarmers wants to supply good feed at competitive prices, so that farmers and ForFarmers can make returns. For example, VIDA Fluxx, a special feed for pigs, combines optimal feed intake, with ease of use and a good price. VIDA Fluxx was recently introduced in the Netherlands.

Volumes in the **poultry sector** were somewhat lower than one year earlier. The outbreak of bird flu was noticeable in the volume development, especially in the United Kingdom where, as a result of the measures taken, some four million birds had to be culled in 2022 alone. In addition, about 5% fewer laying hen and 7% fewer turkey poults were placed. In the Netherlands, the ongoing transition to broilers with the 'Beter Leven' (Better Life) quality mark, means that fewer birds can be kept per same



holding area for a slightly longer period of time. ForFarmers has a strong position in this transition with an appropriate range of specific feeds. In Germany and Poland volumes increased slightly. Sales to livestock farmers in the **ruminant sector** increased due to a mix of differentiated products, prompted by the local situation and what is most appropriate for the farmer. This resulted in higher volume, especially in the United Kingdom. Sentiment among dairy farmers in Germany deteriorated due to milk prices starting to fall and the declining herd. In the Netherlands, the prolonged lack of a clear perspective for dairy farmers is worrying.

Net revenues increased, despite the volume decline, on the back of higher raw material prices than one year earlier. **Gross profit** remained stable, partly due to the product mix. **Underlying total operating expenses** were lower than last year in the same period. Energy costs were lower because of lower energy prices and lower feed sales. However, personnel costs were higher, mainly as a result of the substantial increase in collective labour agreements in the Netherlands and Belgium. **Underlying EBITDA** increased by 4.5%.

Strategy 2025 in action

ForFarmers continuously focuses on offering feed solutions that help farmers improve their returns on-farm and at the same time contribute to a better planet. Optimizing the feed production processes is also important in this regard. Our goal is to reduce the amount of energy and also to use more renewable energy. For example, from February 2023, the Deventer plant will run on biogas from cow manure from five dairy customers who ferment the manure themselves. Another example is the use of processed animal protein (PAPs). This entails reusing valuable nutrients and this is in line with ForFarmers' emphasis on the use of alternative proteins and residual products to reduce the carbon footprint of the feed produced. ForFarmers is in the process of marketing its activities in the field of residual flows under its own brand, to position the sustainability ambition even stronger.

Market outlook

The livestock population in North-West Europe is expected to shrink, partly due to the implications of government policies in the various countries. ForFarmers can help livestock farmers to become more sustainable with its feed approach. It is difficult to pinpoint what will happen to raw material prices, but it seems likely that they will remain volatile and relatively high. Animal diseases can put pressure on volumes locally, as we are experiencing in the poultry sector in the UK.

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 a prominent player in Europe with annual sales of around 9 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 2022 revenue amounted to approximately €3.3 billion. ForFarmers N.V. is listed on Euronext Amsterdam.

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