Annual Report 2020

This annual report, including the financial statements, is a translation of the original Dutch text. In case of any difference in interpretation between the translation and the original Dutch text, the latter shall prevail.

FORWARD-LOOKING STATEMENTS

This document could contain forward-looking statements, which, rather than referring to historical facts, refer to the Executive Board's expectations based on current insights and assumptions which are subject to known and unknown risks and uncertainties, and may cause the actual results, presentations or events to differ materially from the statements in this annual report. Many of these risks and uncertainties are linked to factors over which ForFarmers has no control and/or which it is unable to accurately estimate, such as, for example, the effect of general economic or political circumstances, price development and the availability of raw materials, animal diseases or interest-rate and currency fluctuations ForFarmers accepts no obligation or responsibility whatsoever to update forward-looking statements contained in this document, irrespective of whether they reflect new information, future events or otherwise, subject to ForFarmers' legal obligation to do so

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2020 IN BRIEF

ForFarmers in brief

Key figures

Revenue € x million	**2,352** [2,463]	**GHG emissions production** (kg CO_2 per tonne)	**19.7** [18.3]
Gross profit € x million	**433.2** [440.7]	**GHG emissions logistics** (kg CO_2 per tonne)	**8.7** [8.5]
Underlying EBITDA € x million	**96.2** [88.5]	**Responsible soy and palm oil**	**75%-70%** [74.7%-70%]
Operating profit (EBIT) € x million	**61.6** [55.7]	**Gender diversity**	**21%** [20]
Earnings per share €	**0.49** [0.43]	**LTIs**	**24** [36]
Dividend per share €	**0.29** [0.28]	**Feed safety incidents**	**8** [9]

2019 | *Comparative data are presented between brackets*
Underlying EBIT and underlying earnings per share adjusted based on new APM definition

Results

	2020	2019
Consolidated statement of profit or loss (€ million)		
Revenue	**2,351.9**	2,463.1
Gross profit	**433.2**	440.7
Operating profit (EBIT)	**24.2**	14.2
Underlying[1] operating profit (EBIT)	**61.6**	55.7
Operating profit before depreciation and amortization (EBITDA)	**100.3**	85.2
Underlying EBITDA	**96.2**	88.5
Profit attributable to shareholders of the Company	**14.2**	17.7
Underlying profit	**46.3**	42.1
Consolidation statement of financial position per 31 December (€ million)		
Equity	**362,5**	418.4
Balance sheet total	**816,7**	865.5
Average capital employed[2]	**496,4**	547.0
Net debt position/(cash)[3]	**-15,8**	7.0
Cash flow (€ million)		
Net cash from operating activities	**98.1**	96.1
Acquisition/disposals of subsidiaries	**-9.6**	-2.7
Acquisition of property, plant and equipment and intangible assets	**-35.8**	-36.9
Ratio's		
Underlying EBITDA as % of gross profit	**22.2%**	20.1%
Return on average capital employed (ROACE)[4]	**19.4%**	16.2%
Solvency ratio (equity divided by total assets)	**44.4%**	48.3%
Key data per share (€)		
Earnings per share	**0.15**	0.18
Dividend per share	**0.29**	0.28
Share price at year-end	**5.34**	5.74
Other key figures per 31 December		
Number of outstanding shares (million)	**95.2**	97.7
Market capitalisation (€ million) on 31 December	**508.4**	560.8
Number of employees (in FTEs)	**2,502**	2,570

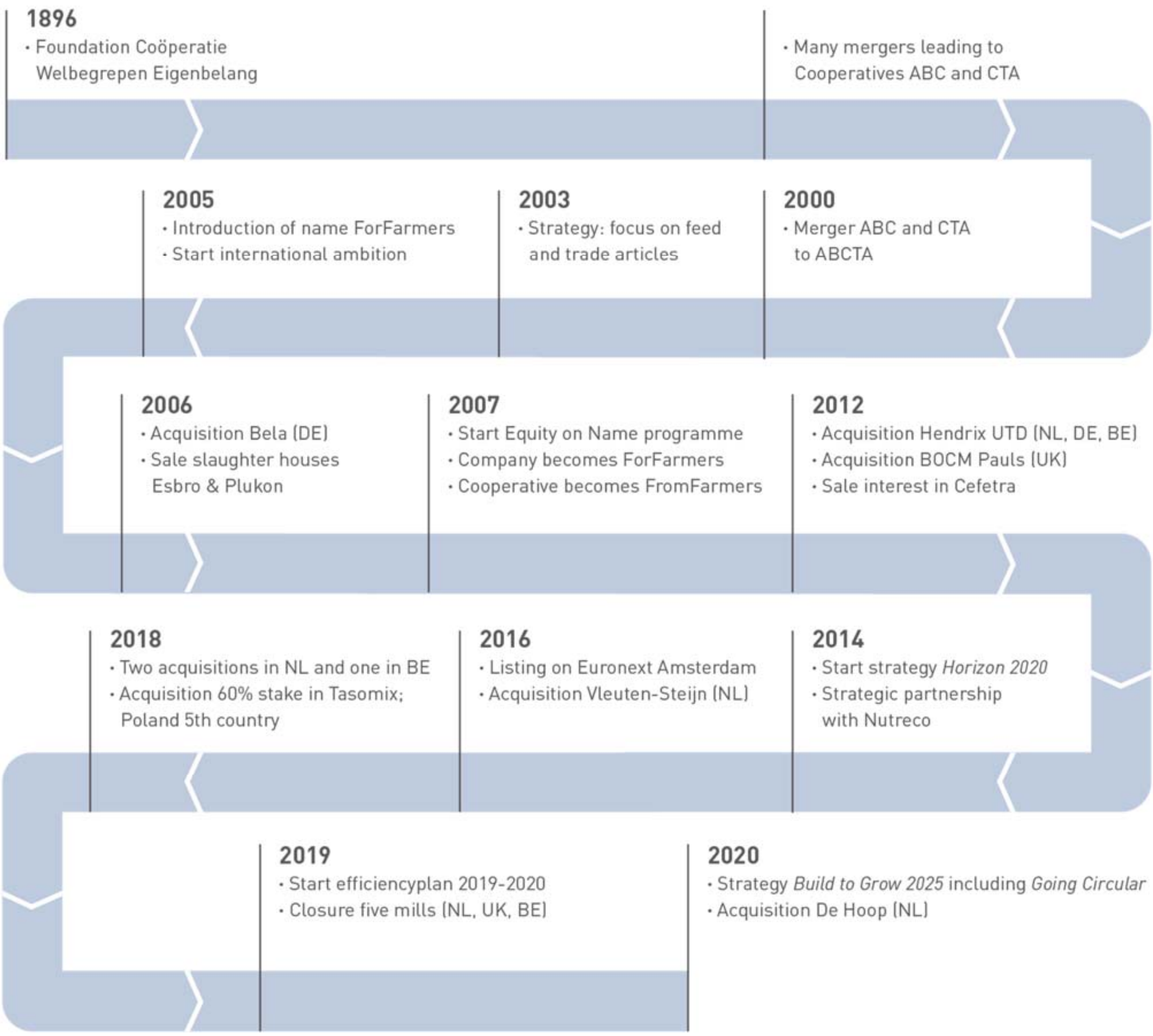
[1] Underlying means excluding incidental items (see Note 17 of the financial statements regarding the Alternative Performance Measures (APMs))
[2] Based on 12 months average: see Note 17 of the financial statements
[3] Excluding IFRS 16 Lease liabilities
[4] ROACE means underlying EBITDA divided by the average capital employed: see Note 17 of the financial statements
ROACE based on underlying EBIT; 2020 12,4%; 2019 10,2%

General: 2019 underlying EBIT and underlying profit adjusted for comparative reasons due to new definition APMs

History – from cooperative to listed company

ForFarmers' history goes back to 1896, which saw the foundation of the Dutch cooperative that was one of our legal predecessors. Over the next decades the cooperative grew as a result of organic growth, mergers and acquisitions, resulting in the fact that as of 2005 we also became operational in Germany, Belgium and the United Kingdom. ForFarmers shares were listed on Euronext Amsterdam in 2016.

As of 2018 we are also active in Poland with the poultry feed company Tasomix.
ForFarmers' core activity has stayed practically the same throughout the years: delivering good quality feed, combined with advice and underpinned by data systems, at a fair price. All in all this has resulted in ForFarmers being the leading animal nutrition company in Europe selling some 10 million tonnes of Total Feed in 2020.



LETTER FROM THE CEO

Letter from the CEO

2020: dominated by Covid-19

We look back on 2020 as a turbulent year, dominated by the Covid-19 pandemic and its consequences. Given the circumstances, our results were more than satisfactory. In March last year, we immediately took measures to prevent the coronavirus from spreading and ensure we could continue to produce and supply feed. Thanks to the enormous commitment of our employees we were able to continue to provide a good service to our customers.

Difficult year for our customers

The outbreak of Covid-19 and the subsequent measures imposed by the various governments have had a significant impact everywhere. The agricultural sector, which is considered a vital sector as it is part of the food chain, was primarily impacted by the closure of the hospitality and out-of-home segments (including canteens and for instance schools and gyms). As a result, our customers more or less saw demand for their products decline. The increased demand for dairy products, meat and eggs in the supermarkets, was unable to make up for this loss. Moreover, countries outside the EU temporarily suspended the import of meat from some EU countries, after slaughterhouse workers were infected with the coronavirus. This led to oversupply in the market and further pressure on prices. We trust that this situation will be remedied once the Covid measures are lifted.

Animal diseases

In addition to Covid-19, some of our customers were also confronted with animal diseases. The impact of the outbreak of African swine fever in China at the end of 2018 was still felt. Despite the fact that the Chinese pig herd has grown slightly in 2020, demand for pig meat from European and other countries remained strong. African swine fever was, however, unfortunately also detected among wild boars in East Germany, resulting in export bans from Germany to non-EU countries. Belgian pig farmers, on the other hand, have recently been allowed to start exporting again, as swine fever is no longer present in the country.

At the beginning of 2020 the contagious version of bird flu was detected among wild birds in Poland and later in the year surfaced again in other European countries, including the Netherlands.

Animal diseases remain a source of concern for the livestock farming industry, although important steps have been made during past years in determining hygiene protocols and collaborating in the sector to combat the spread of animal diseases. We are taking an active role in this.

Satisfactory results

We hardly experienced any disruption to our operational processes as a result of Covid measures, although our volumes and margins did suffer. At the same time we sold more specialities, in line with the trend of previous years. We were able to reduce some of our costs relatively quickly and make others more flexible, partly due to the execution of the previously announced efficiency plans. How long the Covid situation will continue and how long we will continue to feel the consequences is hard to predict. This is the main reason for the goodwill impairment on our activities in Poland. We remain optimistic about the growth opportunities of the Polish poultry sector once the Covid measures are lifted.

Given the challenging market conditions we certainly achieved satisfactory results. This was mainly thanks to our employees' commitment and the focus on efficiency in our organisation.

The value of a good team

2020 demonstrated more than ever just how important engaged employees are to an organisation. Suddenly, some employees were required to work from home, whilst others had to work on location under strict regulations. Everyone had to show significant flexibility. The commitment to our business, but above all to our customers, is extremely high and that is something my colleagues in the Executive Committee and I are very proud of.
Overnight most meetings became 'virtual' and our customers were advised via online channels, aside from the physical feed deliveries on-farm. Our IT, HR and communication departments very quickly enabled work and training programmes to continue remotely. Moreover, attention was devoted to the lack of social interaction by organising various activities such as online quizzes and physical 'move-to-stay-fit-challenges'. In this context we are especially pleased with the outcome of the employee engagement survey held last year, which showed that we clearly outperform the benchmark but also that further opportunities for improvement remain. We will continue to devote attention, time and money to attract, develop and retain our most valuable asset, our people.
It is also very important to us that our employees can do their work safely. To this end we have devoted a lot of attention to safety in recent years, with capital investments, behavioural training and active safety communications. This resulted in yet another substantial fall in the number of incidents in 2020 compared to previous years.

There were a few changes in our Executive Committee last year. Roeland Tjebbes took over the position of CFO from Arnout Traas during the Annual General Meeting of Shareholders (AGM) in 2020, as was announced previously. Later in the year, Stijn Steendijk, Director Strategy & Organisation, announced that he would be leaving ForFarmers as of 1 January 2021. Due to his continued drive we have made important steps in our sustainability and innovation agenda. Part of his portfolio has been shared among Executive Committee members. We are pleased that Eveline Paternotte, who joined ForFarmers at the beginning of 2020, has joined the Executive Committee in the role of Group Director HR as of beginning of this year. On behalf of the entire Executive Committee I want to thank Arnout and Stijn for their contribution to implementing the previous strategy as well as developing the new strategy.

The Executive Committee and the Supervisory Board once again cooperated well in 2020. The Supervisory Board was closely involved in determining the strategy for 2020-2025.
The composition of the Supervisory Board also changed in 2020: Annemieke den Otter joined the Board during the AGM in 2020, filling the vacancy left by Cees van Rijn.

Cees de Jong announced very recently that he is not eligible for reappointment for a new term as member of the Supervisory Board. On behalf of my fellow Executive Committee members I want to particularly thank Cees for his significant contribution to ForFarmers. Under his Chairmanship, important steps were taken to further professionalise our company and make it even stronger for the future. We are pleased that the Supervisory Board is nominating the very experienced Jan van Nieuwenhuizen for appointment as member of the Supervisory Board to the AGM.

Strategy Build to Grow 2025: focus, sustainability and efficiency

We presented our Build to Grow 2025 strategy last September. In determining the strategy, we obviously took account of the new market reality in which we find ourselves. Some outcomes of the stakeholder dialogue were also incorporated. In the existing, mainly mature markets, we will continue to work efficiently towards an even better customer experience, by means of concept innovation and further digitalisation. At the same time we are focused on making the sector even more sustainable, both in our own production and logistics activities, as well as on-farm. We are further enhancing our business processes to make the organisation as efficient as possible. In addition we are constantly searching for potential acquisition targets in our existing markets.
In order to create a better balance in our geographical footprint we also want to acquire companies in growth markets, potentially outside Europe. We aim to be operational in seven countries by 2025, versus the current five in which we are currently active.
We have made a good start with the execution of our strategy, which is based on the existing core values Ambition, Sustainability and Partnerships. We have seen progress both in the field of Next Level Innovation and in optimising our business processes. Back in October we also announced the acquisition of the Dutch poultry feed company De Hoop Mengvoeders, which we closed at the beginning of this year. We have begun the process of merging the two companies to create a leading player in the market. Also at the beginning of this year we strengthened the position of PAVO, our premium brand

with which we are active in the horse sector, by taking over Mühldorfer Pferdefutter in Germany.

Going Circular For the Future of Farming

The agricultural sector is increasingly facing the challenge of producing more food for the growing global population whilst continuously reducing its impact on the environment. In some countries politicians have for some time been imposing measures aimed at improving nature, climate and biodiversity, with the sector having to conform to these. The nitrogen debate in the Netherlands in an example of this.
The introduction of the European Green Deal means that environmental measures will be introduced in all European countries to drive the sector towards sustainable solutions.

In order to make our position on sustainability even clearer, we have launched a new, tighter sustainability agenda which we are rolling out as 'Going Circular For the Future of Farming'. While continually striving to make the sector more sustainable, we will also continue to point out that climate and nature are global topics, which will require worldwide solutions. Moving the production of dairy, meat and eggs to countries with less stringent regulations on sustainability, animal health and animal welfare is not a route that we advocate.

As part of our sustainability agenda we have formulated a number of additional objectives which reflect our definition of Going Circular: conversion of low-value materials into high-quality food with no waste and no pollution. Our strategy is focused on three central themes: feed resources, feed production and feed solutions. We work constantly to improve feed efficiency, i.e. more (animal protein) production with less feed. Wherever possible we make use of residual flows (co-products) in the production of our feeds. These are ingredients that are not suitable for direct human consumption.
Our approach, as discussed by our Executive Committee team, takes into account the social boundaries within which we need to operate. While it might seem simple in theory to allow the impact on natural capital to weigh heavily in decisions, the practice tends to be more complicated with multiple dilemma's to be considered. We make such considerations with care, taking stock of the interests of the various stakeholders.
With focus on a future proof, sustainable livestock farming industry with our mission 'For the Future of Farming'. A livestock industry with strong and healthy farming businesses, paying attention to animal health and welfare and to the impact of the sector on nature and environment. The Total Feed approach is our answer to the challenge the sector is facing. We help farmers improve their on-farm returns efficiently and responsibly, with our range of innovative feed concepts, advice and digital tools that help monitor and optimise the livestock farmer's business practices. Knowledge and innovation are crucial in this respect. Partly thanks to our scale, we are able to train our advisors at in-house academies where they can share knowledge that can subsequently be deployed on-farm.

Confidence in the future

2020 was a year that nobody will easily forget. The Covid pandemic has had a major impact on both our business and our private lives. The economic consequences of the pandemic are becoming clearer all the time and for many people and entrepreneurs it remains a very difficult time.
Currently, it is unlikely that there will be a lasting impact of Covid on our sector.
Our Build to Grow 2025 strategy sets out a roadmap aimed at making us stronger, more sustainable and more profitable in 2025, than we are now. This serves the interests of all our stakeholders.
The dedication and efforts of our employees remain vital to the realisation of our strategy. I wish to thank them sincerely for this, on behalf of myself and my fellow Executive Committee members. We are of course dependent on the trust that our customers/farmers, shareholders, suppliers and other stakeholders put in us and I am truly grateful to them for this. Together with all the colleagues at ForFarmers we work hard to remain a reliable partner to all our stakeholders and to do things just that bit better, every day and every year again and again.

Lochem, 10 March 2021

Yoram Knoop
CEO of ForFarmers N.V.

WHO WE ARE AND WHAT WE DO

Our mission: For the Future of Farming

ForFarmers works on its For the Future of Farming mission through its Total Feed approach. We supply feed accompanied by good advice and supported by data systems to help livestock farmers achieve better on-farm returns in a sustainable way.

The agricultural sector is faced worldwide with the challenge of finding a sustainable way of supplying the growing world population with animal and other proteins. Most of these proteins are produced in countries where the climate is best suited to this purpose, including for example countries in Northwest Europe, and are destined for local consumption as well as for export to other countries.
In addition the sector is constantly taking steps to make its production more sustainable. Because of the environmental impact of the agricultural sector social acceptance in western Europe in particular is changing drastically. As a result the sector is being closely scrutinised.

As the European market leader in the feed industry we have not just the opportunity but also the obligation to make a meaningful contribution to more efficient and sustainable international production of meat, eggs and dairy produce.

Our mission 'For the Future of Farming' is not only indicative of the confidence we have in the future of the agricultural sector. Our efforts are first and foremost aimed at the continuity of the farming business and further enhancing the sustainability of the agricultural sector and, with that, the responsible production of food. This is entirely consistent with our ambition to be a socially responsible enterprise.

We are active in the Netherlands, Belgium, Germany, Poland and the United Kingdom, where we supply products, advice and data tools to ruminant farmers, pig farmers and poultry farmers under the brand name ForFarmers. In addition, we supply horse feed in over 30 countries under the brand name Pavo and our company Reudink is a leading player in the organic sector. We have over 400 advisors, of the approximately 2,600 employees, who visit our 26,000 customers regularly on farm to help them with their operational management and business decisions.

We are convinced that our Total Feed approach offers a sustainable long-term solution for farmers as well as society. With this approach we help farmers achieve better on-farm returns with a healthier herd, greater efficiency and lower emissions (including ammonia, phosphate, particulates and odour).
We do this with innovative feed concepts and targeted advice supported by data systems. Our aim in doing so is to improve the feed conversion (more production with less feed) for livestock farmers.

Our Total Feed approach is focused on:

Performance: Targeted planning, monitoring and analysis of the results of the farming business in order to continuously improve on-farm returns with healthy animals and greater efficiency.

People: Assistance from specialist expert advisers who stand side-by-side with the livestock farmers, both on site at the farm and through the Total Feed support desk.

Products: The use of tailor-made products and our Total Feed approach which involves making increasing use of residual flows of raw materials which are unsuitable for human consumption that helps decrease the carbon footprint of feed.

Core values

We are committed to the following core values as a sustainable compass for our corporate culture:

Ambition

We aim to achieve ever-higher results, both on-farm and within our own organisation. This requires clear leadership and a team that is in sync. Our mission to make a sustainable contribution to the challenge of feeding the global population appeals to our employees and (young) candidates. Recruiting, developing and retaining the best people and motivating them to perform even better is crucial to this, as is placing trust and responsibility in our staff.

Sustainability

The core of our Going Circular sustainability strategy is based on a framework of three key themes: feed resources, feed production and feed solutions. We aim for optimum conversion of low-value ingredients into high-quality food, with no waste and no pollution. In order to achieve this we have formulated explicit objectives and ambitions as part of our strategy.

We have linked our objectives to the United Nations Sustainable Development Goals (SDGs) which are focused on zero hunger (2), affordable and clean energy (7), responsible consumption and production (12), climate action (13) and life on land (15). Our actions are geared to the long term and are based on trust and transparency, we respect local rules and procedures and show consideration for our living environment.

Partnership

We believe in focusing on what we are good at: delivering feed solutions on farm. This implies that we also believe that collaboration with partners in the chain creates added value. That is why we work with customers and suppliers as well as with our strategic partners in the various sectors. The guiding principle is a long-term relationship based on trust, and a win-win for all parties involved

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*DML stands for Dry, Moist, Liquid. This includes co-products such as residual flows from human food production

The new market reality

According to the Food and Agricultural Organisation of the United Nations (FAO) in around 30 years' time up to 70% more food will be needed to feed the world's growing population. ForFarmers is part of the food chain, which is faced with addressing this challenge. With our Total Feed approach we contribute to the sustainable production of animal proteins, a key component of a varied diet. In the short to longer term there are trends in our chain that offer both opportunities and pose threats.

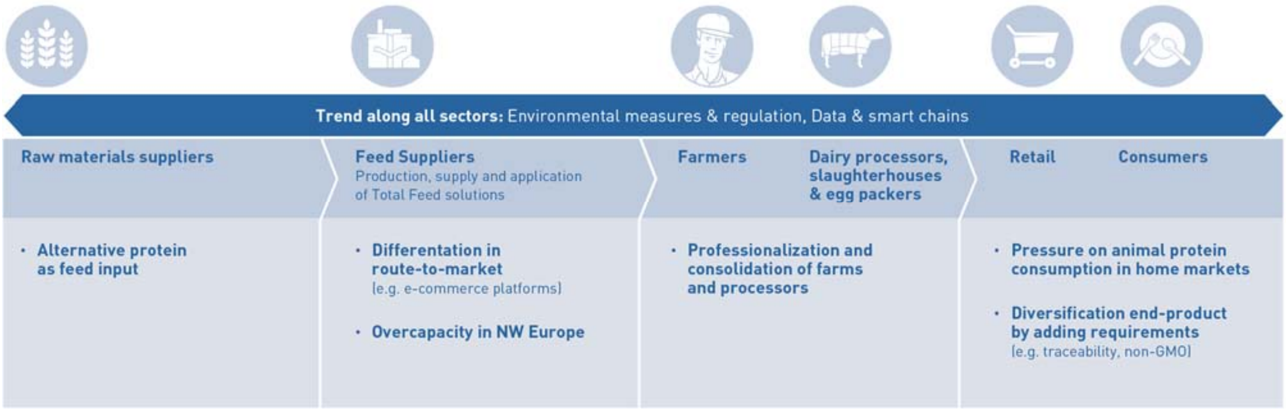
In 2020 everyone was faced with the sudden global outbreak of Covid-19. The government measures that were introduced to stop the spread of the virus also had a major impact on the food chain, with some players hit harder than others. We were able to continue to supply our customers although volumes did come under pressure somewhat. The picture among livestock farmers was mixed. With their strong dependency on the hospitality sector, the broiler sector and cattle farmers in particular saw sales decline. As a result, broiler farmers delayed restocking their barns with new chicks. How long it will take for the market to recover will largely depend on when the hospitality sector and the out-of-home segment can start operating normally again. Despite these short-term challenges Covid-19 is not expected to have a long-term negative impact on the agricultural sector.

In addition to the specific situation surrounding Covid-19 the sector was confronted with the outbreak of animal diseases in 2020. Over the years the sector in Northwest Europe has been increasingly successful at controlling the spread of animal diseases. Nevertheless the regional and wider impact of animal diseases is great, and outbreaks cannot always be prevented. In Western Europe the import and export of agricultural goods is subject to strict requirements, including ever more stringent hygiene measures. As soon as an infection is detected the sector implements these measures. If livestock farmers still have positive future prospects, they will fill their barns with new animals more quickly than if prospects are more difficult. Both the outbreak of avian flu in Poland at the beginning of 2020, which was also detected in other European countries later in the year and the discovery of African swine fever among wild boar in eastern Germany later in the year were a cause for concern for large groups of livestock farmers.

Trends and opportunities

Besides Covid-19 and the fact that animal diseases can play a role at any time there are some notable developments in the agricultural sector, both in terms of their impact and the speed at which they are occurring.

ForFarmers sees opportunities in these developments in the chain. Our knowledge and experience in relation to the Total Feed approach, gained through our strong position in the Dutch agricultural sector, can be leveraged at an international level in the best possible way. We use this combination of feed, advice and data analysis to help livestock farmers make their production more sustainable and efficient, with healthier animals and lower emissions (of for example CO_2, ammonia, nitrogen, phosphate and odour). Our scale is another important factor in our continued ability to play a significant role in the industry in the future.



Environmental measures and legislation

Efficient production of (animal) proteins is most likely to succeed in certain geographical regions which have the most suitable climate, such as Northwest Europe. However, there is mounting social pressure on production (and consumption) of animal proteins in this densely populated region. The impact of the agricultural sector on the climate, nature and the environment are key themes and among the pillars of the EU agricultural strategy.

In 2019 the European Commission introduced the Green Deal to turn the EU into a modern, resource-efficient and competitive economy, which will reduce net greenhouse gas emissions to zero by 2050 and produce economic growth without exhausting raw materials. In this context the EU action plan focuses for example on more efficient use of resources by switching to a clean, circular economy as well as restoring biodiversity and reducing emissions.
A substantial contribution will also be required from the European agricultural sector if these objectives are to be achieved.

Livestock farmers in Northwest Europe produce animal proteins with a very low carbon footprint relative to the global picture. Dutch livestock farmers in fact belong to the frontrunners in terms of sustainable production of meat, dairy products and eggs. Many animal protein products are exported from Northwest Europe to countries where comparable production is less efficient and has a greater carbon footprint, for example due to location, climate and infrastructure. Because of the local and wider environmental impact of the agricultural sector, both in an absolute sense and in relation to national and international climate targets, livestock farmers increasingly face measures and legislation that they must comply with. This can create an uneven playing field for farmers internationally. It should also be considered whether moving production of (animal) proteins to other countries will result in an improvement in the climate, nature and the environment at a global level.

For example, in 2019 a political debate arose in the Netherlands about reducing nitrogen emissions. An action plan has since been developed by the minister of Agriculture, Nature and Food Safety. By 2030 the implementation of the plan should have led to an improvement in biodiversity and nature, better future prospects for farmers and a smaller environmental footprint from the agricultural sector. A substantial part of the plan consists of a voluntary buy-out scheme for livestock farmers close to Natura-2000 areas. A budget of €5 billion has been allocated to the overall plan up to 2030.
In the more densely populated areas of Western Europe growing emphasis is being placed on a 'circular approach' in order to reduce the pressure on the climate, nature and society (local environment).

As an essential link in the food chain ForFarmers plays a role in these developments. As part of our tightened Going Circular sustainability agenda we have formulated a number of specific objectives to help make livestock farming more sustainable. For us, Going Circular means converting low-value ingredients into high-quality feed, with no wastage of raw materials and no pollution. One way we do this is by supplementing scarce raw materials used in the production of feed as best we can with co-products which are not suitable for direct human consumption, such as wheat of which the quality is not good enough to bake bread. Or residual flows from the food industry, such as return flows of bread, cake and chocolate, which are used as ingredients but are also supplied separately on farm. We also supply dairy farmers with specific high-quality and appropriate forage solutions (such as grass and maize seed) to create the best possible all-round

nutrition solution to suit their business operations. We also offer advice on reuse of manure.
We aim to improve feed conversion for our clients under the motto 'more (output) with less (input)'. On the basis of 'to measure is to know' we use systems to monitor the results and make adjustments where necessary.

Use of data and smart chains

Consumers increasingly want to know where and how their food has been produced. This is driven by concerns over food safety and a focus on animal welfare and the environment. In this context it is important for supermarket chains to be able to talk about collaboration with slaughterhouses and feed companies to secure sustainable concepts and increase traceability and reduce failure costs between the various links in the chain. For successful participation in such a partnership it is essential that the parties are able to share and analyse data. This is one reason why the agricultural industry wants to accelerate digitalisation.

ForFarmers is already active in several countries in combining on-farm data with own data to provide essential information for the business operations of livestock farmers and to further optimise factories and logistical processes. This knowledge and experience is applied wherever we operate.
We see data analysis influencing livestock farmers' business operations in three ways:

1. In terms of production enhancement: by collecting, processing and visualising data to create valuable information
2. To control environmental challenges: using data-driven technologies to help our customers improve their production with healthier animals and with a lower carbon footprint
3. Better supply chain management: better matching of supply and demand by using digitalisation and data analysis; this has an impact on the quality and quantity of inventories both on farm and at ForFarmers. The use of e-commerce will also provide a better customer experience, aid customer retention and improve inbound logistics.

Alternative proteins as a feed ingredient

For animals to grow and produce healthily, feeds must be composed of raw materials, minerals, vitamins and co-products (residual flows) from the food industry. Raw materials for animal feed must be used as efficiently as possible in order to achieve the optimum balance between the animal's growth, production and manure emission. The right energy and protein content plays an important part here as this is crucial to the animal's health and wellbeing. This is called 'precision feeding' and is aimed at achieving optimum feed conversion and health and wellbeing of the animal.

One of the protein ingredients in the feed is derived from soy. ForFarmers is aware of the side effects of soybean cultivation, one of which is deforestation. To counteract this we are a member of the Round Table on Responsible Soy and endorse the Amazon Soy Moratorium. Our objective is to purchase only responsible soy and palm oil by 2025. More detailed information on this can be found in the section on 'Our innovation and sustainability agenda: Going Circular for the Future of Farming.

In addition we are actively involved in projects that search for alternative proteins as a feed ingredient. These include insects, which in the medium term could be an attractive substitute for the soy in poultry and pig feed. Insects can be sourced locally and are traceable and sustainable. However, the use of insects as a feed ingredient is not yet fully authorised by the EU.
We also take part in research projects in which experiments are done with single-cell proteins – protein extracts derived from organisms through fermentation. Single-cell proteins may eventually be used as a protein substitute for fishmeal and soy in the feed for all sectors. While these experiments look promising, expectations are that it will be some time before this can replace soy in animal feed.

Differentiation in the sales channels & overcapacity in Northwest Europe

In the past few years various possibilities have opened up for livestock farmers to purchase their feed. This differentiation in 'route-to-market' has increased competition in the market. In addition declining volumes have resulted in some overcapacity at the factories in certain countries, leading to potential additional margin pressure.

Broadly speaking we can distinguish four groups of feed suppliers.

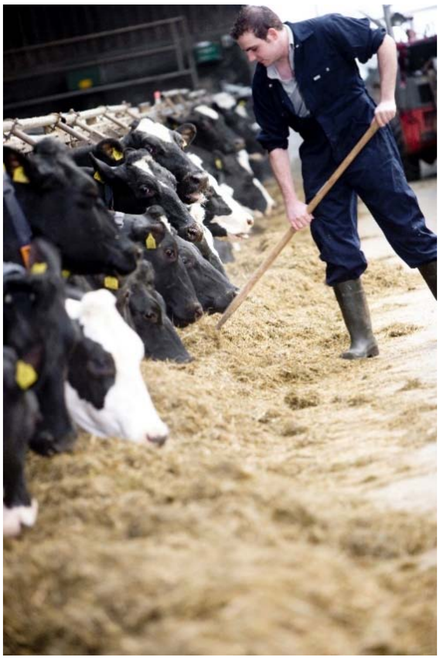
1. Multinational players with strong regional market positions, including ForFarmers, Agrifirm, De Heus and AB Agri. These companies are stable, consolidate smaller feed companies and provide their customers with both feed (production) and advice.
2. Local players and cooperatives, such as VoerGroepZuid and NWF Agriculture. These businesses are focused on strengthening their local market share and strong customer loyalty. Some of these businesses may eventually be taken over by larger players.

3. Specialists and dealers in additives, such as Denkavit and TrouwNutrition. They sell specialties (premixes) directly to large livestock farmers, combined with advice. These businesses have a stable position and a loyal customer base. In general their customers are very large livestock farmers or other feed companies.
4. New 'unbundled' businesses selling advice and feed separately via an online platform. If a livestock farmer wishes to purchase feed then production is outsourced to third parties via toll milling contracts. At present there are only a few players to be mentioned, such as MijnVoer.nl and Cheapfeed.com.

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

The increasing regulatory pressure requires extra investment, throughout the food chain, which cannot (yet) be easily passed on in the consumer price. This leads to further consolidation of farming companies, which is also driven by succession issues for livestock farmers. As a result the number of livestock farmers in Northwest Europe is declining, although the production volume of animal proteins remains reasonably stable. While this varies depending on the sector and the country, it means that farming businesses are getting larger. This in turn creates a different demand for feed solutions, advice and tools. There are various scenarios. In the United Kingdom, for instance, slaughterhouses are consolidating after which they become fully focused on cost efficiency. They form integrated chains with pig farmers, sometimes even taking them over, and determine the type of feed used in the supply chain. A growing number of virtual integrated chains are also being formed in the poultry sector in the Netherlands. On the other hand, young enterprising livestock farmers in the Netherlands may focus on maximising the technical results of their herd, for example by investing more in specialised production systems including specialist on-farm advice.

These two scenarios call for different solutions from feed companies. We use innovative monitoring systems to convert farming business data into useful information to improve the livestock farmer's results. We also have the scale to invest in concepts and tools that meet the technical requirements. Consolidation is also taking place between feed companies in order to achieve or maintain scale.



Pressure on consumption of animal proteins in home markets

Global demand for animal proteins – dairy products, meat, eggs – continues to rise. In Northwest Europe overall consumption of animal proteins seems to be stabilising, however. Consumers, especially in the more prosperous countries, are increasingly choosing chicken and fish over red meat. In addition there is growing interest in plant-based meat alternatives, organic, vegetarian and vegan food.
While in many cases this results in actual replacement of animal protein consumption, it is clear that there are also consumers who add the plant-based option to their existing daily diet. In addition research shows that there is no significant decline yet in average per capita consumption of animal proteins, including meat, in Northwest Europe. However this does differ depending on the country and the overall expectation is that consumption of animal proteins will eventually decline in the more prosperous countries.

Diversification of end products due to growing consumer demand for traceability of provenance

The growing interest among consumers in Europe in animal welfare and food quality and provenance is prompting new initiatives and cooperation in the sector. Welfare concepts for broilers that extend their lifespan and give them more space for instance focus on animal welfare.

The chain we operate in

Raw materials market

Feed companies are being called on to take responsibility with regard to the amount of raw materials they use, the provenance of raw materials and whether these have been produced sustainably. Our Going Circular approach acknowledges the need to be socially responsible in our actions, respecting nature, humans and animals.

Raw material costs make up a considerable part of the cost of animal feeds and fluctuate constantly. Generally these price changes are passed on to customers, who keep a close eye on developments in the raw materials markets. This means that the purchasing process and the combination of raw materials in the feed (the formulation) are crucial activities for ForFarmers. The raw materials that we process in our feeds can be divided into micro ingredients (such as amino acids, vitamins and minerals) and macro ingredients (such as cereals, plant-based proteins, high-fibre raw materials and vegetable oils). The most important macro ingredients we purchase are cereals such as maize, wheat and barley, and sources of vegetable protein such as soybean meal, rapeseed meal and sunflower seed meal. Much of what we use of these raw materials is suitable for animal feed but not for human consumption.
Since 2014 purchasing of micro ingredients and premixes is done with and via our strategic partner Nutreco wherever possible, allowing us to take advantage of economies of scale. ForFarmers has appointed category specialists to purchase macro ingredients, who manage purchasing across the countries, with goods being purchased from a small number of global suppliers. In addition raw materials are purchased directly from local crop farmers. The efficiency of the purchasing process, the quality assurance of the products and the optimisation of feed composition so as to achieve the desired nutritional performance are crucial to us.

Compound feed industry and ForFarmers' competitive position

The compound feed market is highly fragmented at an international level. In the various countries and regions ForFarmers is competing against large (multinational) companies, local family-run businesses, and cooperatives and specialists. Several sources mention that last year approximately 1.1 billion tonnes of animal feed was sold globally, of which some 165 million tonnes compound feed in Europe. With its sales of roughly 10 million tonnes, corresponding with a European market share of some 6%, ForFarmers is the leading European feed company.
Below we set out the competitive position of ForFarmers for the individual countries.

The three main players in the Netherlands – ForFarmers, Agrifirm and De Heus – have a combined market share of around 65% with the remaining 35% being split among some 75 other feed manufacturers.

In Belgium ForFarmers is the second-largest feed company, after Arvesta and before the new Quartes/Agrifirm combination (number 3). Together these three manufacturers hold a market share of around 35% in a playing field of around 50 companies.

In the fragmented (non-integrated) German market Agravis, DTC, Bröring and ForFarmers are the leading players, with a combined market share of around 35%. Germany has some 300 other medium-sized and smaller players, many of which are owned by a cooperative or one or several families.

In the Polish market many feed companies operate in integrated chains. The three largest feed companies on the non-integrated market – Cargill, De Heus and Wipasz – have a combined market share of over 40%. With a 60% stake in Tasomix ForFarmers holds the number four position in the market. As well as the top four feed companies some 35 other non-integrated players are active in the Polish market for compound feed.

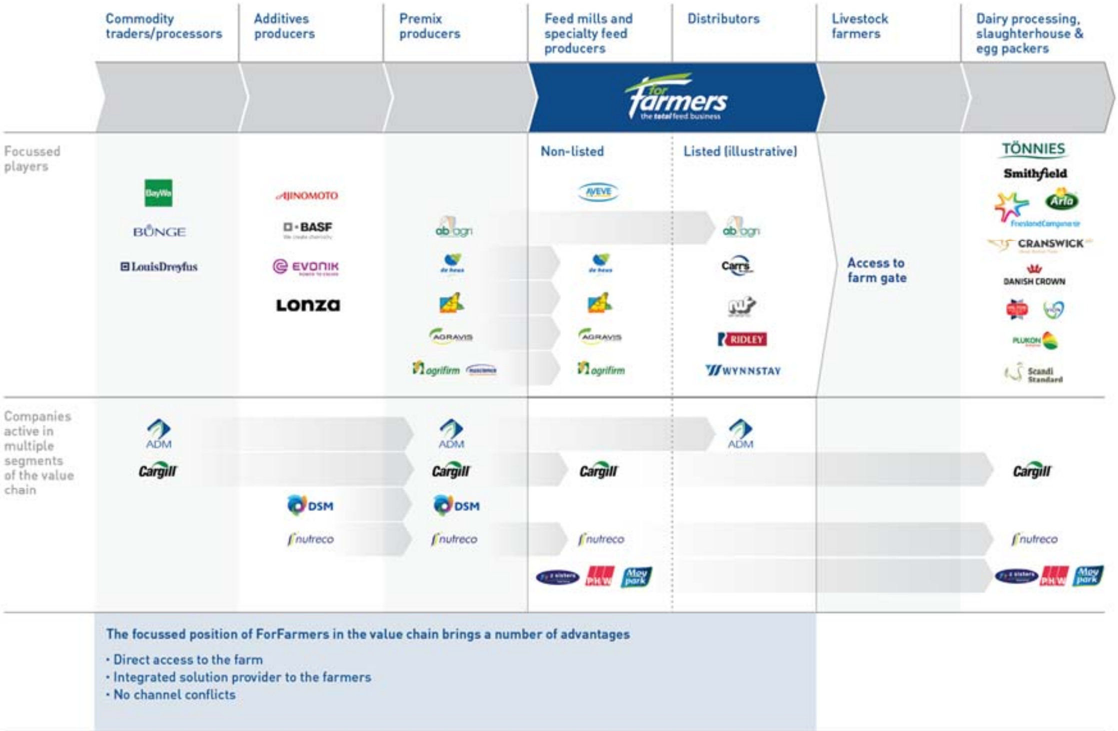
The three largest feed companies in the United Kingdom – AB Agri, ForFarmers and 2Agriculture – have a combined market share of around 40%. Besides these, approximately 150 medium-sized and smaller players are active in the UK market.

Farming businesses

We mainly cater to the ruminant, pig and poultry sectors. In addition we are active in the horse sector with our Pavo feeds and hold a prominent position in the organic livestock nutrition market with our Reudink brand.

Ruminant sector

In the ruminant sector we are mainly active in the dairy segment. We also supply to goat farmers, sheep farmers and beef farmers. Developments in this sector vary from country to country. With the exception of the United Kingdom the dairy sector in Northwest Europe has a strong export position based on a high added-value product portfolio combined with growing demand for dairy products from across the globe, particularly Asia.



Mainly in the light of the nitrogen debate dairy farmers in the Netherlands are expected to achieve swift results in terms of lowering their emissions. We are working with the livestock farmers on several ways of reducing emissions, but such processes do take some time.

We are seeing more differentiation in dairy flows in the markets where we operate. Livestock farmers in the Netherlands and Belgium export a large quantity of non-GMO products to Germany. This is fuelling interest in VLOG-certified ('Verband Lebensmittel ohne Gentechnik') feed among these farmers.
Goat numbers in the Netherlands increased somewhat but the cattle farming sector shrank as a result of Covid-19.

Swine sector
The global swine sector is still dealing with the effects of the outbreak of African swine fever in the second half of 2018. The outbreak started in China before spreading to an increasing number of Asian countries. China was home to around 50% of the world's pigs but around half of these have been lost to the disease. Since 2019 this has resulted in a considerable demand for pig meat from China and other Asian countries, and consequently initially to significant increases in pig prices. However in 2020 this trend was reversed due to the outbreak of Covid-19 and the reconstruction of the swine sector in China.

In 2020, China imposed import restrictions on pig meat from Europe after employees in slaughterhouses there contracted the coronavirus. The outbreak of African swine fever in Germany in September 2020 also resulted in import restrictions in countries including China. This led to a decline in pig prices in Europe, which were lower in 2020 than in the second half of 2018.

Pig farmers in Continental Europe produce for the local and the export market. While global demand for pig meat continues to grow, demand in Europe is stable to slightly decreasing. In the more densely populated regions such as the Netherlands and Western Germany sentiment is increasingly turning against intensive pig farming. This is leading to more local regulations, for example to curb odour nuisance and improve animal welfare. The 'warm restructuring' of the pig farming sector in the Netherlands is an example of this. Under the scheme the Dutch government made funds available to buy up the pig rights of pig farmers who decide to quit farming. In this way the farmer receives compensation and the government reduces the pig population.
Germany also has rules to ensure better use of fertilisers and reduce both ammonia emissions and groundwater pollution.
In the United Kingdom a large section of the market is supplied by a number of large pig farming businesses and integrations. Here, pigs tend to be held outside as opposed to the other countries where ForFarmers is active. The swine sector supplies around 60% of local demand. The remainder is imported, mainly from Continental Europe, and this will most likely be hampered by the impact of Brexit. Farmers are still reluctant to invest in expanding their herds as long as they do not have more certainty about future trade agreements. Once there is more certainty we expect

herds to expand, particularly in the pig and poultry sector.
Poland is experiencing ongoing expansion and consolidation of farming companies and closer cooperation between feed and finisher companies and slaughtering companies.

Poultry sector
Consumers in Europe are increasingly opting for chicken meat, which is seen as an affordable, healthier and more sustainable choice. Dutch consumers moreover have a preference for meat from slow-growing chickens and organic or free-range eggs. In Germany traditional chickens are reared based on the 'Initiative Tierwohl' concept, which involves applying various animal welfare criteria for which the poultry farmer receives compensation. Poultry farmers in both countries feed their animals with specially developed welfare feeds; although these feeds are more expensive the products of these farmers are sold at higher prices, meaning the returns are greater.
In other European countries, however, conventional production remains the standard, especially with regard to exports. The main competition is from Ukraine and Poland, where we have a position with our 60% stake in Polish poultry company Tasomix. The Polish poultry market is a growth market and an export market, in terms of both the integrated chain and the non-integrated segment of the market. However, in 2020 the market was badly hit first by the outbreak of avian flu and subsequently the impact of the measures to combat Covid-19. The closure of the hospitality sector led to the temporary loss of a major part of national and international demand for poultry products. Poultry farmers decided not to immediately restock their barns with new animals because the price for broilers was below the break-even point.
The poultry sector in the United Kingdom was also affected by the Covid measures, with for example fewer Christmas turkeys being sold than a year earlier. The poultry sector is expected to recover and remains a growth sector in the medium and long term.

Organic sector
The organic sector is experiencing ongoing professionalisation and steady growth, driven by rising consumer demand. More and more consumers value the added value of organically produced food and are prepared to pay the higher prices. One of the objectives of the European Green Deal strategy is that 25% of the area of land used for agriculture is put to use for organic farming in 2030. This ambitious plan, which is still being further drawn up, will have a lot of impact on the development of the sector. This impact will be different in the various countries. It means that more players are entering the market and competition in the sector is growing. The organic sector is still a niche market compared to conventional livestock farming, however.

REUDINK
LEADERS IN ORGANIC FARMING

With Reudink we hold a leading position in the European organic market. We have a dedicated factory in the Netherlands for the production of organic feeds, which also undertakes toll manufacturing for other feed companies. Reudink also has a partnership with a German company for which it produces specific concepts such as Bioland and Naturland. In the United Kingdom the organic feeds are locally produced and sold under the brand name ForFarmers.

Horse sector
Riding and keeping horses continues to grow in popularity in Belgium, Germany and the Netherlands, and the specialist online and offline retail sector is one of those to benefit from this. Equine sport is also adopting data-driven solutions and/or tools that allow rations to be adjusted to better suit the individual needs of the (racing) horse. Pavo, the brand through which ForFarmers has been catering to the horse sector for over 50 years, is responding to these trends.

Pavo

The health of the animal is always the top priority and in 2020 specific attention was paid to healthy and responsible ways of getting an overweight horse to lose weight. Pavo also serves the market through an online platform which sees a large number of purchasing transactions.

Slaughterhouses and egg-packing stations
Slaughterhouses and egg-packing stations form an important link in the chain being the connection between the agricultural businesses and the retailers and food industry. More cooperation in the chain enables greater operational efficiency and more added value. For instance, the development of concepts and future-proof nutritional solutions in the meat and egg chain is often initiated by the slaughterhouses and egg-packing stations.

Government

Legislation

Legislation and regulation frameworks for the European agricultural sector are generally developed at a European level and since recently form part of the Green Deal. However country-specific implementation is regulated locally or under private law and can be set considerably tighter than the original European frameworks.
Crucial themes are reducing the environmental footprint in the light of climate change, improving animal welfare and limiting the use of antibiotics in the sector.

In terms of regulations the focus in the Netherlands in 2020 was mainly on reducing nitrogen emissions. The government has presented extensive plans along with a €5 billion budget up to 2030. These include voluntary buy-out schemes for livestock farmers and the cancellation of their animal rights. In addition these plans focus on investing in technical innovations both in the barns and in the field. These measures are intended to ensure that the Dutch agricultural sector has sustainable future prospects but also that it will not continue to grow unlimitedly. These measures are significantly tighter than in many neighbouring countries.
Germany has implemented the 'Düngeverordnung' ('fertiliser ordinance'), which is mainly aimed at environmentally-friendly manure application. The second phase of 'Initiative Tierwohl' has started, a programme focusing on welfare concepts, including more space for animals.

The Netherlands and Germany banned the addition of medicinal antibiotics to animal feed some years ago. Sick animals are given antibiotics only on an individual basis based on a vet's prescription. In Belgium the rules have also been tightened and in antibiotics are less frequently being added to feed as preventive measure, especially in the swine sector where previously this was common practice. There was also a further reduction in the use of antibiotics in feed in the United Kingdom in 2020. Overall, antibiotics use among animals is declining and this is a good development. We are constantly engaged in using our feed and advice to address the global challenge of antimicrobial resistance. We work with livestock farmers, so that with good feed and attention to on-farm hygiene they can reduce the use of medication.
In Poland there is some resistance to the use of genetically-modified soya and a growing preference for raw materials sourced in the region.
Finally, Brexit will affect the entire sector and it remains impossible to say what the precise impact will be, but we expect opportunities in a growing market for poultry farmers and swine farmers in the United Kingdom.

Retail

Retail organisations have a significant impact on the food production chain. Generally speaking, retailers are a major driver of cost control and greater efficiency in the supply chain. However, their influence differs from country to country.
Retailers also increasingly want transparency regarding food provenance and sustainability, a manageable chain and animal welfare. In what is known as 'virtual chain integration' concepts are developed with fixed suppliers to supply the entire chain according to a certain concept. Our strong position in the market means that we are well-positioned for this.

Consumers

Non-governmental organisations (NGOs) play an important role in getting topics on the agenda in the public debate. Examples include the carbon footprint of the agricultural sector and food provenance, and in the Netherlands the impact of nitrogen depositions on nature, animal welfare, particulate and odour nuisance from intensive livestock farming, This has resulted in growing consumer demand for organic and/or locally produced foods. At the same time price and convenience still remain important factors for consumers.

Our strategy: Build to Grow 2025

ForFarmers presented its Build to Grow 2025 strategy in September 2020. In the challenging home markets the emphasis will be on optimising business operations, with process optimisation and cost efficiency as key pillars. With innovative concepts, more digitalisation and by providing an even better service to our customers we believe we can both contribute to the sustainability of livestock farming and achieve organic growth. In addition we will focus on growth through acquisitions in our home markets as well as in two new growth markets, possibly outside Europe. In so doing we will build on the foundations laid with the implementation of our previous strategy and on the ForFarmers mission: For the Future of Farming. We will maintain our focus on livestock farmers, providing feed, advice and the support of data systems to help them increase on-farm returns in a sustainable way, with healthy animals and an ever-smaller carbon footprint.

As outlined previously, while the agricultural sector in Northwest Europe is under pressure this large market still offers good growth opportunities for strong, innovative players. Our Build to Grow 2025 strategy is to remain focused on our core activities and to strengthen our current position both organically and through acquisitions, as well as starting up operations in two new growth markets, possibly outside Europe.

Our resilience in the markets – based on commercial savviness and an efficient supply chain - combined with our strong balance sheet that enables us to invest and expand, gives us confidence that this strategy will enable us to make a difference. Furthermore, we have good and appropriate knowledge and experience to support livestock farmers in the new reality and contribute towards the sustainability of livestock farming.

Resilient in challenging home countries and expansion into new markets

The agricultural sector is expected to grow in particular in the United Kingdom and Poland but to show little or no growth in the Netherlands, Germany and Belgium. Scale is crucial to the continued ability to meet the changing needs of livestock farmers in these markets. Feed companies can and must contribute to sustainable livestock farming. Knowledge, innovation, digitalisation, efficiency and ever greater cooperation in the chain are increasingly important in this context.

ForFarmers is well positioned in its various home markets, having laid a strong foundation with the implementation of the previous strategy. The coming period up to 2025 will be all about taking efficiency in the business to the next level by, amongst other things, working on even more efficient and innovative Total Feed solutions for livestock farmers. This is one of the ways we believe we can make a difference as well as achieve organic growth in the challenging home markets. In addition, it is our ambition to grow by acquiring a position in two new growth markets, possibly outside Europe.
These ambitions and objectives are united in our Build to Grow 2025 strategy.

Our core values: Ambition, Sustainability, Partnership

Core values constitute an organisation's DNA and with that the pillars on which strategies are built. Our longstanding core values are: ambition, sustainability and partnership. These values serve as a sustainable compass for our corporate culture.

To translate ambition into success you need a professional team. After all, it is people who make the difference in our business. We therefore devote a great deal of attention and resources to attracting, developing and retaining talented staff throughout the organisation.

We invest heavily in the professional and personal development of our employees, for example with management and professional training courses. We also conduct regular employee engagement surveys and use the results to make any necessary adjustments to our HR policy. The chapter 'Developing talent For the Future of Farming' looks at this in more detail.

In the interests of the Future of Farming we have further tightened our sustainability agenda. We work with passion and knowledge side-by-side with our customers to ensure a sustainable livestock sector that responds to changing social insights. Circularity plays a key role in this. Going Circular For the Future of Farming sets clear and ambitious goals for converting low-value ingredients into high-quality feed with no wastage of raw materials and no pollution. We are driven by our ability to make a difference in the livestock sector. By producing and supplying feed which helps to decrease the impact on the environment. And by developing feed solutions with a balanced and responsible use of raw materials. Moreover we aim for optimum use of ingredients which are not suitable for human consumption. Further information about our policy and our objectives can be found in the chapter 'Going Circular For the Future of Farming'.

Various market developments require closer cooperation between players in the food chain, for example growing consumer interest in food provenance and sustainablity. To give consumers transparency players in the chain need to share data. We also notice partnerships becoming more important in the supply chain. Because we believe in focusing on what we are good at – providing on-farm feed solutions – it is a natural process for us to work with partners in the chain to create added value.
Back in 2014 we formed a strategic partnership with Nutreco for purchasing and innovation. We also work with for example vets, poultry farmers and processors to development welfare concepts in the poultry sector. The underlying objective is always to improve quality, provide added value and reduce failure costs.

Strengthening the base: operational excellence

ForFarmers is operating against a backdrop of increasing legislation and regulation for the agricultural sector, more critical consumer behaviour and consolidation-driven changes in the needs of livestock farmers. While the sector is investing in sustainable

solutions it remains a challenge to get consumers to share in the costs.
We believe that focus is essential to the sustainability of livestock farming. First and foremost focus on customers, but also focus on efficiency, in our business processes, in the supply chain and in our cost structure. In this way we seek for operational excellence.

To work cost-efficiently requires business process optimisation. To this end we have initiated programmes for a systematic head-to-toe revision of processes across the entire business. These will focus first on key processes with a major impact, such as pricing, sales and production. The aim is to enhance customer experience in a (cost) efficient way by harmonising and standardising the way of working across departments. This will require clarity about who does what in the process and a 'first time right' mentality on the part of the employees.

We also aim for supply chain excellence via five focus areas.
One of the prerequisites for high-quality feed is efficient and appropriate use of raw materials. Feed companies use large amounts of raw materials, which are mainly sourced on the global market but also from local farmers at a regional level. Inventories of raw materials must be kept at a certain level to swiftly produce and supply orders from livestock farmers. However, prices of raw materials fluctuate and these fluctuations are normally passed on to the customers. It is therefore crucial to have a good risk management process with regard to the purchase of raw materials. The purchasing policy for raw materials has recently been tightened. Formal processes have been implemented to make sure that commercial teams are fully aware of the purchasing policy. The processes have been introduced so as to provide a tailor-made approach to purchasing raw materials in each country. The purchasing policy is supervised and monitored by the Purchase Risk Board, which includes the members of the Executive Board and the supply chain director. Further details on this can be found in the risk management chapter.

There are continuous improvement programmes in the areas of production and logistics. Some markets have started to experience some overcapacity in recent years and there are signs of greater volatility in market volumes. This means the ability to upscale or downscale production is increasingly important, along with optimising energy consumption and production output on an ongoing basis.
We pay constant attention to this and have initiated various projects in this area. In addition we aim for continuous improvement in our logistics chain, continually assessing whether we should carry on doing certain tasks ourselves or whether it would be more efficient to outsource these activities. We put constant effort into maintaining our network so that, if necessary, we can form a strategic partnership to create a flexible logistics shell.

Needless to say the quality and service must be perfect. The product must be excellent and the feed must be supplied to the farm on time and in the right quantity. We invest in new technologies which help us optimise pellet quality and for example further improve feed safety through heat-treatment. The nutritional quality of the feed is constantly monitored by data systems displaying the technical performance of the animal.

We also look at the optimal factory location footprint to give us the most efficient and high-quality way of matching supply and demand in terms of production and delivery. Once again we apply the flexible shell principle: do what you can yourself and outsource what works better from the point of view of cost and sustainability. In addition to cost, another driver in entering into partnerships with transport companies is to minimise the number of empty kilometres driven.

In support of our wish to be a good employer we are committed to providing a safe and equitable working environment for our employees. In the area of Health & Safety (H&S) we want to realise a business culture that ensures that lost-time incidents (LTIs) are a thing of the past.
The objective is to achieve an annual reduction of 20% in the number of LTIs over the next few years for an LTI frequency rate (number of LTIs per 100 FTE) below 0.5 in 2025. We are using various resources to achieve this, including training programmes and systems for measuring the results. Good practices are shared and successes are celebrated.

Ultimately all these initiatives should lead to greater cost awareness in the organisation and hence even more efficient business operations.
A specific target has been set for this: in 2025 operating costs must be at least €10 million lower compared to the level of 2020. The first step is to achieve cost savings of €7 million in 2021 and 2022, with the full effect of

these to be apparent in 2023 (compared to the normalised[1] level in 2020).

Creating value: Next Level Innovation

Innovation is crucial to continued value creation for customers and other stakeholders. ForFarmers has long had its own Nutrition Innovation Centre (NIC) where some 25 animal nutritionists and innovation managers work on around 60 projects a year. These projects are aimed at making changes to feed concepts in order to improve them in terms of sustainability, animal welfare and/or animal health. The members of the NIC team work in close collaboration with scientists of renowned universities and research organisations. Our strategic partnership with Nutreco is another way in which we strengthen our innovative power and develop new concepts.
Innovation is not limited to the nutritional value of the concepts but extends to the transparency and traceability of the ingredients. Digitalisation of processes and the use of data systems is therefore a key topic and crucial to our (continued) ability to make a difference.

ForFarmers has the network, the knowledge, resources and ambition to digitalise rapidly and so strengthen our leadership position. Under the header 'Next Level Innovation' we bring together employees from different departments to work on new projects that will make a difference on-farm and whose complexity means that they will not be easy for competitors to copy. In-house knowledge in the area of formulation (the composition of feed), production and digital possibilities is shared and pooled in a dedicated team established for this purpose. Existing issues are identified, priorities set and teams allocated to work on an innovative solution based around various strategic topics (such as business process optimisation and customer excellence). For example we are working on a project to reduce rush orders by being better able to estimate when the livestock farmer will need more feed. This is done by linking on-farm information to our own data. In addition we perform a second check by measuring the feed inventories in the silos (using sensors). This enables more efficient coordination of production and logistics.

Delivering value: customer excellence

It is of the utmost importance that our customers have an excellent experience when they purchase their feed from us. If not, all the efforts we make in terms of innovation and efficiency are pointless. We have drafted detailed growth plans to enable us to beat the market. We have analysed for each region where we are not active (enough) yet, with the size of existing farms, the distance to our mill and sustainability challenges all being recorded as part of this process. We used this information to decide where we want (further) expansion of our activities. Examples include expansion in the poultry sector in the south of the Netherlands and in the organic pig sector.

The customer teams, consisting of advisers, sales and administrative staff, primarily maintain the contact with customers. They use central systems, such as the CRM system that enables us to follow what, when, how much and how individual customers order from us. This information allows us to adopt a more integrated – and therefore more efficient – approach for our customers. E-business portals are used to provide customers with tailor-made advice for their business and as a convenient way for them to order what feed is best for them. This digital working method also supports ongoing improvement in the supply chain as the information enables ForFarmers to determine both the timing and the quantity of orders.

Mergers and acquisitions

Market and other developments have led various players to review their position in the value chain in recent years. They have increasingly opted for expansion, both upstream and downstream in the chain. Ahead of defining the Build to Grow 2025 strategy ForFarmers considered six strategic options to strengthen its position in the value chain. However, ForFarmers continues to see the added value of the focus already existing in the business and which can be

[1] *Normalised in this context means adjusted for the one-effects of Covid-19*

built upon. This focus can be applied both in the home markets and in new growth markets.

All this has resulted in a two-pronged acquisition strategy with clear parameters.
In Europe we want to take advantage of the ongoing consolidation, and give it a further boost. In our home markets we will actively look for large and medium-sized takeover candidates, especially in Germany and Poland. The motive behind this is to realise scale benefits to leverage synergies. As regards acquisition opportunities in other mature European countries which are new to us, our approach will be opportunistic.

Furthermore we want to expand our activities to two new growth countries by 2025, possibly outside Europe. In this context we will focus on feed companies in countries with sizeable and growing herd numbers. We believe it is important to hold a number one or number two position in the market, or have the possibility of achieving this within a defined period. This means that acquisition candidates will already have a reputable market position and size. We are keen to build on that reputation and knowledge and therefore consider it important that the local management is willing to stay on. In this context we are also considering a joint venture as a means of taking our initial step in a new country.
ForFarmers has made a large number of acquisitions in recent years. The experience gained in the process will come in useful in the revised acquisition strategy.

Our integrated objectives for 2025:

With the implementation of the Build to Grow 2025 strategy we aim to achieve the following integrated objectives for 2025:

Developing talent For the Future of Farming	• LTI frequency rate < 0.5 • More diversity in management positions • Increased employee engagement score
Sharing knowledge For the Future of Farming	• Y-o-Y better FCR • Bespoke solutions for specific chains • Leading edge digital tools
Going Circular For the Future of Farming	• Leadership position reduction CO_2 emissions of feed materials (upstream) • 10% energy/fuel reduction per tonne feed (vs 2020) • Take leadership position on % non-human edible feed material in diets • 100% responsibly sourced soya and palm oil
Creating value For the Future of Farming	• Underlying EBITDA 2025 (incl. M&A) €125m-€135m; L-f-L growth 0%-3% p.y. (excl. M&A) • M&A: consolidate in existing markets & expand to growth countries to become active in 7 • At least €10m savings in operating costs by 2025 (vs. 2020) • Dividend distribution 40%-60% of underlying net profit

FCR means feed conversion ratio

Long-term value creation

The primary objective of the Build to Grow 2025 strategy is to create long-term value for all ForFarmers stakeholders. We have divided the various input and output capitals into the topics Social, Environmental and Economic – comparable to the long-established 'people, planet, profit' approach.

Social

This comprises human capital (labour), intellectual capital, and social & network (partnerships) capital.
We aim to attract, train and retain talented people. We use a broad range of training courses and tools to enable employees to be effective and work on their development. We want to provide employees with a safe and inspiring work environment, and invest a great deal of time, attention and resources in this. The knowledge and experience we gain in the course of doing business, both in our own processes and on-farm and through our contacts in the chain, is used to make further improvements in the livestock sector. The ForFarmers Nutritional Innovation Centre plays an important role in this.
We believe in focusing on what we are good at. This implies that we like to work with partners in the chain in order to create added value in a sustainable way.
We are committed to socially responsible enterprise. Sustainability is inherent to our business operations. Our Going Circular sustainability agenda has recently been revised and is in line with the trend of social developments. We maintain a constant dialogue with

our stakeholders and local environment in order to use our key position to make the best possible contribution to a sustainable world.

Environmental

The natural capital we use mainly consists of large amounts of raw materials for our Total Feed solutions. We contribute to sustainable livestock farming by delivering good feed, combined with advice and underpinned by tools, with which the farmer can achieve an optimal return with a decreasing carbon footprint. As part of our Going Circular sustainability agenda we have set targets for example for our raw materials purchasing policy, the energy we consume in producing feed, our diesel consumption in transporting the feed to the customers, and the reduction of on-farm emissions.

Economic

The Total Feed portfolio is produced in around 35 factories and is supplied to customers in bulk trucks, with this taking place both in-house and via partnerships with third parties. We invest annually in maintaining and innovating our production capital.
To do so we use our financial capital. We aim to use our financial resources in such a way as to create maximum value for all stakeholders, as set out in our integrated objectives for 2025.

Long-term value creation model

Input	Strategy	Output	Output created
Social	BUILD — TO — GROW 2025	**Social**	
Employees		Health & Safety	LTI's: 24 LTI Frequency rate: 0.87
Development programmes		Engaged work force	Training expenses: €1.3m Retention rate: 86%
Partnerships		Diversity	Female: 21% Male: 79%
Code of Conduct		Feed and food safety	Feed safety incidents: 8
Social involvement		Employment	Employees: 2,612
Environmental		**Environmental**	
Feed materials not suited for human consumption		**Going circular**: transforming low value materials to high quality food, no waste of resources, zero pollution	64% feed material not suited for human consumption
Energy use		Energy use & emissions Renewable energy	GHG emissions/tonne (scope 1+2) production: 19.7 logistics: 8.7 GHG emissions/tonne (scope 3): 958 Energy use production/tonne: 58.9 Enerygy use logistics/tonne: 3.3
Raw materials		Responsible sourcing	75% sustainable soy 70% sustainable palmoil
Water use and water levels		Total Feed solutions	Phosphate efficiency dairy NL: 39.6% Nitrogen efficiency dairy NL: 29.6%
Animal health and welfare		Sustainable innovation projects	39% of total projects
Economic		**Economic**	
Shareholder equity	Market leader in 7 countries	Underlying EBITDA	€96.2 million
Loans & credit facilities		Net cash flow from operating activities	€98.1 million
Mills		Dividend	€0.29 DPS
Customers		Volumes	Total Feed: 9.7m Tonnes Compound Feed: 6.8m Tonnes

Connectivity with SDG's

Build to Grow 2025 strategy in perspective: an analysis of ForFarmers and its market

Our Build to Grow 2025 strategy is aimed at long-term value creation for customers (livestock farmers), shareholders, employees and other stakeholders. It is important to us to be able to respond quickly and effectively to market developments and so we value continuous dialogue with our stakeholders. Internal analyses are also important, both to identify the strengths and weaknesses of our own organisation and to spot opportunities and threats in the market (SWOT analysis).

The SWOT analysis is shown below:

Internal	Strengths	Weaknesses
	Unique position on-farm: strong relationships and expertise; Total Feed portfolio	Imbalance in portfolio between mature markets and growth markets
	Substantial business (10mT volume, €2.5 billion revenue) with economies of scale	Position not yet strong enough in all markets to leverage scale optimally
	Focused business model combined with strong partnerships	Full service model (and relating costs) not commercially valued in all markets
	Strong balance sheet (solvency ~50%; balance sheet total €~850m) and strong cash flow (€~50m free cash flow)	
External	**Opportunities**	**Threats**
	In consolidating markets: growing demand for customer- specific data-driven solutions; acquisition opportunities; further digitalization; feed advice based on algorithms	Increasing pressure on animals numbers in Western Europe
	Growing consumer interest in quality and provenance of food	Growing interest in, and presence of, alternatives for animal proteins for human consumption
	Growing global demand for animal and plant-based proteins	Feed advice based on algorithms
	Need for innovative feed concepts and advice arising from environmental legislation	Volatility of raw material prices in relation to transparency of feed prices

Our stakeholders: the material themes

Sustainability is a crucial element in our mission 'For the Future of Farming' . We seek to contribute to the continuity of the farming business, a healthy agricultural sector and a sustainable society. Our sustainability agenda has recently been tightened. Under the branding 'Going Circular – For the Future of Farming' we focus on transforming low value ingredients into high quality food with no wastage of raw materials and no pollution. And therefore on improving the environment and society for all internal and external stakeholders including customers, investors, consumers and employees.

Stakeholders' views are important in determining our strategy

The views of our stakeholders are an important factor for us. These views have been of influence in determining our strategy Build to Grow 2025, which we announced in September 2020. As part of our normal business operations we maintain a constant dialogue with stakeholders, in the course of which we identify whether any topics require more attention – or less. In addition we recognise that advances in knowledge, trends and regulations also impact the topics that are important to stakeholders in relation to the agricultural sector in general and our role in it in particular. We conduct a structured survey among our stakeholders and subsequently record these topics in a materiality matrix.

Materiality matrix based on stakeholder dialogue

Once every two years we conduct an extensive research among stakeholders which we then record in a materiality matrix. In preparation to the planned announcement of the strategy Build to Grow 2025 in 2020, we conducted a stakeholder research in 2019, in which we asked almost 400 internal and external stakeholders what they considered important when it comes to our activities and role in society. The process involved both a quantitative questionnaire and qualitative, in-depth interviews and round-table sessions. The questions focused on the following topics:

- What do our stakeholders think are the most important topics in society right now
- How do our stakeholders feel about certain sustainability dilemmas
- What do our stakeholders expect from ForFarmers in external communications about the agricultural sector
- What do stakeholders think of the sustainability performance of ForFarmers and the sector as a whole.

Materiality Matrix

Material themes

1 **Limiting GHG emissions (the sourcing of raw materials)**
2 Limiting GHG Emissions (feed manufacturing and logistics)
3 **Limiting GHG Emissions (on-farm)**
4 **Optimising nutrient utilisation in total chain (phosphates and nitrogen/ammonia)**
5 Preserving biodiversity
6 Improving soil health and fertility
7 Optimising the management of manure
8 Using alternative raw materials (algae, duckweed, insects)
9 **Enhance the use of feed materials which are not consumed by humans (e.g. co-products/by-products)**
10 **Responsible sourcing of raw materials (e.g. zero deforestation)**
11 Regional or local sourcing of raw materials (e.g. EU)
12 **Ensuring food and feed safety**
13 **Ensuring occupational health & safety**
14 Preventing corruption, bribery and discrimination
15 **Reducing antimicrobial resistance (AMR)**
16 **Improving animal health and welfare**
17 Fair distribution of margins along the value chain
18 Genetically modified crops
19 Involvement in the local community
20 Limiting water usage and pollution
21 Full transparency and traceability in value chain
22 **Employee training and development**
23 Employee diversity

The results of this survey among our key external and internal stakeholders were laid down in the materiality matrix. The top right of the matrix shows the material topics that are most important to us and to our stakeholders. The Executive Board took these topics into account in determining the strategy for 2025 in general and more specifically with respect to the sustainability agenda Going Circular:

- Sustainable purchasing of raw materials, food and feed safety, health and safety of employees, and animal health and welfare
- Improving the carbon footprint is deemed more important than regional/local purchasing;
- Optimising the use of nutrients such as nitrogen and phosphate
- Increasing the use of raw materials which are unsuitable for human consumption such as residual flows
- More proactive communication by the animal feed industry with consumers and the general public about the added value of the agricultural sector.

Material theme (with reference to number in matrix)	Description material theme	Reference to chapter (how ForFarmers addresses this material theme)
Limiting GHG emissions (the sourcing of raw materials) (1)	Reduce the carbon footprint of our materials (including the cultivation and transport of our materials)	Our innovation and sustainability agenda: Going Circular For the Future of Farming
Limiting GHG Emissions (on-farm) (3)	Reduce the carbon footprint on farm through our Total-Feed approach, with feed and advice.	
Optimising nutrient utilisation in total chain (phosphates and nitrogen/ammonia) (4)	Optimising nutrient utilisation in total animal chain to improve phosphate and nitrogen/ammonia efficiency on-farm.	
Enhance the use of feed materials which are not consumed by humans (e.g. co-products/by-products) (9)	Enhance the use of feed materials which are not consumed by humans (e.g. co-products/by-products).	
Responsible sourcing of raw materials (e.g. zero deforestation) (10)	Responsible sourcing of raw materials (e.g. zero deforestation)	
Ensuring food and feed safety (12)	Ensuring the quality and safety of our feed for the overall food safety.	
Reducing antimicrobial resistance (AMR) (15)	Support clients and veterinarians to reduce the amount of antibiotics used in livestock production via nutrition solutions.	
Improving animal health and welfare (16)	Optimize the animal health and welfare through our Total Feed approach, with feed and advice.	
Ensuring occupational health & safety (13)	Ensuring safe and healthy working conditions for employees, contractors and visitors.	Developing talent For the Future of Farming
Employee training and development (22)	Develop and train our employees.	

Materiality matrix table

In the materiality matrix 10 potential material topics were deemed to be most material. These are linked to the strategy Build to Grow 2025, the sustainability approach Going Circular and our key risks. In the chapters 'Developing talent For the Future of Farming ', 'Our innovation and sustainability agenda: Going Circular For the Future of Farming' we explain what we wish to achieve with these 10 most material topics and how we performed in 2020.

Dialogue with stakeholders

The stakeholder survey mainly highlighted topics related to our business activities. In addition, during regular meetings between Executive Board members and investors ESG topics (Environmental Social Governance) were increasingly addressed. Investors deem it more and more important that companies are transparent about non-financial and ethical aspects such as the environment, corporate social responsibility , governance and paying tax. Further information is to be found in the risk management chapter. During our conversations with investors we also discussed our sustainability agenda, Going Circular for the Future of Farming, and its alignment with the UN Sustainable Development Goals.

The impact of Covid-19 on the agricultural sector was a prominent item during 2020. In addition, the continued pressure on the agricultural sector, specifically in the Netherlands and Germany, to reduce its impact on the environment remains a point of concern for investors. Other recurring topics were the risk control measures with respect to purchasing, growth opportunities in European countries and outside of Europe and, in this context, the effectiveness of M&A.

Interest in the media

In 2020 Dutch media in particular devoted significant attention to developments in the agricultural sector. The nitrogen debate, which started in 2019 in the Netherlands, remained trending topic. In addition, the following topics were regularly addressed in the media in the Netherlands and also in the other countries in which we are active: the impact of Covid-19 measures on livestock industry, animal diseases, sustainability initiatives in and by the sector, animal welfare, farmers' protests, increasing interest in veganism and meat replacers, circular agriculture, and soy in relation to the Amazon.

ForFarmers was specifically mentioned in the press with its financial results, the introduction of the strategy Build to Grow 2025, the efficiency plans, the progress and finalisation of the share buy-back programme, the cancellation of shares from the buy-back programmes and the announced take-over of De Hoop Mengvoeders.

For more information about the process of creating the materiality analysis, including the dialogue with our stakeholders, please refer to the 'Sustainability Appendix' of the Annual Report.

Developing talent For the Future of Farming

The success of ForFarmers is largely determined by the capabilities, efforts and performance of our staff and so attracting talented employees and helping them to develop and progress internally is important to us. Our core values Ambition, Sustainability and Partnership are key in this respect.

2020: a turbulent year

During 2020 it was demonstrated more than ever how important it is for a company to have engaged employees. When the severity of the Covid-19 pandemic became clear in March 2020, we immediately took measures to protect the health of our employees and also to safeguard the business continuity. This meant that some employees were suddenly required to work from home whilst others were requested to continue working at location under strict protective rules. Due to the coronavirus absence due to sickness was 3% at group level in 2020, compared to 2.5% in 2019. The dedication, creativity, comradery and commitment of our employees has been great and still is.

2020 was also the year in which we launched the new strategy Build to Grow 2025. We believe we can make a difference with this strategy, in challenging markets in which the agricultural sector is facing increasing pressure. Based on business process optimisation and driven by the ambition to deliver innovative concepts and customer excellence, we work side-by-side with our customers to fulfil our purpose: For the Future of Farming.

A new leadership programme 'Lead to Grow' has been developed for the roughly 300 managers within the ForFarmers organisation, as part of the strategy and based on the core value Ambition. The goal of this programme is to translate the strategy into concrete actions for the various teams and subsequently how to coach and manage individuals and teams on achieving the relating objectives. In particular, specific attention is devoted to further developing the leadership competencies on three main themes: Vision, Engagement and Execution.

Implementing a strategy is largely dependent on the capabilities of employees, but also very much so on their commitment. ForFarmers regularly monitors the engagement of its employees and conducted a full scale employee engagement survey in 2016, followed up with a pulse check in 2018. After having launched the strategy Build to Grow 2025 a new, full scale, employee engagement survey was conducted. The outcomes of this survey, which was conducted with the assistance of an external partner, form the base from which progress made on the points to be approved upon will be monitored closely in the coming years. The voluntary questionnaire, which was filled in by 74% of all ForFarmers' employees, zoomed in on how the new strategy had come across, confidence in the future of the sector and of the Company, quality of management and how changes are dealt with. The results show that employees feel very committed to ForFarmers, resulting in an appreciation mark of 7.7, which is higher than the external benchmark (7.4). Employees also indicated a preference for a more permanent form of flexible working. In addition, a number of improvement areas have been identified, which will be further looked into and acted upon.

Attracting talent

Employees increasingly want to work for a company with a clear and appealing purpose, a social mission. With our mission 'For the Future of Farming' we make a clear statement that we stand for a sustainable future of and for the agricultural sector. To attract (younger) candidates it is also important to utilise the appropriate and fitting channels, which is why our HR colleagues started with making vlogs at the beginning of 2020. By means of showing discussions between employees of various departments about their roles and opportunities, 'working at ForFarmers' was actively promoted online and shared on various social media channels. Digital communication became more and more important during 2020. Together with the communication specialists our recruiters devoted themselves fully to 'direct sourcing', attracting candidates on their own using social media platforms and the networks of their colleagues. We also started an internal programme using our own employees as valuable ambassadors, whereby employees can earn an incentive if they bring on new talents which are subsequently successfully recruited for ForFarmers. In our employer branding activities we expressly emphasize ForFarmers' interest in allowing employees to work on their development on an ongoing basis and the wide range of training programmes available for this purpose.

Thanks to the effort and creativity of the HR recruiters we were able to fill around 90% of our vacancies in 2020 (2019: 80%) without any intervention by an external intermediary. In total we attracted 315 new employees in 2020 (2019: 438).

New employees could familiarise themselves with ForFarmers as soon as possible with an online introduction programme. They were shown factory locations and given an insight into business activities by means of videos. In addition, (video) conferences were arranged with senior managers and additional introduction training sessions were provided.
We deem it important to have a good reputation among students, as a large, leading employer in the agricultural sector. Moreover we consider it valuable to gain an insight into what drives young people when choosing a future employer. In light of this we organised our, by now, traditional intern-selection day online in 2020. Combined with other activities this resulted in 71 new interns for ForFarmers.

In 2020 we again took part in the Sustainability Business Challenge, a competition for Dutch students focusing on sustainability issues faced by businesses. Fifteen student teams worked at innovative solutions for sustainability business challenges as determined by Alliander, Engie, Grolsch, Waternet and ForFarmers. The ForFarmers team, having been given the assignment to come up with an innovative solution for utilising renewable energy, generated on-farm, in the feed manufacturing process, won this national challenge.

Developing talent as foundation For the Future of Farming

Achieving one of the objectives for 2025, which is to fill vacancies mainly with internal candidates, is conditional upon talents being retained and consequently on employees having the ability to work on their own further development. Employee development is important to ForFarmers, both from the perspective of being a good employer and in order to realise the Build to Grow 2025 strategy. Only by continuing to raise the bar and getting that little bit more out of ourselves every day can we provide a good service to our customers and help them improve their business operations and on-farm returns in a sustainable manner.
Our academies for example offer development opportunities that appeal to existing and future employees. These are training programmes we have developed in-house dealing with customer advice and technical knowledge for each species. The purpose of the academies is to enhance professional knowledge, to hone commercial skills and to share new developments in the market.

With the assistance of the IT department the HR department developed 20 different online training programmes during 2020, of which many were not on the original planning. For example a dedicated training for the sales team to retain contacts with customers and prospective customers online, as it was temporarily not possible to visit farmers on farm.

A total of 1,350 employees attended one or more modules of one of the ForFarmers academies in 2020.

Being a good employer

Career progression: how ForFarmers identifies potential

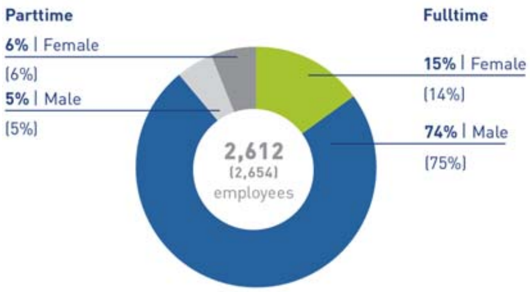
In order to retain knowledge and skills for the organisation ForFarmers devotes much time to internal succession for its key positions. The management teams of the country organisations regularly discuss which employees might be eligible for a key position. Twice a year, HR and the Executive Committee discuss all employees who are qualified and have been identified, both from the country organisations and the support departments at group level. Individual development plans are designed for these talents to get them ready in time for taking the next step. Agreements were reached in 2020 with the Executive Committee about the key positions for which internal succession must be assured.

Diversity and social responsibility

ForFarmers considers it important to hire and retain employees based on their having the right skills, regardless of their gender, age, race or religion. This is part and parcel of the inclusive culture of the organisation, a culture in which we take into consideration and respect differences between employees. Although we operate in a world where traditionally the vast majority of employees are male, fortunately a growing number of women are choosing to train and work in our industry. One of our objectives for 2025 is to have reached greater diversity among management positions, and for this we have developed a diversity policy in coordination with the Supervisory Board. The policy aims to achieve a better gender balance in the company's management and a better representation of the countries in which we operate through the manager's nationalities. In addition, it focuses on more actively promoting role models and making the organisation even more inclusive.
In 2020 females represented 29% of all newly attracted employees (2019: 26%), 24% of all internal promotions (2019: 23%) and 14% of senior management (2019: 12%).

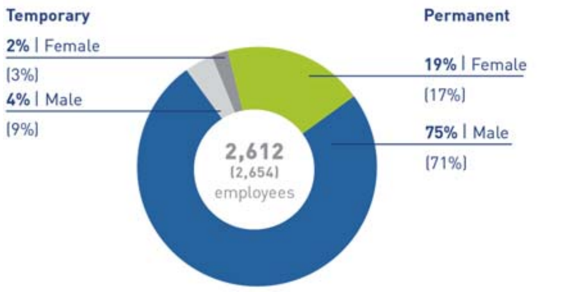
The provisions of a collective labour agreement (CLA) are applied to 96% of the employees in the Netherlands, 100% in Belgium and approximately 13% in Germany. Such provisions are not applied to the employees in the United Kingdom and Poland.

Contract type by gender



2019 | Comparative data are presented in between brackets

Contract type by gender



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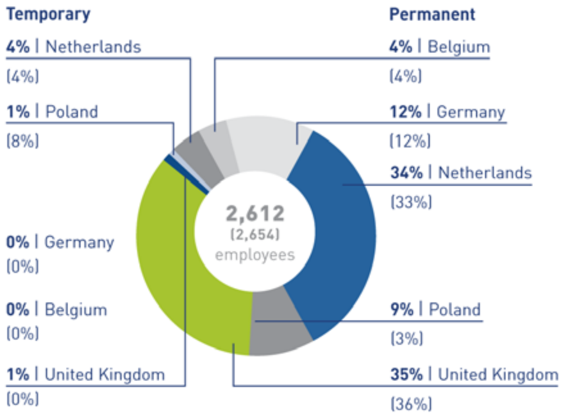
Contract type by geography



2019 | Comparative data are presented in between brackets

Providing a safe and good working environment: one of our focus areas of our sustainability strategy

ForFarmers considers providing a safe and good working environment for all employees, temporary contracted staff, contractors and visitors a prerequisite for being a good employer. Reducing lost time incidents (LTIs) and consequently the LTI Frequency rate (number of LTIs per 100 FTEs) is one of our sustainability objectives. Much attention is devoted to safety, monitoring and the proactive tackling of dangerous or potentially dangerous situations at our own sites and en-route to and at customer sites. This is reflected for example in our Code of Conduct, the fact that we require suppliers to sign the Sedex supplier code and in our own FarmRisk approach. The latter involves specially trained drivers assessing on-farm safety risks and making livestock farmers aware of the risks on their premises.

We have a dedicated IT system for recording Lost Time Incidents (LTIs). All LTIs are notified to the Executive Committee within 24 hours of being reported to the relevant managers. LTIs are a fixed item on the agenda at Executive Committee meetings. Health and Safety Officers have been appointed in each country who are

responsible for coordinating training and the sharing of best practices in the area of health and safety.
LTIs are monitored and the results displayed on screens at a number of our local offices with the aim of raising awareness of this topic among both employees and visitors. In addition the results are published in the Annual Report.

	2020	2020	2019
	Number	Frequency rate	Number
Netherlands	3	0.31	11
Belgium	2	2.01	3
Germany	9	2.57	7
Poland	2	0.67	-
United Kingdom	8	0.76	15
Total	24	0.87	36

There was a 33% reduction in LTIs in 2020, compared to the number of LTIs in 2019, taking into consideration that the LTI's in Poland were not included in the 2019 reported numbers. 67% (2019:38%) of sites did not incur any LTIs during 2020. The number of LTIs dropped significantly in the United Kingdom and the Netherlands. Whilst the number of LTIs fell minimally in Belgium, it increased in Germany.
The improved health & safety performance in 2020 can partly be attributed to the following: the appointment of local H&S functionaries, increased attention from management across the ForFarmers businesses for this topic, better accident investigation to identify root cause and prevent reoccurrences of incidents, annual audit program, the best practice initiative which is driving continuous improvement and sharing good safety ideas and the impact of the Covid-19 measures. Despite the increased focus on and investments in Health & Safety the number of LTIs still remains too high. Health & safety continues to remain a key topic going forward.

Corporate social responsibility

In accordance with our objective of acting as a socially responsible enterprise we support a number of agricultural charities which promote the development and well-being of people and society. These include the Agriterra organisation, which offers employees opportunities to engage in initiatives aimed at developing the entrepreneurial skills of farmers in developing countries. Due to the travel restrictions which were imposed during the larger part of the year as a result of Covid-19, only one ForFarmers employee could take part in an Agriterra project in 2020.
ForFarmers supported various specific initiatives which were launched to help out in dire situations as a result of Covid-19, including for example Pavo donating feed for the circus animals of a local entrepreneur.

Staff meetings

ForFarmers regularly organises employee meetings as social interaction, sharing knowledge and experience and gaining inspiration are considered part of the corporate culture. During these meetings employees are informed about the progress of the implementation of the strategy. Being together is considered an essential factor. In 2020 we were forced to replace these meetings with webinars in which the COOs provided updates on Covid-19 measures and how these impacted on our business activities. Employees could ask questions during the webinars, which created a bond between colleagues and provided a good insight into their commitment and concerns. Despite the fact that the webinars were well appreciated, employees indicated that they would not want webinars to fully replace the physical employee meetings going forward.

The traditional two-day senior management conferences, during which the roughly 55 senior managers discuss the implementation of the strategy and its results twice a year, were also replaced by online sessions.

Employee participation plan

ForFarmers has had an employee participation plan for permanent employees in place since 2015. Under the plan employees can purchase up to €5,000 of ForFarmers shares or depositary receipts at a discount of 13.5%, with the securities then being subject to a lock-up period of three years.

Senior managers can purchase shares for an amount equalling the maximum possible bonus amount, and are entitled to a 20% discount and are subject to a five-year lock-up period. Employees in the Netherlands receive a direct discount on the shares while in the other countries the discount is granted in the form of free shares or depositary receipts at the end of the lock-up period. In 2020 over 8% (2019: almost 9%) of employees participated in the plan, investing an average of € 5,202 each (2019: €6,300 each). Approximately 15% of employees now hold shares in ForFarmers, compared to some 18% in 2019. The purpose of the participation plan is to strengthen employees' ties to the business and to boost motivation and engagement.
The aim is to offer an employee participation plan every year. This is subject to annual approval by the Supervisory Board and subsequent authorisation from the General Meeting of Shareholders to buy back the necessary shares on the stock exchange.

Staff movements and organisational changes

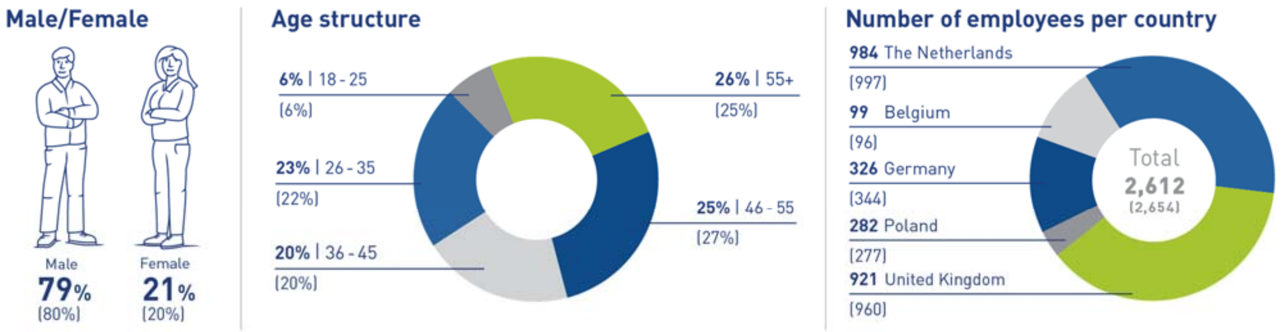
ForFarmers hired 315 new employees in 2020 (2019: 438). A total of 381 employees left ForFarmers in 2020 (2019: 542) for various reasons, including voluntary redundancy, retirement, restructuring and poor performance.

The objective as laid down in the efficiency plans, aimed at reducing costs by €10 million (in 2021 compared to 2018) was already achieved in 2020 due to factors including the impact of the Covid-19 measures on our market. Besides optimising the group's factory footprint and other efficiency plans in various parts of the organisation, the plans included reducing the number of FTEs reduced by around 125-150 (in the period 2019-2020). The efficiency plans were aimed at all organisations excluding our operations in Poland. The impact of the closure of five factories in 2019, (two in the Netherlands, two in the United Kingdom and one in Belgium) was noticeable in the development of the number of FTEs during 2020. As at year-end 2020 ForFarmers had 2,502 FTEs (2019: 2,570).

Compared to the number of FTEs as at year-end 2018 (2,654) and excluding the FTE development during the period at Tasomix in Poland, the number of FTEs fell by approximately 185 in two years.

In line with our aim to focus even more on growth by means of acquisitions, the decision was taken during the summer of 2020 to make it easier for Adrie van der Ven to dedicate more time on M&A by transferring his responsibility for ForFarmers Germany to David Fousert as per 1 July 2020. Adrie consequently remains responsible for ForFarmers in Poland and for the acquisitive growth of ForFarmers in existing markets and new regions.

The departure of Stijn Steendijk, the former director Strategy & Organisation, as per 1 January 2021 has also resulted in the appointment of Eveline Paternotte as Group Director HR in the Executive Committee and in an expansion of portfolios of a number of directors as per beginning 2021.



2019 | Comparative data are presented in between brackets

See note 15 of the financial statements for the number of employees converted to FTEs

Priorities for 2021

ForFarmers has set itself the target to save at least €10 million of costs (2025 versus 2020), as part of its strategy Build to Grow 2025. The first plans to achieve this need to be executed in 2021 and 2022 and must result in savings of already €7 million (of which the full effect should be visible in 2023, compared to the normalised[2] level of 2020). These plans will also require dedication from the HR department.

In the autumn of 2020 the acquisition of the poultry feed organisation De Hoop Mengvoeders was announced. The acquisition was completed in the first quarter of 2021 and consequently 51 employees joined ForFarmers. Our focus is on retaining these employees by creating a bond between our own employees and them.

Social interaction is a prerequisite for creativity, bonding and effectiveness. It does not seem likely however that working conditions in 2021 will change back to those of before Covid-19. We will therefore devote a great deal of attention to the 'new way of working' which combines working from home and at the office. This requires flexibility and digital capabilities and consequently a different manner of leadership and providing rules and

[2] *Normalised means adjusted for the one-off effect of Covid-19*

procedures that support working from home. In this regard we will also continue to pay attention to the physical and mental health of our colleagues and have organised voluntary vitality programmes with partners to do so.

Following the outcomes of the employee engagement survey, improvement areas will be defined and improvement actions monitored.

Our innovation and sustainability agenda: Going Circular For the Future of Farming

Innovation: crucial prerequisite in our contribution with feed to food

Both the agricultural industry and the food industry are faced with the challenge to feed the growing global population, whilst reducing the impact of the production of food on climate and nature. Sustainable and safe production of animal feed, and hence food, can only be achieved through innovation. This is what ForFarmers does and for which we have set various objectives, which include reducing CO_2 per tonne of feed produced and improving feed safety.

Continuous process to supply safe feeds

The processes for the production of feeds must be tightly coordinated and closely monitored in order to provide high-quality feeds, with the smallest possible carbon footprint, that contribute to the health and welfare of animals .

The process starts with establishing an animal's nutrient requirement. Subsequently the required ingredients need to be sourced, taking into consideration quality, price and availability of raw materials as well as how it can be applied in animal feed. Cows for instance can digest more and different nutrients than humans. They eat large quantities of raw materials which are not suitable for making human food, with grass and forage being the most obvious example. There are large areas of land that can only be used for grazing ruminants. Not only does this contribute to the production of high quality protein for human consumption, but also plays an important role in maintaining our natural landscapes, sequestering CO_2, soil health and biodiversity. By comparison, whilst pigs and poultry have a digestive system which is more similar to that of humans, their diets differ. They consume barley that is not suitable for brewing beer and wheat that cannot be used to make bread or biscuits, for instance. Return flows from food producers such as bread, cake and chocolate are also converted into high-quality food products (in the form of milk, meat and eggs) for human consumption. In addition, the manure which is produced by animals is used to grow crops and as such animals are an indispensable link in the nutrient cycle. The ability of livestock to utilise these materials which are not suited for human consumption is at the heart of our sustainability agenda Going Circular, which is incorporated into our Build to Grow 2025 strategy.

Sourcing and Formulation: aiming for the best recipe for the animal

To ensure animals grow and produce efficiently we need to combine the use of raw materials, co-products and residual flows into feed concepts. Due to the scarcity of raw materials these must be used as efficiently as possible. At the same time the produced feed concepts aim to balance out growth, production and emissions by the animal. Taking into consideration both the farmer's interest, improved returns, and our objective to contribute to a sustainable world, we strive for improvement of feed conversion (lower input, larger output). With this in mind, the employees of the Nutrition Innovation Centre (NIC) determine the nutritional requirements and subsequently collaborate closely with the purchasing and formulation departments. The purchasing process is described in more detail in the chapter 'The new market reality'. The sourced raw materials, vitamins and minerals are analysed at one of the four in-house laboratories. This information is used to determine feed recipes, so that animals get exactly the right quantity of energy and protein.

Production: from raw material to pellet

Once the recipes are ready they are sent to the factories, where they are used to turn raw materials into meal, crumbs or smaller or larger pellets. Younger animals get the feed in crumbs and smaller pellets, with larger pellets for older animals.

Quality control to achieve zero feed safety incidents

Animals are selective in what they eat. The physical quality of feed is a key factor in this respect. Following each production cycle the percentage of meal in the feed pellet and its firmness and/or structure is determined. Moreover samples are taken from the feeds which are analysed in one of the laboratories to establish whether they meet the contents specified on the label. The results of the sample tests are reported to both the factory production manager and the quality department. If any discrepancies are found, corrective measures are taken to prevent repetition. If necessary, feeds are not delivered or are recalled. The process is governed by a strict procedure, supported by digital systems. The quality reports are shared both at site and sector level and with the Executive Committee.

Control approach

We take a group-wide approach to the control of feedstuffs and compound feed, thereby working in accordance with the requirements of EU legislation, GMP+ International, the Feed Chain Alliance, UFAS and QS quality standards, the SecureFeed control plan and our own ForFarmers risk analyses. In each country compliance with the legal requirements and voluntary codes is monitored by means of inspections and external checks by the relevant competent authorities, external certification bodies and audits by third parties – in many cases retailers. In the United Kingdom there is an 'earned recognition' agreement between UFAS and the regulator (the Food Standards Agency), which means that a different emphasis is placed on risk analysis than in continental European countries where the national control bodies play a more proactive role. All incidents whereby animal feed does not comply with the legal requirements and the voluntary codes are proactively monitored and managed. We aim for zero incidents.
The number of feed safety incidents in 2020 was slightly lower than in 2019. This was the result of our continued focus and action points. There were some restrictions on site visits and audits due to Covid-19 regulations and guidance. In some cases audits were postponed or conducted remotely.

Feed safety incidents

	Non-compliance with regulations resulting in a fine or penalty		Non-compliance with regulations resulting in warning		Non-compliance with voluntary codes	
	2020	2019	2020	2019	2020	2019
Netherlands	0	0	2	0	1	2
Belgium	0	1	0	0	0	1
Germany	2	1	1	1	1	0
Poland	0	-	0	-	0	-
United Kingdom	0	0	0	1	1	2
Total	2	2	3	2	3	5

Logistics: on-time delivery is a prerequisite for customer retention

Animals need to be fed in time and so getting the right order to the customer on time is crucial. ForFarmers spends time and energy on, and invests funds in, optimising outbound logistics. Where possible factories are equipped with contrasets (pre-loading silos) in order to minimise loading times into bulk trucks. In addition we are experimenting with 'demand smoothing', in which we combine on-farm data with our own data to predict when feed runs low on-farm and we use sensors in silos to measure inventory. With this knowledge we can optimize the production-transport process and avoid peak loads.

Advice and data tools: increasingly important

Providing advice is part of the Total Feed approach. Our advisers use data to show the farmer how business processes can be adapted where necessary, in order to improve their on-farm returns with healthy animals and in an efficient way. The Nutricare 360 approach is an example in which the management input of the livestock farmer, the medical expertise of the vet and the nutritional knowledge of ForFarmers are combined to create a joint advisory plan to improve the health and vitality of piglets.

The Agroscoop management programme is used to formulate and monitor the technical objectives, and so it is important to us to provide ongoing training to our advisers. For this purpose we have set up internal, animal-specific academies, where all the knowledge and experience that is present can be shared. This benefits livestock farmers.

Nutrition Innovation Centre

Farmers use many different production systems: intensive and extensive, conventional and organic, indoor and outdoor and small and large-scale. In developing animal-specific concepts the type of production system and the quality of the end product (eggs, milk, and meat) must be taken into account. The employees of the Nutrition Innovation Centre (NIC) are constantly working on the development of specific concepts aimed at promoting animal health and welfare. Simultaneously, they take into consideration the impact of these concepts on climate, nature and environment. This demonstrates just how complex innovation processes are. A significant percentage of all NIC projects can be directly linked to sustainability (animal health and welfare or the environment).

The following innovation projects are examples of concepts for the improvement of animal health and welfare:

Innovation projects aimed at improving animal health and welfare

Ruminant	Pigs	Poultry
Including synthetic amino acids in rations for ruminants, leads to better nitrogen efficiency, improved health and fertility	Introduction of an impoved VIDA Vital piglet feed to prevent gut health problems	Developing an optimal feeding strategy for slow growing/higher animal welfare broilers
Differentiation in production and maize seed grinding size improves the feeding value of maize silage. Plus can improve animal health	To reduce streptococcus via feed approach	Improving early life concepts for broiler chicks resulting in improved health in later life
Improving immunity and fertility in dairy cows via inclusion of specific fatty acids in the diet	Continuous development of the Ultra-Score, the farm health monitoring system for grower/finisher pigs helping to select the best nutritional health promoting approach	Optimise layer feeds for hens with longer laying cycle so improved sustainability in the cycle
Innovative weaning strategy aiming at reduced weaning stress in calves	Introduction of Nutripower+: System to predict digestive parameters of feed such as speed of digestion. This system helps to promote gut and total animal health	Feed for better leg/bone quality in broilers and broiler breeders
Improved Translac concept aiming at better health and fertility of dairy cows	Developing a heat stress feed approach that prevents the negative perfomance, animal welfare and health effect in periods of temperatures above the animals thermo comfort zone	Further develop the split-feeding concept for laying hens to lower phosphorus and nitrogen input thus improve mineral efficiency

Going Circular, For the Future of Farming

Our overall purpose is 'For the Future of Farming'. Standing side by side with farmers and striving for a sustainable livestock industry. Sustainability has been one of our three core values already for many years and is an integral and key part of our Build to Grow 2025 strategy. Our purpose within sustainability is 'Going Circular, For the Future of Farming', taking into consideration the changing views of society.

Why Going Circular?

In order to feed the growing world population and nurture nature and climate, producing food must take a circular approach. Research shows that no food system can be truly sustainable without the production of farm animals. This is why we continue to focus on making our business increasingly circular.

What do we mean with Going Circular?

Going Circular means transforming low value materials into high quality food, no waste of resources and zero pollution.

ForFarmers defines Going Circular as

At the heart of our Going Circular strategy is our framework with its three central themes: Feed resources, Feed production and Feed solutions. It also expresses the boundaries, set by society, within which we need to act.

Working towards a more sustainable livestock industry and a more sustainable world entails embarking on a journey, for which our Going Circular objectives and ambitions provide direction:

Feed resources

We aim to source responsibly and further maximise the use of co-products. We already hold a leading position in DML (dry moist and liquid feed) products, mainly consisting of residual flows from the food, drink and biofuel industries and the rest consists of straights. We are the only feed company with a dedicated mill, in the Dutch town of Lochem, to process co-products from milk processing into liquid feed for pigs. Currently, we already use over 60% non-human edible feed materials, as defined by FAO, in the use of our Total Feed portfolio in all our countries excluding Poland.

Feed production

Our ambition for 2030 is to have achieved a 75% reduction of CO_2 per tonne of feed (scope 1 and 2) compared to 2015. One of the objectives in this context is to have our largest mill in Lochem (NL) carbon neutral by 2025. The biomass installation which was installed in Lochem last year, running on local waste wood, has already reduced the natural gas consumption on-site by over 70%.

Feed solutions

We want to have a leadership position in circular livestock farming in 2030. Consequently, a key sustainability objective on-farm is to improve the nitrogen and phosphate efficiency in the animal chain. We invest in many new feed concepts which help farmers reduce nitrogen and phosphate emissions, whilst observing optimal animal health and welfare. Our Nutrition Innovation Centre and advisors play a key role in this.

Besides these three themes we continue to focus on the existing KPIs regarding Feed Safety Incidents and Lost Time Incidents, as explained earlier in this chapter and in Developing Talent For the Future of Farming.

Our contribution to the Sustainable Development Goals

Through Going Circular we further aligned with the Sustainable Development Goals (SDGs) of the United Nations in 2020. The tightening of our sustainability strategy also resulted in adding one more SDG, namely 7 (Affordable and clean energy), to the existing selection of SDGs and their specific underlying targets which we focus on.

The selection of SDGs is as follows:

Zero Hunger

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Our contribution

We believe that we have a significant role to play with our contribution to feed the world in a sustainable manner. Through our Total Feed approach we focus on improving on-farm returns, animal health and welfare and efficiency. This integrated approach (feed, advice and tools) takes account of the impact of husbandry on the climate and environment. Our aim is to improve feed efficiency – or 'lower input, higher output' – whilst reducing emissions (e.g. CO_2, phosphate and ammonia), improving the quality of forage on-farm and using manure effectively.

Affordable and Clean Energy

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

Our Contribution

Our objective is to use 50% renewable energy in the production and transport of animal feeds by 2025. This is part of our overall ambition to reduce Scope 1 and Scope 2 CO_2 emissions per tonne feed by 75% in 2030 compared to 2015. Going Circular implies that ForFarmers will work with partners throughout our supply chain to look for innovative sources of renewable energy.

Responsible production and consumption

12.2 By 2030, achieve the sustainable management and efficient use of natural resources.
12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Our contribution

Using residual flows (co-products) in the production of animal feed prevents food loss. Animals are able to efficiently process low-quality nutrients into high-quality animal proteins that are suitable for human consumption. We have set the objective to become a leader is the utilisation of ingredients not suitable for human consumption. Accordingly we are constantly looking for ways of using new residual flows which can either be used directly or as ingredients for animal feed, such as chocolate spread for pig farming. Moreover, we supply nutritional solutions that help customers and vets to reduce the quantity of antibiotics used in livestock farming. In doing so we draw on the experiences gained in the Netherlands and Germany, where sector agreements prohibit the addition of medication to feed.

Climate action

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Our contribution

A key theme in the new market reality is climate-change. Providing advice to farmers on climate-related subjects, such as the reduction of harmful emissions, is an inherent part of our business model. In the Netherlands for example we take part in the KringloopWijzer programme, a nutrient management system that dairy farmers can use to record the use of minerals (phosphate, nitrogen and carbon) in their business. In addition we help livestock farmers with fertilisation plans and forage optimisation. In this light it is clear that knowledge sharing is crucial. We have therefore established in-house specie-specific academies in best practices are shared throughout the group and (younger) employees are trained. Via our 400+ feed advisers we reach around 26,000 livestock farmers. Furthermore we carefully analyse climate risks and have control measures in place to manage these.

Life on land

15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Our contribution

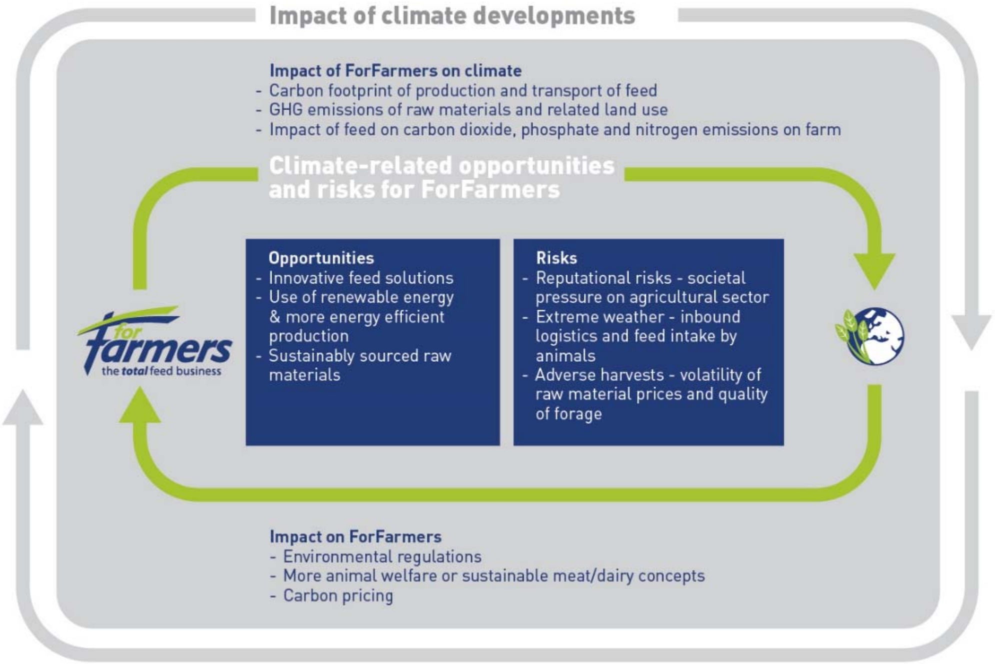
ForFarmers endorses the Amazon Soy Moratorium, which is aimed at ensuring that European animal feed uses no soy derived from lands in the Amazon which have been subject to deforestation since 2008. Furthermore, we worked closely with the European Feed Manufacturers' Federation (FEFAC) in 2019 on launching the Responsible Soy Declaration. An online platform is provided so that European feed manufacturers can voluntarily state their commitment to purchase responsibly produced soy. Our purchasing policy is to source responsibly produced palm oil and soy. In addition, we require our raw material suppliers to be members of Sedex to promote transparency and we have our own Supplier Code of Conduct as a reference. Our objective is to source all feed materials responsibly and transparently by 2030. Aside from these measures relating to the sourcing of soy, we are also involved in various research projects looking at the development of alternative proteins, such as the use of insects and algea in animal feed. This could also contribute to a longer-term trend of a reduction of the use of soy (based on a steady product mix).

Connectivity table

Theme	Focus area (link to materiality matrix)[1]	Link to SDG	Impact in the value chain	KPI	Associated risks	Performance[2]
Feed Resources	1. Responsible and transparent sourcing of feed materials (10)	2.4 12.2 13.3 15.5	Supply chain, ForFarmers, Customers	1. % responsibly sourced palm oil and soy bean meal 2. % Suppliers signed Sedex Code of Conduct	Environmental legislation and regulations & Climate change	+ +
	2. Limit carbon emissions (1)		Supply chain, ForFarmers, Customers	3. Scope 3 Greenhouse gas emissions in tonnes of CO_2 equivalent	Environmental legislation and regulations & Climate change	New
	3. Use of non-human edible feed materials (9)		Supply chain, ForFarmers, Customers	4. % non-human edible feed materials	Environmental legislation and regulations & Climate change	New
Feed Production	5. Reduction in carbon emissions (2)	2.4 7.2 12.2 13.3 15.5	Supply chain, ForFarmers, Customers	5. Scope 1 and 2 Greenhouse gas emissions in tonnes of CO_2 equivalent % Renewable energy Energy/fuel per tonne	Environmental legislation and regulations & Climate change	= New New
Feed Solutions	1. Take a leadership position on % phosphate efficiency (4)	2.4 12.2 13.3 15.5	ForFarmers Customers	6. Phosphate efficiency rate on-farm in NL	Environmental legislation and regulations & Climate change	=
	2. Take a leadership position on % nitrogen efficiency (4)		ForFarmers Customers	7. Nitrogen efficiency rate on farm in NL	Environmental legislation and regulations & Climate change	New
People & Society	4. Ensure safe and good working conditions (13)		Supply chain, ForFarmers, Customers	Number of Lost Time Incidents (LTIs) LTI FR	Health & Safety	+ New
	5. Ensure feed safety (12)		Supply chain, ForFarmers, Customers	Total number of incidents whereby feed regulations and voluntary codes were not complied with.	Feed safety	+

Climate-related risks and opportunities

In 2020 ForFarmers made a further specific analysis of the climate-related risks and opportunities. The risks and opportunities surrounding climate developments, along with ForFarmers' response to these, are a regular topic of discussion for the Risk Advisory Board and the Sustainability Task Force. In the risk management chapter climate risk is also specifically highlighted.



Management of sustainability activities

The sustainability activities are governed by two committees: the Sustainability Advisory Board, chaired by the CEO of ForFarmers, and the Sustainability Task Force under the responsibility of the Director Supply Chain. Progress with regard to sustainability is one of the qualitative targets for the long-term variable remuneration for the members of the Executive Board. More detailed information about the sustainability governance, reporting criteria and the KPIs can be found in the sustainability appendix on the corporate website.

2020 review of Going Circular objectives

With Going Circular, the existing sustainability KPIs have been enhanced and expanded.
Building on the existing KPIs, the specific objectives and ambitions of Going Circular are presented below:

Objectives 2025	Ambitions 2030
100% responsibly sourced palm oil and soy bean meal	100% responsible and transparent sourcing of all ingredients
85% suppliers signed Sedex code of conduct	
Take leadership position on reduction CO_2 emissions of feed materials (scope 3 - upstream)	30% CO_2 reduction compared to 2020
Take leadership position on % non-human edible feed material in diets	Maximise use of non-human edible feed materials
Largest mill carbon neutral as proof of concept	75% reduction of CO_2 per tonne of feed (scope 1 and 2) compared to 2015
50% renewable energy	
10% energy/fuel reduction per tonne feed compared to 2020	
Take leadership position on % phosphate efficiency	Take leadership position in circular livestock farming.
Take leadership position on % nitrogen efficiency	
Lost Time Incident Frequency rate @ 0.5 (per 100 FTE) and a 50% reduction[1] in Number of Lost Time Incidents	Creating a Zero LTI Culture
Reduction of 50% of Feed Safety Incidents[2]	Creating a Zero Feed Safety Incident Culture

1 Baseline 2019
2 Baseline 2017 Feed safety = External audit gaps, control authority warnings or fines

Progress was made in 2020 in terms of measuring and reporting. All the countries submitted quarterly updates to the Executive Committee on the former (and still existing) five KPIs. These included future actions to achieve further improvement in the results. In 2020, the results of Tasomix (Poland) were included in the scope for the external assurance of the existing KPIs and its LTI Frequency Rate was included for the first time. The results of the LTI target are presented in the section Developing talent for the Future of Farming.

Feed Resources

A very large proportion of the CO_2 emissions associated with the production and delivery of feed to a farmer comes from the cultivation, harvesting, processing, storage and transport of feed materials. There are environmental and social risks associated to our supply chain which we aim to reduce. As such a number of new KPIs have been added to support the Feed Resources theme.

1. Percentage of responsibly sourced palm oil and soy bean meal

We acknowledge the concerns about deforestation and other types of land use associated with growing raw materials that are imported into the EU, in particular as regards soy meal and palm oil. We have accordingly maintained the objective for 2025 to responsibly source all soymeal using the FEFAC soy sourcing guidelines as the reference. All palm oil and certain derivatives purchased by ForFarmers will be RSPO certified by 2025.

We consider soy meal to be sustainable when it is certified, i.e. when certificates are bought from soy programmes that have successfully passed the benchmarking process against the baseline criteria, as established in the FEFAC Soy Sourcing Guidelines and displayed on FEFAC's customized page on ITC Standards Map.

We consider palm oil & palm oil derivatives sustainable when RSPO certificates are bought for the equivalent tonnage of palm oil used in the raw materials purchased by ForFarmers.

Certification provides an effective method of ensuring commodities have been produced in a responsible manner, particularly in complex supply chains such as soy. At each stage of the soy supply chain process, soy from one source is mixed with soy from another, making it virtually impossible to link the soy bean meal that we actually use in our feed mills to the land on which the beans were grown. The purchase of a certificate provides proof however, that one tonne of responsible soya has been produced by a certified producer and has entered the supply chain.

We accordingly support and adhere to a number of industry commitments on sourcing responsible soy meal and palm oil and we worked closely with the European Feed Manufacturers' Federation (FEFAC) in 2019 on launching the Responsible Soy Declaration. This Declaration, which commits feed companies to sourcing 100% certified responsible soy meal by 2025 for use in Europe, has already been signed by over 250 businesses. In addition, as of 2010 we have been a member of the Round Table on Responsible Soy (RTRS), which ensures that soy was originated from a responsible soy production process that is environmentally correct, socially adequate and economically viable. We are also a member of the Round Table on Sustainable Soya in the UK and the Round Table on Sustainable Palm Oil (RSPO).

What was done in 2020

ForFarmers was involved in updating the FEFAC Soy Sourcing Guidelines during 2020, which were published in February 2021. The update was particularly focused on a number of criteria which have been upgraded from 'desired' to 'essential' and a new 'desired' criterion which has been introduced to support zero deforestation/conversion in addition to the existing 'essential' criterion preventing soy being used from illegally deforested land.

Percentage of sustainable soy and palm purchases

	% sustainable soy bean meal purchases		% sustainable palm oil purchases	
	2020	2019	2020	2019
Total	75%	74.7%	70%	70%

All soy certificates were purchased from schemes which had been verified as 'providing protection of forests, wetlands and biodiversity', and as such already go beyond the minimum sourcing requirement aimed at ending illegal deforestation to include zero deforestation and conversion.

As part of an initiative with the dairy industry in the Netherlands to reduce GHG emissions, certain certificates include a 20 year cut-off date (i.e. assuring the land on which the soy has been grown has not been deforested in the last 20 years). By purchasing these Area Mass Balance certificates, therefore, the carbon footprint of this supply chain is reduced.

Despite the challenges of the complex soy supply chain, ForFarmers is continually working with our major suppliers to increase transparency in the chain. For soy, this initially means establishing the country of origin, as the risk of deforestation varies considerably in different countries. For example soy purchased from the US or Europe has a very low deforestation risk compared to Brazil or Argentina.

Country of origin soy - 2020

Brazil	Argentina	Paraguay	US/ Canada	EU	Other
52.8%	22.8%	0.4%	16.1%	1.5%	6.4%

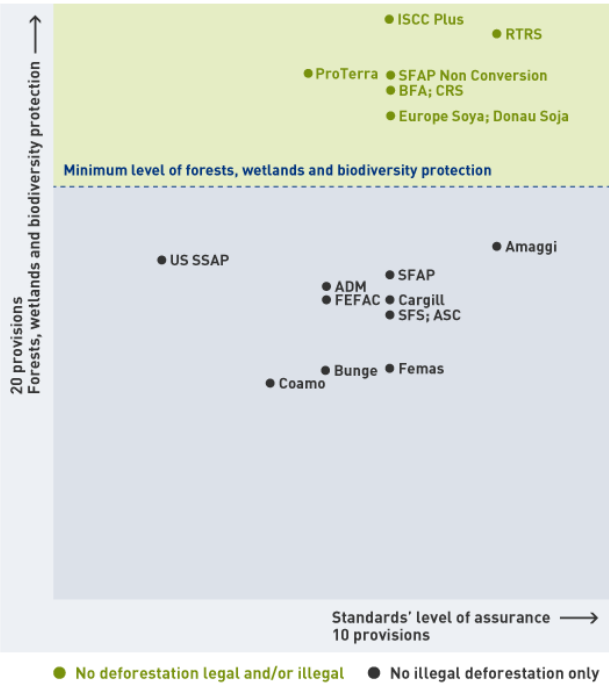
In 2020, 75.0% of all soy meal purchased by ForFarmers was covered by certificates as described above. ForFarmers is in the top ten companies that have sourced RTRS soy certificates in 2020. Certificates purchased by ForFarmers in 2020 covered 99% of the soy purchased from Brazil and Argentina.

We also continue to investigate alternative protein sources. The use of other sources of protein such as rapeseed and sunflower meal has led to a long term decreasing trend in the percentage of soy used, although this can fluctuate in the short term due to, for example, changes in product mix. (Poultry feeds tend to have higher inclusion levels of soy compared to swine and ruminant).

We are also a partner in SUSINCHAIN (insect protein) and MultiStr3am (algae research) projects. Other single cell technologies are being developed which include carbon capture as part of the process. These potential projects are included in ForFarmers Next level Innovation agenda. They are all showing potential but in some cases require changes to legislation. In addition, large scale production is required to ensure they are economically viable.

How certification funds are put to use – an example

An example of how certification schemes benefit on the soy producers is the following. A number of the RTRS certificates that we purchased are from Clube Amigos da Terra (Friends of the Earth Association) in the state of Mato Grosso in Brazil. This association seeks to adapt, disseminate and validate the Direct Planting system, the integration of crops, livestock and forest, the recovery of degraded areas and the reforestation of Permanent Preservation Areas. Moreover, in partnership with organizations such as RTRS and the local government, it supports family farming, valuing rural women and promotes technological events with medium and large scale rural producers through RTRS Certification.
You can read the full case study on the corporate site (under sustainability/transparency and governance) .



Source: Setting the bar for deforestation-free soy in Europe; Profundo (2019)

2. Percentage of suppliers that have signed the Sedex Supplier Code of Conduct

As a socially responsible enterprise we aim to purchase raw materials in accordance with recognised social, ethical and environmental standards. We do so in cooperation with Sedex, a membership organisation aimed at improving working conditions in global supply chains. Members of Sedex (suppliers) provide information on their own performance, creating a foundation for transparent supply chains. This is used in reviews with suppliers and helps to identify high risk materials or origins. ForFarmers also has its own Supplier Code of Conduct, developed in conjunction with Sedex which serves as a reference to suppliers. It includes standards on business ethics aimed at preventing bribery, discrimination, corruption and fraudulent business practices, and employment practices that comply with ILO standards.

What was done in 2020

We continue to work with suppliers to join Sedex and have started to also focus on DML suppliers during 2020, next to raw material suppliers. Non-product related procurement represents a lower risk but suppliers are still encouraged to use Sedex and the

ForFarmers Supplier Code of Conduct. Relationships with suppliers who do not wish to work on this basis will be phased out or discontinued.
Our objective is that by 2025, suppliers representing 85% of total product related procurement spend should be members of Sedex and ideally should have also signed our Supplier Code of Conduct. The decline is to be explained by the fact that Poland has been included for the first time in 2020.

Percentage suppliers – members of Sedex

	2020	2019
Total	79%	83%

3. CO_2 emissions of feed materials (scope 3 - upstream)

We recognise that greenhouse gas (GHG) emissions produced in the inbound logistical chain (scope 3) are significant. Both growing, producing and supplying raw materials and consumption of feed by animals on-farm result in GHG emissions. Comparable and consistent measurement of these emissions has been challenging, due to the absence of reliable data. We have therefore been actively involved in European and international initiatives towards a standard methodology for calculating the environmental impact of the production of animal feed.

What was done in 2020

In November 2020, the Global Feed LCA Institute (GFLI), an independent initiative by the feed industry, launched an updated version of the database of feed materials together with a feed LCA tool. This free, publically available database provides indicative environmental impact emissions on almost 1,000 major ingredients and origins of animal feed, based on three different allocation methods.
We are now using this database and these tools to calculate the emissions associated with processing raw materials and are able to calculate the carbon footprint of each individual feed product. This information can be made available for example to chain partners who wish to move towards including carbon impact data in their labelling.
Our formulation team now also uses this information to calculate the upstream emissions (scope 3) based on materials being delivered to the feed mill. Where materials are used by ForFarmers which are not yet in the GFLI database (usually micro ingredients) alternative sources of information for example from Nevedi are used until 100% of the formula is included.

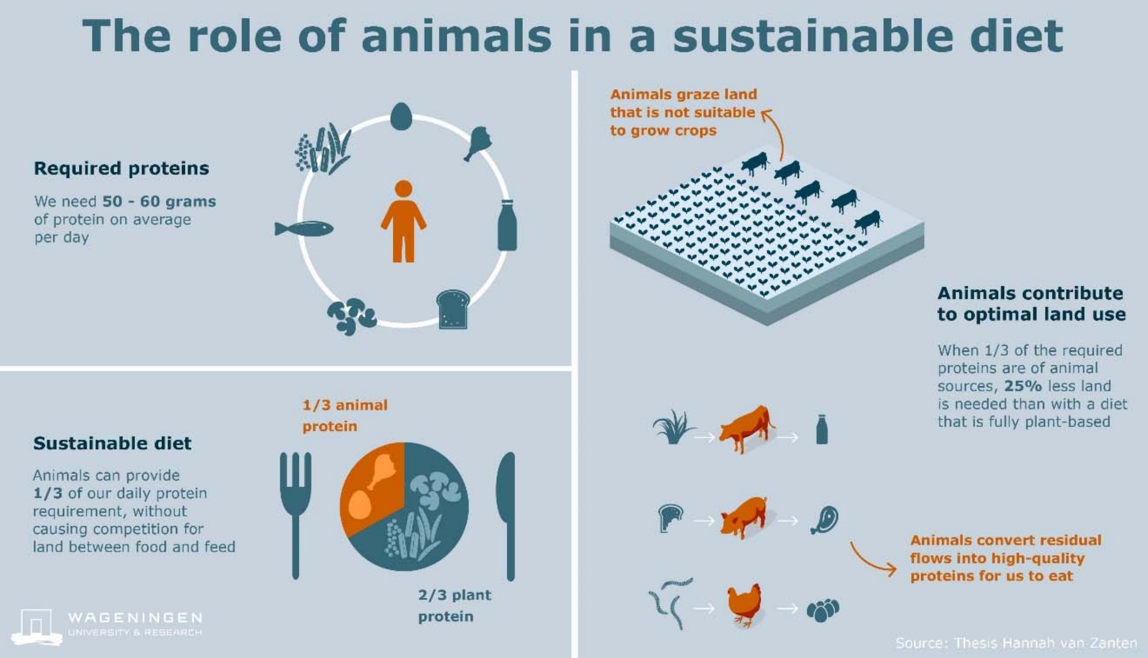
The 2020 data are used as base line for this information. Our objective for 2025 is to take a leadership position on the reduction of upstream GHG emissions (scope 3) and our ambition is to have reduced these emissions by 30% in 2030 compared to 2020. As it is now possible to optimise diets and choose feed materials based on the carbon footprint, this will be an important priority over the years to come. This information is for the feed materials we use to produce compound feed in ForFarmers own feed mills.

				2020
	Excluding Land Use Change		Including Land Use Change	
	Kg CO_2 per tonne feed	Total Tonnes CO_2	Kg CO_2 per tonne feed	Total Tonnes CO_2
Netherlands	546	1,579,825	849	2,458,773
Belgium	583	234,604	1,059	425,959
Germany	596	456,833	944	724,250
Poland	627	330,999	1,349	712,662
United Kingdom	557	895,760	1,005	1,615,632
Total	564	3,498,021	958	5,937,276

ForFarmers recognises that the next stage in reporting on CO_2 emissions is to disclose the CO_2 emissions on-farm (through the use of our products), i.e. Scope 3 downstream. We are pilot testing a number of the available on-farm carbon-footprinting tools in this respect.

4. Percentage Feed Materials in diets that are not suitable for human consumption

Land needs to be used for a multitude of purposes, which at times have competing interests. Land is needed for food production, housing and infrastructure, but also for leisure activities. And whilst land is used on the one hand, it should also be protected, in order to nurture and conserve biodiversity and natural habitats for wildlife for instance. It is claimed that the agricultural industry uses too much land and that its carbon footprint is too large. However, it should be taken into consideration that the feed industry uses a lot of co-products. And as such the amount of land used to grow crops for feeding animals is much less than would be required for growing raw materials for the feed industry only. This is also an important factor in the debate on the impact of meat consumption on climate change. Research by Wageningen University has shown that animals can provide 1/3 of our daily protein requirement, without causing competition for land between food and feed. We have the objective to be a leader in the use of co-products and we believe that circularity is the most relevant approach to a sustainable feed and food chain.



The FAO reports that 86% of feed materials used globally are not suited for human consumption (including grass and forage). In Europe, 12% of feed materials are co-products from the Food & Bioethanol Industry and 5 million tonnes of former foodstuffs is used in animal feed.

What was done in 2020

During the year we have, for the first time, categorised all of the feed materials and DML products we used in all countries except Poland into the groups defined by the FAO, as is shown below:

FAO Category	Edible/Non Edible
By products	Non Edible
Grains	Edible
Grass and Leaves	Non Edible
Oil Seed Cakes	Non Edible
Other Edible	Edible
Other non Edible	Non Edible

The categorisation raises interesting questions, however. Whilst oilseed crops like oilseed rape, sunflower and soy bean are indeed grown on land that could be used for food production, the oil is used for that very purpose. The feed industry only uses the meal after the oil used for cooking etc. has been extracted. Another example is that all cereal grains (wheat, barley, oats and maize) are categorised as suitable for human consumption. The materials used in the feed industry, however, tend to be grown on land that does not produce the appropriate quality materials for brewing, bread or biscuit making etc. or as part of an arable crop rotation. Consequently, the categorisation process will be refined over the coming years. In particular, we will align with the definitions expected to be developed by FEFAC during 2021.

As mentioned, our categorisation includes the feed materials we use in our feed mills and the DML products we supply to farmers. It does not include the grass and forage that are produced on-farm and are an important part of the total % feed materials used by ruminant farmers. ForFarmers has accordingly calculated that in 2020, 64 % of feed and DML materials in the Netherlands, Belgium, Germany and the United Kingdom can be classified as non-human edible (using the FAO definitions).

Feed Production

We aim to produce and supply feed with minimal adverse impact on the environment.

5. Scope 1 and Scope 2 Greenhouse Gas (GHG) Emissions

The livestock nutrition and livestock farming chain emits GHG gases, which contribute to climate change. We therefore monitor the GHG emissions of our own operations both per tonne of feed produced and overall. This involves measuring the amount of gas, oil and diesel (scope 1) and electricity (scope 2) used in the production of feed and by our own vehicle fleet. This is an area where we can make a difference through our own actions, although the GHG emissions produced within scope 1 and 2 are minimal compared to those produced in scope 3 (emissions produced in our raw materials supply chain and emissions on-farm).

What was done in 2020

Within Scope 1 and 2

We use an energy savings matrix for our production activities, which sets out a list of projects in the various countries aimed at improving energy efficiency. We installed two double presses on the dairy line in one of the mills in Germany for example. These are more energy efficient. Similarly, new grinder motors have been installed at the Burston mill (UK). In the Netherlands, less gas was used as a higher percentage of meals was produced and a lower percentage of pellets. Some projects are more transformative: the mill at Biskupice (Poland) will stop using coal and switch to gas to generate electricity and co-generate steam for the boiler.

We are also using more renewable energy, such as the biomass plant in Lochem which came on stream in 2019. The plant is fuelled solely by local waste wood, which is supplied by a local cooperative and can supply virtually all the heat needed by the Lochem mill to produce steam, which is used to press feed into pellets. This enables us to save around 1.7 million cubic metres of natural gas a year. Burning this local waste wood does result in carbon dioxide emissions, albeit that this is a short cyclical emission, i.e. the emitted carbon dioxide has only recently been absorbed from the atmosphere. Consequently, no fossil CO_2 is added to the atmosphere. This is because we use fresh, unprocessed waste wood that is available in the region, which entails that hardly any carbon emission took place deriving from transport. In addition no carbon emission took place deriving from preparatory processes such as drying, grinding, pressing etc. Moreover, the waste wood comes from regular forest and landscape maintenance. Therefore no deforestation takes place nor does it lead to any harmful effect on biodiversity. On top of this, solar panels are being installed at Lochem as a next step in achieving our objective of making the Lochem mill (which is the largest in the ForFarmers portfolio) carbon neutral by 2025.

Examples of measures taken to improve the energy efficiency of our transport activities (logistics) are:

- The amount of fuel (in litres) per tonne of feed delivered is measured and reviewed on a monthly basis and any ideas for making improvements that result from this are shared.
- Efficient vehicle planning using advanced vehicle routing software, which increases utilisation and capacity fill.
- In the Netherlands, the "het Nieuwe rijden" (efficient driving) project has been continued for all truck drivers
- In Germany we are conducting tests with alternative, cleaner fuels and the first LNG truck has just joined the fleet.
- An important investment was made in Germany to transport raw materials by rail rather than road.
- Various projects were introduced aimed at optimum deployment of trucks, minimising the number of empty trips made, efficient loading with larger trailers, more backloads (inbound logistics for raw materials) and focusing on increasing fuel economy.

We switched to a better, more accurate way of reporting carbon emissions in 2019. In previous years we converted energy consumption into carbon dioxide using the generally applicable factors in the respective countries based on the national energy mix. Currently, we take the market approach, which means that we use the CO_2 conversion factors of our energy suppliers based on the energy actually supplied to us. The renewable energy that we use generates fewer carbon emissions and is now also included in the calculations. This creates a more realistic picture of our carbon emissions. Poland is included in the scope for reporting Scope 1 and 2 for the first time in 2020.

We calculate CO_2 emissions by taking primary energy use (e.g. electricity, gas, diesel coal) and using recognised conversion factors to report carbon emissions.

Our objective is to achieve a 10% energy/fuel reduction by 2025 compared to 2020. In this regard, primary energy usage is also reported for the first time. Furthermore, we want to use 50% renewable energy in production and transport by 2025.

In 2020, we used 8.9% renewable energy in production and logistics.

Greenhouse gas emissions (Kg of CO_2 per tonne feed)

	2020							2019						
	Scope 1						Scope 2	Scope 1						Scope 2
	Productie					Logistics	Production	Productie					Logistics	Production
	Gas	Kerosene	Medium oil	Gas oil	Coal	Diesel	Electri-city*	Gas	Kerosene	Medium oil	Gas Oil	Coal	Diesel	Electricty*
Netherlands	3.43					5.62	16.85	3.67					5.75	16.95
Belgium	2.27						3.83	2.48						3.76
Germany	3.38					6.30	7.00	3.50					6.45	7.03
Poland	2.21			0.52	6.95	8.86	24.51							
UK	4.92	1.26	0.28	0.22		11.62	14.92	4.71	1.36	0.41	0.11		11.25	13.59
Total	**3.64**	**1.26**	**0.28**	**0.30**	**6.95**	**8.67**	**14.99**	**3.88**	**1.36**	**0.41**	**0.11**		**8.49**	**13.81**

The GHG emissions from scope 2 are based on the market-based method.

Greenhouse gas emissions (total tonnes of CO_2)

	2020							2019						
	Scope 1						Scope 2	Scope 1						Scope 2
	Production					Logistics	Production	Production					Logistics	Production
	Gas	Kerosene	Medium oil	Gas oil	Coal	Diesel	Electri-city*	Gas	Kerosene	Medium oil	Gas Oil	Coal	Diesel	Electricty*
Netherlands	10,125					6,471	49,741	11,171					6,943	51,654
Belgium	908						1,536	962						1,459
Germany	2,544					2,742	5,260	2,723					2,951	5,466
Poland	1,192			279	3,744	3,616	13,201							
UK	8,184	2,103	466	371		17,527	24,802	8,398	2,418	733	198		17,237	24,212
Total	**22,953**	**2,103**	**466**	**650**	**3,744**	**30,357**	**94,542**	**23,254**	**2,418**	**733**	**198**		**27,131**	**82,792**

The GHG emissions from scope 2 are based on the market-based method.

Energy (fuel and diesel) use

('000)	2020						
	Scope 1						Scope 2
	Production					Logistics	Production
	Gas (KwH)	Kerosene (KwH)	Medium Oil (KwH)	Gas oil (KwH)	Coal (KwH)	Diesel (KwH)	Electri-city (KwH)
Netherlands	55,723					2,451	107,922
Belgium	4,568						9,057
Germany	14,000					1,039	20,792
Poland	6,548			1,003	12,214	1,370	17,720
UK	44,192	8,514	1,740	1,334		6,639	65,789
Total	**125,031**	**8,514**	**1,740**	**2,337**	**12,214**	**11,499**	**221,280**

Energy Use Per Tonne

	Q4 2020 YTD						
	Scope 1						Scope 2
	Production					Logistics	Production
	Gas (KwH)	Kerosine (KwH)	Stookolie (KwH)	Gas oil (KwH)	Coal (KwH)	Diesel (KwH)	Electri-city (KwH)
Netherlands	18.88					2.13	36.57
Belgium	11.40						22.60
Germany	18.62					2.39	27.66
Poland	12.16			1.86	22.67	3.35	32.89
UK	26.58	5.12	1.05	0.80		4.40	39.56
Total	**19.83**	**5.12**	**1.05**	**0.80**	**22.67**	**3.28**	**35.09**

The results of Poland are included in 2020 for the first time, which makes the comparison with 2019 difficult. In general, total CO_2 emissions were slightly lower than in 2019 due to the actions taken as described earlier. The intensity ratios, i.e. CO_2 per tonne feed, show a mixed picture across the countries of operation. Overall there has been a small increase in emissions from the use of electricity due to an increased focus on product quality. Emissions from the use of gas are lower due to the full year impact of the biomass boiler at Lochem. Emissions from diesel usage are slightly above last year, in part due to the revised manufacturing footprint in the United Kingdom. As primary energy usage is included in 2020 for the first time, no comparison can be made with 2019.

Feed Solutions

ForFarmers wants to ensure a balanced use of resources throughout the supply chain.

6.Take leadership position on % phosphate efficiency
Limiting phosphate emissions is viewed as essential as these emissions by animals pollute surface water. The EU has imposed phosphate production ceilings for all member states. In view of the intensive livestock farming in the Netherlands a higher ceiling has been set for Dutch livestock farmers than for farmers in other European countries. Measuring phosphate efficiency is therefore of material importance, particularly in the Netherlands. After all, too much phosphate in feed increases emissions into the environment and hence the risk of production-limiting measures, while too little phosphate leads to possible animal health issues and reduces livestock performance.

What was done in 2020
Phosphate efficiency results are always one year behind the current year due to the availability of data. Given that only in the Netherlands the data required for the calculation of phosphate efficiency are available and reliable, the scope is limited to the Netherlands. Initially we could only monitor phosphate efficiency in the dairy sector and swine sector. As of 2018 we have added reporting on the phosphate efficiency of poultry, both layers (eggs) and broilers (meat). In addition we showed the differences in efficiency between conventional and higher welfare systems such as free range layers and slow growing chickens.

The NIC team influences phosphate efficiency through feed solutions by [continually focusing on] better utilisation of nutrients and using the latest generation of phytase enzymes. They also update and enhance the accuracy of the phosphate data in our systems, so that we can produce concepts with the optimum feed requirement and feed efficiency.

In 2019, phosphate efficiency improved in the dairy farming sector. In swine there was a small deterioration in efficiency. We estimate that the sales weights have gone up due to high swine market prices, resulting in slightly worse feed conversion. There was also a higher use of by-products which leads to poorer phosphate efficiency. In regular broilers we saw a deterioration. There has been a gradual trend to partly replace soy bean meal by sunflower meal and rapeseed meal (prompted by a desire to use more EU by-products). However, these ingredients have a lower phosphate digestibility than soy, meaning that more phosphorous is needed in the feed to ensure the animal's health. This is another example of the dilemmas and trade-offs that have to be made. In higher welfare systems, the formulas have less flexibility so we do not see this effect. Due to a change to new software fewer flocks in layers could be analysed. The results that did come outshowed a markedly lower efficiency. This was due to worse feed conversion following the hot summer months and due to a ban on de-beaking, both leading to higher mortality.

The contradiction between nutrient efficiency and system husbandry is clear in poultry: animals kept in more welfare-friendly systems achieve a clearly lower phosphate efficiency. In order to present a comparison in the most accurate manner, phosphate efficiency in poultry is reported according to two main categories, i.e. regular (conventional production system) and higher welfare systems.

The higher the phosphate utilisation rate (also referred to as phosphate efficiency), the better. It is however, impossible to achieve phosphate utilisation of 100%.

Phosphate efficiency (only for The Netherlands)

	2019 %	2019 Number of farms in sample	2018 %	2018 Number of farms in sample
Dairy	39.6%	2,220	38.4%	2,273
Finishers	54.1%	214	54.6%	229
Sows	41.3%	75	43.2%	86
Closed herds (sows and finishers)	49.3%	51	50.2%	58
Broilers** - regular	62.9%	238	64.5%	192
Broilers** - animal welfare concepts	52.2%	506	49.3%	470
Layers** - regular	15.7%	11	16.2%	23
Layers** - animal welfare concepts	13.5%	6	15.5%	19

The results are one year behind the current year due to data availability
Closed herd pig farms
** For broilers and layers the number of flocks in the sample (instead of farms) are included*
The results for 2018 have been restated due to a change in the method of calculation used for the 2019 results so they are comparable

7. Take leadership position on % nitrogen efficiency

Nitrogen efficiency is an important indicator in the assessment of the environmental impact of livestock production. High levels of nitrogen in the atmosphere results in the formation of pollutants such as ammonia which can impact biodiversity, soil and water courses and human health. In the Netherlands, the reduction of nitrogen depositions near nature areas has become a key topic on the political agenda. This is due to a ruling by the Dutch Council of State that the Integrated Approach to Nitrogen (PAS) was not compatible with EU nature legislation.
Taking a leadership position on nitrogen efficiency is one of our objectives.

What was done in 2020?

Calculating nitrogen efficiency is done exactly the same as for phosphate efficiency, as are the drivers for improving efficiency. These results are also always one year behind the current year due to data availability, and the scope is also still limited to the Netherlands. We aim to optimise nitrogen efficiency on-farm through the use of precision and phase feeding programmes, the use of raw materials which have a high level of protein digestibility and the ongoing utilisation of synthetic amino acids. Nitrogen efficiency is also directly linked to feed conversion on-farm.

Nitrogen efficiency by species is shown for the first time, using the same format as for phosphate emissions.

Nitrogen efficiency (only for The Netherlands)

	2019 %	2019 Number of farms in sample	2018 %	2018 Number of farms in sample
Dairy	29.6%	2,220	29.4%	2,273
Finishers	43.3%	227	41.9%	243
Sows	40.4%	77	41.4%	95
Closed herds (sows and finishers)	42.2%	55	41.4%	62
Broilers - regular	61.5%	240	61.3%	192
Broilers - animal welfare concepts	50.7%	507	52.0%	470
Layers - regular	35.4%	11	36.3%	23
Layers - animal welfare concepts	32.7%	21	35.3%	19

The results are one year behind the current year due to data availability
Closed herd pig farms

The same trends can be seen as for phosphate efficiency. Performance also showed a mixed picture, with the same differences between regular (conventional) and higher welfare production systems, which show significantly lower levels of efficiency in the more extensive systems.

Sustainable key issue in innovation

Balancing the sustainability themes in innovative concepts

		Environment	People	Welfare
Apollo (broilers)	Producing meat efficiently with reduced carbon footprint and lower land use	●	●	●
Split-Feeding (layers)	More healthy chickens which live longer, because of specific morning and afternoon feed with different composition	●	●	●
Gildehoen (broilers)	Slow Growing Concept in collaboration with retailers in the Netherlands	●	●	●
ULTRA-SCORE (swine finisher)	Monitoring health of pork meat: better feed efficiency and growth, without increasing phosphate and nitrate excretion, better gut health, lower aggression, reduced mortality, simpler feed programmes for easier management	●	●	●
NOVA (swine sow)	Improved technical performance, lower GHG emissions. Better sow productivity, reduce preweaning mortality	●	●	●
Pens-Stimulator (Dairy)	Improved gut health, prevents a leaky gut due to stress factors (heat, pick order, transition etc.). Results in healthier cows and increased milk production	●	●	●
Translac (Dairy)	Optimally managing the transition period (drying off – calving) of dairy cows	●	●	●

ForFarmers also works with supply chain partners to develop concepts with specific requirements such as local/regional sourcing of feed materials, inclusion or exclusion of certain ingredients or limits on the carbon footprint of the feeds which we supply. This is important where additional costs can occur which need to be recovered by consumers so that farmers remain profitable. In the Netherlands, ForFarmers is part of an industry initiative working with the Dutch dairy sector to lower the carbon footprint of milk production. ForFarmers customers realised approximately 10% lower CO_2 emissions per kg milk in 2020 compared to 2019.

Furthermore, ForFarmers participates in the Delta Plan for Biodiversity Recovery in the Netherlands.

Water

Water usage was not flagged as a material topic by stakeholders in the 2019 survey. Nevertheless as a responsible organisation we consider it important to ensure that wastage and pollution of water is kept to a minimum, both in our own processes and in the chain. Water is used during the manufacturing process to generate steam to press pellets. We realise that there needs to be a balance between the use of steam and electricity consumption during the manufacturing process. On-farm, we focus on improving efficiency by helping farmers to reduce their water consumption. The trend toward lower crude protein diets also translates into lower water consumption by livestock.

Financial and operational review 2020, Dividend proposal

Report 2021

Financial highlights 2020[3]:

- Total Feed volume: -3.5% to 9.7 million tonnes
  of which Compound Feed volume: -3.9% to 6.8 million tonnes; only growth in dairy and pig sector in Germany/Poland
- Gross profit[4]: -1.7% to €433.2 million; despite better product mix mainly due to volume decline
- Underlying EBITDA: +8,7% to €96.2 million; compared to a weak 2019 and especially due to execution of efficiency plans
  +9.3% to €96.7 million at constant currencies
- Underlying net profit[5] : +10.0% to €46.3 million, excluding a.o. gain on sale of closed mills and goodwill impairment of €34.2 million for activities in Poland due to a.o. Covid-19
- Dividend proposal: regular dividend substantially higher at €0.29 per ordinary share; distribution of 60% of underlying net profit
- Net cash flow from operating activities: +2.1% to €98.1 million; besides higher EBITDA also driven by lower working capital

Consolidated key figures

In millions of euro (unless indicated otherwise)	2020	2019	Total change in %	Currency	Acquisition	Like-for-like (3)
Total Feed volume (x 1.000 ton)	9,740	10,095	-3.5%		0.0%	-3.5%
Compound feed	6,804	7,083	-3.9%		0.0%	-3.9%
Revenue	2,351.9	2,463.1	-4.5%	-0.5%	0.0%	-4.0%
Gross profit	433.2	440.7	-1.7%	-0.5%	0.1%	-1.3%
Operating expenses	-415.4	-428.1	-3.0%	-0.6%	0.1%	-2.5%
Underlying operating expenses	-372.6	-385.7	-3.4%	-0.5%	0.1%	-3.0%
EBITDA	100.3	85.2	17.7%	-0.6%	0.1%	18.2%
Underlying (1) EBITDA	*96.2*	*88.5*	*8.7%*	*-0.6%*	*0.1%*	9.2%
EBIT	24.2	14.2	70.4%	1.5%	0.0%	68.9%
Underlying EBIT (2)	61.6	55.7	10.6%	-0.5%	0.2%	10.9%
Profit attributable to shareholders of the Company	14.2	17.7	-19.8%	-0.7%	0.0%	-19.1%
Underlying profit (2)	46.3	42.1	10.0%	-0.3%	0.2%	10.1%
Net cash from operating activities	98.1	96.1	2.1%			
Underlying EBITDA / Gross profit	22.2%	20.1%	10.4%			
ROACE on underlying EBITDA	*19.4%*	*16.2%*				
ROACE (4) on underlying EBIT	12.4%	10.2%				
Basic earnings per share (x €1)	0.15	0.18	-16.7%			
Underlying earnings per share (x €1)	0.49	0.43	14.0%			

(1) Underlying means excluding incidental items (see Note 17 regarding the Alternative Performance Measures (APMs))
(2) Underlying EBIT and underlying profit in 2019 have been adjusted for comparative reasons due to new definition of APMs
(3) Like for like is the change excluding currency impact and acquisitions and divestments
(4) ROACE means underlying EBITDA (EBIT) divided by 12-month average capital employed
Note, percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings

[3] Results are always compared year-on-year
[4] Total Feed covers the entire ForFarmers product portfolio and comprises compound feed, specialties, co-products (including DML products), seeds and other products (such as forage)
[5] Underlying net profit: in this instance profit attributable to shareholders of the Company

General

In 2020 the markets where ForFarmers is active were mainly affected by the following developments:

Covid-19

The outbreak of Covid-19 in early 2020 and the subsequent government-imposed measures to combat the spread of the virus, had a significant impact worldwide in many industries. As part of the food chain the agricultural sector was designated a vital sector and was mainly impacted by the closure of the hospitality sector and other out-of-home-segments (including canteens and for example schools). This meant that a sizeable portion of the demand for dairy products, meat and eggs was lost. In addition, meat exports to countries outside Europe were temporarily suspended after slaughterhouse workers contracted Covid-19.
Increased demand for dairy products, meat and eggs in the retail channel was unable to offset the loss of the hospitality segment. Cattle, calf and poultry farmers in particular saw a decline in sales and consequently prices for their products. Generally speaking they responded by cutting back on refilling their barns.

ForFarmers experienced hardly any disruption to its operating processes as a result of Covid measures and was able to deliver to customers continuously. Due to the coronavirus, the absentee rate in 2020 was 3%, compared to 2.5% in 2019.

The decline in demand for products from farmers meant that ForFarmers did experience pressure on volumes, with margins also coming under pressure in the second half of 2020, especially in Poland and the United Kingdom.
It is difficult to indicate exactly what part of the volume decline can be attributed to the Covid-19 effect, as there was also margin pressure due to other factors including animal diseases in some markets and regulation effects especially in the Netherlands. Partly due to the execution of the already existing efficiency plans, ForFarmers was able to further reduce some of its costs relatively quickly and make other costs more flexible. This explains why the cost reduction was relatively larger than the volume decline.

Animal diseases

The impact of the outbreak of African Swine Fever in China at the end of 2018 was still noticeable. Despite the fact that the Chinese pig herd has grown slightly, demand for pig meat from other countries including Europe remained large.

In 2020, African swine fever was unfortunately also detected among wild boars in eastern Germany however, resulting in export bans from Germany to non-EU countries. Belgian pig farmers, on the other hand, have recently been allowed to start exporting worldwide again as the swine fever is no longer present in the country.
Poultry farmers were also faced with animal diseases. At the beginning of 2020, the contagious version of bird flu was detected among wild birds in Poland.
Later in the year, bird flu also emerged in other European countries, including the Netherlands.
Animal diseases remain a source of concern for the livestock farming industry, although important steps have been made during past years in determining hygiene protocols and collaborating in the sector to combat spreading of animal diseases. We are taking an active role in this.

Raw material prices

Raw material prices soared in the second half of 2020. Experts[6] attribute this partly to the drought in South America, especially Brazil and parts of Argentina. In addition, they refer to speculative buying by asset managers and traders seeking to spread the risk in their portfolios beyond bonds and equities. Prices for various raw materials were up to more than 30% higher at the end of 2020 compared to a year earlier.
Fluctuations in raw material prices are generally passed on to customers, but it is not always possible to pass them on in time or in full.

Financial analysis

The table below shows how results were distributed across the first and the second half of 2020.
It reveals the following:

- The volume decrease was significantly smaller in H2 than in H1.
- The increase in gross profit in H1 should mainly be seen in the context of the weak H1 in 2019 due to an unfavourable purchasing position. The development of gross profit in H2 2020 was mainly driven by the volume decrease and pressure on margins in some countries due to overcapacity in the market because of the Covid situation.

[6] *RaboResearch (Food & Agribusiness): Outlook 2021: Bull waves don't break*

Core parameters 2020 and year-on-year delta versus 2019 (1)

		2020	2019	Total change in %	Currency	Acquisition	Like-for-like (2)
Total Feed volume	H1	4,793	5,079	-5.6%		0.0%	-5.6%
(x 1.000 ton)	H2	4,947	5,017	-1.4%		0.0%	-1.4%
	FY	9,740	10,095	-3.5%		0.0%	-3.5%
Compound feed	H1	3,380	3,561	-5.1%		0.0%	-5.1%
(x 1.000 ton)	H2	3,425	3,522	-2.8%		0.0%	-2.8%
	FY	6,804	7,083	-3.9%		0.0%	-3.9%
Gross profit	H1	219.5	214.1	2.5%	-0.1%	0.2%	2.4%
	H2	213.7	226.6	-5.7%	-0.9%	0.0%	-4.8%
	FY	433.2	440.7	-1.7%	-0.5%	0.1%	-1.3%
Underlying operating expenses	H1	-188.9	-194.7	-3.0%	0.0%	0.1%	-3.1%
	H2	-183.7	-191.0	-3.8%	-0.9%	0.0%	-2.9%
	FY	-372.6	-385.7	-3.4%	-0.5%	0.1%	-3.0%
Underlying EBITDA	H1	48.2	35.8	34.6%	-0.3%	0.3%	34.6%
	H2	48.0	52.7	-9.1%	-0.8%	0.0%	-8.3%
	FY	96.2	88.5	8.7%	-0.6%	0.1%	9.2%

(1) In millions of euro (unless indicated otherwise)
(2) Like for like is excluding acquisition and divestments and currency impact.

The year-on-year (YoY) analysis focuses on the full-year consolidated results for 2020, followed by more detailed analyses of the individual clusters. The contributions of acquired companies are recognised under 'acquisition effect' for a period of one year after the date of acquisition.

Alternative Performance Measures (APMs)

ForFarmers uses APMs to provide a better perspective of the Group's business development and performance, as they exclude the impact of significant incidental items, which are considered to be non-recurring, and are not directly related to the operational performance of ForFarmers. The underlying metrics are reported at the level of operating expenses, EBITDA, EBIT and profit for the shareholders.

As of 2020 amortisation of acquired intangible assets is also eliminated in the APMs. For comparative reasons the relating APMs of 2019 have been adjusted, both on consolidated level and in the clusters.

The APMs are further explained in Note 17 of the 2020 financial statements. The impact of the incidental items on the profit or loss account in the four defined categories are presented and explained below.

2020

In millions of euro	IFRS	Impairments	Business Combinations and Divestments	Re-structuring	Other	Total APM items	Underlying excluding APM items
EBITDA (1)	100.3		5.2	-1.2	-	4.1	96.2
EBIT	24.2	-34.2	-2.1	-1.2	-	-37.4	61.6
Net finance result	-		4.5		-	4.5	
Tax effect	-	-	0.7	0.3	-0.2	0.8	-
Profit attributable to Shareholders of the Company	14.2	-34.2	3.2	-0.9	-0.2	-32.1	46.3
Earnings per share in euro (2)	0.15	-0.36	0.03	-0.01	-	-0.34	0.49

(1) EBITDA is operating profit before depreciation, amortization and impairments.
(2) Earnings per share attributable to Shareholders of the Company.

On EBITDA level:

The €5.2 million gain from business combinations and divestments relates mainly to the gain on the sale of one mill in the Netherlands and one in the United Kingdom. The incidental restructuring costs (€1.2 million) are related to the execution of the efficiency plans as announced in 2019.

On EBIT level:

The outcome of the goodwill impairment test with respect to the activities in Poland resulted in an impairment of €34.2 million. Mainly due to the impact of Covid-19, the short-term growth expectation for the Polish poultry sector is significantly lower than at the time of determination of the initial valuation of Tasomix, which is why an impairment is required. The forecast for the Polish poultry sector for the mid to longer term remains positive.
The -€2.1 million is the net amount of the gain of €5.2 million due to the sale of the mills as explained earlier at the EBITDA level and the amortisation of acquired intangible assets (-€7.3 million).

On the level of net finance result:

€4.5 million (gain) relates to the remeasurement of the put option liability regarding the acquisition of Tasomix (Poland), alongside the regular annual accrual of the liability. It is currently anticipated that in the future the put-option can be executed at a lower amount because of a lower growth expectation.
For more information on this topic, please see Note 6 and Note 17 of the 2020 financial statements.

Consolidated results 2020

The following analysis shows the total development of the consolidated results and the separate clusters unless stated otherwise. There is hardly any currency translation impact or acquisition impact in the 2020 results.

Total Feed volume was down 3.5% at 9.7 million tonnes. In H1-2020 Total Feed volume declined (YoY) by 5.6%. In H2-2020 the decline was less strong (-1.4%). Total Feed volumes remained virtually stable in the cluster Germany/Poland where, compared to last year, more feed was sold to dairy farmers and pig farmers but less to poultry farmers. In the clusters the Netherlands/Belgium and the United Kingdom Total Feed volumes fell in all species.
Compound feed volume, part of the Total Feed portfolio, declined relatively faster (-3.9%) than Total Feed volume. Volumes in compound feed also declined everywhere excluding in the dairy and pig sector in the cluster Germany/Poland.

Revenue fell by 4.5% to €2,352 million, including a negative currency translation effect of 0.5% due to the devaluation of the pound sterling and the Polish zloty. The revenue decline was mainly due to lower volumes.

Gross profit was 1.7% lower at €433.2 million. The gross profit improvement in the first half year of 2020 was mainly on the back of the comparison with the weak margin in H1-2019. The decline in the second half year of 2020 was mainly due to the volume decline. Despite a product mix with more specialties there was margin pressure, specifically in H2-2020, due to overcapacity which has arisen due to the Covid situation.

Underlying total operating expenses, including depreciation and amortisation, were 3.4% lower at €372.6 million. This was mainly due to the lower volumes and the full year effect of the implemented efficiency plans during 2019. Despite indexation of wages employee benefit expenses fell in 2020 due to a decline in the number of FTEs. Other operating expenses were also lower due to the volume decline, lower energy and fuel prices and focus on costs. In 2020 €0.9 million (net) was added to the allowance for bad debts (2019: release of €0.2 million), in light of the challenging market circumstances for livestock farmers, faced with lower prices for their products and less sales channels.

Underlying depreciation[7] grew by €1.8 million to €34.6 million, of which €0.5 million is related to amortisation.

Underlying operating profit (EBIT) rose by 10.6% to €61.6 million as a result of a decline in underlying operating expenses.

The effect of the incidental items on underlying EBITDA is as follows:

In millions of euro	2020	2019	Δ	Δ%
EBITDA	100.3	85.2	15.1	17.7%
Business Combinations and Divestments	-5.2	-2.0	3.2	-
Restructuring cost	1.2	5.1	-3.9	-
Other	-	0.3	-0.3	-
Underlying EBITDA	96.2	88.5	7.7	8.7%
FX effect	0.5			
Underlying EBITDA, at constant currencies	96.7	88.5	8.2	9.3%

[7] *Depreciation includes amortisation in this instance*

Underlying EBITDA rose by 8.7% to €96.2 million, including a negative currency translation effect of 0.6% due to the devaluation of the pound sterling and the Polish zloty. Underlying EBITDA grew in the cluster Netherlands/Belgium and fell in Germany/Poland and the United Kingdom.
The underlying EBITDA/gross profit ratio rose in 2020 to 22.2% in from 20.1% in 2019.

Underlying net finance expenses fell by 5.2% to €2.6 million, driven by the lower interest expenses due to the lower debt position.

The contribution from the German joint venture HaBeMa, which is reported under share of profit of equity-accounted investees (net of tax), increased substantially to €4.0 million (2019: €2.8 million) due to more transhipment activities and better margins.

The underlying effective tax rate was 27.7% (2019: 25.1%). The higher tax rate was the result of the reassessment of the deferred tax liability position due to the adjusted future tax rates in the Netherlands and the United Kingdom.

Underlying profit was up 10.0% at €46.3 million. Underlying earnings per share rose in 2020 by 14.0% at €0.49.
11,042,219 ordinary shares were cancelled on 11 September 2020. These shares had been repurchased in the share buy-back programmes of 2017 and 2019. Consequently 95,218,821 ordinary shares and 1 priority shares have been issued at present. The effect of finalising the share buy-back programme in 2020 on the earnings per share was less than one euro cent.

The number of employees as at 31 December 2020, presented in full-time equivalents (FTEs) was lower at 2,502 than at 31 December 2019 (2,570). The net decrease in the number of employees (68 FTEs) is mainly attributable to the implementation of the efficiency plans, which were announced in 2019.

Summary consolidated statement of cash flows

In millions of euro	2020	2019
Net cash from operating activities	98.1	96.1
Net cash used in investing activities	-28.8	-35.0
Net cash used in financing activities	-47.5	-85.0
Net increase/decrease in cash and cash equivalents	21.8	-23.8
Cash and cash equivalents at 1 January(1)	15.4	38.4
Effect of movements in exchange rates on cash held	0.9	0.7
Cash and cash equivalents as at 31 December(1)	38.0	15.4

(1) Net of short term bank overdrafts

Net cash flow from operating activities rose by €2.0 million to €98.1 million, mainly due to the better result.

The decline in net cash flow for investing activities by €6.2 million to €28.8 million was mainly due to the gain on the sale of two mills and the higher dividend from equity accounted investees, which compensated the payment of earn-outs relating to acquisitions.

The decrease by €37.5 million of the net cash used in financing activities was due to the fact that no redemptions on the loan took place in 2020, taking into consideration the still to be paid acquisition liability for De Hoop Mengvoeders.

Summary consolidated statement of financial position

In millions of euro	31 December 2020	31 December 2019
Total Assets	816.7	865.5
Equity	362.5	418.4
Solvency ratio (1)	44.4%	48.3%
Net working capital	33.4	48.7
- Current assets (2)	319.1	328.6
- Current liabilities (3)	285.7	279.9
Overdue receivables	12.5%	16.1%
Net Debt / (Cash) (4)	-15.8	7.0
IFRS 16 Lease liabilities	28.0	24.1

(1) Solvency ratio is equity divided by total assets.
(2) Current assets excluding cash and cash equivalents and assets held for sale.
(3) Current liabilities excluding bank overdrafts, loans and borrowings and lease liabilities.
(4) Excluding IFRS 16 Lease liabilities
General remark: additions may lead to small differences due to roundings

Capital structure and solvency

Group equity decreased in 2020 by €55.9 million to €362.5 million (compared to 31 December 2019). The decrease was the result of the addition of the 2020 profit (€14.7 million) minus the dividend distribution (€27.2 million) and the repurchases of shares in 2020 (€14.4 million). Other comprehensive income was directly recognised in group equity (totalling -€29.1 million) and comprised mainly a remeasurement of the pension liability (-€21.0 million) in the United Kingdom due to the lower interest rate, and currency translation differences (-€8.1 million).
Solvency was 44.4% at 31 December 2020 (at end-2019: 48.3%).

In 2020 €35.9 million was invested (2019: €38.6 million), particularly to maintain and enhance the performance and efficiency of the production facilities. For example, installing the new hammer mills and modernising the grinding technology of the mill in Lochem, to further enhance the flexibility and quality of the production of pig feed.

The net cash position (the net balance of bank loans and borrowings, long and short-term, minus available cash and cash equivalents) was €15.8 million (end-2019: net debt of €7.0 million). This was due to the cash flow from operating activities of €98.1 million, including the decrease of working capital, less items including the expenses for the investment programme (€28.8 million), dividend distribution (€26.1 million) and the share buy-back (€14.8 million).

Net working capital improved to €33.4 million at 31 December 2020 (€48.7 million at end-2019). Working capital fell mainly in the United Kingdom, where payment terms with our suppliers have been tightened.

Despite the challenging market circumstances for livestock farmers, the percentage of overdue receivables improved to 12.5% at 31 December 2020 (end 2019: 16.1%).

ROACE[8] was up from 16.2% in 2019 to 19.4% in 2020, mainly due to the improved EBITDA. ROACE based on underlying EBIT rose from 10.2% to 12.4%.

[8] ROACE means underlying EBITDA (EBIT) divided by 12-month average capital employed

Results per cluster

Netherlands/Belgium

In thousands of euro	2020	2019	Δ%
Total Feed volume (in tons)	5,085,760	5,222,528	-2.6%
Revenue	1,237,337	1,275,439	-3.0%
Gross profit	246,933	240,496	2.7%
Other operating income	4,685	456	927.4%
Operating expenses	-189,202	-192,912	-1.9%
Underlying operating expenses	-186,433	-187,421	-0.5%
EBIT	62,416	48,040	29.9%
Underlying EBIT	61,382	53,530	14.7%
Add back: depreciation, amortisation and impairment	13,349	16,006	-16.6%
Add back: underlying depreciation, amortisation and impairment	11,205	10,848	3.3%
EBITDA	75,765	64,046	18.3%
Underlying EBITDA	72,587	64,378	12.8%
Underlying EBITDA / Gross profit	29.4%	26.8%	9.8%
ROACE on underlying EBITDA	39.3%	34.9%	12.5%

Price developments in the various sectors

The Netherlands
In 2020 Dutch dairy farmers produced slightly more milk from slightly fewer animals. The price per litre was lower, however. Pig farmers also saw lower average prices for their products than in 2019, partly due to the export ban on pigs following outbreaks of coronavirus among slaughterhouse staff. In addition, there was an increased supply of German pigs, which were subject to a ban on exports to non-EU countries due to the outbreak of swine fever. Broiler prices fell due to the loss of sales to the hospitality sector. At the same time feed prices rose as a result of rising raw material prices. This prompted poultry farmers to cut back on refilling their barns. Moreover, avian flu was detected in the Netherlands in the second half of 2020.

Belgium
Belgian livestock farmers saw roughly similar price developments for their products to those in the Netherlands. During 2020 Belgian pig farmers were still unable to export pigs to countries outside the EU following the detection of African swine fever among wild boar in 2018. At the end of December 2020 the World Organisation for Animal Health (OIE) ruled that Belgium was free of swine fever and could therefore start exporting globally again.

Market and sector developments

Nitrogen debate in the Netherlands
In 2019 the Dutch Council of State ruled that the Integrated Approach to Nitrogen (PAS)[9] was not compatible with EU nature legislation. Since then there has been an ongoing political debate about how 'nitrogen space' should be created and by who, in order to restore biodiversity in nature and enable building activity to resume. In 2020 the government announced it was making a total sum of around €5 billion available in the period up to 2030, to fund source measures in the relevant sectors. For agriculture these include: cows out at pasture for longer, innovative barns, different feed, and financial schemes for farmers who wish to transition to more sustainable practices or voluntarily discontinue their business.
ForFarmers works closely with farming organisations and the Dutch feed industry association Nevedi to get sustainable solutions on the agenda which are based on viable future prospects for livestock farmers and a sustainable agricultural sector with the lowest possible environmental impact. ForFarmers has great innovation capabilities, which are made available to livestock farmers via the Total Feed approach – good feed accompanied by advice and supported by monitoring tools – in order to achieve better on-farm returns.

[9] The Integrated Approach to Nitrogen (Plan Aanpak Stikstof - PAS) is a system which allows permits to be issued for nitrogen-emitting activities (such as infrastructure and construction) before the necessary nitrogen-offsetting measures have been effected

Buy-out scheme and warm restructuring of the pig farming sector in the Netherlands
Up until 1 January 2020 a voluntary buy-out scheme (the 'stoppers arrangement') was in place for pig farmers in the Netherlands. As a result, the pig population was smaller in 2020 than in 2019. In addition in late 2019 pig farmers could register to be considered for the 'warm restructuring scheme', another subsidy scheme originally set up to combat odour nuisance in certain areas with a high density of livestock. Farmers who decide to discontinue their business have their pig rights deleted. The scheme is expected to result in a further 7% reduction in the Dutch pig population in 2021.

Results Netherlands/Belgium

Total Feed volume fell by 2.6% to 5.1 million tonnes. Compound feed volume declined relatively more, due to amongst others the volume loss following the stoppers arrangement in the Netherlands. Total Feed volume fell in the ruminant sector. This was due to factors including the strong decline in sales to cattle farmers, who saw demand for their products drop as a result of the Covid measures. Total Feed volume in the pig sector remained virtually stable because pig farmers bought more DML products. In the poultry sector Total Feed volumes declined.
Sales of organic feed, sold under the brand name Reudink, developed positively in 2020, including amongst others substantial volume growth in Belgium. In addition, an agreement was signed for exclusive delivery of bagged goods in the Polish market.
Pavo (horse feed) volumes rose steadily due to product innovations.

Gross profit grew by €6.4 million (2.7%), despite the lower volumes and not as good a product mix as last year. In 2019, gross profit suffered particularly in the first half of the year due to the unfavourable purchasing position.

Underlying operating expenses were lower by €1.0 million (0.5%). Despite the indexation of wages, employee benefit expenses remained stable due to a decrease in the number of FTEs, in line with the implemented efficiency plans. Production costs fell as a result of lower volumes and the closure of three mills in the Netherlands and Belgium in the second half of 2019. Overhead cost allocation was €2.8 million higher than last year.

Underlying EBITDA grew by 12.8% and the underlying EBITDA/gross profit ratio increased to 29.4% from 26.8% in 2019.

ROACE (based on underlying EBITDA) increased from 34.9% in 2019 to 39.3% in 2020 due to the higher underlying EBITDA.

Germany/Poland

In thousands of euro	2020	2019	Δ%
Total Feed volume (in tons)	2,175,524	2,194,065	-0.8%
Revenue	562,758	582,548	-3.4%
Gross profit	74,811	76,392	-2.1%
Other operating income	119	186	-36.0%
Operating expenses	-106,303	-72,136	47.4%
Underlying operating expenses	-69,635	-68,748	1.3%
EBIT	-31,373	4,442	-806.3%
Underlying EBIT	5,295	7,830	-32.4%
Add back: depreciation, amortisation and impairment	43,434	9,324	365.8%
Add back: underlying depreciation, amortisation and impairment	6,944	6,491	7.0%
EBITDA	12,061	13,766	-12.4%
Underlying EBITDA	12,239	14,321	-14.5%
Underlying EBITDA / Gross profit	16.4%	18.7%	-12.7%
ROACE on underlying EBITDA	7.3%	8.0%	-8.5%

Market and sector developments

In *Germany* there is increasing public and political focus on the environmental impact of the agricultural sector. This is expressed for example in legislation forcing pig farmers in particular to reduce their phosphate and ammonia emissions.
In addition, African swine fever was detected among wild boar in eastern Germany in early September, resulting in export restrictions and price pressure. To date no cases of swine fever have been detected at commercial pig farms. The average milk price was lower in 2020 than in 2019, while poultry farmers also saw prices for their products decline compared to 2019.

Poland has a substantial broiler sector, which enjoys a very strong export position. In early 2020 the sector was first hit by the outbreak of avian flu and subsequently by the Covid-19 measures. The imbalance between substantial supply and falling demand resulted in progressively lower prices for broilers and subsequently to a reduction in broiler numbers. Milk prices in Poland were reasonably stable in 2020, while pig prices fell.

Results Germany/Poland

Total Feed volume declined slightly by 0.8% to remain around 2.2 million tonnes. Compound feed volume remained virtually equal to in 2019. More volume was sold to ruminant farmers and pig farmers, albeit that this was not sufficient to fully offset the volume decline in the poultry sector.

Gross profit fell by €1.6 million (-2.1%), including a currency translation effect of -0.2% due to the devaluation of the Polish zloty. Margins were under pressure as a result of the increased competition in the Polish market, due to the overcapacity which has arisen as a result of Covid-19. In Germany, by contrast, higher margins were realised on the back of a better product mix including more concentrates.

Underlying operating expenses were higher by 1.3%. Employee benefit expenses were mainly lower due to a reduction in FTEs in Germany. Production costs fell as a result of the lower volumes. Overhead cost allocation however, was €0.8 million higher than last year.

Underlying EBITDA declined by 14.5% (€2.1 million) to €12.2 million.
The underlying EBITDA/gross profit ratio decreased to 16.4% (2019: 18.7%).

ROACE (based on underlying EBITDA) decreased to 7.3% (2019: 8.0%) due to lower underlying EBITDA, despite a slightly lower capital employed due to an improvement of the working capital in this cluster.

United Kingdom

In thousands of euro	2020	2019	Δ%
Total Feed volume (in tons)	2,478,337	2,678,742	-7.5%
Revenue	589,248	642,708	-8.3%
Gross profit	110,767	122,924	-9.9%
Other operating income	1,666	86	1837.2%
Operating expenses	-108,118	-145,938	-25.9%
Underlying operating expenses	-104,940	-114,561	-8.4%
EBIT	4,315	-22,928	-118.8%
Underlying EBIT	5,903	8,385	-29.6%
Add back: depreciation, amortisation and impairment	15,124	40,391	-62.6%
Add back: underlying depreciation, amortisation and impairment	12,296	12,176	1.0%
EBITDA	19,439	17,463	11.3%
Underlying EBITDA	18,199	20,561	-11.5%
Underlying EBITDA / Gross profit	16.4%	16.7%	-1.8%
ROACE on underlying EBITDA	14.0%	12.3%	13.7%

Market and sector developments

Average milk prices were somewhat lower in 2020 compared to 2019. Milk production was virtually stable throughout the year, albeit that dairy farmers suffered from the sudden and significant drop in demand for milk particularly in the second quarter of 2020. There was a time lag until supermarket consumption increased to compensate for the closure of the out-of-home segment, which was also reflected in a slowdown in feed sales to dairy farmers during this period.

In contrast to pig farmers in countries such as the Netherlands, Belgium and Germany, UK pig farmers were able to export to China, where demand for pig meat remained high. As a result pig prices were higher than in 2019 and there was slight growth in the pig population.

Poultry farmers, in particular saw decreased demand for their products due to the closure of the out-of-home segment, with some sectors showing stronger impacts (for example large catering turkeys at Christmas).

The United Kingdom introduced new agricultural legislation at the end of 2020. In the wake of Brexit its aim is to enable UK farmers to do business sustainably and profitably, gradually phasing out subsidies by 2028, while at the same time improving both the environment and animal welfare and reducing carbon emissions.

Results United Kingdom

Total Feed volume decreased by 7.5% to 2.5 million tonnes, which was a relatively larger decline than in compound feed volumes. Sales were lower in all sectors. Volumes in the dairy sector declined mainly in the second quarter when there was less supplementary feeding due to the combination of low milk prices, an early spring and the Covid effect. A large customer in the pig sector had fewer animals in 2020, leading to lower volumes.

Gross profit fell by 9.9%, including a currency translation effect of -0.3%. The decline of gross profit is mainly due to the volume decline and the Covid impact in a specific part of the poultry sector.

Underlying operating expenses were down by 8.4%. Employee benefit expenses were lower due to a reduction in employees, mainly due to the closure of two mills in 2019. In addition, further efficiency savings were realised in 2020. Production and transport costs also decreased because of the lower volumes. Overhead cost allocation was €1.1 million higher than last year.

Underlying EBITDA was lower by 11.5%%, on the back of lower volumes and higher overhead allocation which could not be fully offset by the execution of the efficiency plans. The underlying EBITDA/gross profit ratio remained virtually stable at 16.4% in 2020 compared to 16.7% in 2019.

ROACE (based on underlying EBITDA) increased from 12.3% in 2019 to 14.0% in 2020, predominantly due to the decline of the capital employed following the goodwill impairment per the end of 2019 along with an improvement of the working capital.

Central and support expenses

In thousands of euro	2020	2019	Δ%
Gross profit	665	852	-21.9%
Other operating income	-	895	-100.0%
Underlying operating expenses	-11,613	-14,964	-22.4%
EBIT	-11,126	-15,375	-27.6%
Underlying EBIT	-10,947	-14,093	-22.3%
Add back: depreciation, amortisation and impairment	4,154	5,280	-21.3%
Add back: underlying depreciation, amortisation and impairment	4,154	3,353	23.9%
Underlying EBITDA	-6,793	-10,740	-36.8%

Underlying operating expenses of the Central and support services are exclusive of the amount in overhead costs that is passed on to the clusters. In 2020 underlying central operating expenses decreased by €3.3 million. The amount passed on to the clusters rose by €4.7 million. The total increase of central expenses (€1.4 million) was mainly attributable to higher IT costs (implementation e-business and enhancement IT infrastructure to support working from home) and higher M&A expenses. This was partly compensated by lower advisory costs (2019 comprised advisory costs relating to the determination of the strategy Build to Grow 2025) and lower travel costs.

Dividend proposal

ForFarmers aims to distribute dividend, taking into consideration long-term value creation and a healthy financial structure to execute its strategy. The dividend policy of ForFarmers is to pay out between 40% and 60% of the underlying net result (after tax) attributable to shareholders. In 2020 this amounted to €46.3 million. In light of the cash flow and balance sheet position of ForFarmers and the fact that ForFarmers did not make use of any financial Covid-19 schemes which include conditions that have implications for making distributions, the following is proposed.

It is proposed to distribute a dividend of €0.29 per ordinary share (based on 95,190,436 million ordinary shares outstanding), which equals a distribution of 60% of underlying net profit (2019: €0.28, comprising €0.19 related to 50% of the underlying net result and a special dividend of € 0.09 per ordinary share).
The annual accounts will be submitted for adoption at the Annual General Meeting on 23 April 2021. The dividend is payable on 7 May 2021.

Subsequent events

On 1 February 2021, ForFarmers closed the acquisition of De Hoop Mengvoeders (De Hoop), which had been announced in October 2020. By joining De Hoop with ForFarmers a leading poultry feed company is being created in the Netherlands, mainly aimed at delivering good feed and good advice to broiler farmers.

On 3 February 2021 Pavo, subsidiary of ForFarmers and active in the premium horse segment, took over the portfolio of the brand Mühldorfer Pferdefutter. Accordingly, the position of Pavo, active in over 30 countries, is significantly strengthened in the important horse market Germany.

Outlook and market developments

Developments in the market

The pressure on the agricultural sector to reduce its impact on the environment will remain and is expected to lead to a reduction in animal numbers in certain countries. The focus on quality and welfare concepts is increasing and ForFarmers has a strong position in these.

The themes that had an impact during 2020 are expected to continue to affect the agricultural sector, and hence ForFarmers, during 2021. If the Covid measures can be lifted around the summer and hospitality and out-of-home venues are able to reopen we would expect the production of animal protein to increase again.
Looking at the longer period, more specifically the expectations are that the European dairy sector will see very limited growth, with a decrease in the beef and pig sectors and slight growth in the poultry sector. Global demand for milk, meat and eggs will continue to grow. Producers in Northwest Europe in particular will continue to face increasing sustainability and environmental measures, dampening their growth opportunities.

Rapid recovery of the poultry sector is expected in Poland, the largest European exporter of poultry products, once the stringent Covid measures start to ease.

As a result of the growing consumer interest in the quality and provenance of food we expect the development of virtual integrations to accelerate in some countries. To achieve this, data systems and technology are key.

Brexit

There is room for expansion for livestock farmers in the UK given that the country is not self-sufficient in the production of poultry and swine meat. In addition, the UK government recently announced new agriculture legislation (the Agriculture Act 2020), in which environment and sustainability are, amongst others, important themes.

Efficiency plan 2021 & 2022

ForFarmers deems it important to organise and maintain its organisation and processes as efficient as possible. One of the pillars of the strategy Build to Grow 2025 is Operational Excellence, which includes a cost saving objective of at least €10 million by 2025 compared to the normalised[10] level of 2020. The first step of this objective is to reduce operating expenses by €7 million in 2021 and 2022, of which the full effect will be visible in 2023 (compared to the normalised level of 2020). In order to achieve this ForFarmers is working on various plans including optimising business processes.

Capital expenditure and investments

ForFarmers continues to invest in systems and process optimisation. The Company plans to invest approximately €35 million in 2021. ForFarmers will also continue to pursue acquisitions. As of 31 December 2020 debt /underlying EBITDA ratio was negative 0.17 (2019: 0.09). ForFarmers has sufficient financial headroom to realise her growth plans.

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 million[11] , 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 normalised level of 2020[8]).

ForFarmers does not provide guidance for the current calendar year.

[10] Normalised in this context means adjusted of one-off effects of Covid-19

[11] At constant currencies

ForFarmers' shares

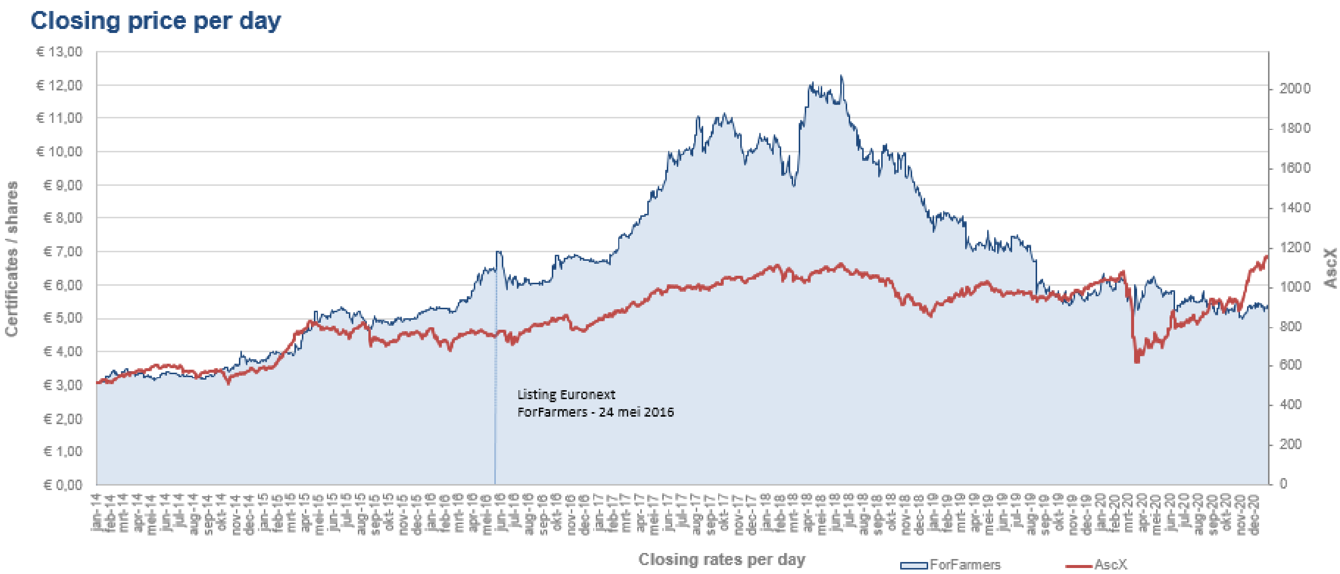
The ordinary shares of ForFarmers N.V. have been listed on Euronext Amsterdam since 24 May 2016 under the symbol 'FFARM'. From September 2016 ForFarmers was included in Euronext Amsterdam's AScX index and from May 2017 in the MSCI Netherlands index.

On 11 September 2020, ForFarmers cancelled 11,042,219 ordinary shares, being the total number of shares having been repurchased in the buy-back programmes of 2017 and 2019 (excluding the repurchased shares for the employee participation plans). The Company's issued share capital consequently equalled €952,188.22 as at 31 December 2020 and consisted of 95,218,821 issued ordinary shares and one priority share, each with a nominal value of €0.01.
Coöperatie FromFarmers U.A. holds the priority share. At 31 December 2020, ForFarmers still held 28,385 of its own ordinary shares, meaning that the number of shares outstanding was 95,190,437 on that date.

Share information

In euro	2020	2019
Earnings per share (1)	0.15	0.18
Dividend (2)	0.29	0.28
Number of ordinary shares outstanding (x 1 million) as of 31 December	95.2	97.7
Market capitalisation (€ million) on 31 December (3)	508.3	560.8
Highest price	6.35	8.53
Lowest price	4.82	5.40
Closing price	5.34	5.74

(1) Earnings per share is calculated based on the weighted average of the number of ordinary shares outstanding. In 2020 this number was 95,814,747 (2019: 99,413,657).
(2) Dividend is calculated based on the number of ordinary shares outstanding as at 31 December (2020: 95,190,436).
(3) Market capitalisation is calculated based on the number of ordinary shares outstanding as at 31 December.



Dividend policy

ForFarmers has stepped up its dividend policy, as part of the strategy Build to Grow 2025. We aim to distribute a dividend, taking into consideration long-term value creation and a healthy financial structure to execute its strategy. Our dividend policy aims to distribute a dividend of between 40% and 60% of the underlying net profit[12].

2020 dividend proposal

It will be proposed to the General Meeting of Shareholders of 23 April 2021 that a dividend be distributed of €0.29 per ordinary share with a nominal value of €0.01 (based on 95,190,436 million ordinary shares outstanding) which comprises a pay-out ratio of 60% of the underlying net profit[1] (2019: €0.28, the sum of €0.19 per ordinary share and a special dividend of €0.09 per ordinary share).

[12] Underlying net profit is the result attributable to shareholders of the Company excluding non-recurring items. ForFarmers regards this as one of its alternative performance measures (APMs), see Note 17 to the financial statements.

This proposal has been approved by the Supervisory Board.

Notification of substantial shareholdings

At 31 December 2020 the following shareholders with a substantial participating interest (>3%) were registered with the AFM in accordance with the notification requirement pursuant to the Dutch Financial Supervision Act ('Wft').

	Capital interest (1)	Registration date
Coöperatie FromFarmers U.A. (direct and indirect) (2)	49.99%	18 October 2017
Stichting Beheer- en Administratiekantoor ForFarmers (2)	9.69%	31 March 2017
APG Asset Management N.V.	9.98%	16 April 2020
Kempen Capital Management N.V.	5.27%	8 February 2017
ForFarmers N.V. (due to share buy-back programme) (2)	0.03%	11 September 2020

(1) based on 106,261,040 issued ordinary shares
(2) As of 31 Dec 2020 the capital interest of Coöperatie FromFarmers U.A. is 47.8%, of Stichting Beheer- en Administratiekantoor ForFarmers 8.5% and of ForFarmers N.V. 0.03%, based on 95,218,821 issued ordinary shares

Share buy-back programme and cancellation of shares

In 2019, the General Meeting of Shareholders authorised the Executive Board to buy back shares up to a maximum of €30 million, in order to make the balance sheet more efficient and for the employee participation plans. For this programme, 2,734,250 shares were repurchased during 2019.The AGM authorised the Executive Board in 2020 to complete the share buy-back programme and to repurchase shares for the employee participation plans for 2020. In the period from 2 January 2020 up to and including 3 August 2020, ForFarmers repurchased 2,497,599 (ordinary) shares for the buy-back programme and 197,266 shares for the employee participation plans for Directors and senior managers, and other employees. These 2,694,865 shares have been repurchased in 2020 for an average price of €5.80 per share, totalling to €15.6 million. The progress of the share buy-back programmes was announced by means of a weekly press release.
On 4 August, ForFarmers announced to have completed the share buy-back programme, and on 11 September 2020, the 11,042,219 shares, which had been repurchased in the 2017 and 2019 share buy-back programmes, were cancelled. After the cancellation of aforementioned shares the Company's issued share capital equalled €952,188.22 consisting of 95,218,821 issued ordinary shares and one priority share, each with a nominal value of €0.01.

Specification of shares

ForFarmers still held 28,385 of its own ordinary shares (treasury shares) after the cancellation of the aforementioned shares, meaning that the number of shares outstanding was 95,190,437 as at 31 December 2020. These treasury shares do not have voting rights nor are they entitled to dividend distribution.
Based on the number of issued shares the Cooperative had a direct equity interest of 19.4% at 31 December 2020 and an indirect interest of 28.4% for which the Cooperative has issued participation accounts to individual members.

The Cooperative holds the priority share so long as certain conditions are adhered to as laid down in the Articles of Association. As the holder of the priority share the Cooperative has certain rights, which are partly determined by the percentage of voting rights (at the reference date of 1 January of each year) that can be represented by the Cooperative. These also include the voting rights held by Stichting Beheer- en Administratiekantoor ForFarmers – the ForFarmers Trust Office Foundation – and for which no voting rights have been requested. Members of the Cooperative can request the voting rights for their individual shares or depositary receipts of shares at any time.

At the reference date of 1 January 2021 the Cooperative represented the voting rights in relation to 45,507,600 shares held by the Cooperative (directly and indirectly), and could give voting instructions for the 8,135,720 shares which were held by the Trust Office Foundation. The Cooperative accordingly had a combined voting interest of 56.3% (based on the number of ordinary shares outstanding) per that date.

The above is clarified in the following table.

Shares / Depositary receipts

	Shares / depositary receipts 31 December 2020	Capital interest	Shares / depositary receipts 31 December 2019	Capital interest 0
Total of ordinary shares outstanding	95,218,821	100.00%	106,261,040	100.00%
Held by ForFarmers	28,385	0.03%	8,573,005	8.07%
Number of ordinary shares outstanding	95,190,436	99.97%	97,688,035	91.93%
Shares Coöperatie FromFarmers U.A. (Direct)	18,498,469	19.43%	18,498,469	17.41%
Participation accounts of members (Indirect)	27,009,131	28.36%	28,300,460	26.63%
Coöperatie FromFarmers U.A.	45,507,600	47.79%	46,798,929	44.04%
Depositary receipts of members	5,789,037	6.07%	5,644,991	5.31%
Depositary receipts in lock-up	827,445	0.87%	769,263	0.72%
Depositary receipts other holders (1)	1,519,238	1.60%	1,560,240	1.47%
Shares Stichting Beheer- en Administratiekantoor ForFarmers	8,135,720	8.54%	7,974,494	7.50%
Shareholders (external)	41,547,116	43.64%	42,914,612	40.39%
Total of ordinary shares outstanding	95,190,436	99.97%	97,688,035	91.93%

1 These concern (former) employees of ForFarmers for whose depositary receipts of shares no lock-up exists (anymore) and third parties which did not (yet) convert their depositary receipts into shares

Trading volume

In 2020 the average daily trading volume was around 130,000 ForFarmers shares (2019: around 120,000).

Liquidity provider

In its role as liquidity provider ABN AMRO was obliged to support trading in ordinary shares of ForFarmers on Euronext Amsterdam from 1 January 2020 to 31 December 2020 by issuing permanent purchase and sale orders. As a liquidity provider ABN AMRO operates fully independently from the Company and is bound by the rules of the AFM. ForFarmers has extended its contract with ABN AMRO by one year.

General Meeting of Shareholders

The General Meeting of Shareholders will be held on 23 April 2021 by means of a live webcast. Further information regarding the AGM is announced by means of a press release and is published on the ForFarmers website.

Financial calendar

26 March 2021	Registration date General Meeting of Shareholders
23 April 2021	General Meeting of Shareholders
27 April 2021	Ex-dividend listing
28 April 2021	Registration date for those entitled to a dividend
6 May 2021	Q1 2021 Trading update
7 May 2021	Dividend payment
13 August 2021	Publication of half-year results 2021
2 November 2021	Q3 2021 Trading update
24 February 2022	Publication annual results and annual report 2021
14 April 2022	General Meeting of Shareholders

The Company is registered in Lochem (the Netherlands) and is entered in the trade register of the Chamber of Commerce under number 08159661

Profile of ForFarmers for investors

Resilient in challenging home countries, expanding to new markets

- Operational excellence and commercial savviness
- Unique access to farm gate as Total Feed solutions provider
- Helping farmers cope with new reality with superior knowledge
- Going Circular For the Future of Farming
- M&A: consolidate in existing markets & enter carefully selected growth markets to become operational in 7 countries
- Focus on efficient operations supported by digitalisation and business process optimisation

Financial profile

- Exposure to global commodities (raw materials)
- Strong balance sheet (solvency around 50%) and substantial recurring free cash flow (~€50m)
- Dividend distribution (40%-60% of underlying net profit)

We value a good and open relationship with our shareholders and potential shareholders, depositary receipt holders, investors, analysts and other financial stakeholders (hereinafter: Investors). Our aim is to give Investors clear, accurate and prompt information on developments at ForFarmers.

We do so by making information available in the form of press releases, annual reports, quarterly trading updates and presentations. All information is available on the corporate website. In addition we organise audio webcasts to present the annual and semi-annual results, roadshows to visit our shareholders and potential shareholders and participate in conferences organised for investors by banks. All information that is shared with Investors is based on publicly available information. This is laid down in the Policy regarding bilateral contact with shareholders. In view of the key participating interest held in ForFarmers by the Cooperative FromFarmers U.A. there is a relationship agreement between these parties.

Contact with investors

All investor relations conferences and roadshows during 2020 were replaced by virtual, online, meetings as a result of the government imposed Covid-19 measures. Fund managers consequently were swamped by invitations, as the geographical restrictions to attend these conferences were no longer applicable. This resulted in a lower predictability with respect to the attendance of investors at these conferences and accordingly fewer meetings for some corporates.

During 2020 we had meetings with around 35 investors during 7 virtual conferences. In addition, we spoke to some 35 investors during 5 virtual road shows. These sessions were mainly conducted by the CEO or the CFO, in all cases accompanied by the Investor Relations director. The bilateral contacts with Investors were always in accordance with the aforementioned policy.

We announced our strategy Build to Grow 2025 during our Capital Markets Day on 15 September 2020. Approximately 20 analysts and Investors attended this face-to-face meeting in Amsterdam, which could also be followed by national and international Investors by means of a video webcast. Moreover, the chairman of the Supervisory Board also met with some Investors, during which the Investor Relations director was also present.

In addition to the conferences and roadshows there were a growing number of one-on-one conference calls with Investors, either organised by banks or at the direct request of an Investor. We also participated in a number of webinars in the Netherlands.

Normally, members of the Executive Board of ForFarmers attend meetings of the member council and the annual FromFarmers Cooperative members meeting. Due to the Covid-19 measures physical meetings could not or hardly take place. Some meetings were replaced by online-sessions, in which members of the Executive Board took part. Information-sharing at these meetings takes place under the conditions of the aforementioned policy. All shareholders, depositary receipt holders and members of the Cooperative who hold a participation account with FromFarmers are permitted to attend the Annual General Meeting of Shareholders (AGM). The 2020 AGM was a virtual AGM. Shareholders could vote before the AGM and could send in questions prior to the meeting or pose them during the meeting, which could be followed by means of a webcast

Disclosure

Information is provided to Investors in accordance with the requirements of the Dutch Financial Supervision Act (Wft) and the European Market Abuse Regulation. Investors are notified of relevant developments promptly, simultaneously and in full by means of a press release that is also posted on the corporate website and submitted to the AFM.

The Executive Board assesses, in consultation with the Disclosure Committee, if and when information is price-sensitive and is therefore subject to the disclosure obligation.

Independent analyst reports

In 2020 ForFarmers was followed by financial analysts from six different organisations. ABN AMRO, the Idea-Driven Equities Analyses company, KBC, Kempen, Kepler Cheuvreux and Bank Degroof Petercam all published analyst reports on ForFarmers. Periodic updates were published as well as detailed reports.
In 2020, ForFarmers was rated AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment. In addition, we again participated in the CDP Climate Change Disclosure programme in 2020 and our score improved to D from D- previously.

HOW WE CREATE LONG TERM VALUE

Composition of the Executive Board and the Executive Committee

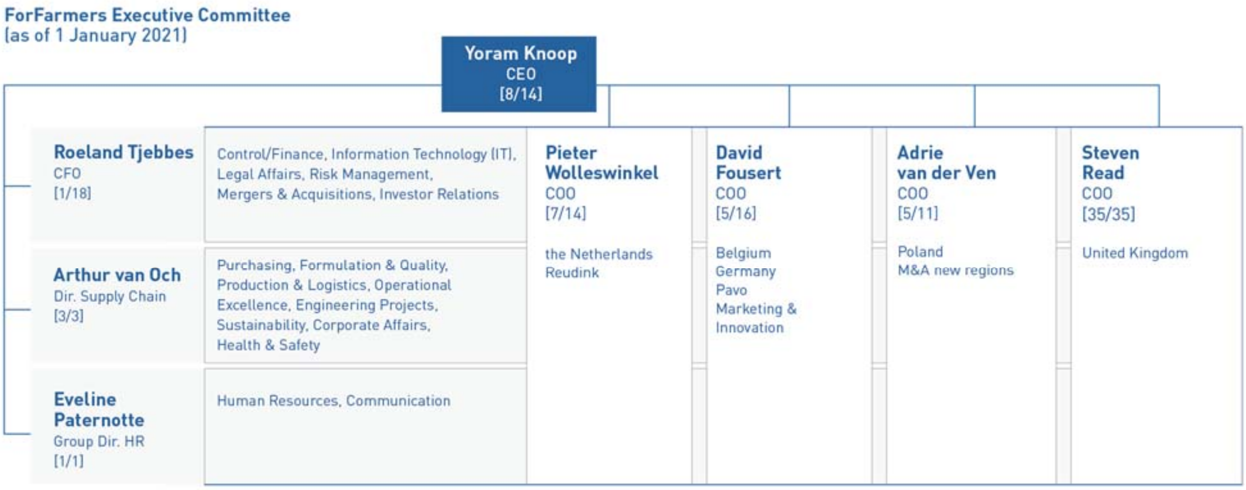
Organisation

Effective implementation of the Build to Grow 2025 strategy requires an efficient organisation that strikes the right balance between entrepreneurship in the local markets and leveraging the knowledge and experience that are present within the ForFarmers organisation. ForFarmers has organised its commercial activities in three geographically defined clusters: the Netherlands/Belgium, Germany/Poland and the United Kingdom. Operational and commercial activities generally take place at local level to serve the customers optimally. The activities that are organised at group level are linked to the clusters via a matrix organisation.

The disciplines Control/Finance, Mergers & Acquisitions (M&A), IT, Investor Relations, Legal Affairs and Risk Management, are all headed by the CFO. The Supply Chain Director heads up Purchasing, Formulation & Quality, Production & Logistics, Operational Excellence, Engineering Projects, Sustainability, Corporate Affairs and Health & Safety. HR (Human Resources & organisation) and Communication are led by the Group Director HR.

The disciplines Marketing and Innovation report to the COO for Belgium, Germany and PAVO, in order to ensure that these disciplines remain closely aligned with the markets.

The basic principle is that group activities should be centralised wherever possible, and executed as (cost) efficient as possible, in line with Operational Excellence programmes. With these programmes, ForFarmers aims to achieve further professionalisation of the organisation, with a uniform way of working and optimum leverage of economies of scale.



[X/X] Years with the company or predecessors / Years active in the industry

Composition of the Executive Board and the Executive Committee

From left to right: Arthur van Och, Eveline Paternotte, Pieter Wolleswinkel, Yoram Knoop, Steven Read, Roeland Tjebbes, David Fousert, Adrie van der Ven

The Executive Committee of ForFarmers is composed of the members of the Executive Board and the other directors. Yoram Knoop (CEO), Arnout Traas (CFO) and Adrie van der Ven (COO) made up the Executive Board up until the General Meeting of Shareholders (AGM) on 24 April 2020. During the AGM of 2020, Roeland Tjebbes was appointed to the Executive Board, and as CFO, succeeding Arnout Traas.

Executive Board

Yoram Knoop

CEO (Chief Executive Officer

Yoram Knoop (1969, Dutch nationality) joined ForFarmers in November 2013 and was appointed CEO of ForFarmers N.V. with effect from 1 January 2014 (then ForFarmers B.V.). As chairman of the Executive Committee he is ultimately responsible for all strategic and operational affairs.

His current contract is for a period of four years until the AGM in 2022, when he will be eligible for reappointment for another four-year term. By virtue of his position he is a member of the Steering Group of the European Feed Manufacturers' Federation (FEFAC).

Before joining ForFarmers Yoram Knoop was managing director of an operating company in the Cargill group, which focuses on the production of premixes for animal nutrition and for other companies. Yoram Knoop has a degree in Business Administration. He has experience in commercial, operational and general management positions at quoted, private and private-equity companies in the Netherlands, United Kingdom and United States (Provimi, Quest, Owens Corning).

Roeland Tjebbes

CFO (Chief Financial Officer)

Roeland Tjebbes (1969, Dutch nationality) was appointed to the ForFarmers Executive Committee on 1 March 2020 and appointed to the Executive Board on 24 April 2020. He holds the position of Chief Financial Officer (CFO) and as such heads up the disciplines Control/Finance, Information Technology (IT), Legal Affairs, Risk Management, Mergers & Acquisitions (M&A) and Investor Relations.

His current contract is for a period of four years up until the AGM of 2024, when he will be eligible for reappointment for another four-year term.

Roeland Tjebbes has a degree in business economics from the University of Maastricht and also attained a postgraduate degree as chartered accountant from Tilburg University. He started his career as accountant and subsequently embarked on a career in various companies in financial management positions. He attained broad experience in the food and the feed sector at companies including Perfetti Van Melle, Nutreco and Vion. His most recent position was CFO at Hoogwegt Group. In addition, he is a member of the supervisory board of Royal Koopmans.

Adrie van der Ven

COO (Director)

Adrie van der Ven (1963, Dutch nationality) has been employed by ForFarmers as a director (COO) since February 2016. During the first half of the year under review he was responsible for ForFarmers' activities in Germany and Poland, and for the further international expansion of ForFarmers in new regions. As of 1 July 2020, Adrie van der Ven passed on the responsibility for ForFarmers Germany to David Fousert so that he can dedicate more time to Mergers & Acquisitions.

Adrie van der Ven has a contract for a term of four years up until the AGM of 2023, when he will be eligible for reappointment for another four-year term.

Adrie van der Ven grew up on a mixed farm. Prior to joining ForFarmers he held national and international management positions at Louis Dreyfus, Nutreco and Cargill, all organisations that are active in the agricultural sector. He studied business economics and has extensive experience in M&A as managing partner of a private investment company.

Executive Committee members

David Fousert

COO (Director)

David Fousert (1978, Dutch nationality) joined ForFarmers in 2016 as director of the Ruminants business unit at ForFarmers Netherlands. As of 1 January 2019 he is COO and responsible for the business units Reudink, PAVO and ForFarmers Belgium. On 1 July 2020, David Fousert also became responsible for ForFarmers Germany, but passed his responsibility for Reudink on to Pieter Wolleswinkel. Starting 1 January 2021, David also heads up the Marketing and Innovation disciplines.
His employment contract is permanent.

After obtaining a degree in Pharmacy David Fousert gained broad experience in various international management positions in the food and agri business at Cargill.

Arthur van Och

Supply Chain director

Arthur van Och (1971, Dutch nationality) has been employed by ForFarmers since May 2018 as Supply Chain director. He is responsible for Purchasing, Formulation & Quality, Production & Logistics, Operational Excellence, Engineering & Projects as well as Health & Safety. As of 1 January 2021, he is also responsible for Sustainability. Arthur van Och's employment contract is permanent.

Arthur van Och has a master's degree in Business Studies. Prior to joining ForFarmers, he held national and international management positions at AB InBev, Accenture and Philips. He gained extensive international supply chain experience during his 13 years at AB InBev.

Eveline Paternotte

Group Director HR

Eveline Paternotte (1973, Dutch nationality) joined ForFarmers as HR director on 1 May 2020. She was appointed member of the Executive Committee as of 1 January 2021 as Group Director HR, succeeding Stijn Steendijk. Eveline Paternotte's employment contract is permanent.

Eveline Paternotte has degree in industrial and organisational psychology. For the largest part of her career she has held international HR positions in the food and beverage industry, at PepsiCo and Grolsch, both at the commercial and the supply chain side. In addition, she is a member of the supervisory board of Koninklijke Grolsch N.V. Nederland.

Steven Read

COO (Director)

Steven Read (1963, British nationality) has been employed by the legal predecessor of ForFarmers in the United Kingdom since September 1986, by ForFarmers since July 2012 and is a member of the Executive Committee since July 2014. Until the end of 2017, he was Supply Chain director. Since 1 January 2018, he has held the position of director (COO) of ForFarmers in the UK with responsibility for the company's activities there. Steven Read's employment contract is permanent.

Steven Read grew up on a dairy farm in the United Kingdom. After taking a degree in Agriculture with a specialisation in animal nutrition he joined Pauls Agriculture, which (as part of BOCM PAULS) was subsequently taken over by ForFarmers in 2012. He has held both commercial and general management positions, headed up a large number of change projects and was directly involved in the sale of BOCM PAULS to ForFarmers.

Stijn Steendijk

Director of Strategy & Organisation

Stijn Steendijk (1969, Dutch nationality) joined ForFarmers in July 2014 as director of Strategy & Organisation. He is responsible for HR (Human Resources), the Nutrition Innovation Centre (NIC), Marketing, Communications, Sustainability, Corporate Affairs, Commercial Excellence and Digital Innovation.

Stijn Steendijk decided to continue his career outside of ForFarmers and has become member of the Executive Committee of another company as of 1 January 2021.

Pieter Wolleswinkel

COO (Director)

Pieter Wolleswinkel (1977, Dutch nationality) joined ForFarmers in 2014 as director of the business unit North at ForFarmers Germany. During 2018 Pieter Wolleswinkel was the director of the Swine business unit at ForFarmers Netherlands. As of 1 January 2019 he is COO and responsible for ForFarmers Netherlands. On 1 July 2020, Reudink was added to his portfolio. Pieter Wolleswinkel's employment contract is permanent.

Pieter Wolleswinkel grew up on a mixed farm. He has a degree in Veterinary Medicine and an MBA. After graduating he practiced as a veterinary doctor for a number of years before moving to international leadership positions at Provimi.

Composition of the Supervisory Board and Committees

From left to right: Erwin Wunnekink, Vincent Hulshof, Sandra Addink-Berendsen, Cees de Jong, Annemieke den Otter, Roger Gerritzen

During the year under review the Supervisory Board was composed of six members. The Annual General Meeting of Shareholders (AGM) of 24 April 2020 appointed Ms Annemieke den Otter on the recommendation of the Supervisory Board. The Board is now composed as follows:

Cees de Jong, Chairman

(1961, Dutch nationality)

A member of the Supervisory Board since 2017. He is stepping down in 2021. Mr De Jong has degrees in Medicine and Business Administration, and has extensive international management experience including as former CEO of Chr. Hansen, a bioscience company operating in the food industry. Earlier on in his career he held management positions at various companies in the food and pharmaceutical industries. In addition, Mr de Jong is chairman of the Supervisory Board of Mediq B.V., chairman of the Supervisory Board of A-Mansia S.A. in Belgium, and vice-chairman of the Supervisory Board of Novozymes A/S in Denmark.

As at 31 December 2020 Mr De Jong held no shares or depositary receipts of shares in ForFarmers N.V.

Sandra Addink-Berendsen, Vice-chair

(1973, Dutch nationality)

A member of the Supervisory Board since 2010 and will step down no later than 2022. Ms Addink-Berendsen is a dairy farmer, a member of the Supervisory Board of Royal FrieslandCampina N.V. and a board member of Zuivelcoöperatie FrieslandCampina U.A. In 2017 Ms Addink-Berendsen was appointed a member of the Supervisory Board of Alfa Accountants.

As at 31 December 2020 Ms Addink-Berendsen held no shares, 9,640 depositary receipts of shares in ForFarmers N.V. and, as a member of Coöperatie FromFarmers U.A., had a balance equivalent to 12,294 shares in a participation account issued by the aforementioned Cooperative which can be converted into shares or depositary receipts of shares in ForFarmers N.V.

Roger Gerritzen

(1972, Dutch nationality)

A member of the Supervisory Board since 2018 and eligible for reappointment in 2022. Mr Gerritzen has been a member of the board of Coöperatie FromFarmers U.A. since 2017. He is chairman of the board of Agro-Polen, a Polish company active in arable and dairy farming, and is also actively involved in his family's agricultural business. Mr Gerritzen is partner at Yeald, a company active in the horticultural sector and as per 1 January 2020 member of the Supervisory Board of 30mhz. During his career he held various financial and organisational management positions at companies including NXP and Unilever.

As at 31 December 2020 Mr Gerritzen held no shares or depositary receipts of shares in ForFarmers N.V. and, as a member of Coöperatie FromFarmers U.A., had no balance in any participation account issued by the Cooperative.

Vincent Hulshof

(1962, Dutch nationality)

A member of the Supervisory Board since 2014 and eligible for reappointment in 2022. Mr Hulshof is a pig farmer as well as a member of the board of Coöperatie FromFarmers U.A.

As at 31 December 2020 Mr Hulshof held no shares or depositary receipts of shares in ForFarmers N.V. and, as a member of Coöperatie FromFarmers U.A., had a balance equivalent to 8,640 shares in a participation account issued by the aforementioned Cooperative which can be converted into shares or depositary receipts of shares in ForFarmers N.V.

Annemieke den Otter

(1979, Dutch nationality)

A member of the Supervisory Board since 2020 and eligible for reappointment in 2024. Ms Den Otter was CFO of Ordina N.V. during 2020 and has started as CFO of ERIKS N.V. on 1 January 2021. During her career she has held various financial positions at companies including Royal VolkerWessels Stevin N.V., Macquarie Capital Advisors (in the United Kingdom) and ING.

As at 31 December 2020 Ms Den Otter held no shares or depositary receipts of shares in ForFarmers N.V.

Erwin Wunnekink

(1970, Dutch nationality)

A member of the Supervisory Board since 2015 and eligible for reappointment in 2023. Mr Wunnekink is a dairy farmer and a member of the Supervisory Board of Royal FrieslandCampina N.V. and a member of the board of Zuivelcoöperatie FrieslandCampina U.A.
As at 31 December 2020 Mr Wunnekink held no shares or depositary receipts of shares in ForFarmers N.V. and, as a member of Coöperatie FromFarmers U.A., had no balance in any participation account issued by the Cooperative.

Composition:

	Cees de Jong	Sandra Addink -Berendsen	Roger Gerritzen	Vincent Hulshof	Annemieke den Otter	Erwin Wunnekink
Date of Birth	1961	1973	1972	1962	1979	1970
Gender	Male	Female	Male	Male	Female	Male
Nationality	NL	NL	NL	NL	NL	NL
Year last appointment	2017	2018	2018	2018	2020	2019
Eligible for reappointment in	-	-	2022	2022	2024	2023
To retire no later than	2029	2022	2030	2026	2032	2027
Independent	Yes	Yes	No	No	Yes	Yes
Core Commitees (see below)	RC en S&AC	AC and RC	AC and RC	S&AC	AC	S&AC
Knowledge and Experience:						
(Inter)national business experience	Yes	Yes	Yes	Yes	Yes	Yes
International Management experience	Yes	-	Yes	-	Yes	-
Specific agri sector knowledge	-	Yes	Yes	Yes	-	Yes
Financial knowledge	Yes	Yes	Yes	-	Yes	-
M&A experience	Yes	-	Yes	-	Yes	-
Sustainability	Yes	Yes	Yes	Yes	Yes	Yes
Corporate Governance experience	Yes	Yes	Yes	Yes	Yes	Yes

The used abbreviations mean: AC = Audit Committee, RC = Remuneration Committee, S&AC= Selection and Appointment Committee

The diversity policy and its enforcement are explained in the Corporate Governance Statement. With regard to the terms of reappointment for Supervisory Board members, ForFarmers deviates from best practice provision 2.2.2 of the Dutch Corporate Governance Code (the Code) as explained in more detail in the Corporate Governance section.

All but two members of the Supervisory Board are independent in the sense of best practice provision 2.1.7 of the Code. As regards the question of whether a significant business relationship exists, the Supervisory Board took into consideration, amongst others, that this is not the case where there is no contractual obligation to purchase products and/or services from ForFarmers. The Supervisory Board considers members who are also directors of the Cooperative, i.e. Messrs V.A.M. Hulshof and R.H.A. Gerritzen, to be non-independent in the sense of the Code. This was determined both by the individual members and by the Supervisory Board itself. No member of the Supervisory Board sits on more than five Supervisory Boards (including as a non-executive director on a one-tier board) of legal entities (including ForFarmers) as referred to in Article 2:252a of the Dutch Civil Code. The Supervisory Board is not aware of any form of conflict of interest between ForFarmers and members of the Supervisory Board, or between ForFarmers and natural persons or legal entities, which hold at least 10 per cent of the shares (or depositary receipts of shares) in ForFarmers.

During the year under review the following members of the Supervisory Board purchased feed – via the (family) company in which they are involved – from ForFarmers or one of its subsidiaries under the same customary conditions that apply to other customers of ForFarmers or any of its subsidiaries: Ms Addink-Berendsen and Messrs Gerritzen, Wunnekink and Hulshof. Such transactions do not automatically represent a conflict of interest pursuant to Article 11.5 of the Supervisory Board Regulations.

Committees of the Supervisory Board

The Supervisory Board has three core committees: an audit committee (AC), a remuneration committee (RC) and a selection and appointment committee (S&AC). These committees are composed by the Supervisory Board from among its members. As laid down in the Supervisory Board Regulations the Supervisory Board remains responsible for decisions, including those prepared by any of its committees. The Supervisory Board has formulated regulations for each of the core committees. During the year under review the Supervisory Board received reports from each of its committees on their deliberations and findings. The composition of the committees, the number of committee meetings, the main discussion topics and the committees' performance of their set tasks are outlined below.

Audit committee

During the year under review the Audit committee consisted of Sandra Addink-Berendsen (chair), Roger Gerritzen (member) and, as of 24 April 2020, Annemieke den Otter (member). As set out in the Regulations of the Audit committee the committee supports the Supervisory Board in its supervisory duties and responsibilities in the areas of (i) external financial reporting, audit and compliance with the annual financial reporting guidelines, (ii) appointment and performance of the external auditor, (iii) quality and effectiveness of the internal, financial and management reporting as well as the internal control and risk management systems, and (iv) compliance with internal procedures, legislation and regulations and the functioning of codes of conduct.

The Audit committee held six regular meetings and one extra meeting during 2020. The external auditor was present at all of these meetings. In addition, the CEO, the CFO, the Group Finance director, the internal auditor and the Corporate Secretary were present at all these meetings.

The committee, the Executive Board and/or its representatives and the external auditor discussed at length the 2019 annual accounts, the 2019 report of the Executive Board, the 2020 first-half results (including the impact of covid-19), the trading updates and the associated press releases, and the internal and external audit plan for 2020. In addition, the progress with respect to integrated reporting over 2020 was discussed. The committee supports the steps ForFarmers is making in this regard and understands the balanced approach in view of the quality of the reports. The committee paid extensive attention to the goodwill impairment test with respect to the activities in the United Kingdom in the context of the financial statements 2019. An impairment proved necessary given that the sales in the United Kingdom was lower than expected.

At the December meeting the external auditor expanded on the Management Letter with findings with regard to the administrative organisation and internal control insofar as relevant to the audit. The main topics discussed in this context were: the implementation of the strategy Build to Grow 2025, especially as regards the progress and integration of acquisitions and the further optimisation of business processes as part of the Business Process Optimisation project. In addition, the impact of covid-19 was mentioned as important item, in light of the valuation of goodwill and accounts receivable amongst other things. The Executive Board introduced additional measures in order to control the risks.

Other matters discussed at the committee meetings included the implementation of recommendations by the internal and external auditors, risks and risk management and control systems, implementation of the accounts receivable and dividend policy, information and communication technology (including risks related to cyber security and personal data protection), the status of the meetings with the tax authorities in the respective countries and the implementation of the tax control framework. In addition, the impact of covid-19 on volumes and results was discussed and a lot of attention was dedicated to the implementation of the stricter purchasing policy for raw materials. The internal auditor periodically reported on compliance with the purchasing policy for raw materials and on the improvement of the relating management reports. At the extra meeting in January 2021 the committee discussed matters including the parameters for the goodwill impairment test and the valuation of the Tasomix option and earn-out. Given the lower expectations regarding the results of the Pionki factory of Tasomix (Poland), the earn-out liability was released in the income statement 2019 as well as a remeasurement (gain) of the put-option liability. During that same meeting the committee also was informed on other topics including the new pension arrangement for employees of ForFarmers Netherlands as of 1 January 2020.

During the year under review various members of the senior management team were invited to elaborate to the Audit committee on a range of subjects including treasury, tax, IT, insurance and the progress of investment projects. Agendas for the meetings were always accompanied by an overview of any ongoing and/or potential legal claims, as well as a list of incident reports. After each meeting the Audit committee spoke with the external auditor, always outside the presence of the Executive Board and/or its representatives, and shared its findings with the Supervisory Board with regard to the relationship with the external auditor. In formulating the external auditor's brief, attention was paid to the audit scope, the materiality to be applied and the audit fee. The committee is of the opinion that relations with the external auditor are satisfactory and supports the proposal to appoint KPMG as auditor for the 2021 financial year.

The Audit committee and the Executive Board discussed the effectiveness of the design and functioning of the internal risk management and control systems as referred to in best practice provisions 1.2.1 to 1.2.3 of the Code and established that the risks relating to the ForFarmers strategy have been identified and that the control measures aimed at strategic, operational, compliance and reporting risks have been implemented. The Audit committee reported to the Supervisory Board on the topics as referred to in best practice provision 1.5.3 of the Code and was involved in the work schedule drawn up by the internal auditor. In addition, the committee held an evaluation session with the internal auditor.

Remuneration committee

During the year under review the Remuneration committee consisted of Roger Gerritzen (chairman as of 24 April 2020), Cees de Jong (member) and Sandra Addink-Berendsen (member). As set out in the Regulations of the Remuneration committee the committee's tasks include submitting proposals to the Supervisory Board with respect to the remuneration policy to be pursued and the remuneration of the individual members of the Executive Board.

Remuneration

In formulating the proposal for the remuneration of the Executive Board the Remuneration committee took note of the views of the individual directors with regard to the level and structure of their own remuneration as referred to in best practice provision 3.2.2. of the Code. The Remuneration committee discussed the realisation of the Executive Committee's previously agreed targets and determined the incentives (STI 2020 and LTI 2018-2020). In doing so the Remuneration committee drew on the report of factual findings of the external auditor, which confirmed the accuracy of the calculation of the incentive in relation to the financial objectives. The Supervisory Board subsequently approved the proposed incentive amounts.

The Remuneration committee met five times during 2020. The CEO and the Strategy & Organisation director (the member of the Executive Committee responsible for the HR portfolio) were present at four of these meetings. The committee performed activities both during and outside its meetings, including preparing the remuneration report and discussing the remuneration of new members of the Executive Committee as well as the short-term (2021) and long-term (2021-2023) variable remuneration plans. In addition the Remuneration committee held discussions with the CEO and made a proposal to the Supervisory Board regarding the short and long-term variable remuneration targets for members of the Executive Committee for 2020 (STI 2020 and LTI 2020-2022). The targets were subsequently discussed and approved by the plenary Supervisory Board. The remuneration committee also discussed the remuneration ratios at ForFarmers. The proposals have been incorporated in the remuneration report, which was approved by the Supervisory Board.

Furthermore, the 2020 employee participation plans were approved by the Supervisory Board on the recommendation of the Remuneration committee. The main aspects of the contracts with members of the Executive Board are published on the ForFarmers website.

Finally, the Remuneration committee made a proposal for the remuneration of members of the Supervisory Board.

Remuneration policy

The remuneration policy, as regards the elements relating to the Executive Board, was adopted by the AGM of 24 April 2020. This policy takes account of the law regarding the implementation of the revised EU directive on shareholder engagement, which set new requirements in terms of the content of the remuneration policy in 2019. In light of this the proposal for the remuneration policy, for those elements relating to the Supervisory Board, will be submitted to the AGM of 23 April 2021 for adoption.

Selection and appointment committee

In 2020 the Selection and appointment committee consisted of Erwin Wunnekink (chairman), Vincent Hulshof (member) and Cees de Jong (member). As set out in the Regulations of the Selection and appointment committee the committee's tasks include submitting proposals to the Supervisory Board in relation to the selection criteria and appointment procedures, succession planning, and in relation to the scope, composition, appointments, reappointments and appraisal of the functioning of the Supervisory Board and the Executive Board.

The Selection and appointment committee met three times during 2020. The topics which were discussed during these meetings included the composition of the Board and succession planning, also in light of the diversity policy. Cees de Jong has very recently decided not to be eligible for reappointment for a new term. Accordingly the Selection & appointment committee proposed to the Board to nominate Jan van Nieuwenhuizen as member of the Board, which the Board has accepted. The appointment of Jan van Nieuwenhuizen is placed on the agenda of the AGM to be held on 23 April 2021.

In addition, the Selection and appointment committee and the Supervisory Board discussed the succession planning for the Executive Board, the Executive Committee and the Supervisory Board, partly in light of the rotation schedule and to be able to react adequately in unforeseen circumstances.
Finally, the chairman conducted appraisal reviews, without the assistance of an external adviser, with the individual members of the Supervisory Board, and subsequently discussed this with the committee members. The committee discussed the performance of the Supervisory Board as a whole with the Supervisory Board. The committee also devoted attention to the (implementation of) the recommendations which were made by the external adviser during the appraisal reviews last year. As regards the performance of the Executive Board and the Executive Committee, the committee discussed the outcome of the talks held by the members of the Supervisory Board with each individual member of the Executive Committee.

Corporate Governance

The Executive Board and the Supervisory Board are responsible for the company's corporate governance structure. The corporate governance of ForFarmers N.V. (ForFarmers or the Company) is determined by the law, the Articles of Association and the relevant regulations, which have been established based on the Dutch Corporate Governance Code (the Code)[13]. The Executive Board and Supervisory Board believe, for historical and other reasons, that deviations from or qualifications of certain individual provisions of the Code by ForFarmers can be justified. These deviations or qualifications are explained below.

ForFarmers has published its Corporate Governance Statement[14] as part of the Executive Board report as a separate document on the corporate website. The document sets out how the Code is applied by ForFarmers and provides information in accordance with the Decrees implementing Article 10 of the EU Takeover Directive and Article 3 of the EU Directive on disclosure of non-financial information. The Statement also contains information regarding the key features of the internal risk management and control systems in relation to ForFarmers' financial reporting process, and the composition and functioning of the Executive Board, Executive Committee and Supervisory Board, as well as the functioning of the General Meeting of Shareholders (AGM)

Deviations from and/or qualifications of the Code

2.1.7 en 2.1.8	Independence of Supervisory Board members
	The Supervisory Board considers members of the Supervisory Board who are also directors of Coöperatie FromFarmers U.A. (the 'Cooperative'), i.e. Vincent Hulshof and Roger Gerritzen, to be not independent. This is explained in more detail in the Report of the Supervisory Board. These Supervisory Board members were nominated for appointment at the recommendation of the Cooperative as the holder of the priority share in the capital of ForFarmers.
2.2.2	Appointment and reappointment of Supervisory Board members
	In the interests of safeguarding continuity ForFarmers deviates from this provision in relation to persons who were members of the Supervisory Board at 1 January 2017, applying the principle that such persons can be reappointed for a third four-year term. Persons who have been or are appointed after the aforementioned date shall be subject to this provision of the Code, however.
2.3.4	Composition of committees (Supervisory Board)
	ForFarmers reserves the right to deviate from this provision for practical purposes. Under the regulations of the committees concerned at least half of the members of a committee should be independent in the sense of best practice provision 2.1.8. During the year under review there was no deviation from this provision, with members who are independent as specified above accounting for over half of the committees' members.
3.1.2	Remuneration policy
	ForFarmers applies performance related pay as principle for variable remuneration and consequently in principle does not grant guaranteed variable payments. The remuneration policy includes that by exception a guaranteed variable payment is permitted when attracting and appointing new members of the Executive Board. For the part of the first calendar year in which R. Tjebbes was appointed Executive Committee member and subsequently member of the Executive Board (CFO) (i.e. 1 March up to and including 31 December 2020), he is granted a guaranteed variable payment. This is because no targets for variable payment were set for him before the beginning of the calendar year 2020 nor was he involved in determining the budget for 2020. The guaranteed variable payment is in line with the variable payment, which would have been granted if the targets would have been met.
4.4.5	Exercise of voting rights
	Insofar as no voting rights have been requested for the shares held by the ForFarmers Trust Office Foundation (the 'Trust Office Foundation', Stichting Beheer- en Administratiekantoor ForFarmers) and no voting instructions have been given by the Cooperative in accordance with the provisions of Article 8 of the terms and conditions of the trust, the Trust Office Foundation shall determine the manner of exercising the voting rights associated with these shares as it sees fit, with the proviso that it shall be primarily guided by the interests of the holders of depositary receipts and will take into account the interests of ForFarmers and its affiliated enterprise. Since ForFarmers ordinary shares were listed on Euronext Amsterdam the Cooperative has had the option of issuing voting instructions as referred to above. This partly determines the rights that the Cooperative is able to exercise as the holder of the priority share in ForFarmers.
4.4.8	Proxy votes

[13] *An English-language version of the Code can be consulted at http://www.mccg.nl/english. An overview of the application of the Code by ForFarmers N.V. can be found on the corporate website www.forfarmersgroup.eu.*

[14] *Pursuant to the provisions of the Decree of 29 August 2017 amending the Decree of 23 December 2004 to adopt further rules regarding the contents of the Executive Board report the Corporate Governance Statement is considered to be part of the Executive Board report.*

Only holders of depositary receipts who are also employees of ForFarmers or members of the Cooperative may apply for voting rights as set out in the terms and conditions of the Trust Office Foundation. Other holders of depositary receipts may not apply for voting but may convert their depositary receipts into shares. Only the Cooperative may issue binding voting instructions for the shares held by the Foundation (and for which voting rights have not been requested). Holders of depositary receipts may not issue binding voting instructions. Furthermore, the restrictions as set out in the aforementioned terms and conditions of the trust are applicable. This arrangement was incorporated in the terms and conditions at the time in view of the listing of ForFarmers ordinary shares on Euronext Amsterdam.

Key aspects of Corporate Governance

Executive Board and Executive Committee

The Executive Board, along with the other directors, also acts as the Executive Committee of ForFarmers. The Executive Board is responsible for the continuity of ForFarmers and its affiliated enterprise. In accordance with its Regulations the Executive Board developed a vision on long-term value creation and has subsequently – in consultation with the Supervisory Board – formulated a strategy consistent with this. The strategy was designed with due consideration for aspects identified in best practice provision 1.1.1. i. to vi. of the Code. Given the size of the organisation and the importance of efficient reporting lines, the Executive Committee is responsible for operational management. The Supervisory Board determines the number of members on the Executive Board. In the period under review the Executive Board had three members while the Executive Committee consisted of eight (including the members of the Executive Board). The members of the Executive Board have been subject to the retirement schedule below since the AGM of 24 April 2020.

Name	Year of latest appointment	Eligible for reappointment in
Knoop, Y.M. (CEO)	2018	2022
Tjebbes, R.J. (CFO)	2020	2024
Ven, A.J.A. van der (COO)	2019	2023

There is no limit to the number of times members of the Executive Board can be reappointed, with each reappointment being limited to a period of four years. During the year under review, the Executive Board evaluated both its own collective performance and that of the individual members.

Supervisory Board

The Supervisory Board supervises the policy of the Executive Board and the general affairs of the Company as well as advising the Executive Board. The Supervisory Board is composed of six natural persons and has three key committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. The Regulations of the Supervisory Board and its committees are published on the ForFarmers website along with the Profile of the Supervisory Board.

General Meeting of Shareholders

The Executive Board and the Supervisory Board are responsible for ensuring that the AGM is properly informed and advised. In accordance with best practice provision 4.2.2 of the Code ForFarmers has drawn up a Policy on bilateral contact(s) with its shareholders. As set out in this policy, due to historical reasons the relationship between ForFarmers and the Cooperative is such as to justify supplementary agreements with regard to this relationship; these are set out in a Relationship Agreement. For transactions with affiliated parties, including the Cooperative, please refer to note 36 in the notes to the financial statements.

The share capital of ForFarmers is composed of ordinary shares, preference shares and one priority share. The ordinary shares of ForFarmers N.V. have been listed on Euronext Amsterdam since 24 May 2016. Furthermore, depositary receipts of ordinary shares have been issued with the cooperation of ForFarmers. No preference shares have been issued. The Cooperative is the holder of the priority share as explained in more detail in the Priority shareholder section. After completion in 2020 of the share buy-back programme that was initiated in 2019, ForFarmers cancelled 11,042,219 ordinary shares. This means that the issued share capital of ForFarmers is currently €952,188.22, consisting of 95,218,821 ordinary shares and 1 priority share each with a nominal value of €0.01.

ForFarmers Trust Office Foundation

After the listing of the ForFarmers shares on Euronext Amsterdam, Stichting Beheer- en Administratiekantoor ForFarmers – the ForFarmers Trust Office Foundation – retained the shares for which depositary receipts had been issued, corresponding with the existing infrastructure and the transfer to Euronext Amsterdam in 2016. This gave holders of depositary receipts the time to decide whether and when they (1) wanted to exchange their depositary receipts for shares or (ii) sell the shares for which depositary receipts had been issued. In addition, the Trust Office Foundation holds the shares for which depositary receipts have been issued to employees in light of the employee participation plan.

The board of the ForFarmers Trust Office Foundation operates independently of ForFarmers. The Trust Office Foundation holds ordinary shares in ForFarmers and its purposes include (i) acquiring ordinary shares to administer in trust, (ii) issuing depositary receipts, (iii) acquiring, selling or encumbering shares for its own account, where appropriate, (iv) exercising the rights associated with the ordinary shares it holds and (v) granting proxies for the exercise of voting rights and accepting voting instructions concerning the exercise of voting rights, all with due observance of the Terms and Conditions. The Articles of Association, the Terms and Conditions and the Report of the Trust Office Foundation can be found on the ForFarmers website. As already stated, the Cooperative has the sole power to issue binding voting instructions for the shares held by the Trust Office Foundation (and for which voting rights have not been requested).

The Trust Office Foundation shall only accept ordinary shares for purposes of administration in return for the issue of depositary receipts to (i) a holder of depositary receipts in the context of exercising rights in a rights issue, (ii) a person entitled to the balance of a participation account held with the Cooperative in the context of a conversion, (iii) an employee in the context of an employee participation plan, (iv) the Cooperative or (v) a party designated by the Cooperative.

Priority shareholder

The priority share is held by the Cooperative under the proviso and as long as the Cooperative, at the reference date of 1 January of each calendar year, is able to exercise voting rights on at least twenty per cent (20%) of the total number of votes to be cast on ordinary shares ForFarmers as follows. Depending on the percentage of votes to be cast, specific rights are applicable.
Given that as at the most recent reference date of 1 January 2020 the Cooperative was able to exercise voting rights on over fifty per cent (50%) of the total number of votes to be cast on ordinary shares in relation to the shares it held and/or to give voting instructions with regard to the shares held by the Trust Office Foundation, the Cooperative as the priority shareholder:

i) has a right of recommendation with respect to four of the six members of the Supervisory Board;
ii) is entitled to appoint a member of the Supervisory Board as chairman after consultation with the Supervisory Board;
iii) has a right of approval with regard to Executive Board decisions relating to:

1. moving the Company's head office out of the east of the Netherlands (the provinces of Gelderland and Overijssel);
2. any major change in the identity or nature of the Company or its business as a result of (1) the transfer of all or nearly all of the business to a third party or (2) the commencement or termination of a long-term cooperation agreement between the Company or one of its subsidiaries and another legal entity or company, or as a fully liable partner in a limited partnership or general partnership, where the commencement or termination of such cooperation is of major significance to the Company;
3. the acquisition or disposal of any stake in the capital of a company amounting to at least one third of the company's equity according to the balance sheet with explanatory notes or, in the event the company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes as per the company's annual accounts most recently adopted by the Company or one of its subsidiaries;
4. amendments to the Company's Articles of Association;
5. the undertaking of a merger or demerger.

For the conditions applicable to holding the priority share and the special control rights associated with it in the event that the level at which the voting right can be exercised and/or voting instruction given amounts to 50% or less, please refer to the Corporate Governance Statement.

Protective measures

ForFarmers has entered into a call option agreement with Stichting Continuïteit ForFarmers (the ForFarmers Continuity Foundation) with regard to preference shares. The foundation was established to safeguard the identity, strategy, independence and continuity of the business undertaken by the Company. The ForFarmers Continuity Foundation is a fully independent entity with an independent board. In addition the Cooperative holds a priority share with associated rights as set out in the ForFarmers Articles of Association.
Furthermore, Executive Board members are appointed solely on a binding recommendation from the Supervisory Board while the General Meeting of Shareholders can take material decisions (for example regarding the issue of shares, dividends, amendments to the Articles of Association, mergers, demergers and dissolutions) only at the proposal of the Executive Board and with the approval of the Supervisory Board.

Culture, Code of Conduct and Whistle-blower policy

ForFarmers expects its employees to act with integrity and to abide by local rules and procedures. Sustainability, along with the associated corporate social responsibility, is one of the three core values of ForFarmers, alongside ambition and partnership. The core values are aimed at long-term value creation and are ratified by the Supervisory Board. ForFarmers has a Code of Conduct and a Whistle-blower Policy. ForFarmers' core values and the Code of Conduct are actively communicated within the organisation, for example via employee engagement surveys. New members of staff follow an e-learning course covering all aspects of the Code of Conduct including topics such as combating bribery and corruption, avoiding conflicts of interest, the appropriate approach to gifts and hospitality, fair competition and handling confidential information. Subsequently, a number of topics from the Code of Conduct are periodically brought to the attention by means of an e-learning module.

Twelve incidents or suspected incidents were reported during the year under review. In each case a high degree of confidentiality was maintained and the procedure set out in the whistle-blower policy was followed. Given the nature and/or impact of the incidents reported there was no need to disclose these publicly. The overview of reported incidents and their follow-up is discussed periodically with the Audit Committee and the Supervisory Board.

Risk management

Risk management approach

ForFarmers must take both opportunities and risks in order to be able to realise its strategic, operational and financial objectives. In light of this ForFarmers acknowledges the importance of properly functioning internal risk management and control systems in identifying, weighing up and managing risks. This approach is embedded in the organisation, from the Executive Board and the Executive Committee – under the supervision of the Supervisory Board – to all the operating and financial departments. Risk management is actively monitored and steps are taken to increase risk awareness in the organisation. Both the tone at the top and the hard and soft control measures are important in this context, with risk and compliance workshops being organised and the implementation of the processes being assessed by the business unit managers themselves. There are designated key officers (risk owners and risk managers) for the major risks whose roles include being responsible for risk management, putting control measures in place and reviewing annually how the various measures have been implemented.

ForFarmers uses a risk process based on the methodology formulated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to control and manage the various risks.
The figure below gives an overview of the process as it is implemented at ForFarmers.

Internal environment

In the interests of efficient risk control ForFarmers has installed various bodies, including the Risk Advisory Board (RAB) and the Purchase Risk Board (PRB), and has implemented various measures, such as the Code of Conduct, the Whistle-blower policy and the planning and control cycle.

The Executive Board bears ultimate responsibility for all aspects of risk management and is accountable to the Supervisory Board. The Risk Advisory Board, having been appointed by the Executive Board is responsible for executing, monitoring and reporting on this topic. The RAB comprises the CFO, the Supply Chain director, the COO for the UK, the Group Finance director and the accounting and risk manager. The Internal Auditor sits in on the meetings of the RAB as an observer. The RAB monitors the control of the principal risks based on the periodic reporting. The objectives of this reporting include measuring ForFarmers' risk appetite with regard to the actual risks and taking additional control measures where necessary and possible.
The Purchase Risk Board is responsible for approving raw material purchases, the use of derivatives, hedging of energy contracts and entering into pre-sales contracts that exceed the authorisation or exposure limits. The PRB meets on an ad hoc basis when a request for approval is received from purchasing or business unit directors. The permanent members of the PRB are the members of the Executive Board, the supply chain director and the group finance director.
ForFarmers has a Code of Conduct in place to best ensure that its employees act ethically and follow the local rules and procedures. ForFarmers also has a Whistle-blower policy in place.

ForFarmers has a regular planning and control cycle in order to mitigate financial risks. The cycle comprises the monthly reports, the quarterly forecasts for the current year, the annual budget for the following year, the annual five-year forecast including scenario analyses, and an update of the strategic plan once every five years. The content and key points of all these reports are discussed by the Executive Committee and the local management teams. In addition the Executive Board discusses ForFarmers' financial performance with the Supervisory Board.

Risk appetite and risk evaluation

In principle ForFarmers has a low risk appetite in assessing and accepting risks in order to realise the strategic goals. The risk profile and risk acceptance are reviewed annually by the Executive Committee and risk managers, and where necessary adjusted to reflect changing market conditions or a revision of the strategy. The outcomes are reported to the Audit Committee and the Supervisory Board.

In taking decisions ForFarmers needs to strike the best possible balance between commercial and/or strategic goals and the associated risks/opportunities.

In terms of risk appetite and risk evaluation ForFarmers distinguishes between operational business risks that the Company is able to influence and ESG-related and other risks on which it has minimal or no influence. In the first instance both the risk appetite of ForFarmers and the quality of the control measures are relevant. In the second instance both effective functioning of the existing control measures and a scenario analysis of potential consequences are crucial.

Risk appetite with regard to operational business risks:

Risk appetite with regard to operational business risks

Strategic objectives

Substantial and smaller investments are made in order to meet the growth objectives, both organically and through acquisitions. ForFarmers has on average a high risk appetite with respect to mergers and acquisitions.

In pursuing its strategic objectives there are two specific areas in which ForFarmers has a low risk acceptance level.

1) Reputation: this is crucial for the trust placed in ForFarmers by customers, shareholders, suppliers, employees and society in general.

2) Animal health and welfare: ForFarmers believes that contributing towards improving animal health and welfare is a prerequisite for developing animal nutrition and providing advice.

By supplying sustainable nutritional solutions ForFarmers contributes to better returns for livestock farmers, with healthy animals and a focus on animal welfare.

Operational objectives

ForFarmers believes it is vital to provide a good and safe working environment for its employees as well as for staff hired on a temporary basis, contract workers and visitors. It therefore maintains a very low risk acceptance level in this regard. The target for 2025 is to reduce the number of lost-time injuries (LTIs) to below 0.5 per 100 FTEs a year, and to achieve a 50% decline in the number of LTIs compared to 2020. The ambition for 2030 is zero LTIs.

The purchase of raw materials is an inherent and essential aspect of ForFarmers' business operations. As raw material prices are subject to considerable fluctuation, the purchasing of these materials presents a risk for ForFarmers. It is customary in the sector to pass fluctuation in raw material prices on to customers. When conducting the purchasing activities in accordance with the risk policy it can however happen that not all fluctuations in raw material prices can be passed on to customers in full or in a timely manner, which may put pressure on the development of the gross profit. Consequently an average risk acceptance level applies to the purchasing policy. In order to control these purchasing risks, the risk limits are set based on the 'value at risk' principle; this applies to the organisation as a whole and is translated to the various business units.

ForFarmers applies a very low risk acceptance level with regard to both the quality of purchased products and the quality of feed. Consistent quality of the feed supplied is crucial in providing a good service to customers, partly in view of the relationship between the quality of feed and feed safety. In producing feed ForFarmers is dependent on the quality and provenance of the raw materials that are processed in the feed. There is a risk that the raw materials purchased fail to comply with the legal requirements or the quality description based upon which they were purchased. Processing such raw materials in feed could result in a feed safety risk.

Furthermore feed fraud is an added risk on top of the risks that ForFarmers may face as a result of potential contamination of products or cross-contamination of products during the production process.

ForFarmers is very alert to cybercrime. With the risk of hacking and phishing emails to gain access to the ForFarmers IT systems being high, the security of the IT systems is tested and upgraded on an ongoing basis. In addition staff are trained to recognise phishing. In 2020 the IT department once again conducted more tests with fake phishing emails than in the previous year to ensure employees stay alert to this issue. Finally, the risk of fraudulent payments is minimised through internal control processes on both incoming invoices and outgoing payments, and by alerting employees to how to recognise risks of this kind.

Financial objectives

ForFarmers has a very low risk acceptance level with regard to risks that may have a considerable impact on the financial results and the reliability of the Company's financial or other information.

ForFarmers hedges currency positions relating to major investments or other purchases for operational activities. Currency risks relating to assets outside the Eurozone are partially hedged through financing in the local currency. Currency risks relating to the annual result and undistributed dividends are not hedged.

ForFarmers is partly funded by means of interest-bearing debt, which has an inherent interest rate risk. Developments on the interest and currency markets are monitored closely and any risks are hedged using swaps and other financial instruments where necessary. Furthermore interest rate levels may affect the share of the pension contribution payable by ForFarmers for members of the schemes. ForFarmers maintains robust equity and liquidity positions to ensure it is always able to meet its financial obligations.

Compliance

ForFarmers has a very low risk acceptance level with regard to risks relating to compliance with legislation and regulations. The ForFarmers Code of Conduct acts as a control measure to combat bribery and corruption, along with the Whistle-blower policy. All ForFarmers employees must be familiar with the Code of Conduct and be aware of its implications. Regular attention is paid to this within the company. New employees are issued with a copy of the Code of Conduct in their own language and are tested on how to apply it using case studies. They are also required to sign the Code of Conduct. ForFarmers has a zero-tolerance policy with regard to breaches of certain sections of the Code of Conduct.

In addition ForFarmers requires its suppliers to subscribe to the Sedex code (Supplier Ethical Data Exchange), which sets out ethical standards aimed at preventing bribery, corruption and fraudulent practices. ForFarmers' sustainability targets include achieving an annual increase in the number of raw materials and other suppliers who are subscribers to the Sedex code with this percentage to reach 85% in 2025.

ForFarmers' tax policy is based on the principle that paying tax is part and parcel of social responsibility, which aligns with the core values of ForFarmers. It therefore complies with legislation and regulations relating to tax and pays its taxes on time.

Our approach to ESG-related and other risks

In addition to the risks for which ForFarmers is able to implement specific control measures and determine the risk appetite the Company is also exposed to inherent

risks on which it has minimal or no influence. Effective control measures are also crucial in relation to these risks. To this end ForFarmers continuously monitors relevant external trends and potential threats to the industry. New external risks are identified and analysed so that they can be used as a basis for installing control measures.
These risks include, but are not limited to:

Climate risks
Extreme weather events may affect inbound logistics costs. In some countries low or lower water levels in the rivers may disrupt the supply of raw materials to ForFarmers' factories. This may have a negative impact on ForFarmers' inbound logistics costs in the countries where factories are largely supplied by water (mainly the Netherlands, but also Germany and Belgium to an extent). In some cases it may not be possible to pass these extra costs on in the feed prices. The risk of lower water levels and the inventory positions are monitored by the Purchasing Logistics department.

Climate change and more extreme weather conditions may also make raw materials prices more volatile, as a result of changing harvest forecasts or disappointing harvests leading to shortages of certain raw materials.

Finally, hot summers in the countries where we operate will affect the amount of feed that an animal consumes, because animals eat nothing or very little in extremely high temperatures, while warm winters and mild springs affect the quantity and quality of grass, which in turn can affect demand for performance feed products.

Environmental and other legislation and regulations and their impact on the feed industry
There is increasing pressure, especially in western and other parts of Europe, to reduce the impact of business operations on the climate and on nature. The agricultural sector in general and livestock farming in particular are under growing pressure to reduce their carbon footprint and the amount of substances such as nitrogen and phosphate emitted by animals, as well as to improve animal health and welfare. This pressure could lead to voluntary or binding measures, legislation and regulations, including a possible carbon tax. This could impact the size of a country's livestock population or the scope for livestock farmers to expand their production and other operations.
In May 2019 the Council of State of the Netherlands ruled that the country's Approach to Nitrogen Programme (PAS) was in breach of EU rules. Ever since, the reduction of nitrogen emissions, which sectors have a share in this and which possible measures should be taken have been high on the political agenda in the Netherlands. Given the relatively large share of livestock farming in particular in the emission of nitrogen and ammonia, this sector is also required to make a substantial contribution towards lowering emissions. The ministry of Agriculture, Nature and Food Safety has developed an action plan to improve nature and reduce nitrogen emissions with an associated budget of around €5 billion. Some of the proposed measures may have a direct or indirect impact on livestock herds in the Netherlands.

Other countries in which ForFarmers operates are also taking measures to reduce the environmental impact of the sector, driven for example by the European Green Deal agenda. The uncertainty about the impact of the various measures to be imposed, especially in the Netherlands and to a lesser extent in Germany and Belgium, means that livestock farmers are reluctant to invest in expanding or improving production.

Animal diseases
Monitoring the impact of animal diseases remains a topical issue. Poland had an outbreak of avian flu at the beginning of 2020, while the Belgian poultry sector was still coping with the consequences of the 2019 outbreak of avian flu. Furthermore in the third quarter of 2020 an outbreak of African swine fever was reported among wild boar in eastern Germany. This resulted in export restrictions on pigs and pig meat from Germany. Strict hygiene protocols have been put in place to prevent further spread. The spread of this disease is also being closely monitored in Poland, where there was an outbreak predominantly in the east of the country, as well as in countries where ForFarmers has no operations.

Consumer trends
While global demand for animal and other proteins continues to increase, the more prosperous western countries are seeing a growing demand for meat substitutes, including plant-based 'meat' products and going forward possibly meat produced in a laboratory (also referred to as alternative meat, or alt-meat). This trend could lead to a reduction in per-capita consumption of animal proteins, which may eventually impact animal numbers in the countries where ForFarmers is active. It is difficult to gauge how quickly and in which geographical regions these trends will unfold. That said, it would seem realistic to assume that a growing number of consumers in the more prosperous countries will opt for alternative proteins.

Covid-19
In March 2020 ForFarmertook the prompt decision to require office staff in all countries to work from home where possible in order to safeguard their health. Only a few members of those teams for whom it was essential to maintain a skeleton staff at the office were allowed to come into the office, subject to strict compliance with infection prevention measures. This measure has remained in force to a greater or lesser extent ever since March, in line with the government-imposed measures. As we are part of a sector that is important for food supply it is crucial that our factories can continue to operate and that drivers can continue to deliver the feed. Strict hygiene rules are therefore in force both at the factory sites and when using the bulk trucks. Advisers who normally make on-farm visits are also subject to strict rules in line with the government measures in the various countries.

Despite being part of the vital food chain, the Company has been affected by the impact of the global Covid-19 pandemic. Feed sales to livestock farmers came under pressure as they experienced an abrupt halt to their sales to the hospitality sector, for example the sale of specific meat products to restaurants. The fact that more dairy products, meat and eggs were sold by supermarkets could not offset the fall in demand as a result of the hospitality sector shutting down. In several countries slaughterhouse workers contracted the coronavirus, which temporarily hampered the supply of products to supermarkets. Thanks to other slaughterhouses jumping in, a critical situation could be avoided.

Brexit
ForFarmers has not yet experienced operational difficulties since Brexit became effective on 1 January 2021. It is still uncertain however, how the new trade relations will work out and which effect they will have. In addition, the risk remains that the exchange rate of the Pound Sterling will fluctuate (more) versus the euro, which could result in a currency translation impact on the consolidated results of ForFarmers. Given the relatively low self-sufficiency rate of the British agricultural sector there is a possibly that farmers in the United Kingdom, pig farmers and poultry farmers in particular, will expand their businesses. This will require investments on their part. If and when a potential growth of these businesses will take place is therefore uncertain.

Control measures

In 2020 there were no significant changes in the regular control measures compared to 2019. However a great deal of attention was devoted to measures to prevent the spread of Covid-19.
The following is an overview of the main operational business risks and associated control measures as established by the ForFarmers Executive Committee:

Risk	Description	Control measure
Strategic risks		
Mergers & acquisitions (M&A)	Acquisitions come with inherent risks, for example with regard to due diligence, valuation, risk management, achieving synergies, management and integration. In addition there is the risk of losing key employees and customers to third parties.	ForFarmers has an M&A team that collaborates closely with the Executive Committee members, the business unit directors and other relevant key employees. ForFarmers uses consultants for all acquisition processes. In addition ForFarmers conducts thorough due diligence for every acquisition. Afterwards an evaluation takes place of which the learnings are included in next projects. There is an integration playbook setting out the relevant procedures for integrating acquisitions. The synergies and integration status of acquisitions are reviewed periodically by the Executive and Supervisory Boards.
Size of livestock herd and animal diseases	The size of livestock herds can change, e.g. due to animal diseases or legislation, including government-imposed travel restrictions. As a result, demand for raw materials and/or compound feed may fluctuate, which may impact on ForFarmers' results.	ForFarmers' activities are spread both geographically and over various animal species. In the event of an outbreak of animal disease, a national or international crisis team is established to closely monitor developments and decide what actions need to be taken and which protocols should be followed. In such cases, the crisis team will maintain close contact with the relevant authorities.
Price development and availability of raw materials	Prices of raw materials may fluctuate and are influenced by external factors such as the quality and size of harvests, demand from the biofuel industry and speculative trading. In the interests of supply security ForFarmers takes forward positions and keeps inventories of raw materials. This involves a price risk for ForFarmers.	ForFarmers closely monitors developments in prices and availability of raw materials. A risk management system has been implemented that outlines who is authorised to take positions, up to what limit and under what conditions agreements can be made. Authorisation limits are set at business unit level. Pre-sales contracts for supply to customers in the longer term are immediately hedged to a level of at least 85%. The procedure was reviewed and tightened in 2019 with the permitted hedging period being shortened.
Development of energy and fuel prices	Changes in energy and fuel prices have implications for ForFarmers' production and transport costs. Cost fluctuations cannot always be passed on to customers in full and in a timely manner, which may affect the result.	Developments on the energy and fuel markets are closely monitored. ForFarmers has an energy and fuel purchasing policy in place. Where necessary and depending on market circumstances price risks can be hedged using financial instruments and commodity contracts. Compliance with the purchasing policy is monitored.
Operational risks		
Health & Safety	ForFarmers employees are exposed to safety risks during operating activities due to the nature of the activities that take place in the factories, during transport and on farm. All employees, external hauliers and contracted staff must therefore have sufficient awareness of safety and incident prevention.	Safety plans are in place for all ForFarmers sites. A great deal of attention is devoted to raising safety awareness, offering training to all staff (including in the area of logistical safety), taking stock of safety aspects at all the factories, including the risk of fire and dust explosion, and reporting any shortcomings and measures to resolve these. On-farm risk assessments are also conducted at customers. In 2020 specific measures were taken to prevent possible infection with and spread of the coronavirus. These measures were initially focused on who was permitted to be present at the factories, in the offices and on farm at livestock farmers.
Feed quality	The quality of raw materials is of crucial importance to the production of safe and reliable compound feed and the delivery of Total Feed solutions. There is a risk that ForFarmers' finished products will fail to meet the stated requirements due to contamination of products or cross-contamination during the production process. Apart from the risk of claims and the costs of potential recalls, there is the risk of losing customers.	In the various countries ForFarmers works in various partnerships such as SecureFeed to ensure maximum feed safety. The number of feed safety incidents is one of ForFarmers' KPIs. ForFarmers subscribes to the Sedex code and requires its suppliers to do the same. Knowledge is shared in the areas of monitoring, quality control, tracking and tracing, and crisis management. In addition analyses are carried out to detect any potential contamination at an early stage so that appropriate measures can then be taken.

Business continuity	Operational business continuity is crucial to ForFarmers and its customers, who rely on guaranteed supplies of feed for their animals. Business continuity may be jeopardised by disruption to the inbound logistics chain (e.g. obstruction in or of waterways used to transport incoming raw materials), temporary disruption of production at one of ForFarmers' larger mills or illness among employees for example due to large-scale infection with Covid-19.	ForFarmers has disaster recovery protocols in place for events that may impact on business continuity. These stipulate who must be informed, what steps must be taken to minimise disruption and what follow-up steps are necessary. In addition each country has trained crisis managers to head up the relevant teams in the event of a disaster. Factories are inspected regularly to assess potential risks. This is done in consultation with the insurers and others. Finally strict hygiene measures have been taken to combat the spread of Covid-19.
Operational risks		
Cyber security	Organisations are increasingly confronted with cybercrime. Failure to adequately restrict access to ICT systems by internal and external parties or the lack of effective back-up and recovery procedures may result in the disruption of business operations, unauthorised transactions or data changes, unauthorised use of information and knowledge, reduced data integrity or data loss.	ForFarmers constantly takes steps to enhance cyber security under the guidance of the group information security manager. Based on tests conducted among employees further improvements are made to the procedures in question. In addition ForFarmers has two external data centres with back-up process facilities to guarantee business continuity in an emergency. In 2020 additional steps were made with respect to continuous monitoring of cyber security.
Financial risks		
Currency and interest rate risks	The purchase of raw materials, the conclusion of sales contracts and investment projects may entail currency risks. Raw materials may be purchased in a currency other than the currency in which they are sold. It may not be possible to pass on any resulting currency differences in the selling prices.	In principle raw material positions are purchased in the local currency. If material positions are entered into in a foreign currency they are immediately hedged by means of forward currency contracts and/or other financial instruments. Compliance with the principles, which are formally set out in the purchasing risk management policy, are closely monitored by the Executive Committee and the PRB as part of the monthly reporting cycle.
Credit and liquidity risks of contracting parties	Credit risks of customers may result in buyers being unable (or possibly no longer able) to meet their contractual obligation. This may result in the outstanding claim having to be written off or a provision having to be taken. Credit risks of suppliers may result in their failing to comply with their obligation to supply contracted raw materials. This may lead to inefficiency in the production processes or ad-hoc purchases of raw materials at higher spot prices.	ForFarmers actively reviews the financial situation of its customers. If necessary additional arrangements are made, for example regarding the provision of collateral. In addition the credit risk of larger customers is insured. Strict arrangements and order release procedures are in place with regard to the maximum outstanding amounts per customer as well as the applicable payment terms. Furthermore a system is in place for alerting customers to overdue payments and communicating with them about these, and targets have been set for senior management to reduce the overdue payments balance on an ongoing basis. ForFarmers also aims to do business with reliable and financially healthy suppliers (counterparties).
Liquidity risks	If ForFarmers is unable to meet its financial obligations this may jeopardise the continuity of its operations.	In 2019 ForFarmers entered into a multicurrency revolving facility agreement with ABN AMRO, Rabobank, HSBC, ING and KBC. The agreement has a maturity date at the end of July 2024, with an option to extend by two times one year. The facility concerns an amount of up to €300 million, plus an accordion feature for a further €150 million. The funding agreement includes bank covenants which ForFarmers must meet. No collateral has been provided. ForFarmers monitors its liquidity position continuously and its bank covenants periodically.
Pension risks	Changes in actuarial assumptions and other external developments may have a negative impact on defined benefit (DB) pension schemes, and hence on the financing of such schemes by ForFarmers.	The pension schemes currently used in the Netherlands and the UK are DC schemes, which involve no risk to ForFarmers in relation to pensions already agreed. In the United Kingdom a DB scheme was in operation until 2006, which was subsequently converted into a closed scheme for which ForFarmers still bears the associated risk. The risk

	Interest rate developments may also have an impact on contributions relating to active DB and DC (defined contribution) pension schemes given that future contributions relating to these insured schemes may be affected by rising pension contributions amid falling interest rate levels.	management model applying to the investments for the closed pension scheme in the UK is reviewed periodically and the investment policy is in the hands of a fiduciary manager. In addition there are DB schemes in Germany and Belgium which apply to a small number of people. While the risks associated with these DB schemes cannot be mitigated they are limited in view of the small number of employees involved.
Compliance		
Changes in legislation and regulations	Changes in legislation and regulations at a European, national or local level may affect the activities of ForFarmers or its contracting parties. This applies for example to legislation in the area of the environment, feed and food safety and production processes.	ForFarmers closely monitors any developments in legislation and regulations that are relevant to its business and contracting parties and implements any adjustments necessary as a result of legislative changes.
Taxes	ForFarmers operates in five different countries, all with different tax systems. The complexity of the various tax systems and fiscal legislation means that there is a risk that ForFarmers' policy will fail to comply with all the local requirements.	ForFarmers believes that paying tax is part and parcel of social responsibility. The Company therefore complies with legislation and regulations relating to tax and pays its taxes on time. ForFarmers monitors potential changes in legislation and regulations at both group and local level, and acts ahead of these. ForFarmers maintains an open line of communication with the tax authorities for this purpose and holds several meetings with the tax authorities in the various countries in the course of the year. ForFarmers employees of the financial departments are trained to keep their knowledge of the legislation up-to-date.

The control measures, and where applicable scenario analyses, for the Environmental, Social and Governance (ESG)-related and other risks and opportunities are shown below:

	E	S	G	Control measures and scenario analyses
Strategic				
Climate: Global warming may have damaging economic and social consequences.	■			ForFarmers monitors the consequences of climate change, for example in relation to the availability of raw materials.
Environmental and other legislation and regulations: Growing (political) pressure to reduce the impact of livestock farming on the climate and on nature. Operational scale and innovative strength are increasingly important.	■	■		ForFarmers works with chain interest groups and chain partners to defend the interests of livestock farming in our countries. The ForFarmers Nutrition Innovation Centre (NIC) is constantly working to develop concepts that contribute to sustainable livestock farming.
Consumer trends: Growing demand for meat substitutes and a possible decline in the consumption of animal proteins in western Europe.	■	■		ForFarmers invests in research into alternative sources of protein, such as algae and insects, which could provide a sustainable alternative to meet the need for protein in animal feed. The five-year plan includes various scenarios for the development of meat consumption in western Europe and calculations of the impact of these, with measures having been defined for each of these scenarios.
Operational				
Animal diseases: Animal diseases impact on animal numbers and frequently result in temporary export restrictions.	■			Spreading feed production across various countries and species enables the consequences of local animal diseases to be better absorbed. The five-year plan includes scenario analyses for the outbreak of animal diseases, in particular avian flu and African swine fever, and defines potential measures to be taken.
Climate: Changes in the climate may have an impact on the availability of raw materials and forage, and on inward transportation costs (lower river levels).	■			ForFarmers spreads the purchasing of raw materials both geographically and across time in order to mitigate the impact of local climate variations. In addition there is an emergency plan in place to ensure continuity of supply of raw materials and water levels are monitored on a weekly basis. Additional supply/logistical costs resulting from low water levels are among the risks included in the annual financial targets.
Covid-19: The outbreak of Covid-19 has implications for ForFarmers' sales channels and customers and therefore also for the Company's volume development. The Covid-19 restrictions have led to massively increased use of online tools. This provides opportunities to make business processes more efficient.		■		The spread of the Company's operations across various animal species and various sales channels also spreads the impact of Covid-19. Strict operating measures reduce the chance of employees getting infected. The potential consequences of the Covid-19 pandemic have been included in the financial plans for 2021.
Financial				
Investments: Business operations, local production and tax payments stimulate the local economy.		■		Local production and use of local as well as international suppliers means constant investment in and stimulation of the local economy.
Investors: Growing number of investors with strict ESG restrictions may impact on the possibility to invest in companies active in livestock farming, such as ForFarmers.			■	The new Build to Grow 2025 strategy and 'Going Circular' sustainability agenda are aimed at a healthy and sustainable future for livestock farming and reduction of greenhouse gas emissions by the sector and the ForFarmers production activities. ForFarmers is a frontrunner in the sector.
Employees: Increasingly, employees are linking their willingness to	■	■		The new Build to Grow 2025 strategy, including the 'Going Circular' sustainability agenda and the ambition to develop

work for an employer to ever-higher demands in terms of the employer's sustainability focus.	talent for future generations of livestock farmers, is attractive to candidates, including young ones.
Compliance	
Reporting standards: Growing demand for non-financial reporting such as ESG reporting may reduce reporting transparency unless reporting is standardised. Consistent reporting on the sustainability agenda will enable assurance and provide insight.	ForFarmers aims to further increase transparency year-on-year in terms of non-financial aspects based on the concept of Integrated Reporting, and in anticipation of possible future mandatory guidelines.
Emissions: Stricter rules with regard to reducing emissions, including greenhouse gases, may lead to additional costs and may, if there are different rules in different countries, result in unfair competition.	As part of the 'Going Circular' agenda the Company aims for an annual reduction in energy consumption and the associated greenhouse gas emissions in order to achieve a 75% reduction in carbon emissions per tonne of feed in 2030 (compared to 2015).
Tax transparency: Ever-increasing requirements and social pressure to pay socially responsible taxes and report on this in a transparent way.	ForFarmers believes that paying tax is part and parcel of businesses' responsibility to society. The Tax strategy document, which can be found on the corporate site, provides further transparency in this area.

Control and monitoring

During the year under review the design and operation of the internal risk management and control systems were systematically assessed by the Executive Board based on reports drawn up by the Internal Auditor and the risk manager. The reports were produced as part of the internal audit programme for 2020, which was approved by the Supervisory Board. The Executive Board also discussed the effectiveness of the design and operation of these systems with the Audit Committee, the Supervisory Board and the external auditor.

ForFarmers has various tools, including the Enterprise Risk Management (ERM) framework and the In-Control Framework (ICF), to control, monitor and test at least once a year the risks and associated control measures. The tests are discussed and reviewed by the RAB and the Executive Board. The ICF controls are reviewed twice a year in the form of a self-assessment by the managers of the control owners, followed by a full review by the risk manager and random checks by the internal auditor. The ERM risks and control measures are reviewed and tested once a year by the risk owners in collaboration with the risk manager. The control measures within the ICF and ERM are reviewed periodically and amended or expanded where necessary. There is a constant aim within the ICF to move towards more preventative and system-based checks and fewer manual, detective, checks.

In addition a Tax Control Framework (TCF) was implemented to control the risks relating to corporate income tax, VAT and wage tax. Due to, amongst others, the implementation of the TCF in the Netherlands, ForFarmers reached a horizontal tax monitoring agreement with the Dutch tax authorities in 2020.

In addition to these pre-defined frameworks the ForFarmers Internal Auditor performs his own audits (subject to the approval of the Supervisory Board) of the risks, control measures and procedures within ForFarmers. Furthermore the external auditor performs the audits in connection with the annual financial statements.
Finally due diligence checks are carried out by various external experts, and external legal support assistance is brought in to assess complex legal issues. Moreover the managers of the ForFarmers business units sign a Letter of Representation (LOR) twice a year to declare that they comply with both local and other legislation and regulations and the internal control rules, including the Code of Conduct. The LOR, as well as the Whistle-blower policy, is a means of reporting potential fraud and incidents.

What went wrong in 2020

In 2020 the risk management policy worked adequately. No significant incidents took place. Reports made under the Whistle-blower policy were standalone incidents which, if founded, were discussed and resolved with those concerned and did not lead to external announcements.
In 2020 ForFarmers was mainly confronted with external risks, such as the outbreak of Covid-19 and animal diseases, for which no ready-made control measures are or can be put in place.

The greatest impact on business operations came from the pandemic. In terms of risks that cannot be influenced it affected sales to sectors that mainly supply the hospitality segment. At a local level the food chain also suffered temporary disruption due to the closure of slaughterhouses where staff had contracted the virus. In terms of risks that can be controlled measures were put in place, including working from home and strict hygiene protocols at the factories and in the logistics departments in order to prevent contagion. Furthermore volumes in Poland and the United Kingdom in particular were under pressure as a result of the protracted closure of hospitality venues in many countries. In Poland the poultry sector was hit hard and the financial situation of farmers and slaughtering companies deteriorated sharply in 2020. In the United Kingdom the ruminant sector in particular was adversely affected by the Covid-19 related measures as this sector in particular is a major supplier to the hospitality sector.

Finally, the outbreak of animal diseases, including avian flu in Poland and African swine fever in eastern Germany, impacted our customers' animals and therefore our activities. This will continue in 2021. The export restrictions on German pig meat imposed by non-EU countries in particular are pushing down the prices of pig meat in Germany and elsewhere.

Declaration by the Executive Board

The Executive Board has made an assessment of the effectiveness of the design and operation of the internal control and risk management systems.

On the basis of this report and in accordance with best practice 1.4.3 of the Dutch corporate governance code of December 2016, and Article 5:25c of the Financial Supervision Act, the aforementioned assessment, the current state of affairs and to the best of its knowledge and belief, the Executive Board declares that:

- the internal risk management and control systems provide a reasonable degree of assurance that the Executive Board is informed, on time, of the degree to which the Company's strategic, operational and financial objectives are being achieved;
- the report gives sufficient insight into any shortcomings in the operation of the internal risk management and control systems;
- the aforementioned systems provide a reasonable degree of assurance that the financial reporting does not contain any material misstatement;
- drawing up the financial reporting on a going concern basis is justified based on the current state of affairs; and
- the report states any material risks and uncertainties that are relevant as regards the expectation of continuity of the company for a period of twelve months after drawing up the report.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Nor can they provide certainty that we will achieve our objectives. In the risk management chapter, an explanation is provided on the internal risk management and control systems such as are implemented within the Company and its affiliated enterprise.

In view of the above the Executive Board declares that to the best of its knowledge:
- the annual accounts give a true and fair view of the assets, liabilities, financial position and the results of the company and the enterprises included in their consolidation; and
- the management report gives a true and fair view of the situation as at 31 December 2020 and of the state of affairs of the company and its affiliated enterprise in the 2020 financial year, the details of which are included in its annual accounts, and that the management report describes the main risks faced by the company.

Lochem, 10 March 2021

Executive Board ForFarmers N.V.
Yoram Knoop, CEO
Roeland Tjebbes, CFO
Adrie van der Ven, COO

REPORT OF THE SUPERVISORY BOARD

Letter from the chairman of the Supervisory Board

In 2020 the Covid-19 pandemic meant that we all faced a new reality, both at home and at work, and this was therefore a recurring topic of discussion in our meetings. While the media were soon referring to this as 'the new normal' it is currently far from clear what the world will look like after the pandemic. What we do already know is that we must be prepared to adapt more rapidly and more frequently. Technological solutions have an increasingly important role to play in this, a good example being the massive increase in online meetings during the past year – including for us as the Supervisory Board.

Flexibility

Livestock farmers were sorely tested in 2020 and not just because of the impact of Covid-19. Generally speaking the prices of their products fell over the course of the year and some livestock farmers also had animal diseases to deal with. In the Netherlands the nitrogen debate continued to drag on. The use of data and technical tools to make the sector more sustainable and optimise on-farm returns is therefore becoming increasingly important. This requires a different way of working, flexibility and additional investments both by livestock farmers and by the feed companies.

The employees of ForFarmers were confronted with a new way of working in 2020. Measures were immediately taken both to combat the spread of the virus and protect employees' health and to ensure continuity of the business processes. While some employees had to start working mainly from home others were required to be on site. There was less travel, and more consultation took place using online communication tools. Thanks to the dedication and flexibility of our employees production was able to continue and feed delivered on time. That is something we can be proud of.

Covid-19 also meant that the Annual General Meeting of Shareholders (AGM) had to be organised differently. Once again, in order to protect the health of all those involved the number of people present at the meeting venue was kept to a minimum and the AGM could be followed via audio webcast. Partly thanks to the opportunity to ask questions, both before and during the AGM, we were quite successful in achieving a certain degree of interaction during the AGM. Nevertheless I very much hope that the AGM will soon be able to return to its physical form as I feel that online contact is no replacement for human interaction.

Strategy

On 15 September 2020 ForFarmers announced its Build to Grow 2025 strategy. In this strategy ForFarmers explicitly takes into consideration the changing market circumstances while at the same time choosing a customer-focused approach at the lowest possible cost. For livestock farmers this means that ForFarmers will continue to focus on the Total Feed approach with further development of the product mix, targeted advice and support from monitoring tools in order to realise more sustainable and optimal returns. Innovative feed concepts and data analysis will play an increasingly important part in this. In addition ForFarmers has tightened and expanded its objectives in the area of sustainability. These targets are focused on reducing the carbon footprint from the production of feed and animal proteins. For the employees ForFarmers will invest in talent development, safety, diversity and further enhancement of work processes, partly with a view to cost efficiency.
Having discussed the new strategy at length with the Executive Board on several occasions the Supervisory Board supports the chosen direction and the ambitions in areas including customer approach, digitalisation and sustainability. The Supervisory Board is of the opinion that the strategy is appropriate for ForFarmers and provides a means of addressing the challenges together. The most important thing now is to implement the strategy properly. The company has already made a start on this and the Supervisory Board will regularly review the progress with the Executive Board.

2020 and beyond

Despite the impact of Covid-19 ForFarmers achieved considerably higher underlying EBITDA and net profit compared to the weak results of 2019. During the year under review the company was able to keep the impact of Covid-19 on the business processes to a minimum. The efficiency measures also contributed to the result.

Safety in the workplace is and will remain a key focus area for ForFarmers. As in the previous year the company succeeded in further reducing the number of lost time incidents (LTIs). This was mainly thanks to the efforts and vigilance of all our employees, and the challenge is to continue this positive development in 2021. The Supervisory Board has full confidence in this and will continue to support the initiatives in this area.

The acquisition of De Hoop Mengvoeders, which was announced in October 2020, strengthened ForFarmers' position in the poultry sector in the Netherlands. The acquisition is a good fit with our strategy and will support both further collaboration in the chain and the implementation of the acquisition agenda.

The planned visit to the business unit in Belgium was unable to go ahead due to Covid-19. David Fousert, the COO responsible for this business unit, presented a closer look at the activities in Belgium during one of the Supervisory Board's online meetings, including an account of initial experiences with the implementation of the strategy.

Composition of the Supervisory Board, the Executive Board and the Executive Committee

On 24 April 2020 Annemieke den Otter was appointed to the Supervisory Board for a four-year term. With her background and experience she is a valuable addition to the Supervisory Board. In the autumn of 2020 I held an assessment interview with each member of the Supervisory Board. One conclusion from this process was that the cooperation within the Supervisory Board is going well. At the meetings each member provides input based on their own experience, and sufficient time is given for discussion and reflection. In addition we experienced that the interaction with the Executive Board has improved and the same counts for the quality of the information provided to the Supervisory Board. During the year under review the composition of the Executive Board changed with the arrival of Roeland Tjebbes. He has made an energetic start in his role as CFO and is a good addition to the team. Stijn Steendijk, a member of the Executive Committee and director of strategy & organisation, left ForFarmers with effect from 1 January 2021. Amongst other things he made a significant contribution to the creation of the Build to Grow 2025 strategy. The Supervisory Board is extremely grateful to him for this and wishes him all the best for the future. Eveline Paternotte joined the Executive Committee as from the aforementioned date, taking up the role of Group HR director. We are pleased with this appointment from the ranks of our own organisation and wish her every success in this role. The non-HR-related tasks of Stijn Steendijk have been shared out among the other Executive Committee members.

ForFarmers is well positioned to face the challenges in the markets with its strategy Build to Grow 2025. In the past years I have enjoyed considering various strategic issues in my role as member of the Supervisory Board and have been able to contribute to the development of the organisation. The moment has come that I need and want to give priority to other matters, which is why I have decided not to be eligible for reappointment for a new term. I want to thank the Executive Directors of ForFarmers for the pleasurable cooperation in the past years. I also want to thank my fellow members in the Supervisory Board for their collegiality. In addition, I am very pleased that Jan van Nieuwenhuizen is being nominated for appointment as member of the Supervisory Board to the AGM.

Word of thanks

The past year put great demands on us all as we were forced to adapt to a new situation and reality. The employees of ForFarmers worked tirelessly to serve our customers. The Build to Grow 2025 strategy sets the direction for the coming years to allow us to tackle the challenges and grab the opportunities. On behalf of the Supervisory Board I would hereby like to thank all the employees, customers, shareholders, partners, suppliers and other stakeholders who again contributed to ForFarmers during the year. I am confident that ForFarmers will once again make every effort in 2021 to realise sustainable value.

Cees de Jong
Chairman of the Supervisory Board of ForFarmers N.V.

Report of the Supervisory Board

During the year under review the impact of the government imposed Covid-19 measures was regularly discussed during the meetings of the Supervisory Board. Because of this pandemic most Supervisory Board meetings were held online. The 2020 Annual General Meeting of Shareholders (AGM) was also organised differently from other years. To safeguard the health of everyone involved shareholders could follow the AGM via an audio webcast, allowing the number of people present at the meeting venue to be kept to a minimum. It was made possible to raise questions both prior to and during the meeting.

The key topics discussed with the Executive Board and other members of the Executive Committee in the year under review are set out below. To prepare topics on the agenda, these were discussed beforehand in a meeting of one of the committees or a meeting of the Supervisory Board at which neither the Executive Board nor the Executive Committee was present.

Covid-19 impact on business

The Supervisory Board and the Executive Board held detailed discussions about the impact of Covid-19 on the internal organisation and on the volumes and results of the various ForFarmers business units. For this, the Executive Board made various scenario analyses. The government imposed Covid-19 measures have put pressure on volumes, and consequently on the performance of ForFarmers in Poland and the United Kingdom in particular. The Supervisory Board discussed this at very regular meeting and more in detail during the Supervisory Board meetings in June, October, November and December respectively.
In the first months of 2020 the focus for Poland was on further scaling up production at the Pionki factory and realising further growth. The impact of avian flu followed by Covid-19 meant that ForFarmers was unable to achieve these goals. Export restrictions and the closure of the hospitality industry resulted in considerably reduced demand for poultry meat. Market developments in Poland are being closely monitored by the Executive Board and the Supervisory Board remains closely involved in this. The forecast for the Polish poultry sector for the mid to longer term remains positive.
In the United Kingdom, too, ForFarmers was confronted with persistent pressure on volumes and margins due to factors such as the Covid-19 measures and a temporary change in the product mix. The Supervisory Board will continue to monitor the developments in 2021.

Strategy

On 15 September 2020 the Executive Board announced the Build to Grow 2025 strategy. The Supervisory Board was closely involved in the development of this strategy and has approved it. One matter considered by the Supervisory Board was whether the strategy addresses the challenging market conditions in the agricultural sector. As a result of factors such as ever-stricter environmental measures and changing protein choices by consumers, demand for animal feeds by the agricultural sector in the coming five years in Northwest Europe is expected to remain relatively stable. The increasing focus on animal welfare, traceability and hence digitalisation are also among the developments affecting these markets.

With the Build to Grow 2025 strategy ForFarmers is aiming for business process optimisation and operational excellence to maintain maximum production efficiency. In addition, the Company is setting itself the objective of growing faster than the market by thanks to good knowledge and good feed, which supports farmers even better. Moreover ForFarmers wants to further strengthen the organisation by making acquisitions both in the existing countries and in two new growth countries, possibly outside Europe.

As part of the strategy ForFarmers has stepped up the sustainability agenda and formulated additional targets, which are being presented under the branding 'Going Circular For the Future of Farming'. ForFarmers defines Going Circular as converting low-value ingredients into high-quality feed, without wasting raw materials and without pollution. Our purpose, For the Future of Farming, remains to help farmers achieve optimal returns on farm. The Supervisory Board believes that ForFarmers is setting the right course with the Build to Grow 2025 strategy.

With regard to the strategy the Supervisory Board also consulted with the Executive Board about the implementation plan and the risks associated with it. Given the key role of acquisitions in achieving growth, potentially outside Europe, extensive discussions were held about specific market developments, country risks and the need for proper due diligence. The Supervisory Board will pay explicit attention to these should any acquisition proposals arise. Furthermore they considered the connection between digitalisation, data analysis and cost efficiency in order to achieve the best possible returns both on farm and at ForFarmers. The Supervisory Board endorses the strategic focus on sustainable and innovative feed solutions, which is of key importance in addressing the challenges in the agricultural sector. At every regular Supervisory Board meeting the execution of the strategy and the performance of ForFarmers in the various countries are discussed with the Executive Board.

Acquisitions

The Supervisory Board discussed developments in the area of acquisitions with the Executive Board at every meeting of the Supervisory Board. The basic principle underlying the acquisition strategy remains that ForFarmers aims to have a regional number one or number two position in order to optimise economies of scale. In light of the acquisition strategy the Supervisory Board discussed the steps that need to be taken to enable the organisation to operate more decisively. This will require business process optimisation. In addition one of the most important points for attention in this context is the availability of sufficient qualified employees to effectuate both the acquisition itself and subsequently the integration process. Leveraging economies of scale and accelerated implementation of the acquisition agenda continue to be key challenges for ForFarmers. The Supervisory Board will continue to keep a close eye on the rollout and progress of the acquisition policy in 2021.

In 2020 ForFarmers announced it was strengthening its position in the poultry sector in the Netherlands with the acquisition of De Hoop Mengvoeders. The acquisition was completed in early 2021. In the integration plan ForFarmers expressly focused on retaining customers and advisers who make on-farm visits. The Supervisory Board is of the opinion that the acquisition is a good fit with the strategy and organisational culture of ForFarmers.

Organisation

During the year under review the Supervisory Board was kept informed of the measures taken by ForFarmers in connection with Covid-19. With the aid of local (internal) Covid teams ForFarmers succeeded in keeping the impact on the business processes to a minimum. The health of employees and the safe service to customers were the top priority at all times. Staff were asked to work from home wherever possible and were kept informed of the developments about Covid-19 and the progress of business processes through reports on the intranet and country-specific webcasts.

Based on the experience gained during 2020, ForFarmers is investigating the possibility of using (partial) homeworking and online communication tools for more efficient organisation of the work processes in future as well. The Supervisory Board welcomes this initiative provided that it is borne in mind that online communication tools are not a complete substitute for direct contact with customers or staff. At the end of the day it will all come down to striking the right balance.

The Executive Board also kept the Supervisory Board regularly informed about the filling of senior management and other relevant positions. For example the December meeting of the Supervisory Board discussed the implementation of the diversity policy as well as talent development within the organisation and opportunities for internal advancement. It is important to the Supervisory Board that ForFarmers pays attention to diversity at every level and is able to attract and retain qualified employees. In this context the Supervisory Board continues to encourage efforts to improve the gender balance within the organisation. In connection with the succession plan the Supervisory Board regularly discusses the management potential available at senior management level.

Under normal circumstances the Supervisory Board meets senior managers on various occasions, including during the senior management meetings, at which a number of Supervisory board members are always present. As a result of Covid-19 fewer such opportunities occurred in 2020. The Supervisory Board hopes that 2021 will bring more consultation opportunities. During the year under review several senior managers held presentations in the online meetings of the Supervisory Board or its committees.

Executive Board and Executive Committee

Roeland Tjebbes succeeded Arnout Traas as CFO during the AGM of 2020. Later in 2020 Stijn Steendijk, a member of the Executive Committee and director of strategy & organisation, announced his intention to leave ForFarmers. Eveline Paternotte succeeded him as a member of the Executive Committee with effect from 1 January 2021 as Group Director HR. She joined ForFarmers in May 2020. The appointment of Eveline Paternotte is perfectly in line with ForFarmers' objective to promote internal advancement and diversity in management positions. The remaining disciplines of Stijn Steendijk's portfolio have been shared out among the other members of the Executive Committee.

As from 1 January 2021 the Executive Committee consists of Executive Board members Yoram Knoop, Roeland Tjebbes and Adrie van der Ven and furthermore Executive Committee members David Fousert, Arthur van Och, Eveline Paternotte, Steven Read and Pieter Wolleswinkel.

In 2020 as in previous years the Supervisory Board conducted performance reviews with all the members of the Executive Committee, with all reviews involving two Supervisory Board members speaking to one member of the Executive Committee. In all cases the performance of the Executive Board as a whole was also discussed. The outcomes of these sessions were discussed in the plenary meeting of the Supervisory Board and then communicated back to the CEO. The Supervisory Board is of the opinion that the Executive Committee is functioning well under the leadership of CEO Yoram Knoop.

The Supervisory Board has established that none of the members of the Executive Board sits on more than two supervisory boards and none chairs the supervisory board of another legal entity or company as referred to in article 2:132a of the Dutch Civil Code. The Supervisory Board is not aware of any potentially significant conflicts of interest between any member of the Executive Board and ForFarmers.

Safety and employees

At each of its meetings the Supervisory Board was informed by the Executive Board about developments regarding safety procedures and reducing the number of lost time incidents (LTIs). Once again the number of LTIs fell compared to the previous year as employees adopted safer working practices. The Supervisory Board is pleased with this development and will continue to support initiatives aimed at further improving safety within and outside the organisation.

In October 2020 ForFarmers launched a new employee engagement survey focusing on themes such as job enjoyment, working environment, culture, safety, development, strategy and leadership. Based on the outcome of the survey actions will be formulated to further improve the culture of the organisation and translate the strategy to the workplace.

Works Council

The two-tier board structure was established in 2014 at the level of ForFarmers Corporate Services B.V. (the holding of the Dutch ForFarmers companies). The supervisory board of ForFarmers Corporate Services B.V. consists of three members, including the CEO and CFO of ForFarmers. The other member of the supervisory board of ForFarmers Corporate Services B.V. is Hajé Nordbeck, who was appointed at the recommendation of the Dutch Works Council.
ForFarmers N.V. has a European Works Council. As specified in the regulations of the Supervisory Board the European Works Council can request to consult with the Supervisory Board. No such request was made during the year under review.

Financial reporting

During the meetings of the Supervisory Board the Executive Board expanded on the internal financial reporting, taking a closer look for example at the course of events in relation to market developments, strategic and financial developments and risks, as well as the performance compared to the budget and the previous year, both for the Group as a whole and the individual units.
The Supervisory Board approved the 2019 financial statements and reviewed the 2020 half-yearly report and the trading updates. The audit plan of the Internal Auditor was also approved. Other topics discussed included the dividend policy and the dividend proposal for 2019, corporate governance and the financial reporting process of ForFarmers.
The Supervisory Board discussed the findings of the Management Letter from the external auditor with the Executive Board. In addition the Supervisory Board met with the auditor outside the presence of the Executive Board. The findings of the external auditor are included in the report of the Audit Committee. The Supervisory Board approved the financial targets and the adjusted dividend policy associated with the Build to Grow 2025 strategy. The budget for 2021 was also approved.

The Supervisory Board also discussed the effectiveness of the design and operation of the internal risk management and control systems, which were assessed by the Executive Board during the year under review. The findings, recommendations and measures arising from this assessment were discussed with the Supervisory Board and included in the Risk Management section. The Supervisory Board also supervised the activities of the Internal Auditor.

The Supervisory Board discussed the 2020 financial statements with the Executive Board and the external auditor (KPMG Accountants N.V.) and approved them at its meeting of 10 March 2021. KPMG issued an unqualified audit opinion and will be present at the AGM to expand on this. The financial statements as well as the dividend proposal for 2020 will be submitted for adoption by the AGM on 23 April 2021.

With regard to the dividend proposals for 2019 and 2020 the Supervisory Board and the Executive Board explicitly considered the financial room for making distributions. In light of the cash flow and balance sheet position of ForFarmers the Supervisory Board approved the dividend proposals for the aforementioned years. In addition, in 2020 ForFarmers completed the share buy-back programme launched in 2019. ForFarmers did not make use of any financial Covid-19 schemes which include conditions that have implications for making distributions.

Governance and culture

Partly in view of the Dutch Corporate Governance Code 2016 (the 'Code') and the Build to Grow 2025 strategy, the Supervisory Board discussed ForFarmers' corporate governance with the Executive Board, with a special focus on a culture which is focused on long-term value creation. The core values that contribute to this culture, i.e. ambition, partnership and sustainability, remain crucial to the positioning and success of ForFarmers. The Executive Board leads by example in implementing the core values and standards in the organisation and the Supervisory Board will continue to support initiatives by the Executive Board that promote a culture of next-level performance and zero lost time injuries. ForFarmers subscribes to most of the best practice provisions of the Code. The chapter on corporate governance sets out which provisions ForFarmers deviates from and why.

Sustainability

ForFarmers has set clear sustainability targets as part of the Build to Grow 2025 strategy. These include the aim to use only responsible soy and palm oil by 2025 and playing a leading role in reducing the carbon footprint in the production of feed and animal proteins. The Supervisory Board believes that these steps are taking ForFarmers in the right direction and is kept informed by the Executive Board of the discussions with the Sustainability Advisory Board. The Supervisory Board will continue to encourage the Executive Board to realise the company's sustainability ambitions. A report on the progress can be found in the chapter Our innovation and sustainability agenda: Going Circular for the Future of Farming. The external auditor provided an assurance report on the sustainability KPIs in 2020. Moreover, every year ForFarmers takes further steps in terms of integrated reporting.

Compliance and integrity

The Supervisory Board views the Code of Conduct as a means of promoting integrity. The overview of incident reports and how these are followed up is discussed periodically with the Audit Committee and the Supervisory Board. New employees receive a copy of the Code of Conduct and follow an e-learning module. The Supervisory Board supports the initiatives of the Executive Board to encourage a culture of compliance and integrity. In view of this from 2021 all employees will be asked to follow an annual e-learning module to keep their knowledge about the Code of Conduct up to date.

Meetings, attendance and key topics

The Supervisory Board met seven times in regular meetings in 2020, always in the presence of the Executive Board, with most of the meetings being held online. The members of the Executive Committee were present at the meetings of the Supervisory Board during which the budget and the associated strategic plan were discussed. Furthermore at the request of the Supervisory Board presentations were also given during various meetings by members of the Executive Committee and other employees about topics for which they hold specific responsibility. The Supervisory Board usually met ahead of the regular meetings for preparation purposes.

In addition, during the year under review four teleconferences and five extra online meetings were held. The teleconferences concerned the approval of the financial statements and the first-half results on the eve of their publication, the valuation of the goodwill of the business unit in the United Kingdom and of the option and earn-out in relation to Tasomix in Poland in the 2019 financial statements. The continuity of production as well as the organisation of the AGM in the context of Covid-19 was also discussed. The extra (online) meetings discussed – and where necessary took a resolution on – the Build to Grow 2025 strategy, the acquisition of De Hoop Mengvoeders and the developments at ForFarmers in the United Kingdom.

The planned visit to the ForFarmers organisation in Belgium this year had to be cancelled and has provisionally been postponed to 2021. During one of the meetings of the Supervisory Board David Fousert, the COO responsible for Belgium, held a presentation about the ForFarmers activities in Belgium. The Supervisory Board also discussed other subjects during the meetings, including the preparation of the AGM and the evaluation of the AGM held on 24 April 2020 and the employee participation plans for 2020.

Besides the regular and extra meetings, the Supervisory Board met twice in 2020 outside the presence of (representatives of) the Executive Board. Items discussed on these occasions included the structure of the internal organisation, the working practices and remuneration (including the variable component) of the Executive Board and the other members of the Executive Committee, the functioning of both the Executive Committee as a team and of its individual members as well as any conclusions to be drawn from this, and the succession plan for members of the Executive and Supervisory Boards. The Supervisory Board also discussed its own performance, the performance of its individual committees and that of the individual members, and any conclusions to be drawn from this. Finally, the respective members met in the three committees of the Supervisory Board, with the committees reporting on their meetings and findings to the Supervisory Board.

The attendance of each Supervisory Board member at the seven regular meetings of the Supervisory Board as well as the regular meetings of the key committees is shown in the table below.

Meeting (1)	Cees de Jong	Sandra Addink -Berendsen	Roger Gerritzen	Vincent Hulshof	Annemieke den Otter	Erwin Wunnekink
SB	7/7	7/7	7/7	7/7	5/7 (2)	7/7
AC		6/6	6/6		5/6 (2)	
RC	5/5	5/5	3/5 (2)			
S&AC	3/3			3/3		3/3

(1) Explanation of abbreviations: AC = Audit Committee, RC = Remuneration Committee, S&AC= Selection and Appointment Committee
(2) From 24 April 2020: the schedules of both ForFarmers and the organisation where Annemieke den Otter held the role of CFO in 2020 had already been established when she joined the SB.

Where a member of the Supervisory Board was unable to attend a meeting the agenda items were discussed in advance by the member concerned and the chairman of the Supervisory Board.
Outside of the meetings the chairman maintained regular contact with the other members of the Supervisory Board and the Executive Board on various topics. The chairman also maintained contact with the chairman of the executive board of Coo¨peratie FromFarmers U.A. (the 'Cooperative') and attended one meeting of the Cooperative's membership council. The Cooperative is the holder of the priority share in ForFarmers which, given the current voting interest of the Cooperative, entitles it to for example appoint the chairman of the Supervisory Board (following consultation with the Supervisory Board).

Self-assessment and composition

Once every three years the Supervisory Board reviews its performance with an external advisor. Given that the last assessment under the guidance of an external advisor took place in the fourth quarter of 2019 the Supervisory Board conducted the 2020 assessment without an advisor. The Supervisory Board discussed the performance of the Supervisory Board as a whole, of the individual members and of the individual committees. Items discussed included content-related aspects, interaction both between Supervisory Board members and with the Executive Board, lessons to be learned from matters that arose in practice, and the desired profile, composition, diversity, skills and expertise of the Supervisory Board. The assessments of individual Supervisory Board members were conducted in one-on-one sessions. The Supervisory Board concluded that it functions well, both as a whole and as regards its individual members. The diversity policy and its execution in the year under review is explained in more detail in the corporate governance statement 2020. The Supervisory Board complies with the diversity target as set in terms of male/female members. Furthermore, the Supervisory Board assessed its meetings in the past year and discussed the development and strategy of the company and the role of the Supervisory Board in this. The conclusions of the self-assessment have been used to further improve the way the Supervisory Board works. In the interests of better meeting preparation the Supervisory Board asked the Executive Board if relevant market information could be made available by ForFarmers. The Supervisory Board now receives this information on a regular basis and it is really helpful for discussing matters based on the most up-to-date information. The information as referred to in 2.1.2 and 2.3.5 of the Code can be found in the sections Composition of the Supervisory Board and Committees of the Supervisory Board.

The composition of the Supervisory Board changed during the year under review. During the AGM of 24 April 2020 Annemieke den Otter was appointed a member of the Supervisory Board.

Education

In connection with the continuous professional development of the entire Supervisory Board various members of the Board follow relevant courses with various organisations. In November 2020 the Supervisory Board invited a specialist from PWC to give an online presentation on executive remuneration. The presentation looked at the experiences during the 2020 AGM season and the key insights for the years ahead. An introduction programme was devised for Annemieke den Otter as a newly joined member of the Supervisory Board. The programme provided her with an introduction to for example the ForFarmers strategy, the financial organisation, nutrition & innovation and the commercial organisation.

In conclusion

The impact of Covid-19 has placed high demands on ForFarmers employees, both personally and professionally. We are proud of the resilience they have shown and the huge efforts they have made to enable the key business processes needed to supply feed to customers to continue and the Company to achieve good results.

The Build to Grow 2025 strategy sets the organisation's direction for the next few years and will help us confront the challenges together. In so doing the focus will be on efficient, sustainable and profitable business operations to provide the best possible service to customers and create long-term value for all stakeholders. We would like to thank the Executive Committee, the employees and the works councils for the efforts they have made during the past year. We also thank our other stakeholders, including our customers and shareholders, for the trust they have placed in us.

Lochem, 10 March 2021

The Supervisory Board

Remuneration Report

This remuneration report by the Supervisory Board contains an overview of the implementation of the remuneration policy during the 2020 financial year. The remuneration policy was adopted by the Annual General Meeting of Shareholders (AGM) of 24 April 2020 as regards the elements pertaining to the Executive Board and on 26 April 2017 for the elements pertaining to the Supervisory Board.

Remuneration in 2020

In principle, the Supervisory Board has the remuneration package of the Executive Board checked by an external adviser once every three years to ascertain that the package complies with the underlying principles of the remuneration policy. In the intervening years the fixed remuneration is indexed based on the (forecast) inflation for the coming year. In 2017 an external adviser compared the remuneration package of the Executive Board against that of a number of companies of a comparable scale, complexity and results: the 'peer group'. The peer group is made up of companies that were ranked 15 to 25 in the AMX index (mid-cap index) and 1 to 10 in the AScX index (small-cap index) of Euronext Amsterdam in the last quarter of 2016. The results of the comparison were used to determine the direction of a potential or actual adjustment of the fixed remuneration. Any adjustment is at the sole discretion of the Supervisory Board. The comparison of the remuneration with that of the peer group is based on the total direct remuneration (fixed salary, short and long-term variable remuneration) of the members of the Executive Board. Given that the remuneration of the members of the Executive Board has recently been reviewed or has been determined at the time of their (re)appointment, the remuneration package has not been benchmarked during the year under review.

In preparing the remuneration policy and determining the remuneration of individual members of the Executive Board, the Supervisory Board analysed the aspects as referred to in best practice provision 3.1.2 of the Dutch Corporate Governance Code (the 'Code') based on a proposal by the Remuneration Committee. In formulating the proposal for the remuneration of the members of the Executive Board, the Remuneration Committee took note of the views of the individual Executive Board members regarding the level and structure of their remuneration.

Annual salary of members of the Executive Board

The fixed salary of Roeland Tjebbes (CFO) was announced during the year under review prior to his nomination for appointment to the Executive Board. The fixed salaries of Yoram Knoop (CEO) and Adrie van der Ven (COO) were indexed as at 1 January 2020. The Supervisory Board based the indexation on an estimate of the predicted inflation trend and the range of the salary relative to the results of the comparison with the peer group. The percentages used and the salaries for the respective Executive Board members were as follows in 2020:

In euro	Per year	Increase (1)
Yoram Knoop	562,084	2.5%
Roeland Tjebbes (2)	375,000	N/A
Adrie van der Ven	366,190	2.5%
Arnout Traas (3)	393,516	2.5%

(1) Increased as per 1 January 2020 versus 2019
(2) As at the date of the AGM of 24 April 2020, in office as per 1 March 2020
(3) Up to and including the date of the AGM, 24 April 2020

Variable remuneration of members of the Executive Board

The short-term targets for 2020 and the long-term targets for 2018-2020 agreed in advance by the Supervisory Board and the Executive Board contribute to the implementation of the strategic agenda, the long-term interests and the sustainability of ForFarmers, with a sound balance struck between the short-term and long-term focus. The Supervisory Board determined the amount of the actual short-term and long-term variable remuneration based on the advice of the Remuneration Committee and using the following method.

Score for financial targets applicable for short term (2020) and long term (2018-2020 and subsequent years) (1)

Performance	Variable remuneration
< 90% of the target	No variable remuneration for that target
90% - 110% of the target	Proportional variable remuneration fot that target
≥ 110% of the target	Maximum variable remuneration for that target

(1) Except for the long term target related to ROACE

Score for financial targets applicable for short term (as from 2021) and long term with respect to ROACE (2018-2020 and subsequent years)

Performance	
< 80% of the target	No variable remuneration for that target
80% - 120% of the target	Proportional variable remuneration fot that target
≥ 120% of the target	Maximum variable remuneration for that target

The minimum, targeted and maximum achievement levels were determined prior to setting the qualitative targets. The variable remuneration was awarded on a pro-rata basis for performance scores between the minimum and maximum achievement levels. Where the minimum performance level was not achieved, no variable remuneration was paid.

During the year under review the Supervisory Board dwelled upon the impact of the Covid-19 pandemic on the results of ForFarmers several times with the Executive Board. The financial headroom for making distributions and awarding variable remuneration was also discussed in this context. Taking into consideration the aforementioned and including the cash flow and strength of the balance sheet, the Supervisory Board has decided to pay out variable remuneration, based on the results including the impact of Covid-19. ForFarmers did not make use of any financial covid-19 schemes which include conditions that have implications for making distributions or awarding variable remuneration.

Short-term variable remuneration of members of the Executive Board

The targets which determined the 2020 short-term variable remuneration were 60% financial and 40% qualitative. At the beginning of 2021 the Supervisory Board assessed the achievement of the predetermined targets for each individual member of the Executive Board in order to establish the short-term variable remuneration for 2020.

The table and explanatory notes below show the various performance criteria as well as the results for each Executive Board member, including both the target percentage and the percentage of the fixed salary actually achieved.

Information on 2020 short-term performance (1)

Performance criteria	Yoram Knoop (CEO)		Roeland Tjebbes (CFO) (3)		Adrie van der Ven (COO)		Arnout Traas (former CFO) (3)	
	Target 60% Max 72%		Target 40% Max 48%		Target 40% Max 48%		Target 40% Max 48%	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Underlying net profit (2)	36.0%	8.4%	n/a (4)	n/a (4)	10.4%	2.4%	24.0%	5.6%
Underlying operating profit cluster					13.6%	0.0%		
Implementation of strategy	6.0%	6.6%						
M&A policy / partnerships	6.0%	6.0%			4.0%	0.0%		
Leadership in sustainability	6.0%	6.0%						
Operational effectiveness	6.0%	4.8%			4.0%	3.2%		
Team development					4.0%	0.0%		
Procurement practices					4.0%	3.6%		
Transfer of responsibilities / knowledge							16.0%	19.2%
Total short-term '20	60.0%	31.8%	40.0%	32.0%	40.0%	9.2%	40.0%	24.8%

(1) Percentages in relation to the applicable fixed salary.
(2) Please refer to Note 17 of the financial statements concerning Alternative Performance Measures (APMs)
(3) The percentages concern for the current CFO the period as from 1 March 2020 and for the former CFO up to and including 24 April 2020
(4) Guaranteed realisation of the variable short term remuneration percentage as agreed for the first year

Long-term variable remuneration of members of the Executive Board

The (shared) targets which determined the long-term variable remuneration for the Executive Board were 60% financial and 40% qualitative. The long-term variable remuneration was determined over a three-year period, namely 2018-2020.

The achievement of the targets set at the beginning of 2018 for the long-term variable remuneration for 2018-2020 was also assessed by the Supervisory Board at the beginning of 2021. The table and explanatory notes below show the various performance criteria as well as the results for each Executive Board member, including both the target percentage and the percentage of the fixed annual salary actually achieved.

Information on 2018-2020 long-term performance (1)

Performance criteria	Yoram Knoop (CEO)		Arnout Traas (former CFO) (5)		Adrie van der Ven (COO) (6)		Jan Potijk (former COO) (6)	
	Target 60% Max 72%		Target 40% Max 48%		Target 40% Max 48%		Target 40% Max 48%	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Development of profit after tax (2)	10.8%	0.0%	7.2%	0.0%	7.2%	0.0%	7.2%	0.0%
Development of total shareholder return (TSR) (3)	12.6%	0.0%	8.4%	0.0%	8.4%	0.0%	8.4%	0.0%
Return on average capital employed (ROACE) (4)	12.6%	6.5%	8.4%	3.9%	8.4%	4.2%	8.4%	3.5%
Implementation of strategy	9.0%	9.9%	6.0%	6.6%	6.0%	6.6%	6.0%	6.6%
M&A	9.0%	6.8%	6.0%	4.5%	6.0%	4.5%	6.0%	4.5%
Implementation of sustainability policy	6.0%	7.2%	4.0%	4.8%	4.0%	4.8%	4.0%	4.8%
Total long-term '20	60.0%	30.4%	40.0%	19.8%	40.0%	20.1%	40.0%	19.4%

(1) Percentages in relation to the applicable fixed salary.
(2) Earnings Per Share (EPS) (adjusted for share buy-back)
(3) Total Shareholder Return (TSR) according to the scale in this report
(4) Return on Average Capital Employed (ROACE)
(5) The percentages concern for the former CFO up to and including 24 April 2020
(6) The percentages concern for the current COO the period as from 26 April 2019 and for the former COO up to and including 26 April 2019.

The targets for the execution of the sustainability policy relate to achieving the already existing sustainability KPIs which are also included in the tightened target as presented in the section Going Circular For the Future of Farming as well as transparent reporting. Progress has been made on nearly all points of the sustainability agenda, as can be read in the above mentioned chapter. In addition, ForFarmers has made the next step in the field on integrated reporting.

The financial targets as well as the qualitative targets for the long-term variable remuneration for 2019-2021 and 2020-2022 are the same as for 2018-2020.

For the targets for Total Shareholder Return (TSR) the Supervisory Board established in advance which companies are part of the peer group. This was based on the ten companies ranked 15 to 25 in the AMX index (mid-cap index) as at 1 October of the year preceding the period for the long-term target and the ten companies ranked 1 to 10 in the AScX index (small-cap index) of Euronext Amsterdam as at that date. The variable remuneration percentage awarded based on TSR is determined by the position held by ForFarmers within the peer group based on the following scale.

Position	11-20	10	9	8	7	4-6	1-3
Realisation %	0	50	66.7	83.4	100	110	120

In the period 2018-2020 ForFarmers was in position 13 according to this scale.

Participation in employee participation plan

The members of the Executive Board have participated in the employee participation plans of 2020 for senior management as follows. Yoram Knoop participated with 10,416 depositary receipts, Roeland Tjebbes with 26,041 and Adrie van der Ven with 10,416. Depositary receipts obtained under this scheme in 2020 are subject to a five-year lock-up period. A discount of 20% was given on the purchase price in accordance with the remuneration policy and the rules as referred to in article 2:135 paragraph 5 of the Dutch Civil Code as approved by the General Meeting of Shareholders of 26 April 2017.

As at 31 December 2020 the members of the Executive Board held the following shares or depositary receipts:

Depositary receipts/ Shares held by the Executive Board

	Depositary receipts in lock-up (5 years, release 2022)	Depositary receipts in lock-up (5 years, release 2023)	Depositary receipts in lock-up (5 years, release 2024)	Depositary receipts in lock-up (5 years, release 2025)	Depositary receipts/Shares (not in lock-up)	Total
Yoram Knoop	61,034	20,541	17,361	10,416	222.967	332,319
Roeland Tjebbes	-	-	-	26,041	-	26,041
Adrie van der Ven	22,171	-	-	10,416	-	32,587
Arnout Traas (1)	9,094	-	-	-		

(1) Depositary receipts subject to lock-up due to participation in employee participation plans during period of employement at ForFarmers up to and including 24 April 2020. The Company does not report on the number of depositary receipts/shares not subject to lock-up or the total

The remuneration policy includes a target relating to the ownership of ForFarmers shares by members of the Executive Board. The members aim to hold shares and depositary receipts of shares in ForFarmers for an amount equal to at least two times their gross annual fixed salary. At present this target is met by Yoram Knoop but not by Roeland Tjebbes (who was appointed as member of the Executive Board on 24 April 2020) and Adrie van der Ven (appointed as a member of the Executive Board from 26 April 2019). Insofar as members of the Executive Board have not used an amount equal to at least two times their fixed gross annual salary to purchase (depositary receipts of) shares in ForFarmers, they shall aim to achieve this within a period of four years by taking part in the employee participation plan.

In accordance with the remuneration policy ForFarmers paid no remuneration in the form of options, shares or depositary receipts to members of the Executive Board and/or the Executive Committee. The remuneration of the members of the Executive Board is not affected by a change of control in the Company. No loans were granted to members of the Executive Board.

Total remuneration of members of the Executive Board

The following table provides an overview of the total remuneration of members of the Executive Board, including the short-term variable remuneration for 2020 and the long-term variable remuneration for 2018-2020.

Executive Board remuneration in 2019

In euro	Salary	Other benefits (1)	Short term (1 year) (3)	Long term (3 years) (3)	Special payments (2)	Pension contributions	Total remuneration	Fixed/ variable ratio
Yoram Knoop (CEO)								
2020	562,084	49,082	178,545	162,456	36,318	112,417	1,100,902	66%-34%
2019	548,375	45,965	98,708	170,497	6,250	109.675	979,470	72%-28%
Roeland Tjebbes (CFO) as from 1 March 2020 (4)								
2020	312,500	37,988	100,000	-	7,813	62,500	520,801	79%-21%
Arnout Traas (former CFO) up to and including 24 April 2020 (4)								
2020	125,210	41,554	31,023	57,381	1,313	3,823	260,302	66%-34%
2019	383,918	69,163	49,203	92,713	-	15,018	610,045	77%-23%
Adrie van der Ven (COO) as from 26 April 2019 (5)								
2020	366,190	78,057	33,750	66,748	6,325	12,014	563,084	81%-19%
2019	234,521	49,911	23,415	18,259	-	10,012	336,118	88%-12%
Jan Potijk up to and including 26 April 2019 (4)								
2020	-	-	-	33,804	-	-	33,804	0%-100%
2019	130,219	31,204	11,251	96,543	11,990	4,892	286,090	58%-42%

(1) Concerns employer contributions social securities, use of company cars expenses and pension compensation own arrangement
(2) Concerns 20% discount due to participation in employee participation plan
(3) The 2020 short- and 2018-2020 long-term variable remuneration will be payable after the adoption of the Annual Accounts 2020
(4) The amounts relate to period for the current CFO the period as from 24 April 2020 and for the former CFO up to and including 24 April 2020
(5) The amounts relate to period for the current COO the period as from 26 April 2019 and for the former COO up to and including 26 April 2019

The total remuneration amount is consistent with the remuneration policy and contributes to the (long-term) interests of customers, employees, shareholders and other stakeholders of ForFarmers. The implementation of the remuneration policy reflected the objective to create long-term value by making a significant contribution to more efficient and sustainable production of meat, eggs and dairy produce ('For the Future of Farming'), partly in view of the social importance in this context.

During the year under review the Supervisory Board saw no reason to use its special powers to adjust or claw back any variable or long-term remuneration awarded. No severance payments or other special payments were made to any current or former members of the Executive Board during the year under review.

Guaranteed variable remuneration

For the part of the first calendar year in which Roeland Tjebbes was appointed Executive Committee member and subsequently Executive Board member (CFO) (i.e. 1 March up to and including 31 December 2020), he is granted a guaranteed variable short term and long term payment. This is because no targets for variable payment were set for him before the beginning of the calendar year 2020 nor was he involved in determining the budget for 2020. The guaranteed short-term variable payment and respectively long-term variable payment is in line with respectively 80% and 100% of the variable payment which would have been granted if the targets would have been met.

Compensation for contracts relating to previous jobs

No remuneration was paid to any member of the Executive Board in the 2020 financial year in connection with compensation for contracts relating to previous jobs. Roeland Tjebbes will be receiving compensation for his contract relating to his previous job, amounting to €250,000, which shall be paid in four annual payments of €62,500 each starting in 2021 and ending in 2024.

Pay ratios

In assessing the amount and structure of the remuneration of the Executive Board the Supervisory Board also considered the pay ratios and other conditions of employment within the Company. The pay ratios at ForFarmers are based on total direct remuneration, i.e. the fixed salary and short-term and long-term variable remuneration of all ForFarmers employees. Given the countries where ForFarmers currently operates and other factors this provides a relatively uniform and representative peer group. This basis will be reassessed each year. The development of the pay ratios is shown in the table regarding the performance and remuneration over five financial years. The Supervisory Board is of the opinion that the development of pay ratios within ForFarmers is well balanced.

Performance and remuneration over five financial years

The following tables show the annual change in remuneration over at least five financial years, the development of the results of ForFarmers and the average remuneration of ForFarmers employees.

Total Executive Board remuneration

In thousands of euro	2016	2017	2018	2019	2020
CEO	1,290	1,383	1,267	979	1,101
CFO (current) as from 1 March 2020					521
CFO (former) up to and including 24 April 2020	753	808	740	610	260
COO (current) as from 26 April 2019				336	563
COO (former) up to and including 26 April 2019	806	836	776	286	34

Annual change total Executive Board remuneration

In percentage	2016	2017	2018	2019	2020
CEO (1)	25.0%	7.2%	-8.4%	-22.7%	12.4%
CFO (current) as from 1 March 2020 (2)					n/a
CFO (former) up to and including 24 April 2020 (2)	12.6%	7.3%	-8.5%	-17.5%	n/a
COO (current) as from 26 April 2019					67.5%
COO (former) up to and including 26 April 2019 (2)	11.3%	3.7%	-7.2%	n/a	n/a

(1) In 2016 the first payment of the long-term variable remuneration was made to the current CEO.
(2) Not applicable for 2020

Annual change fixed basis Executive Board remuneration

In percentage	2016	2017	2018	2019	2020
CEO (1)	1.0%	0.4%	18.8%	2.5%	2.5%
CFO (current) as from 1 March 2020 (2)					n/a
CFO (former) up to and including 24 April 2020	4.0%	3.5%	2.0%	2.5%	2.5%
COO (current) as from 26 April 2019					2.5%
COO (former) up to and including 26 April 2019	19.0%	1.7%	2.0%	2.5%	n/a

(1) The fixed short-term bonus amounting €100,000 a year, which was received by the CEO in the period 2014-2017, was ceased as of 1 January 2018 and partly included in the fixed remuneration as of 2018.
(2) Not applicable for 2020

Performance ForFarmers

In thousands of euro (unless indicated otherwise)	2016	2017	2018	2019	2020
Underlying EBITDA (1)	93,607	101,446	100,052	88,520	96,232
Change in % year-on-year		8.4%	-8.4%	-12.7%	8.7%
Underlying profit (1)	55,650	63,365	61,801	42,139	46,266
Change in % year-on-year		13.9%	-2.5%	-31.8%	9.8%
Average ForFarmers employees remuneration (2)	51,746	52,161	50,310	50,084	51,303
Change in % year-on-year		0.8%	-3.5%	-0.4%	2.4%
Remuneration CEO/ average remuneration ratio	21.8	22.9	22.0	16.5	17.6

(1) Please refer to Note 17 of the financial statements concerning Alternative Performance Measures (APMs).
(2) Concerns the average total direct remuneration of all ForFarmers employees (excluding Executive CEO). The amount has been determined on the basis of the average number of FTEs in the applicable year. For the ratio the amount is offset against the fixed salary and variable remuneration of the CEO (as included in the table presenting total remuneration of the members of the Executive Board).

Recharging of remuneration costs to subsidiaries/other companies

During the financial year part of the remuneration costs for each member of the Executive Board were recharged to subsidiaries or other companies (of which ForFarmers consolidates the financial data) in accordance with the overhead cost allocation model.

Remuneration of members of the Supervisory Board

In line with what was adopted by the AGM of 26 April 2017 the annual remuneration of the members of the Supervisory Board equalled €60,000 for the chairman, €46,000 for the vice-chairman and €43,000 for the other members of the Supervisory Board, with additional payments of €10,000 for the chairman of the Audit Committee, €7,500 for the chairmen of the other committees, €7,000 for the Supervisory Board member who is a member (not the chairman) of the Audit Committee and €6,000 for the Supervisory Board member who is a member (not the chairman) of either of the other committees established by the Supervisory Board. The amounts stated are gross amounts. Each member of the Supervisory Board receives a fixed annual expense allowance of €500. In 2020 the following remuneration payments were made to members of the Supervisory Board:

During the year under review the Supervisory Board made no additional remuneration payments to members of the Supervisory Board in connection with the performance of extra tasks.

As at 31 December 2020 the members of the Supervisory Board held the following shares or depositary receipts in ForFarmers N.V. and/or a balance in the participation account[15] of Coöperatie FromFarmers U.A. ('the Cooperative'):

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Supervisory Board remuneration in 2020

	Supervisory Board	Commissions	Other compensation (1)	Total
Cees de Jong	60,000	12,000	669	72,669
Sandra Addink-Berendsen	46,000	16,000	2,441	64,441
Roger Gerritzen	43,000	12,142	2,962	58,104
Vincent Hulshof	43,000	6,000	1,630	50,630
Annemieke den Otter as from 24 April 2020	29,481	4,799	343	34,623
Erwin Wunnekink	43,000	7,500	1,633	52,133
Cees van Rijn up to and including 24 April 2020	14,333	4,833	4,910	24,076

(1) Relates to reimbursement for travel and fixed expenses

[15] *See note 36 of the financial statements 2020*

Total Supervisory Board remuneration over 5 years

In thousands of euro	2016	2017	2018	2019	2020
Chairman (1)	63	65	63	77	73
Vice-Chairman (2)	42	57	60	63	64
Other members (3)	41	41	54	54	55

(1) Concerns the remuneration of the current Chairman as of 26 April 2018 and for the former Chairman up to and including that date.
(2) Concerns the remuneration of the current Vice-Chairman as of 26 April 2017 and for the former Vice-Chairman up to and including that date.
(3) Concerns the average remuneration of the other Supervisory Board members.

	Depository receipts/ Shares	Participation accounts (1)	Total
Cees de Jong	-	-	-
Sandra Addink-Berendsen	9,640	12,294	21,934
Roger Gerritzen	-	-	-
Vincent Hulshof	-	8,640	8,640
Annemieke den Otter	-	-	-
Erwin Wunnekink	-	-	-

(1) The balance on the participation account can solely be held by members of FromFarmers and can be converted into depositary receipts or shares of ForFarmers N.V.

The members of the Supervisory Board with depositary receipts/shares and/or participation accounts are also members of FromFarmers and have obtained their depositary receipts/shares and/or participation accounts by participating in the Equity on Name programme offered by FromFarmers in the period 2007-2017.
ForFarmers allocated no options, depositary receipts or shares to members of the Supervisory Board. The remuneration of the members of the Supervisory Board is not dependent on the results of ForFarmers or affected by a change of control in the Company. No loans were provided to members of the Supervisory Board.

Advisory vote of the General Meeting of Shareholders

Pursuant to article 2:135 b paragraph 2 of the Dutch Civil Code the remuneration report for the 019 year under review was submitted to the AGM of 24 April 2020 for an advisory vote. This advisory vote was cast as follows:

	Votes	Percentage
For	79.080.709	100%
Against	33.097	0%
Abstain	104.066	-

This remuneration report for the 2020 financial year will be submitted to the AGM of 23 April 2021 for an advisory vote. In the remuneration report for the 2021 year under review, it will be outlined how this advisory vote was taken into account.

Lochem, 10 March 2021

The Supervisory Board

FINANCIAL STATEMENTS 2020

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

In thousands of euro (before profit appropriation)	Note	31 December 2020	31 December 2019
Assets			
Property, plant and equipment	18	292,456	291,358
Intangible assets and goodwill	19	96,293	139,771
Investment property	20	931	1,070
Trade and other receivables	22	6,688	10,462
Equity-accounted investees	21	26,474	27,206
Deferred tax assets	16	5,548	2,532
Non-current assets		428,390	472,399
Inventories	23	93,764	90,016
Biological assets	24	6,182	5,931
Trade and other receivables	22	215,659	228,780
Current tax assets		3,459	3,860
Cash and cash equivalents	25	68,658	62,761
Assets held for sale	26	574	1,737
Current assets		388,296	393,085
Total assets		816,686	865,484
Equity			
Share capital		952	1,063
Share premium		143,554	143,554
Treasury share reserve		-	-86
Translation reserve		-9,438	-1,531
Hedging reserve		-621	-479
Other reserves and retained earnings		208,330	252,995
Unappropriated result		14,154	17,705
Equity attributable to shareholders of the Company	27	356,931	413,221
Non-controlling interests	34	5,555	5,132
Total equity		362,486	418,353
Liabilities			
Loans and borrowings	29	44,852	41,735
Employee benefits	15	51,453	29,852
Provisions	30	3,440	3,015
Trade and other payables	31	21,079	26,664
Deferred tax liabilities	16	11,696	13,873
Non-current liabilities		132,520	115,139
Bank overdrafts	32	30,625	47,402
Loans and borrowings	29	5,398	4,734
Provisions	30	1,276	2,275
Trade and other payables	31	283,526	276,556
Current tax liabilities		855	1,025
Current liabilities		321,680	331,992
Total liabilities		454,200	447,131
Total equity and liabilities		816,686	865,484

The notes 1 to 40 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss

In thousands of euro	Note	2020	2019
Revenue	8	2,351,855	2,463,061
Cost of raw materials and consumables	9	-1,918,679	-2,022,397
Gross profit		433,176	440,664
Other operating income	10	6,470	1,623
Operating income		439,646	442,287
Employee benefit expenses	15	-161,910	-166,601
Depreciation, amortisation and impairment	18, 19	-76,061	-71,001
Net (reversal of) impairment loss on trade receivables	32	-1,169	1,264
Other operating expenses	11	-176,274	-191,770
Operating expenses		-415,414	-428,108
Operating profit		24,232	14,179
Net finance result	6, 12, 17	1,900	10,663
Share of profit of equity-accounted investees, net of tax	21	4,101	2,773
Profit before tax		30,233	27,615
Income tax expense	16	-15,567	-9,620
Profit for the period		14,666	17,995
Profit attributable to:			
Shareholders of the Company		14,154	17,705
Non-controlling interests	34	512	290
Profit for the period		14,666	17,995
Earnings per share in euro (1)			
Basic earnings per share	13	0.15	0.18
Diluted earnings per share	13	0.15	0.18

(1) Earnings per share attributable to the shareholders of the Company

The notes 1 to 40 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

In thousands of euro	Note	2020	2019
Profit for the period		14,666	17,995
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	15.16	-26,129	-342
Equity-accounted investees - share of other comprehensive income	16	-8	-26
Related tax		5,093	334
		-21,044	-34
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences	16	-8,827	5,906
Cash flow hedges - effective portion of changes in fair value	16	-191	531
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position	16	-	-
Related tax	16	969	-898
		-8,049	5,539
Other comprehensive income, net of tax		-29,093	5,505
Total comprehensive income		-14,427	23,500

Total comprehensive income attributable to:			
Shareholders of the Company		-14,939	23,210
Non-controlling interests	34	512	290
Total comprehensive income		-14,427	23,500

The notes 1 to 40 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Sub-total [1]	Non-controlling interest	Total
Balance as at 1 January 2020		1,063	143,554	-86	-1,531	-479	252,995	17,705	413,221	5,132	418,353
Addition from unappropriated result		-	-	-	-	-	17,705	-17,705	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	14,154	14,154	512	14,666
Other comprehensive income	16, 27	-	-	-	-7,907	-142	-21,044	-	-29,093	-	-29,093
Total comprehensive income		-	-	-	-7,907	-142	-21,044	14,154	-14,939	512	-14,427
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	27	-	-	-	-	-	-26,891	-	-26,891	-280	-27,171
Purchase of own shares	27	-	-	-25	-	-	-14,414	-	-14,439	-	-14,439
Cancellation of own shares	27	-111	-	111	-	-	-	-	-	-	-
Equity-settled share-based payments		-	-	-	-	-	-21	-	-21	-	-21
Tax movements directly in equity		-	-	-	-	-	-	-	-	191	191
Total transactions with shareholders of the Company		-111	-	86	-	-	-41,326	-	-41,351	-89	-41,440
Balance as at 31 December 2020		952	143,554	-	-9,438	-621	208,330	14,154	356,931	5,555	362,486

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Sub-total [1]	Non-controlling interest	Total
Balance as at 1 January 2019		1,063	143,554	-61	-6,653	-896	239,990	58,590	435,587	5,166	440,753
Addition from unappropriated result		-	-	-	-	-	58,590	-58,590	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	17,705	17,705	290	17,995
Other comprehensive income	16, 27	-	-	-	5,122	417	-34	-	5,505	-	5,505
Total comprehensive income		-	-	-	5,122	417	-34	17,705	23,210	290	23,500
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	27	-	-	-	-	-	-30,051	-	-30,051	-401	-30,452
Purchase of own shares	27	-	-	-25	-	-	-15,481	-	-15,506	-	-15,506
Equity-settled share-based payments		-	-	-	-	-	-19	-	-19	-	-19
Tax movements directly in equity		-	-	-	-	-	-	-	-	77	77
Total transactions with shareholders of the Company		-	-	-25	-	-	-45,551	-	-45,576	-324	-45,900
Balance as at 31 December 2019		1,063	143,554	-86	-1,531	-479	252,995	17,705	413,221	5,132	418,353

[1] Sub-total equity refers to equity attributable to the Company's shareholders.

The notes 1 to 40 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

In thousands of euro	Note	2020	2019
Cash flows from operating activities			
Profit for the year		14,666	17,995
Adjustments for:			
Depreciation	18	32,788	31,601
Amortisation	19	9,039	8,661
Net (reversal of) impairment loss	18.19	34,234	30,739
Change in fair value of biological assets (unrealised)	24	-10	-33
Net (reversal of) impairment loss on trade receivables	32	1,169	-1,264
Net finance result	12	-1,900	-10,663
Share of profit of equity-accounted investees, net of tax	21	-4,101	-2,773
Gain on sale of property, plant and equipment / investment property	10	-716	-1,251
Gain on sale of assets held for sale	26	-5,333	-
Equity-settled share-based payment expenses	15	292	413
Expenses related to post-employment defined benefit plans	15	977	1,027
Expenses related to long term incentive plans	15	822	995
Income tax expense	16	15,567	9,620
		97,494	85,067
Changes in:			
Inventories & biological assets		-5,503	1,922
Trade and other receivables		8,004	25,287
Trade and other payables		21,472	7,811
Provisions and employee benefits		-6,962	-4,997
Cash generated from operating activities		114,505	115,090
Interest paid		-1,347	-2,011
Income taxes paid		-15,015	-16,933
Net cash from operating activities		98,143	96,146
Cash flows from investing activities			
Interest received		1,183	1,035
Dividends received from equity-accounted investees	21	6,752	1,593
Proceeds from sale of property, plant and equipment / investment property	10	1,999	2,024
Proceeds from sale of assets held for sale	26	6,579	-
Acquisition of subsidiaries, net of cash acquired	6	-9,572	-2,717
Acquisition of property, plant and equipment	18	-32,490	-35,200
Acquisition of intangible assets	19	-3,260	-1,688
Net cash used in investing activities		-28,809	-34,953
Cash flows from financing activities			
Purchase of own shares	27.29	-14,439	-15,506
Proceeds from sale of treasury shares relating to employee participation plan	27.29	847	1,339
Repurchase of treasury shares relating to employee participation plan	27.29	-1,166	-1,805
Lease payments	29	-6,712	-6,260
Proceeds from borrowings	29	30,000	45,000
Repayment of borrowings	29	-30,000	-77,128
Transaction costs related to borrowings	29	-	-1,135
Payments of settlement of derivatives	29	-	-115
Dividend paid	27.29	-26,062	-29,408
Net cash used in financing activities		-47,532	-85,018
Net increase/decrease in cash and cash equivalents		21,802	-23,825
Cash and cash equivalents at 1 January		15,359	38,449
Effect of movements in exchange rates on cash held		872	735
Cash and cash equivalents as at 31 December (1)	25	38,033	15,359

(1) Net of bank overdrafts

The notes 1 to 40 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

1. ForFarmers N.V.

ForFarmers N.V. (the 'Company') is a public limited company domiciled in the Netherlands. The Company's registered office is at Kwinkweerd 12, 7241 CW Lochem. The consolidated financial statements for the financial year ended 31 December 2020 comprise ForFarmers N.V. and its subsidiaries (jointly the 'Group' or 'ForFarmers') and the Group's interest in its joint venture HaBeMa and associates.

As at 31 December 2020, the capital interest and voting rights in the Company is distributed as follows:

	31 December 2020		31 December 2019	
	Capital interest	Voting rights	Capital interest	Voting rights
Held by ForFarmers	0.03%		8.07%	
Shares Coöperatie FromFarmers U.A. (Direct)	19.43%	19.43%	17.41%	18.94%
Participation accounts of members (Indirect)	28.36%	28.37%	26.63%	28.97%
Coöperatie FromFarmers U.A.	47.79%	47.80%	44.04%	47.91%
Depositary receipts of members	6.07%	6.08%	5.31%	5.78%
Depositary receipts in lock-up	0.87%	0.87%	0.72%	0.79%
Depositary receipts other holders (1)	1.60%	1.60%	1.47%	1.60%
Shares Stichting Beheer- en Administratiekantoor ForFarmers	8.54%	8.55%	7.50%	8.16%
Shareholders (external)	43.64%	43.65%	40.39%	43.93%
Total of ordinary shares outstanding	100%	100%	100%	100%

(1) These concern (former) employees of ForFarmers for whose depositary receipts of shares no lock-up exists (anymore) and third parties which did not (yet) convert their depositary receipts into shares.

ForFarmers N.V. is an internationally operating feed company that offers Total Feed solutions for conventional and organic livestock farming. ForFarmers gives its very best "For the Future of Farming": for the continuity of farming and for a financially secure agricultural sector.

2. Basis of accounting

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs, hereafter stated as IFRS) and section 2:362 sub 9 of the Netherlands Civil Code.

The consolidated (and company) financial statements were approved for issuance by the Executive Board and Supervisory Board on 10 March 2021. The Group's financial statements will be subject to adoption by the Annual General Meeting of Shareholders on 23 April 2020.

The consolidated financial statements are prepared in accordance with the going concern principle.

Impact covid-19

During 2020, the covid-19 pandemic had a limited impact on ForFarmers. The outbreak in early 2020 resulted in strict government measures in all countries in which ForFarmers is active. However, these measures had no material impact on ForFarmers core processes.

ForFarmers' position in the vital sector supports the continuity of the operational cash flow. In addition, ForFarmers has a strong balance sheet and a solid financial position with sufficient cash and headroom in its credit facilities. However, the COVID-19 situation has had an impact on ForFarmers' volumes and consequently on its results, mainly in Poland.

In preparing the consolidated financial statements 2020, ForFarmers has made estimates and assumptions based on the recent development and insights regarding the covid-19 pandemic, which resulted in an impairment of the goodwill in relation to the acquisition of Tasomix (Poland) and a partial release of the put option liability also in relation to Tasomix, see also notes 6 and 12.

Changes in accounting policies in 2020

In 2020, the following new standards, amendments or interpretations of the International Accounting Standard Board (IASB) will come into effect. These have no significant impact on the Total equity as at 31 December 2020, Net result for the 2020 financial year nor comparative figures of ForFarmers:

- Amendments to IAS 1: "Presentation of Financial Statements";
- Amendments to IAS 8: "Definition of Material";
- Amendments to IFRS 3 Business Combinations: Definition of a Business";
- Amendments to IFRS 7 and IFRS 9: "Interest Rate Benchmark Reform Phase I".

For explanatory notes on the standards issued but not yet effective, reference is made to Note 40.

Comparative information

When necessary prior year amounts have been adjusted to conform to the current year presentation.

Accounting policies

Details of the Group's significant accounting policies are included in Notes 38 and 39.

3. Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. The subsidiaries' functional currencies are mainly the euro, pound sterling and Polish zloty. Most of the transactions, and resulting balances, occur in the local and functional currency. The following exchange rates have been applied during the year:

Rate as at 31 December	€ 1.00	€ 1.00
2018	£ 0,8945	zł 4,3014
2019	£ 0,8508	zł 4,2568
2020	£ 0,8990	zł 4,5597
Average rate	€ 1.00	€ 1.00
2019	£ 0,8778	zł 4,2976
2020	£ 0,8897	zł 4,4430

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual valuation of assets and liabilities may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, taking into account the opinions and advice of (external) experts. Changes to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- revenue: whether the Group acts as an agent in the transaction rather than as a principal (Note 8);
- consolidation: whether the Group has de facto control over an investee (Note 33).

B. Assumptions and estimation uncertainties

The estimates and assumptions considered most critical are:

- measurement of defined benefit obligations: key actuarial assumptions (Note 15);
- recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used (Note 16);
- useful life of property, plant and equipment and intangible assets (Notes 18 and 19);
- expected lease term and discount rate of right-of-use assets (Note 18);
- impairment test: key assumptions underlying recoverable amounts (Note 19);
- valuation of trade and other receivables (Note 22);
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources relating to provisions (Note 30); and
- measurement of put option liabilities and contingent considerations as a result of business combinations (Note 31).

C. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group uses market observable-input to the extent possible-in determination and calculation of the fair value of an asset or a liability. Fair values are categorised into different Levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.
The Group recognises transfers between Levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. If the inputs used to measure the fair value of an asset or a liability might be categorised in different Levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same Level of the fair value hierarchy as the lowest Level input that is significant to the entire measurement.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for over¬seeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the Level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Share-based payment arrangements (Note 14)
- Property, plant and equipment and investment property (Notes 18 and 20)
- Intangible assets, excluding goodwill (Note 19)
- Inventories (Note 23)
- Biological assets (Note 24)
- Derivatives (Note 32)
- Financial instruments, other than derivatives (Note 32)

Results for the year

5. Operating segments

A. Basis voor segmentation

The Group has the following three strategic clusters, which are its reportable segments:

- The Netherlands / Belgium
- Germany / Poland
- United Kingdom

Each country is a separate operating segment, but can be aggregated into reportable segments depending on similarity of economic, market and competition characteristics, given that the nature of the products and services, the nature of the production processes, the type of customer, the methods used to distribute the products, and the nature of the regulatory environment, is similar.

The Group's products include, amongst other things, compound feed and blends, feed for young animals and specialities, raw materials and coproducts, seeds and fertilisers. Core activities are production and delivery of feed, logistics and providing Total Feed solutions based on nutritional expertise.

The Group's Executive Committee reviews internal management reports of each reportable segment on a monthly basis and its members are considered as the chief operating decision making body.

B. Informatie about reportable segments

Information related to each reportable segment is set out on the next page.

The column Group / eliminations represents and includes amounts as a result of Group activities and eliminations in the context of the consolidation. There are various levels of integration between the segments. This integration includes, amongst others, transfers of inventories and shared distribution services. Inter-segment pricing is determined on an arm's length basis.

The Group is not reliant on any individual major customers.

C. Reconciliation of profit

The reconciliation between the reportable segments' operating profits and the Group's profit before tax is as follows:

In thousands of euro	Note	2020	2019
Segment operating profit		24,232	14,179
Net finance result	12	1,900	10,663
Share of profit of equity-accounted investees, net of tax	21	4,101	2,773
Profit before tax		30,233	27,615

2020

In thousands of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed revenues	968,345	486,530	453,126	-	1,908,001
Other revenue	231,993	75,739	136,122	-	443,854
External revenues	1,200,338	562,269	589,248	-	2,351,855
Inter-segment revenues	36,999	489	-	-37,488	-
Revenue	1,237,337	562,758	589,248	-37,488	2,351,855
Gross profit	246,933	74,811	110,767	665	433,176
Other operating income	4,685	119	1,666	-	6,470
Operating expenses	-189,202	-106,303	-108,118	-11,791	-415,414
Operating profit	62,416	-31,373	4,315	-11,126	24,232
Depreciation, amortisation and impairment	13,349	43,434	15,124	4,154	76,061
EBITDA	75,765	12,061	19,439	-6,972	100,293
Property, plant and equipment	123,522	65,898	96,162	6,874	292,456
Intangible assets and goodwill	59,863	18,205	12,832	5,393	96,293
Equity-accounted investees	-	25,501	973	-	26,474
Other non-current assets	2,478	8,650	2,416	-377	13,167
Non-current assets	185,863	118,254	112,383	11,890	428,390
Current assets	225,189	148,601	107,610	-93,104	388,296
Total assets	411,052	266,855	219,993	-81,214	816,686
Equity	-181,757	-53,402	-10,687	-116,640	-362,486
Liabilities	-229,295	-213,453	-209,306	197,854	-454,200
Total equity and liabilities	-411,052	-266,855	-219,993	81,214	-816,686
Working capital	-19,250	43,572	14,761	-5,671	33,412
Capital expenditure(1)	12,902	9,142	9,403	4,462	35,909

2019

In thousands of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed	1,002,341	503,585	498,396	-	2,004,322
Other revenue	236,301	78,126	144,312	-	458,739
External revenues	1,238,642	581,711	642,708	-	2,463,061
Inter-segment revenues	36,797	837	-	-37,634	-
Revenue	1,275,439	582,548	642,708	-37,634	2,463,061
Gross profit	240,496	76,392	122,924	852	440,664
Other operating income	456	186	86	895	1,623
Operating expenses	-192,912	-72,136	-145,938	-17,122	-428,108
Operating profit	48,040	4,442	-22,928	-15,375	14,179
Depreciation, amortisation and impairment	16,006	9,324	40,391	5,280	71,001
EBITDA	64,046	13,766	17,463	-10,095	85,180
Property, plant and equipment	117,871	66,732	99,733	7,022	291,358
Intangible assets and goodwill	61,920	57,317	16,686	3,848	139,771
Equity-accounted investees	-	27,206	-	-	27,206
Other non-current assets	4,114	8,251	693	1,006	14,064
Non-current assets	183,905	159,506	117,112	11,876	472,399
Current assets	206,400	155,535	106,062	-74,912	393,085
Total assets	390,305	315,041	223,174	-63,036	865,484
Equity	-162,312	-84,700	-30,471	-140,870	-418,353
Liabilities	-227,993	-230,341	-192,703	203,906	-447,131
Total equity and liabilities	-390,305	-315,041	-223,174	63,036	-865,484
Working capital	-24,833	48,876	26,316	-1,665	48,694
Capital expenditure(1)	16,658	7,161	10,684	4,078	38,581

(1) Additions to intangible assets and property, plant and equipment

6. Business combinations

Acquisitions during 2020

There were no acquisitions during 2020. Refer to Note 37 Events after the reporting period for more information about the acquisition of De Hoop Mengvoeders, announced in 2020 and recently completed in 2021 and the purchase of the product portfolio and client relationships of Mühldorfer Pferdefutter.

Acquisitions during 2019

On 31 May 2019 ForFarmers acquired a local ruminant business in the United Kingdom. The purchase consideration amounted to €1.2 million of which €0.3 million is a contingent consideration. The fair values of the acquired assets have become final during 2020 and are also determined at €1.2 million, which results in a goodwill of nil. This acquisition does not have a material impact on the Group in the context of the disclosure requirements of IFRS 3 (Business Combinations).

Developments 2020

Tasomix Group (Poland)

On 19 February 2018 the Group and the owners of Tasomix signed an agreement in which the Group acquired 60% of the shares of Tasomix Sp. z o.o., Tasomix 2 Sp. z o.o., Kaboro Sp. z o.o. and Tasomix Pasze Sp. z o.o. (collectively hereafter "Tasomix").

On 2 July 2018 ForFarmers paid PLN 242 million (at acquisition date €55.1 million) in cash and received 60% of the shares. A second potential payment (contingent consideration') for this transaction (i.e. the 60% stake in Tasomix) will be made in 2021. The contingent consideration amounted to €6,893 thousand at the date of acquisition (2 July 2019). As at 31 December 2020 the expected contingent consideration is estimated at zero (2019: idem).

Furthermore, the agreement includes a call and put option for the remaining 40% shares. The put option liability, which has to be paid in PLN, has been valued and amounts to €29,956 thousand, which represent its fair value at the date of acquisition (2 July 2019). As at 31 December 2020 the put option liability has decreased to €20,671 thousand (31 December 2019 €26,665 thousand), see Note 32. The decrease of this liability mainly relates to the expected delay in realizing the operational targets due to the covid-19 pandemic. The sales by poultry farmers to the 'out-of-home' segment in Western Europe have decreased substantially, as a result several poultry farmers waited in filling their barns with new chickens. This has an impact on the sale of feed by Tasomix and therefore on the valuation of the put option liability (a release of €7,425 thousand), partly compensated by the discounting effect of €3,092 thousand (which has been recognised as net finance result in the income statement) and a foreign currency translation impact (€1,661 thousand included in other comprehensive income). The net release of €4.333 thousand has been recorded in the income statement as a non-operational finance result (refer to Note 12 and 17).

ForFarmers keeps considering the fast growing agricultural market in Poland as an important pillar of growth for the future and are well positioned there with our stake in Tasomix. The focus continues to be the further increase of production in the Pionki mill. It is expected that the capacity utilization of the Pionki mill will further increase from the second half of 2021.

Voeders Algoet (Belgium)

As per 1 October 2018 ForFarmers consolidates the results of Voeders Algoet.The contingent consideration as per 31 December 2019 amounted to €418 thousand, which has been settled during 2020. This resulted in a release of €268 thousand and a payment of €150 thousand. The release is mainly due to not fully realizing the operational targets and has been recorded in the income statement as a non-operational finance result (refer to Note 12 and 17).

Vleuten-Steijn (Nederlands)

Vleuten-Steijn is consolidated in the results of ForFarmers as from 1 October 2016. The contingent consideration as of 31 December 2019 amounted to €8,673 thousand, which has been settled during January 2020.

Acquisition related cash flows

In 2020, the cash flows relating to acquisitions amount to €9.6 million (2019: € 2.7 million: € 0.9 million for acquisitions in 2019 and € 1.8 million for contingent consideration settlements) and consist of:

- the settlement of the contingent consideration regarding the acquisition of Vleuten-Steijn (€8.7 million) and;
- payments on the contingent considerations of Voeders Algoet (€0.1 million), Wilde Agriculture Ltd. (€0.5 million) and Bowerings Animal Feeds Ltd (€0.3 million)

Measurement of fair values

The table below provides an overview of valuation techniques regarding the fair values of the identifiable assets and liabilities of the acquired businesses.

Assets acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Multi-period excess earnings method: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer bases.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

7. Disposals

There were no disposals during 2019 and 2020.

8. Revenue

The geographic distribution of the revenue is as follows:

In thousands of euro	2020	2019
The Netherlands	914,573	942,031
Germany	523,635	539,753
Belgium	161,653	170,397
Poland	145,075	149,467
United Kingdom	589,122	642,543
Other EU countries	17,109	18,345
Other countries outside the EU	688	525
Total	2,351,855	2,463,061

The distribution of the revenue per category is as follows:

In thousands of euro	2020	2019
Compound feed	1,908,001	2,004,322
Other revenue	443,854	458,739
Total	2,351,855	2,463,061

The decrease of the revenue by €111.2 million includes a negative currency impact of €13.4 million. Furthermore, the net effect of acquisitions and disposals results in a positive effect on revenue of €0.3 million. This results in a like-for-like decrease of €98.1 million. This like-for-like decrease is a result of lower volumes.

The other revenue mainly relates to the sale of single, moist and liquid feed, other trading products, and services. The decrease of €14.9 million is the result of lower volumes.

9. Cost of raw materials and consumables

The decrease in the cost of raw materials and consumables by €103.7 million includes a positive currency impact of €11.0 million. This results in a like-for-like decrease of €92.7 million. This decrease is mainly due to lower volumes.

In 2020 the amount provided for obsolete inventories is nil (2019: €30 thousand). The costs of this allowance are included in the cost of raw materials and consumables.

10. Other operating income

2020

Other operating income 2020 mainly relates to the divestment of property in the United Kingdom (€1.6 million) and Netherlands (€3.7 million).

2019

The other operating income in 2019 mainly relates to the divestment of property in the Netherlands (€0.9 million).

11. Operating expenses

The decrease of the operating expenses amounts to €12.7 million, and contains a decrease of €2.7 million caused by a currency impact. The net effect of acquisitions and divestments amounts to €0.3 million. The like-for-like decrease of the operating expenses was €10.3 million. The decrease is due to lower volumes and the execution of the efficiency programme.

A. Other operating expenses

In thousands of euro	2020	2019
Energy costs	27,796	29,616
Transport costs	70,637	72,509
Maintenance costs	25,837	28,318
Sales expenses	6,424	7,278
Other	45,580	54,049
Total	176,274	191,770

The other operating expenses decreased by €15.5 million, including a decrease of €1.0 million caused by a currency impact and an increase of €0.1 million caused by the net effect of acquisitions and divestments. The like-for-like decrease therefore amounts to €14.6 million. The decrease is mainly the result of lower sale volumes and lower travel and accommodation expenses as a result of the 19-Covid pandemic.

The other expenses include costs of temporary personnel and IT licences, together approximately 41% of the total (2019: 35% of the total).

B. Research and development expenses

In 2020 the Group incurred an amount of €6.3 million (2019: €6.0 million) relating to research and development expenses. These expenses mainly comprise personnel expenses of nutrition specialists, product managers and laboratory workers.

C. Auditor's fee

The following fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code.

In thousands of euro	KPMG Accountants NV	Other KPMG network	Total KPMG
2020			
Audit of the financial statements	643	508	1,151
Other audit engagements	76	22	98
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	719	530	1,249
2019			
Audit of the financial statements	590	470	1,060
Other audit engagements	74	10	84
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
Total	664	480	1,144

The fees mentioned in the table for the audit of the financial statements relate to the total fees for the audit of the financial statements, irrespective of whether the activities have been performed during the financial year. The remaining auditor´s costs (the 'Other audit engagements'), were charged to the financial year in which the services were rendered.

The engagements other than the audit of the financial statements consist of agreed-upon procedures regarding board remuneration, bonus targets and sustainability.

12. Net finance result

In thousands of euro	Note	2020	2019
Interest income		1,163	1,181
Interest expenses		-1,188	-1,803
Other financial expenses		-706	-737
Net interest on loans(1)		-731	-1,359
Foreign exchange income (expense)		-619	140
Pension interest expenses	15	-280	-597
Interest on lease liabilities		-955	-955
Change in fair value instruments		-	44
Net other finance result		-1,854	-1,368
Underlying net finance result		-2,585	-2,727
Change in fair value contingent considerations	6, 32	152	7,494
Change in fair value put option liability	6, 32	4,333	5,896
Net non-operational finance result		4,485	13,390
Net finance result recognised in profit or loss		1,900	10,663

(1) Included in interest coverage ratio calculation, refer to Note 29

Net finance result amounts to €1.9 million positive (2019: €10.7 million positive) and includes, among others, a non-operational finance result of €4.5 million positive (2019: €13.4 million positive).

The non-operating financing result includes a gain of €7.6 million (2019: €18.1 million) as a result of the remeasurement of the contingent considerations of the acquisitions (€0.2 million; 2019: € 8.3 million) and the put option liability of Poland (€7.4 million; 2019: €9.8 million). In addition, the regular annual interest accrual on these earn outs (2020: nihil; 2019: € 0.8 million) and the put option liability (€3.1 million; 2019: € 3.9 million) resulted in an expense of €3.1 million (2019: € 4.7 million), refer to notes 6 and 17.

The interest income mainly comprises interest received on long-term outstanding receivables (loans to customers).

The interest expenses mainly comprise interest paid on bank loans and other financing liabilities.

The other financial expenses include amortisation of €0.3 million (2019: €0.3 million) which relates to capitalized cost in relation to the financing arrangement, as further disclosed in Note 30.

On foreign currency transactions, which were settled in 2020 and the translation of monetary items, a loss is recognized (2019: a gain).

13. Earnings per share

A. Basis earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders:

In thousands of euro	2020	2019
Profit for the year, attributable to the shareholders of the Company	14,154	17,705

Weighted-average number of shares:

	Note	2020	2019
Shares in issue at 1 January	27	106,261,041	106,261,041
Effect of treasury shares held (weighted-average during the year)		-10,446,294	-6,847,384
Weighted average number of shares		**95,814,747**	**99,413,657**

Basis earnings per share:

In euro	2020	2019
Basic earnings per share	0.15	0.18

The decrease of the basic earnings per share is caused by the lower results.

B. Diluted earnings per share

The calculation of diluted earnings per share is equal to the calculation of basic earnings per share, since no new shares have been issued in 2020 and 2019. For further information we refer to note 27.

Employee benefits

14. Share-based payment arrangements

A. Description of the share-based payment arrangements

The Group distinguishes two participation plans. One plan relates to members of the Executive Committee and senior management (applicable as of 2014), the other plan relates to other employees (applicable as of 2015). Both plans have further details set out for employees in The Netherlands ("The Netherlands participation plan") and for employees in the United Kingdom, Germany and Belgium (collectively the "Foreign participation plan"). The number of participants in all current participation plans is equal to 15.4% (2019: 17.9%) of the number of employees of the Group.

The participation plans are annual plans only applicable for the respective year to which they relate, any additional participation plans are considered new plans. New participation plans can only be executed upon approval of the Supervisory Board and on the basis of authorization by the Annual General Meeting of Shareholders for the purchase of shares related to the participation plan.

Participation plans 2020

On 24 April 2020, the Group launched two employee participation plans. One plan relates to members of the Executive Committee and senior management, the other plan relates to other employees. For both plans the participants are required to remain in service for 36 consecutive months to be entitled to the discount on the depositary receipts being purchased. The employees are entitled to buy depositary receipts at a discount of 13.5% (employees) or 20% (Executive Committee and senior management) on the fair value of the depositary receipt at the grant date, for which additional depositary receipts are provided.

During 2020, 25 employees (of which 7 foreign employees) participated in the participation plan for the Executive Committee and senior management and 162 employees (of which 25 foreign employees) participated in the participation plan for other employees.

The number of depositary receipts granted with respect to the 2020 participations plans were as follows:

In numbers	The Netherlands	Foreign countries
Executive Committee/ senior management	95,557	8,148
Other employees	76,819	11,322

In 2020, no granted depositary receipts were cancelled as a result of leavers.

Participation plans 2019 and 2018

In 2019 and 2018 the Group offered two participation plans to the employees. One plan relates to members of the Executive Committee and senior management, the other plan relates to other employees. The conditions of both plans are consistent with the participation plans applicable for 2020.

During 2019, 27 employees (of which 5 foreign employees) participated in the participation plan for the Executive Committee and senior management and 209 employees (of which 35 foreign employees) participated in the participation plan for other employees.

The number of depositary receipts granted with respect to the 2019 participations plans were as follows:

In numbers	The Netherlands	Foreign countries
Executive Committee/ senior management	123,652	12,679
Other employees	92,218	15,394

In 2020, no (2019: 321) granted depositary receipts were cancelled as a result of leavers.

During 2018, 46 employees (of which 11 foreign employees) participated in the participation plan for the Executive Committee and senior management and 583 employees (of which 143 foreign employees) participated in the participation plan for other employees.

The number of depositary receipts granted with respect to the 2018 participations plans were as follows:

In numbers	The Netherlands	Foreign countries
Executive Committee/ senior management	81,127	7,064
Other employees	68,077	14,148

In 2020, 1,498 (2019: 98) granted depositary receipts were cancelled as a result of leavers.

Differences between the Netherlands and Foreign plans

Key differences between the Netherlands and Foreign participation plans for the additional depositary receipts are:

- The Netherlands participation plan: A service related vesting condition applies, in that the original value of the discount is repaid by the employee to the Group if the employee leaves within 3 years after allocation. The allocated depositary receipts are at inception of the plan conditional granted.
- Foreign participation plan: A service related vesting condition applies, in that the employee will not be entitled to receive the additional depositary receipts if employee leaves within 3 years after allocation. Additional depositary receipts for foreign employees are held in custody by the Company during the term and are issued to the foreign employees at settlement date. The total cost to the Company for the additional depositary receipts, including the cash-settled employee tax obligations, is limited to the total value of the discount provided to Dutch participants.

Participation plans 2017

The participation plans 2017 were completed during 2020.

B. Measurement of the fair values

Participation plans 2020

The value of the depositary receipts of the Company, for which the employee (members of the Executive Committee, senior management and other employees) could buy their depositary receipts, was determined as the average closing price in the 5 trading days during the period 29 April - 6 May 2020 and amounted to €6.00 per share.

Participation plans 2019

The value of the depositary receipts of the Company, for which the employee (members of the Executive Committee, senior management and other employees) could buy their depositary receipts, was determined as the average closing price in the 5 trading days during the period 2 May - 8 May 2019 and amounted to €7.20 per share.

Participation plans 2018

The value of the depositary receipts of the Company, for which the employee (members of the Executive Committee, senior management and other employees) could buy their depositary receipts, was determined as the average closing price in the 5 trading days during the period 2 May - 8 May 2018 and amounted to €11.72 per share.

For all participation plans, the fiscal obligations for a foreign employee are based on the fair value of the depositary receipt at the date of settlement.

C. Amounts recognised in statement of profit or loss and statement of financial position

The expenses are recognised in the statement of profit or loss over the term of the participation plan (3 years), see Note 15F. The depositary receipts for the employees in the Netherlands participation plan were fully granted in the respective years. The non-vested portion was not recognized within profit and loss, but rather as other receivables within trade and other receivables of €269 thousand (2019: €366 thousand) of which €173 thousand was classified as current (2019: €229 thousand). The cumulative share-based payment reserve relating to the Foreign participation plan amounts to €71 thousand (2019: €92 thousand).

15. Employee benefits

Separate employee benefit plans are applicable in the various countries where the Group operates.

In thousands of euro	Note	31 December 2020	31 December 2019
Liability for net defined benefit obligations	15B	46,705	25,434
Liability for other long-term service plans	15E	4,748	4,418
Total		51,453	29,852

For details on the employee benefit expenses, see Note 15F.

A. Post-employment plans and funding

The Group contributes to the following post-employment plans which are described per reportable segment.

The Netherlands / Belgium

In the Netherlands the employees of different subsidiaries were covered by two post-employment plans up to and until 2015. An insured defined benefit plan was in place for (former) employees of Hendrix, which company was acquired by the Group in 2012. Furthermore, an insured defined contribution plan was in place for (former) ForFarmers employees. Effective per 1 January 2016, the Group entered into a post-employment plan that is applicable for all Dutch employees, leaving all post-employment rights accrued until 31 December 2015 in the old post-employment plans. Therefore, both former post-employment plans are closed as of 31 December 2015.

An insurance company administers the obligations under these plans. As of that date no further obligations will remain under the former ForFarmers post-employment plan. Under the former Hendrix post-employment plan, for the pension rights accrued up to 31 December 2015, the Group will remain committed to pay the related guarantee premiums and as such accounts for the plan as a defined benefit plan.

From 2016 onwards, pension rights will be accrued under the new plan on the basis of collective defined contribution. Together with this post-employment plan, the Group has also agreed on a defined contribution plan for employees with a salary above €57,232 (2020). An insurance company will be administering the obligations under both plans as of 1 January 2016.

From 2020 onwards the collective defined contribution plan has been changed to an individual defined contribution plan, which will be administered by an insurance company.

The net liability related to the defined benefit plans in the Netherlands per 31 December 2020 amounts to €17,242 thousand (31 December 2019: €16,033 thousand). The increase in this liability is mainly caused by the decrease in the interest rate, whereby the change in the financial assumptions was recognized in other comprehensive income.

The Belgian subsidiaries have two insured benefit plans for their employees which qualify as defined benefit plans. The net liability related to the defined benefit plans in Belgium per 31 December 2020 amounts to €532 thousand (31 December 2019: €423 thousand).

Germany / Poland

The German subsidiaries have, for a limited number of persons, an in-house defined benefit plan that is already closed so no new obligations are being incurred. The commitments were calculated on the basis of actuarial calculations in the course of which the applicable discount rate was taken into account. Actuarial results are recorded directly into equity as other comprehensive income. The German defined benefit plan is unfunded.

In addition to the in-house defined benefit plan, a defined contribution plan is in place for all other employees of the German subsidiaries.

The net liability related to the defined benefit plans in Germany per 31 December 2020 amounts to €4,777 thousand (31 December 2019: €4,926 thousand).

The Polish subsidiaries do not have a pension plan. In accordance with local regulations the employees receive a one month salary when they retire.

United Kingdom

In the United Kingdom, two defined benefit plans exist. The first plan relates to (former) employees of BOCM PAULS Ltd., which company was acquired by the Group in 2012. As per 1 October 2006, this plan was closed, so no new obligations are being incurred. The second plan is a small defined benefit plan that relates to (former) employees of HST Feeds Ltd., which company was acquired by the Group in 2014. Also for this plan no new post-employment rights are being built up. Both defined benefit plans in the United Kingdom are funded plans, for which the funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

From October 1, 2006, a new plan exists on the basis of defined contribution. An insurance company administers the obligations under that plan.

The net liability related to the defined benefit plans in the United Kingdom per 31 December 2020 amounts to €24,154 thousand (31 December 2019: €4,052 thousand). The increase of this liability is mainly caused by the decrease in interest rate (approximately €20.463 thousand) and by the increase in inflation rate assumptions (approximately €16.206 thousand).
Both effects are partially offset by the return on the plan assets (approximately €13.173 thousand).

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balance to the closing balances for net defined benefit liability and its components.

2020

	Defined benefit obligation (funded plans)	Fair value of plan assets (funded plans)	Net defined benefit liability (funded plans)	Net defined benefit liability (unfunded plans)	Total net defined benefit liability
Balance at 1 January	293,935	-273,427	20,508	4,926	25,434
Included in profit or loss					
Current service cost	446	-	446	7	453
Past service cost	-	-	-	-	-
Administrative expenses	-	524	524	-	524
Interest cost (income)	5,234	-5,006	228	52	280
	5,680	-4,482	1,198	59	1,257
Included in Other Comprehensive Income					
Actuarial loss (gain) arising from:					
demographic assumptions	-1,440	-	-1,440	-	-1,440
financial assumptions	43,084	-	43,084	157	43,241
experience adjustment	32	-	32	-87	-55
Return on plan assets excluding interest income	-	-15,617	-15,617	-	-15,617
Remeasurement loss (gain)	41,676	-15,617	26,059	70	26,129
Effect of movements in exchange rates	-10,504	10,074	-430	-	-430
	31,172	-5,543	25,629	70	25,699
Other					
Employer contributions (to plan assets)	-	-5,407	-5,407	-	-5,407
Employer direct benefit payments	-	-	-	-278	-278
Benefits paid from plan assets	-8,748	8,748	-	-	-
	-8,748	3,341	-5,407	-278	-5,685
Balance as at 31 December	322,039	-280,111	41,928	4,777	46,705

2019

In thousands of euro	Defined benefit obligation (funded plans)	Fair value of plan assets (funded plans)	Net defined benefit liability (funded plans)	Net defined benefit liability (unfunded plans)	Total net defined benefit liability
Balance at 1 January	257,320	-233,454	23,866	4,817	28,683
Included in profit or loss					
Current service cost	371	-	371	8	379
Past service cost	-	-	-	-	-
Administrative expenses	-	648	648	-	648
Interest cost (income)	6,990	-6,477	513	84	597
	7,361	-5,829	1,532	92	1,624
Included in Other Comprehensive Income					
Actuarial loss (gain) arising from:					
demographic assumptions	-905	-	-905	-	-905
financial assumptions	33,439	-	33,439	396	33,835
experience adjustment	-3,677	-	-3,677	-94	-3,771
Return on plan assets excluding interest income	-	-28,817	-28,817	-	-28,817
Remeasurement loss (gain)	28,857	-28,817	40	302	342
Effect of movements in exchange rates	9,029	-8,694	335	-	335
	37,886	-37,511	375	302	677
Other					
Employer contributions (to plan assets)	-	-5,265	-5,265	-	-5,265
Employer direct benefit payments	-	-	-	-285	-285
Benefits paid from plan assets	-8,632	8,632	-	-	-
	-8,632	3,367	-5,265	-285	-5,550
Balance as at 31 December	293,935	-273,427	20,508	4,926	25,434

The remeasurement loss (actuarial loss/gain and return on plan assets) of €26.1 million (2019: loss €0.3 million) after tax amounted to €21.0 million (2019: loss €16 thousand), see Note 16B. The change in the actuarial 'remeasurement result', compared to 2019, is mainly due to a decrease in the discount rate in 2020 (2019: idem) and an increase in the inflation assumption in the United Kingdom (2019: no adjustment), partly offset by the return on plan assets. For none of the defined benefit pension plans, the fair value of the plan assets exceeds the defined benefit obligation.

C. Plan asset

Periodically, an Asset-Liability Matching study is performed in which the consequences of the strategic investment policies are analysed. Based on market conditions a strategic asset mix has been made between shares, bonds, real estate, cash and other investments in predominantly active markets, which is comprised as follows in the plan assets:

Fair value

In thousands of euro	31 December 2020	31 December 2019
Shares	61,379	66,608
Real estate	3,550	1,775
Bonds	120,903	115,247
Cash and other assets	1,940	1,087
Other (insurance contracts)	92,339	88,710
Total	280,111	273,427

D. Defined benefit obligation

Risk Exposure

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Actuarial assumptions

The principal actuarial assumptions at the reporting date (expressed as weighted averages) were the following:

Weighted-average assumptions to determine defined benefit obligations

	2020	2019
Discount rate	0.70% - 1.45%	1.01% - 2.10%
Future salary growth (1)	-	-
Future pension growth	1.50% - 2.40%	1.50% - 1.95%
Inflation	1.50% - 2.4%	1.50% - 2.65%
Salary increase(2)	2.75%	2.75%

(1) Not applicable
(2) Only applicable for Belgium

Weighted-average assumptions to determine defined benefit cost

	2020	2019
Discount rate	1.01% - 2.10%	1.47% - 2.95%
Future salary growth (1)	-	-
Future pension growth	1.50% - 1.95%	1.50% - 2.15%
Inflation	1.50% - 1.85%	1.50% - 3.10%
Salary increase (2)	2.75%	2.75%

(1) Not applicable
(2) Only applicable for Belgium

Assumptions regarding future mortality have been based on published statistics and mortality tables:

- The Netherlands (funded plans): AG2020 (2019: AG2018)
- Germany (unfunded plans): RT Heubeck 2018G (2019: ditto)
- Belgium (funded plans): MR/FR-5 (2019: ditto)
- UK (funded plans): CMI Mortality Projects Model 'CMI_2018' (2019: ditto)

The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows (expressed as weighted averages):

	2020	2019
Longevity at age 65 for current pensioners		
Males	21.6	21.2
Females	23.8	23.6
Longevity at age 65 for current members aged 40		
Males	23.4	23.2
Females	25.6	25.5

As at 31 December 2020, the weighted-average duration of the defined benefit obligation was 18.3 years (31 December 2019: 17.3 years).

Sensitivity analysis

Possible changes at the reporting date to one of the relevant actuarial assumptions, which could reasonably be expected, keeping other assumptions constant, would have affected the defined benefit obligation of €326.8 million (31 December 2019: €298.9 million) by the amounts shown below:

In thousands of euro	31 December 2020	31 December 2019
Decrease of 0.25% to discount rate	15,191	13,239
Increase of 0.25% to discount rate	-14,273	-12,519
Decrease of 0.25% to inflation	-8,949	-7,276
Increase of 0.25% to inflation	9,464	7,616
Increase of 1 year to life expectancy	11,761	9,731

Employer contributions

The Group expects to pay €5.7 million in contributions to its defined benefit plans in 2021 (for 2020 an amount of €5.8 million was expected).

E. Other long-term service plans

The liabilities and expenses related to other long-term service plans mainly relate to anniversary benefits for employees in The Netherlands, Germany and Belgium and to a long-term incentive plan for the Executive Committee.

F. Employee benefit expenses

In thousands of euro	Note	2020	2019
Wages and salaries		132,643	135,554
Social security contri butions		18,958	18,793
Post-employment expens es		9,195	10,846
Expenses related to other long-term service plans		822	995
Equity-settled share-based payments	14	292	413
Total		161,910	166,601

The employee benefit expenses decreased by €4.7 million, and includes an decrease of €0.9 million due to a currency effect and an increase of €0.1 million due to the net effect of acquisitions and divestments. As a result the like-for-like decrease amounts to €3.9 million. This net decrease is mainly due to the decrease of incidentals from €5.1 million to €1.2 million (refer to Note 17).

The expenses relating to the equity-settled share-based payments relate to the depositary receipts and shares granted to the employees according to the employee participation plans.

The post employment expenses comprises:

In thousands of euro	*Note*	2020	2019
Current service costs	15B	453	379
Past service cost	15A, B	-	-
Administrative expenses	15B	524	648
Expenses related to post-employment defined benefit plans		977	1,027
Contributions to defined contribution plans		8,218	9,819
Post-employment expenses		9,195	10,846

The interest charges related to the defined benefit plans amounting to €280 thousand (2019: €597 thousand) are recognised in the net finance result, refer to Note 12. Refer to Note 15A for further details on the post-employment plans.

Number of employees per staff category 2020

Converted to full-time equivalents

	The Netherlands	Foreign countries	Total
Supply chain	376	975	1,351
Support and management	404	490	894
Other	146	111	257
Balance as at 31 December	926	1,576	2,502

Number of employees per staff category 2019

Converted to full-time equivalents

	The Netherlands	Foreign countries	Total
Supply chain	377	1,023	1,400
Support and management	410	499	909
Other	142	119	261
Balance as at 31 December	929	1,641	2,570

Movement number of employees:

Converted to full-time equivalents

	2020	2019
At 1 January	2,570	2,654
Acquisitions	-	8
Joiners	286	419
Leavers	-354	-511
Balance as at 31 December	2,502	2,570

The decrease by 68 full-time equivalents is mainly caused by the previously announced efficiency plans (2019: decrease 84; as a result of closure of locations).

Income taxes

16. Income taxes

A. Amounts recognised in statement of profit or loss

In thousands of euro	Note	2020	2019
Current tax expense			
Current year		14,583	10,915
Changes prior years	16C	850	-1,265
Total		15,433	9,650
Deferred tax expense			
Deferred tax current year		-1,219	281
Changes in tax rate	16C	2,010	168
(De)recognition of deferred tax assets		-7	-1,592
Changes in estimates related to prior years	16C	-650	1,113
Total	16D	134	-30
Total tax expenses		15,567	9,620

The prior year adjustments in 2020 and in 2019, for both the current tax expenses and the deferred tax, relates to the final tax filings for corporate income tax returns of previous years for several countries (net effect a loss of €200 thousand in 2020 and a gain of €152 thousand in 2019 – refer to note 16C). In 2020, this is mainly the result of a transfer from deferred tax to current tax in the Netherlands and Germany. In 2019, this was mainly caused by a shift from current tax to deferred tax in the Netherlands.

In addition, the enacted increase of the tax rate in the United Kingdom and the by the government cancelled decrease of the tax rate in the Netherlands have also an increasing impact in 2020 on the deferred tax expense due to a net deferred tax liability position.

The total tax expense excludes the Group's share of tax expense of the equity-accounted investees of €951 thousand (2019: €651 thousand), which is included in 'share of profit of equity accounted investees, net of tax', see Note 16G.

B. Amounts recognised in Other Comprehensive Income (OCI)

In thousands of euro	2020 Before tax	2020 Tax benefit (expense)	2020 Net of Tax	2019 Before tax	2019 Tax benefit (expense)	2019 Net of Tax
Items that will never be reclassified to profit or loss						
Remeasurement of defined benefit liabilities	-26,129	5,090	-21,039	-342	326	-16
Equity-accounted investees - share of other comprehensive income	-8	3	-5	-26	8	-18
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations – foreign currency translation differences	-8,827	920	-7,907	5,906	-784	5,122
Cash flow hedges - effective portion of changes in fair value	-191	49	-142	531	-114	417
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position	-	-	-	-	-	-
Total	-35,155	6,062	-29,093	6,069	-564	5,505
Current tax benefit (expense)		874			-744	
Deferred tax benefit (expense)		5,188			180	
Total		6,062	-	-	-564	

Within the Group, loans are agreed between the different subsidiaries. The loans in the United Kingdom and the loans to Polish entities are considered to form part of the net investment in the subsidiaries, and as such foreign exchange differences on these loans are recorded directly through other comprehensive income.

For income tax purposes, the foreign exchange differences on the loans in the United Kingdom are taxable or tax deductible.

As the foreign exchange differences are recorded through other comprehensive income, the related current tax impact is also recorded through other comprehensive income for a negative amount of €921 thousand in 2020 (2019: €784 thousand negative).

Refer to note 15 for more information about the unrealized result of € 26.1 million related to the remeasurement of defined benefit liabilities.

C. Reconciliation of effective tax rate

In thousands of euro	Note	2020		2019	
Profit before tax			30,233		27,615
Less share of profit of equity-accounted investees, net of tax			-4,101		-2,773
Profit before tax excluded the share of profit of equity-accounted investees, net of tax			26,132		24,842
Income tax using the Dutch domestic tax rate		25.0%	6,533	25.0%	6,211
Effect of tax rates in foreign jurisdictions		-0.7%	-181	5.8%	1,445
Change in tax rate	16A	7.7%	2,010	0.7%	168
Tax effect of:					
Non-deductible expenses/ non-taxable income		28.4%	7,412	16.7%	4,173
Tax incentives		-1.5%	-400	-2.5%	-633
(De)recognition of deferred tax assets		0.0%	-7	-6.4%	-1,592
Prior year adjustments	16A	0.8%	200	-0.6%	-152
Total		59.7%	15,567	38.7%	9,620

2020

The change in tax rate 2020 (€2.0 million impact) mainly relates to the in 2020 enacted updated tax rates in the Netherlands and the United Kingdom.

The non-deductible expenses and non-taxable income mainly relates to the impairment of goodwill regarding the activities in Poland of €34.2 million, the decision by the government to cancel the earlier agreed tax rate reduction, and the changes in the valuation of the put option liability (refer to Note 6 and 17).

Refer to Note 17 for the underlying effective rate, which is adjusted for incidental items.

2019

The change in tax rate 2019 (€0.2 million impact) mainly relates to the in 2019 enacted updated tax rates in the Netherlands and the United Kingdom.

The non-deductible expenses and non-taxable income mainly relates to the impairment of the goodwill with respect to the activities in the United Kingdom of €25.6 million and the changes (gains) in the fair value of the contingent considerations and the put option liability (refer to Note 6 and 17).

The recognition of deferred tax assets (€1.6 million) relates to the utilization of unrecognised tax losses in the United Kingdom (refer to Note 16E).

D. Movement in deferred tax balances

2020

In thousands of euro	Net balance at 31 December 2019	Recognised in profit or loss	Recognised in OCI	Acquisitions through business combin- ations / disposals	Reclass and other(1)	Net balance at 31 December 2020	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-14,201	-551	-	-	139	-14,613	1,346	-15,959
Right-of-use asset	-5,485	-154	-		-923	-6,562	-	-6,562
Intangible assets	-8,119	276	-	-	291	-7,552	16	-7,568
Inventory and biological assets	-38	-10	-	-	-1	-49	11	-60
Receivables and other assets	-289	523	46	-	97	377	482	-105
Derivatives	-29	-1	49	-	-	19	19	-
Employee benefits	5,758	-824	5,093	-	-109	9,918	9,918	-
Lease liabilities	5,521	233	-		926	6,680	6,680	-
Other non-current provisions and liabilities	49	8	-	-	2	59	59	-
Other liabilities	3,920	133	-	-	-283	3,770	3,996	-226
Tax losses and tax credits	1,572	233	-	-	-	1,805	1,805	-
Offsetting	-	-	-	-	-	-	-18,784	18,784
Deferred tax assets (liabilities)	-11,341	-134	5,188	-	139	-6,148	5,548	-11,696

(1) This mainly concerns translation differences on balance sheet items valuated in British pounds and Polish zloty's.

2019

	Net balance at 31 December 2018	IFRS 16 adjustment	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Acquisitions through business combin- ations / disposals	Reclass and other(1)	Net balance at 31 December 2019	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-13,564	-	-13,564	-649	-	-	12	-14,201	1,364	-15,565
Right-of-use asset	-	-6,450	-6,450	1,147	-	-	-182	-5,485	-	-5,485
Intangible assets	-9,281	-	-9,281	1,514	-	-231	-121	-8,119	232	-8,351
Inventory and biological assets	-25	-	-25	-13	-	-	-	-38	14	-52
Receivables and other assets	-283	-	-283	-74	-40	-	108	-289	283	-572
Derivatives	94	-	94	-9	-114	-	-	-29	-	-29
Employee benefits	6,473	-	6,473	-1,145	334	-	96	5,758	5,760	-2
Lease liabilities	30	6,450	6,480	-752	-	-	-207	5,521	5,521	-
Other non-current provisions and liabilities	-313	-	-313	126	-	-	236	49	49	-
Other liabilities	4,507	-	4,507	-400	-	-	-187	3,920	4,385	-465
Tax losses and tax credits	1,287	-	1,287	285	-	-	-	1,572	1,672	-100
Offsetting	-	-	-	-	-	-	-	-	-16,748	16,748
Deferred tax assets (liabilities)	-11,075	-	-11,075	30	180	-231	-245	-11,341	2,532	-13,873

(1) This mainly concerns translation differences on balance sheet items valuated in British pounds and Polish zloty's.

The Group expects that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretations of tax law and prior experience. The Group off-sets tax assets and liabilities if, and only if, it has a legally enforceable right to do so. The Group recognises deferred tax assets to the extent that it is considered probable based on business forecasts that sufficient taxable profits will be available.

E. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses incurred on the sale of real estate in the United Kingdom. These tax losses can only be utilised against a future tax gain on the sale of specific assets, such as real estate, the recovery of the deferred tax asset is therefore highly uncertain and as such not recognised. As at 31 December 2020, the unrecognised losses therefore amount to €5.6 million (31 December 2019: €4.2 million), with a tax effect of €1.1 million (31 December 2019: €0.7 million).

F. Tax Group

The Company and the Dutch subsidiaries, in which the Company has a 100% interest, form a tax group for the purpose of income tax, of which ForFarmers N.V. is the head of the tax group.

For VAT, a comparable tax group exists for the Dutch subsidiaries. The total current receivable or liability towards the tax authorities is accounted for in the statement of financial position of the head of the tax group (ForFarmers N.V.). Settlement of taxes within this tax group takes place as if each company is independently liable for tax. Each participating subsidiary is jointly and separately liable for possible liabilities of the tax group as a whole.

A number of companies in Germany form a tax group for the purposes of income tax ('Organschaft' for Körperschaftsteuer and Gewerbesteuer). Settlement of taxes within this tax group takes place as if each company is independently liable for tax.

The companies in the United Kingdom form a tax group for the purposes of income tax ('Group Relief') and VAT. Settlement of taxes within this tax group takes place as if each company is independently liable for tax.
In the other countries there is no tax group.

	2020	2019
Tax rates		
The Netherlands	25.00%	25.00%
Germany (average)	27.85%	27.99%
Belgium	25.00%	29.58%
Poland	19.00%	19.00%
United Kingdom	19.00%	19.00%

	2020	2019
Effective tax rate		
The Netherlands	93.62%	18.75%
Germany	30.60%	33.60%
Belgium	26.84%	26.40%
Poland	17.52%	17.39%
United Kingdom	25.79%	2.09%

The above-mentioned effective tax rates deviate from the statutory tax rates mainly due to the impact of the following items:

Netherlands

The effective tax rate in 2020 is higher than the statutory tax rate, in particular due to the non-deductible goodwill impairment of the Polish activities, partly off-set by the non-taxable income and innovation box benefits. The non-taxable income mainly relates to the changes in the fair value of the put option liability.
Based on the enacted Dutch tax law, the Dutch corporate income tax rates will remain at 25%, where previous year a decrease to 21.5% was enacted. All deferred tax calculations are updated based on the adjusted deferred tax rates. This adjustment has a negative impact on our Dutch deferred tax position.

Germany

The effective tax rate in 2020 is higher than the statutory tax rate mainly due to a change in the deferred tax rate on the German recognized losses carried forward (2019: higher due to the finalisation of the corporation tax assessments for prior years).

Belgium

The effective tax rate in 2020 is higher than the statutory tax rate due to non-tax deductible expenses and the finalisation of the corporation tax assessments for prior years.
The effective tax rate in 2019 is lower than the statutory tax rate due to the non-taxable income. In particular as a result of the change in fair value of the contingent considerations.

Poland

The effective tax rate in 2020 is lower than the statutory tax rate due to the finalisation of the corporation tax assessments for prior years (2019: idem).

United Kingdom

De effective tax rate in 2020 is higher than the statutory tax rate, mainly due to the increased deferred tax rate and a net deferred tax liability.
The effective tax rate in 2019 is lower than the statutory tax rate due to the combination of a negative result and non-deductible expenses (including impairment of the goodwill, refer to Note 19), partly compensated by the utilization of unrecognised tax losses (refer to Note 16E).

G. Taxes on equity-accounted investees

Corporate income taxes on the results of HaBeMa are settled with the tax authorities by ForFarmers GmbH, Germany (indirect shareholder). The results of HaBeMa are accounted for based on the equity method and are presented net of tax in the consolidated statement of profit and loss. These corporate income tax charges are deducted from the share of profit of equity-accounted investees for an amount of €951 thousand (2019: €651 thousand). Trade taxes ('Gewerbesteuer') applicable to HaBeMa are borne by the entity itself

Alternative Performance Measures

17. Alternative performance measures

The Executive Committee has defined 'underlying metrics' as performance measures. These metrics exclude the impact of incidental factors from the IFRS values. The Executive Committee believes these underlying measures provide a better perspective of ForFarmers' business development and performance, as they exclude the impact of significant incidental items, which are considered to be non-recurring, and are not directly related to the operational performance of ForFarmers. The underlying metrics are reported at the level of operating expenses, EBITDA, EBIT and profit attributable to Shareholders of the Company.

Four types of adjustments are distinguished:

i) Impairments on tangible and intangible assets; ii) Business Combinations and Divestments and divestment related expenses, including amortisation of acquired intangible assets, the unwind of discount/fair value changes on earn-outs and options, and dividend relating to non-controlling interests at anticipated acquisitions; iii) Restructuring; and iv) Other, comprising other incidental non-operating items.

The Group's definition of underlying metrics may not be comparable with similarly titled performance measures and disclosures by other companies.

2020

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Re-structuring	Other	Total APM items	Underlying excluding APM items
EBITDA (1)	100,293		5,219	-1,158	-	4,061	96,232
EBIT	24,232	-34,171	-2,072	-1,158	-	-37,401	61,633
Net finance result			4,485		-	4,485	
Tax effect		-	743	266	-205	804	
Profit attributable to Shareholders of the Company	14,154	-34,171	3,156	-892	-205	-32,112	46,266
Earnings per share in euro (2)	0.15	-0.36	0.03	-0.01	-	-0.34	0.49

2019

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Re-structuring	Other	Total APM items	Underlying excluding APM items
EBITDA (1)	85,180		1,993	-5,069	-264	-3,340	88,520
EBIT	14,179	-30,714	-5,416	-5,079	-264	-41,473	55,652
Net finance result			13,390		-	13,390	
Tax effect		1,320	1,236	1,003	90	3,649	
Profit attributable to Shareholders of the Company	17,705	-29,394	9,210	-4,076	-174	-24,434	42,139
Earnings per share in euro (2)	0.18	-0.30	0.09	-0.04	0.00	-0.25	0.43

(1) EBITDA is operating profit before depreciation, amortization and impairments.
(2) Earnings per share attributable to Shareholders of the Company.

The 2020 Alternative Performance Measures (APM) items before tax comprise:

i. Impairments: €34.2 million as a result of the goodwill impairment with respect to the activities in Poland, see Note 19.
ii. Business Combinations and Divestments: €4.5 million finance result (gain) as a result of the remeasurement of the put-option liability (€4.3 million) regarding the acquisition of Tasomix and the remeasurement of the contingent considerations of the acquisitions. Furthermore, €5.2 million (gain) due to the disposal of a mill in the United Kingdom and the Netherlands, and the final settlement of Vleuten-Steijn with the former owners and €7.3 million (loss) as a result of the amortisation of acquired intangible assets.
iii. Restructering: €1.2 million restructering costs regarding projects in various countries related to the announced costs efficiency program.
iv. Other: The tax effect of €0.2 million relates to an impairment of a deferred tax asset.

The 2019 Alternative Performance Measures (APM) items before tax comprise:

i. Impairments: €30.7 million as a result of the impairment of the goodwill with respect to the activities in the United Kingdom (amounting to €25.6 million, see Note 19), the closure of a feed mill in the United Kingdom and a feed mill in the Netherlands and the decision to cease the development of a new feed mill in Germany (€5.2 million in total).
ii. Business Combinations and Divestments: €0.9 million incidental gain on divestment of property in the Netherlands and of parts of the closed mills in the United Kingdom. A €13.4 million finance result due to the unwinding of interest of the contingent considerations (€0.8 million) and the put option liability (€3.9 million) and €18.1 million remeasurement (gain) as a result of the remeasurement of the contingent considerations (€8.3 million) and the put option liability (€9.8 million) of acquisitions, in particularly Tasomix. As part of the acquisition of the 60% stake of Tasomix a contingent consideration was agreed based on the expected results of Pionki in 2019 and 2020. The development of the results however is such that it is expected that the original contingent consideration will not be fulfilled, which resulted in a release of the liability. Due to a lower growth expectation for the medium term and a limited higher cost level the current expectation is that the option can be executed at a lower amount in the future. This resulted in a remeasurement (gain) of €9.8 million. As a result of the final settlement of the Vleuten Steijn contingent consideration a €1.1 million gain, as trade receivables balances were taken by the former shareholders and which causes a remeasurement (loss) of €0.9 million for the increase of the contingent consideration. Furthermore, €7.4 million (loss) as a result of the amortisation of acquired intangible assets.
iii. Restructering: €5.1 million as a result of the closure of two feed mills in the United Kingdom, and the closure of two feed mills in the Netherlands, and restructering costs of the projects in various countries related to the announced costs efficiency program.
iv. Other: €0.3 million other operating costs related to the decision to cease development of the new mill in Germany.

Considering the APM items the underlying effective tax rate 2020 would be 27.7% (2019: 25.1%). The in December 2019 announced tax reduction in the Netherlands led to a tax relief in 2019. However, in 2020, the Dutch government decided not to reduce the tax. This resulted in an increase of the effective tax rate in 2020.

Assets

18. Property, plant and equipment

Property, plant and equipment comprise owned assets and right of use assets.

In thousands of euro	31 December 2020	31 December 2019
Assets		
Property, plant and equipment, owned	264,924	267,374
Right-of-use asset	27,532	23,984
Property, plant and equipment	292,456	291,358

A. Reconciliation of carrying amount property, plant and equipment (owned)

In thousands of euro	Note	Land & Buildings	Plant & Machinery	Other operating assets	Assets under construction	Total
Cost						
Balance as at 1 January 2020		213,036	239,609	87,835	7,138	547,618
Acquisitions through business combinations		-	-	-	-	-
Divestments		-	-	-	-	-
Additions		2,436	7,635	2,518	20,060	32,649
Reclassification		1,644	10,117	4,016	-15,777	-
Reclassification to intangible assets	19	-	-	-	-	-
Reclassification to investment property	20	-	-	-	-	-
Reclassification to assets held for sale	26	-	-	-	-	-
Reclassification from right-of-use asset	18C	-	-	278	-	278
Disposals		-860	-5,083	-5,331	-	-11,274
Other movement		-700	8,974	-9,742	-	-1,468
Effect of movements in exchange rates		-3,864	-3,496	-2,541	-122	-10,023
Balance as at 31 December 2020		211,692	257,756	77,033	11,299	557,780
Accumulated depreciation and impairment losses						
Balance as at 1 January 2020		-92,998	-139,008	-48,238	-	-280,244
Divestments		-	-	-	-	-
Depreciation		-5,467	-12,081	-9,324	-	-26,872
(Reversal of) impairment losses on plant and equipment		-	9	7	-	16
Reclassification		-22	-242	264	-	-
Reclassification to investment property	20	-	-	-	-	-
Reclassification to assets held for sale	26	-	-	-	-	-
Reclassification from right-of-use asset	18C	-	-	-119	-	-119
Disposals		821	5,031	4,139	-	9,991
Other movement		700	-8,974	9,742	-	1,468
Effect of movements in exchange rates		767	800	1,337	-	2,904
Balance as at 31 December 2020		-96,199	-154,465	-42,192	-	-292,856
Carrying amounts						
Balance as at 31 December 2019		120,038	100,601	39,597	7,138	267,374
Balance as at 31 December 2020		115,493	103,291	34,841	11,299	264,924

In thousands of euro	Note	Land & Buildings	Plant & Machinery	Other operating assets	Assets under construction	Total
Cost						
Balance as at 31 December 2018		206,988	216,605	79,708	16,717	520,018
Reclassification to right-of-use asset (IFRS 16)	18C	-	-	-1,024	-	-1,024
Balance as at 1 January 2019		206,988	216,605	78,684	16,717	518,994
Acquisitions through business combinations		-	-	83	-	83
Additions		3,033	11,024	3,586	19,294	36,937
Reclassification		5,610	15,210	7,107	-27,927	-
Reclassification to intangible assets	19	-	-	-	-1,148	-1,148
Reclassification to investment property	20	-687	-	-	-	-687
Reclassification to assets held for sale	26	-3,492	-2,095	-598	-	-6,185
Reclassification from right-of-use asset	18C	-	-	535	-	535
Disposals		-955	-3,484	-3,641	-	-8,080
Effect of movements in exchange rates		2,539	2,349	2,079	202	7,169
Balance as at 31 December 2019		213,036	239,609	87,835	7,138	547,618
Accumulated depreciation and impairment losses						
Balance as at 31 December 2018		-87,973	-129,257	-41,233	-	-258,463
Reclassification to right-of-use asset (IFRS 16)	18C	-	-	77	-	77
Balance as at 1 January 2019		-87,973	-129,257	-41,156	-	-258,386
Depreciation		-5,679	-11,905	-8,571	-	-26,155
(Reversal of) impairment losses on plant and equipment		-1,913	-2,910	-330	-	-5,153
Reclassification		-153	139	14	-	-
Reclassification to investment property	20	260	-	-	-	260
Reclassification to assets held for sale	26	2,143	2,095	246	-	4,484
Reclassification from right-of-use asset	18C	-	-	-163	-	-163
Disposals		913	3,417	2,860	-	7,190
Other movement		-	-	-	-	-
Effect of movements in exchange rates		-596	-587	-1,138	-	-2,321
Balance as at 31 December 2019		-92,998	-139,008	-48,238	-	-280,244
Carrying amounts						
Balance as at 31 December 2018		119,015	87,348	38,475	16,717	261,555
Balance as at 1 January 2019		119,015	87,348	37,528	16,717	260,608
Balance as at 31 December 2019		120,038	100,601	39,597	7,138	267,374

The investments in 2020 consist of expenditures to maintain and enhance the performance and efficiency of the production facilities (€25.3 million), investments in trucks (€2.5 million), investments in IT (€1.5 million) and other individual smaller investments.

The reclassification from right-of-use assets relates to lease contracts where the purchase option has been exercised.

Of the 2020 additions of €32.6 million (2019: €36.9 million) an amount of €28.9 million (2019: €33.4 million) has been paid at year end.

The other movement in 2020 has no impact on the carrying amount and is the result of an adjustment in relation to acquisitions from the past.

Furthermore, during 2019 items are reclassified between tangible and intangible assets.

B. Impairment loss

There were no indications in 2020 for an impairment of property, plant and equipment.

The impairment loss of €5.2 million in 2019 relates to the decisions to close a feed mill in the United Kingdom (€1.7 million), to close a feed mill in the Netherlands (€3.1 million) and to cease the development of the planned new feed mill in Germany (€0.4 million).

C. Reconciliation of carrying amount right of use assets

In thousands of euro	Note	Land & Buildings	Plant & Machinery	Other operating assets	Total
Cost					
Balance as at 1 January 2020		16,521	142	12,595	29,258
New lease contracts		1,988	178	8,479	10,645
Lease contracts ended		-211	-31	-1,922	-2,164
Reclassification to tangible assets, owned	18A	-	-	-278	-278
Remeasurement		-411	-32	-33	-476
Effect of movements in exchange rates		-377	-5	-266	-648
Balance as at 31 December 2020		17,510	252	18,575	36,337
Accumulated depreciation and impairment losses					
Balance as at 1 January 2020		-1,289	-42	-3,943	-5,274
Depreciation		-1,420	-110	-4,386	-5,916
Lease contracts ended		211	31	1,900	2,142
Reclassification to tangible assets, owned	18A	-	-	119	119
Effect of movements in exchange rates		28	1	95	124
Balance as at 31 December 2020		-2,470	-120	-6,215	-8,805
Carrying amounts					
Balance as at 31 December 2019		15,232	100	8,652	23,984
Balance as at 31 December 2020		15,040	132	12,360	27,532

In thousands of euro	Note	Land & Buildings	Plant & Machinery	Other operating assets	Total
Cost					
Balance as at 31 December 2018		-	-	-	-
Transition to IFRS 16		16,497	123	8,367	24,987
Reclassification from property, plant and equipment (IFRS 16)	18A	-	-	1,024	1,024
Balance as at 1 January 2019		16,497	123	9,391	26,011
New lease contracts		119	18	3,739	3,876
Lease contracts ended		-1	-1	-214	-216
Reclassification to tangible assets, owned	18A	-	-	-535	-535
Remeasurement		-454	-	46	-408
Effect of movements in exchange rates		360	2	168	530
Balance as at 31 December 2019		16,521	142	12,595	29,258
Accumulated depreciation and impairment losses					
Balance as at 31 December 2018		-	-	-	-
Reclassification from property, plant and equipment (IFRS 16)	18A	-	-	-77	-77
Balance as at 1 January 2019		-	-	-77	-77
Depreciation		-1,277	-42	-4,127	-5,446
Lease contracts ended		1	1	143	145
Reclassification to tangible assets, owned	18A	-	-	163	163
Effect of movements in exchange rates		-13	-1	-45	-59
Balance as at 31 December 2019		-1,289	-42	-3,943	-5,274
Carrying amounts					
Balance as at 1 January 2019		16,497	123	9,314	25,934
Balance as at 31 December 2019		15,232	100	8,652	23,984

The new and ended lease contracts mainly relate to lease cars in the Netherlands and the United Kingdom. Furthermore, a new lease contract for an office building in Belgium is concluded in 2020.

The 2020 remeasurement mainly relates to changes in the (expected) lease term of several building leases in Germany (2019: changes in the (expected) lease terms of lease contracts of production locations in the United Kingdom and Germany).

The reclassification to property, plant and equipment relates to lease contracts where the purchase option has been exercised.

D. Estimates and judgements right of use assets

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise all extension options, would result in an increase in the right-of-use asset and lease liability of €1.8 million (2019: €1.8 million).

Furthermore, the right-of-use asset is initially measured at cost, which mainly comprise the initial amount of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate for the specific asset category and specific lease term as the discount rate.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate, adjusted for a company specific credit risk and adjustments specific to the lease (e.g. duration, country, currency, security/nature of the asset).

E. Lease expenses recognised in the profit or loss

In thousands of euro	2020	2019
short-term leases	652	1,949
low-value assets, excluding short-term leases of low-value assets	56	37
variable lease payments	18,631	12,130
Total	19,339	14,116

The group does not apply IFRS 16 to short-term leases (less than 12 months and without a purchase option) and to leases of low-value assets (a value below €5 thousand). The expenses of these leases are, like variable lease expenses, recognised in profit or loss.

The decrease in short-term leases during 2020 is mainly due to the transition method to IFRS 16 adopted in 2019. On the transition date to IFRS 16, these leases mainly related to lease cars with a remaining duration of less than 1 year. During 2019 these lease contracts were replaced by contracts with a duration longer than 12 months, and as a result, they are not classified as short-term.

The variable lease payments relate to the lease payments for trucks and third party production. The increase compared to 2019 is mainly due to the increased use of third-party trucks.

F. Impairment loss right-of-use assets

There were no indications in 2020 for an impairment of right of use assets (2019: idem).

19. Intangible assets and goodwill

A. Reconciliaton of carrying amount

In thousands of euro	Note	Goodwill	Customer relations	Trade and brand names	Software	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2020		111,917	73,701	2,726	14,420	1,541	204,305
Acquisitions through business combinations		-	-	-	-	-	-
Additions		-	-	-	2,488	772	3,260
Reclassification		-	-	-	1,581	-1,581	-
Disposals		-	-	-	-253	-	-253
Other movement		-	-	712	4,188	-	4,900
Effect of movements in exchange rates		-3,676	-3,054	-124	-411	-3	-7,268
Balance as at 31 December 2020		108,241	70,647	3,314	22,013	729	204,944
Accumulated amortisation and impairment losses							
Balance as at 1 January 2020		-26,310	-25,813	-1,473	-10,938	-	-64,534
Amortisation		-	-6,905	-386	-1,748	-	-9,039
Impairment losses on intangible assets		-34,171	-	-	-79	-	-34,250
Reclassification		-	-	-	-	-	-
Disposals		-	-	-	253	-	253
Other movement		-	-	-712	-4,188	-	-4,900
Effect of movements in exchange rates		2,182	1,197	50	390	-	3,819
Balance as at 31 December 2020		-58,299	-31,521	-2,521	-16,310	-	-108,651
Carrying amounts							
Balance as at 31 December 2019		85,607	47,888	1,253	3,482	1,541	139,771
Balance as at 31 December 2020		49,942	39,126	793	5,703	729	96,293

In thousands of euro	Note	Goodwill	Customer relations	Trade and brand names	Software	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2019		110,311	70,574	2,707	12,823	433	196,848
Acquisitions through business combinations		44	1,317	-	-	-	1,361
Additions		-	-	-	453	1,191	1,644
Reclass from property, plant and equipment	18A	-	-	-	1,148	-	1,148
Disposals		-	-	-	-437	-85	-522
Effect of movements in exchange rates		1,562	1,810	19	433	2	3,826
Balance as at 31 December 2019		111,917	73,701	2,726	14,420	1,541	204,305
Accumulated amortisation and impairment losses							
Balance as at 1 January 2019		-	-17,992	-1,068	-9,765	-	-28,825
Amortisation		-	-7,011	-399	-1,251	-	-8,661
Impairment losses on intangible assets		-25,561	-	-	-25	-	-25,586
Reclass from property, plant and equipment	18A	-	-	-	-	-	-
Disposals		-	-	-	518	-	518
Effect of movements in exchange rates		-749	-810	-6	-415	-	-1,980
Balance as at 31 December 2019		-26,310	-25,813	-1,473	-10,938	-	-64,534
Carrying amounts							
Balance as at 1 January 2019		110,311	52,582	1,639	3,058	433	168,023
Balance as at 31 December 2019		85,607	47,888	1,253	3,482	1,541	139,771

The acquisitions through business combinations in 2019 consist of the client relationships of the acquisition in the United Kingdom.

The other movement in 2020 has no impact on the carrying amount and is the result of an adjustment in relation to acquisitions from the past.

The reclassification from property, plant and equipment in 2019 relates to software under construction which was incorrectly classified, see also Note 18.

B. Amortisation

The amortisation of customer relations, trademarks and software of €9,039 thousand (2019: €8,661 thousand) is included in the depreciation, amortisation and impairment expense.

C. Impairment test

(i) Impairment testing for cash generating units containing goodwill

Annually the Group tests for each cash generating unit the goodwill on impairment. The significant cash generating units are the countries in which the Group operates.

Goodwill is allocated to the cash generating units as follows:

In thousands of euro	31 December 2020	31 December 2019
The Netherlands	35,880	35,880
Belgium	5,760	5,760
Germany	3,738	3,738
Poland	-	35,665
Other	4,564	4,564
Total	49,942	85,607

Result of the goodwill impairment test 2020

The goodwill impairment test 2020 shows that the recoverable amounts exceed the carrying amounts sufficiently for the cash generating units the Netherlands, Belgium, Germany and the Other cash generating units. Therefore there is no need for an impairment with respect to these cash generating units.

As part of the goodwill impairment test ForFarmers used estimates and assumptions based on recent developments and insights regarding the covid-19 pandemic. Mainly in Poland Covid-19 had an impact on ForFarmers.

Furthermore management has estimated the possible impact of the potential nitrogen- and PFAS measures, the 'exit arrangement' for pig and poultry farming ('stoppersregeling)' and the warm restructuring of pig farming on the results in the Netherlands. Actual impact of these measures may differ from these estimates. However, as recoverable amount for the cash generating unit the Netherlands exceeds the carrying amount significantly an impairment is not a realistic scenario.

Poland

Poland is one of the largest European exporting country of poultry products. The poultry industry is however heavily impacted due to covid-19, particularly by the closure of the "out-of-home" segment, such as the hospitality industry in many Western European countries. As a result, sales by poultry farmers have declined substantially, resulting in farmers being more cautious nurturing new broilers in their stables. Hence, impacting the sale of feed by Tasomix.

The short-term growth forecast for the Polish poultry sector is therefore considerably less than the growth forecast at the time of determining the initial valuation of Tasomix. The outlook for the Polish poultry sector for the medium to long term remains positive.

Given the uncertainty regarding the impact of covid-19 on the Polish market three scenarios are used in the goodwill impairment test of Poland:

- The base scenario, in which we assume that the covid-19 pandemic will have an impact until the end of 2022. Subsequently, the market will gradually recover, with 2025 equal to the expectation for 2025 at the end of 2019.
- The negative scenario, also assuming that the covid-19 pandemic will have an impact until the end of 2022. In this scenario, however, the market will not recover to the end-2019 expectation for 2025 and the negative absolute difference from 2022 is carried forward in 2023 to 2025.
- The positive scenario, in which we assume that the covid-19 pandemic will have an impact until Q2 2021 and that the market will then recover rapidly and will return to the expectations as of the end of last year in 2022.

The terminal value growth rate has also been adjusted from 1.75% in 2019 to 1.50% in 2020. The expected CAGR for Total Feed volumes for the explicit forecast period of five years has been adjusted from 10.20% in 2019 to 6.07% in the base scenario of 2020.

Most recent management-information and projections have shown that the recoverable amount for the cash generating unit Poland (amounting €73.7 million, based on the value in use) will not exceed its carrying amount. Therefore, an impairment of €34.2 million is required, which will impair the carrying amount of goodwill in Poland to zero. The other movement in the goodwill of cash flow generating unit Poland compared to 2019 (€35.7 million) is the result of a change in the foreign exchange rate.

The same assumptions have been used whilst determining the revaluation of the put option, as have been taken into account in finalization of the goodwill impairment test for the cash-generating unit Poland.

Germany

In 2019 a reasonable adjustment of assumptions used by management, for the cash-generating unit Germany, could have led to a recoverable amount lower than the carrying amount of the cash-generating unit. Also refer to the results of the goodwill impairment test 2019.

As a result of the expected cost saving and the improvements, from the announced business process optimization initiatives introduced with the new strategy, a reasonable adjustment of assumptions used by management, could no longer result in a recoverable amount lower than the carrying amount of the cash-generating unit. Management continuously monitors the developments in Germany.

Result of the goodwill impairment test 2019

The goodwill impairment test 2019 showed that the recoverable amounts exceeded the carrying amounts of cash generating units the Netherlands, Belgium and Poland. Therefore there was no need for an impairment with respect to these cash generating units.

United Kingdom

Most recent management-information and projections showed that the recoverable amount for the cash generating unit the United Kingdom (amounting €139.6 million, based on the value in use) did not exceed its carrying amount. Therefore, an impairment of €25.6 million was required, which impaired the the carrying amount of goodwill in the United Kingdom to zero.

Germany

The adjustment of the terminal value growth rate to 0.75% and the expected CAGR for the Total Feed volumes to 1.9% resulted, for the cash generating unit Germany, in a reduction of the difference between the recoverable amount and carrying amount to €4.7 million. The growth rates was revised downwards as it was expected that ultimately price pressure in the feed markets would increase, especially in the pig sector, as it seemed that growth possibilities in this sector would be more limited due to (possible) stringent environmental legislation. In addition, it was uncertain how the demand for alternative animal proteins (including meat alternatives) would grow. The increased risk of the impact of animal diseases, especially in the poultry- and pig sector, might also limit long-term growth possibilities.

A reasonable adjustment of management assumptions could have resulted in a recoverable amount lower than the carrying amount of the cash generating unit.

The table below shows the key-assumptions used in the goodwill impairment test 2019 regarding the activities of Germany and the changes of the assumptions which could resulted in a recoverable amount equal to the carrying amount of the cash generating unit.

In percentage	Discount rate pre-tax	Terminal value growth rate	Expected volume CAGR(1)
Assumptions used	9.74%	0.75%	1.90%
Change	0.70%	-1.65%	-0.30%
Recoverable amount equals carrying amount	10.44%	-0.90%	1.60%

(1) Concerns the expected Total Feed volume CAGR in the five-year forecasting period.

Information about the net realisable value including the key assumptions

For each cash generating unit, the goodwill is tested annually for impairment at the of the third quarter. Moreover, or each publication (annual report and half-year figures) it is assessed whether there is a trigger for goodwill impairment. This comprises, among others, assessments of most recent market developments, financial results and management projections.

For the goodwill impairment test, the recoverable amount of the various cash generating units is based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the cash generating units. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 4).

The key-assumptions for the calculation of the 2020 value in use for the cash-generating unit Poland are included in the table below.

In percentage	Downside-scenario	Base-scenario (1)	Upside-scenario (1)
Probability	40%	50%	10%
Discount rate pre-tax	12.40%	12.40%	12.40%
Terminal value growth rate	1.50%	1.50%	1.50%
Expected Total Feed volume CAGR in the five-year forecasting period	1.27%	6.07%	6.07%

(1) Refer to description of the scenarios for the difference between the base and upside scenario.

The probability is based on an analysis of the market developments and management forecasts in relation to the Covid-19 pandemic. Management believes that the probability for the scenarios is reasonable taking into account the greatest probability for the base scenario and a greater probability for the negative scenario than for the positive scenario.

The key-assumptions for the calculation of the 2020 value in use for the remaining cash-generating units are included in the table below.

In percentage	The Netherlands	Belgium	Germany
Discount rate pre-tax	9.00%	10.60%	10.80%
Terminal value growth rate	0.63%	0.63%	0.63%
Expected Total Feed volume CAGR in the five-year forecasting period	-0.13%	2.94%	1.61%

The key-assumptions used in the calculation of the value in use per cash generating unit in 2019 were as follows.

In percentage	The Netherlands	Belgium	Germany	Poland	United Kingdom
Discount rate pre-tax	8.69%	10.16%	9.74%	10.77%	8.99%
Terminal value growth rate	0.75%	0.75%	0.75%	1.75%	0.95%
Expected Total Feed volume CAGR in the five-year forecasting period	0.80%	1.20%	1.90%	10.20%	1.60%

The value in use of the cash generating units is determined based on the budget 2020 (2019: budget 2019) and the 5 year plan. The growth rate used for the period after 2025 is equal to the terminal value growth rate.

The key-assumptions in the projections are the expected CAGR for Total Feed volume development and the average underlying EBITDA/Gross profit margin (conversion rate), both directly derived from the budget and the 5 year plans. The assumptions are based on past experience, analyses of the market developments and management projections.

In particular due to the current covid-19 pandemic and uncertainties among farmers concerning their future prospects due to (possible) stringent environmental legislations, the possible impact of demand for alternative animal proteins (including meat alternatives) and the increased risk of animal diseases in the poultry- and pig sector the terminal value growth rates and the expected CAGR for Total Feed volumes for most cash generating units have been adjusted downwards. The expected CAGR for the Total Feed volumes of Belgium are higher in comparison to 2019, as market share gain is considered.

To estimate the forecasted gross profit, an assessment has primarily been made on margin development, and not on sales price development. The commodity price development is hard to predict and, in general, these changes are passed on to customers. In determining the developments in the expenses the volume, inflation and cost savings are considered.

The used discount rate was a pre-tax measure based on the yield of 30-year government bonds, issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally, and the systemic risk of the specific cash generating unit.

(ii) Impairment test on intangible assets other than goodwill

The Group recognised no material impairment on other intangible assets in 2020 and 2019.

20. Investment property

A. Reconciliation of carrying amount

In thousands of euro	2020	2019
Balance at 1 January	1,070	643
Reclassification to/from tangible fixed assets	-	427
Reclassification to assets held for sale	-139	-
Balance as at 31 December	931	1,070
Cost	1,142	1,358
Accumulated depreciation	-211	-288
Carrying amounts at 31 December	931	1,070

Investment property comprises a number of industrial properties that are no longer in use for the Group's feed activities and which the Group intends to sell.

The reclassification to assets held for sale in 2020 relates to a feed mill in Belgium.

The reclassification from tangible fixed assets in 2019 relates to a feed mill in the Netherlands and a feed mill in Belgium, both no longer in use for the Group's feed activities. Furthermore, in 2019 property in the Netherlands has been divested, which resulted in an incidental gain of €0.9 million (see also Note 10 and 17). The book value of these assets was nil.

B. Fair value information

The fair value of investment property was determined by external, independent property valuators, having appropriate recognised professional qualifications and experience, and taking into account sales prices, which have currently been agreed upon.

The fair value measurement for investment properties was €1.0 million (31 December 2019: €2.3 million) and has been categorised as a Level 3 fair value based on the information derived from market transactions. The increase in the fair value is due to the reclassification from tangible fixed assets in 2020.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Transaction price depends on:	The estimated fair value would increase (decrease) if:
• Condition of the investment property.	• Assessed condition of the investment property would be better (worse).
• Comparability of location.	• Location would be considered to be a more (less) preferred location.
• Assessment of collectability of receivables related to specific investment property in the Netherlands.	• Collectability of related receivable would be assessed to be better (worse).

21. Equity-accounted investees

The table below shows the amount of equity-accounted investees:

In thousands of euro	31 December 2020	31 December 2019
HaBeMa	25,501	27,206
Other	973	-
Total	**26,474**	**27,206**

At the end of December 2020 the Group acquired an 25% interest in a feed trading company. This interest is not material for the Group in relation to the IFRS disclosure requirements.

The table below shows share of profit of equity-accounted investees, net of tax:

In thousands of euro	2020	2019
HaBeMa	4,101	2,773
	4,101	2,773

The other equity-accounted investees have not contributed to the results of 2020.

Joint venture

HaBeMa Futtermittel Produktions- und Umschlagsgesellschaft GmbH & Co. KG (HaBeMa) is the only joint venture in which the Group participates. HaBeMa is one of the Group's suppliers and is principally engaged in trading of raw materials, storage and transhipment, production and delivery of compound feeds in Hamburg, Germany.
HaBeMa is structured as a separate vehicle and the Group has a residual interest in the net assets of the entity. Accordingly, the Group has classified its interest in HaBeMa as a joint venture. The Group does not have any commitments or contingent liabilities relating to HaBeMa, except for the purchase commitments of goods as part of the normal course of business.
Corporate income taxes on the results of HaBeMa with regards to the residual interest of the Company are settled with the tax authorities by ForFarmers GmbH, Germany (indirect shareholder).

The results of HaBeMa are accounted for based on the equity method and are presented net of tax in the consolidated statement of profit and loss statement. These corporate income tax charges are deducted from the share of profit of equity-accounted investees for an amount of €951 thousand (2019: €651 thousand). Trade taxes ('Gewerbesteuer') applicable to HaBeMa are borne by the entity itself.

The following table summarises the financial information of HaBeMa as included in its own financial statements, adjusted for differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in HaBeMa.

In thousands of euro	31 December 2020	31 December 2019
Percentage ownership of shares interest	50%	50%
Non-current assets	**52,143**	**56,255**
Cash and cash equivalents	665	71
Other current assets	27,739	32,141
Current assets	**28,404**	**32,212**
Loans and borrowings	-8,372	-10,748
Other non-current liabilities	-10,469	-10,090
Non-current liabilities	**-18,841**	**-20,838**
Loans and borrowings	-2,757	-8,212
Other current liabilities	-7,947	-5,005
Current liabilities	**-10,704**	**-13,217**
Net assets (100%)	**51,002**	**54,412**
Group's share of net assets (50%)	25,501	27,206
Carrying amount of interest in joint venture	**25,501**	**27,206**

In thousands of euro	Note	31 December 2020	31 December 2019
Revenue		243,305	190,972
Depreciation and amortisation		-6,000	-6,069
Net finance result		-657	-965
Income tax expense		-1,918	-1,383
Profit (100%)		10,104	6,848
Other comprehensive income (100%)		-13	-36
Profit and total comprehensive income (100%)		10,091	6,812
Profit (50%)		5,052	3,424
Group's share of tax expense of equity-accounted investee	16A	-951	-651
Group's share of profit, net of tax		4,101	2,773
Other comprehensive income, net of tax (50%)	16B	-5	-18
Group's share of profit and total comprehensive income, net of tax		4,096	2,755
Dividends received by the Group		6,752	1,593

22. Trade and other receivables

In thousands of euro	Note	31 December 2020	31 December 2019
Trade receivables		185,156	184,691
Related party receivables	36	3,395	8,948
Loans to employees		229	280
Other investments		28	28
Derivatives	31.32	-	114
Taxes (other than income taxes) and social securities		4,233	11,137
Prepayments		3,721	4,524
Other receivables and accrued income		25,585	29,520
Total		222,347	239,242
Non-current		6,688	10,462
Current		215,659	228,780
Total		222,347	239,242

The decrease in related party receivables mainly relates to a repayment of loans by the minority shareholder of Tasomix.

The decline in tax receivables is a combined effect of a more timely settlement of the VAT position and the receipt of withholding tax reclaim in 2020 over previous years.

The non-current trade and other receivables consist of:

- Receivables that will be due after one year, that are largely interest-bearing and mainly include loans to customers. If possible, securities were provided in the form of feed equivalents, participation accounts and real estate.
- Loans to Dutch employees, of which the level of interest is equal to the interest on Dutch state loans and at least equal to the interest referred to in Article 59 of the Wages & Salaries Tax Implementing Regulation 2001. The repayment of the loans is a minimum of 7.5% per annum of the principal amount starting from 2015. As a collateral with respect to repayment, a lien was established on the depositary receipts purchased with the loan amount, the market value of which per balance sheet date exceeds the balance of the loans. These loans have been provided as part of the participation plan 2007-2009. No new loans will be provided to employees as part of the participation plans. The policy is, in principle, not to provide loans to employees.

The prepayments, other receivables and accrued income mainly consist of unbilled revenue to customers and prepayments to suppliers.

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 33.

23. Inventories

In thousands of euro	31 December 2020	31 December 2019
Raw materials	74,313	70,717
Finished products	11,736	10,525
Other inventories	7,715	8,774
Total	93,764	90,016

The increase in inventories is mainly caused by higher raw material prices. Furthermore, in preparation of the Brexit more inventory has been held in the United Kingdom.

Other inventories include trading inventories which are part of the Group's Total Feed business, and include, amongst others, specialty trade products, fertilizers and seeds. The decrease of this inventory is due to a decrease in volumes.

In 2020, there was no provision on inventories (2019: €30 thousand).

For important purchase commitments reference is made to the explanation of the commitments and contingencies under Note 35.

24. Biological assets

A. Reconciliation of carrying amount

In thousands of euro	2020	2019
Balance at 1 January	5,931	4,314
Purchases of poultry livestock, feed and nurture	32,406	31,129
Sales of poultry livestock	-33,589	-30,947
Change in fair value	1,434	1,435
Balance as at 31 December	6,182	5,931

As at balance sheet date the poultry livestock comprises of 1,154,994 animals (2019: 998,820 animals) with a value of €6.2 million (2019: €5.9 million). The poultry livestock relate to hens and a number of roosters, reared to an age ranging between 16 and 20 weeks, which are sold to hatcheries. The entire inventory is a current balance.

B. Measurement of fair values

Fair value hierarchy

The fair value measurement for the roosters and hens is based on the full production costs plus a proportional share of the margin to be realised at sale. No active market with quoted market prices exists for these hens and therefore, the Executive Committee considers the most recent market transaction price to be the most reliable estimate for fair value resulting in a fair value hierarchy Level 3.

Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in cost of raw materials and consumables in respect of Level 3 fair values (poultry livestock). The non-realised part of the adjustment in fair value is part of the revaluation of the biological assets at the balance date.

In thousands of euro	2020	2019
Amounts recognised in statement of profit or loss		
Change in fair value (realised)	1,424	1,402
Change in fair value (unrealised)	10	33
Total	1,434	1,435
Amounts recognised in statement of financial position		
Change in fair value (unrealised)	241	230

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock	Cost technique and transaction price.	Estimated reference price is based on most recent market transactions	The estimated fair value would increase (decrease) if:
Livestock comprises roosters and hens	The fair value of the hens and roosters is measured on the basis of production costs plus a proportional share of the margin to be realised at sale.	Proportional margin is allocated to the different phases of growth cycle on the basis of a percentage of completion method (0% - 91%), failure rate incl. mortality (7.0%)	· the number of animals were higher (lower)
			· the percentage of completion were higher (lower)
			· the failure rate including mortality was lower (higher)

C. Risk management of biological assets

The Group is exposed to the following risks relating to its livestock.

Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of poultry livestock. The Group Committee performs regular industry trend analyses for hens and rooster volumes and pricing.

Risks related to animal diseases

The Group is exposed to the regular risks relating agricultural activities, amongst others risks related to

diseases. The Group follows the developments in the market closely and adjusts its policy where required.

25. Cash and cash equivalents

The outstanding deposits are saving accounts which can be withdrawn immediately without cost. As such the Group considered these to be part of cash and cash equivalents.

In thousands of euro	31 December 2020	31 December 2019
Deposits	524	4,647
Current bank accounts	68,134	58,114
Cash and cash equivalents in the statement of financial position	68,658	62,761
Bank overdrafts	-30,625	-47,402
Cash and cash equivalents in the statement of cash flows	38,033	15,359

The cash and cash equivalents are at the free disposal of the Group. The decrease in bank overdrafts is mainly caused by redemptions of the short-term financing within the facility (see Note 29).

26. Assets held for sale

Reconciliation of carrying amount	2020	2019
Balance at 1 January	1,737	-
Reclassification from property, plant and equipment	-	1,701
Reclassification from investment property	139	-
Disposals	-1,246	-
Currency translation adjustment	-56	36
Balance as at 31 December	574	1,737

During 2019, the assets of two feed mills in the UK and one feed mill in the Netherlands are reclassified from property, plant and equipment to assets held for sale. In 2020, the assets of one feed mill in Belgium is additionally classified from investment property to assets held for sale.

The assets of a feed mill in the United Kingdom and a feed mill in the Netherlands are sold during 2020.

Efforts to sell the other assets have started. However, the sales process has been delayed due to the Covid-19 pandemic. Nevertheless, a sale is expected in 2021.

Equity and liabilities

27. Equity

A. Share capital and share premium

In thousands of euro	Ordinary shares (number)		Amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Ordinary shares – par value €0.01	95,218,821	106,261,040	144,506	144,617
Priority share – par value €0.01	1	1	-	-
In issue at 31 December – fully paid	95,218,822	106,261,041	144,506	144,617

On 15 April 2016, it was resolved to amend the Articles of Association of the Company, to change the legal form of the Company into a public limited company, and the par value of the shares was reduced from €1.00 to €0.01 per share with an effective date per 23 May 2016.

As at 31 December 2020, the share capital consists of 95,218,821 ordinary shares and 1 priority share. At balance sheet date the shares were issued and fully paid up. The share premium consists of the positive difference between the issue price and the nominal value of the issued shares.

On 26 April 2019 and on 24 April 2020, the Annual General Meeting of Shareholders authorised the Executive Board - upon approval of the Supervisory Board - to acquire ForFarmers own shares (irrespective of the type) up to a maximum of 10% of the issued share capital of ForFarmers (determined at the time of the General Meeting). Based on this approval, ForFarmers started, as of 3 May 2019, to repurchase during a period of at most 18 months (the period for which authorisation has been given) its own shares for (a) an amount of €30 million and (b) for the implementation of employee participation plans in 2019 and 2020. Furthermore, the General Meeting has decided to withdraw all ordinary shares that the Company until then has received or will receive under the share buy-back programs of the Company and authorised the Executive Board – with approval of the Supervisory Board – to implement this withdrawal (including the authority to determine the precise amount of ordinary shares that will be withdrawn and the timing). On 2 September 2020 the Executive Board of the Company has decided- with approval of the Supervisory Board- to withdraw 11,042,219 ordinary shares on 11 September 2020.

In 2020 ForFarmers repurchased 2,694,865 shares (2019: 2,734,250) for a total amount of €15.6 million (2019: €17.3 million) (including purchasing costs). From the total number of repurchased shares, 197,266 shares (2019: 253,249) at an amount of €1.0 million (2019: €1.8 million) have been certified for employee participation plans, bringing the balance of repurchased shares to €90.1 million (including purchasing costs) at the end of the share buyback programs. The repurchased shares are cancelled after the completion of the share buyback programs, bringing the balance of repurchased shares, which are accounted for in the other reserves and retained earnings, to €0.1 million as of 31 December 2020 (2019: €75.5 million).

(i) Ordinary shares

All holders of ordinary shares have equal rights. Holders of these shares are entitled to dividend as declared from time to time, and are entitled to one vote per share at annual general meetings of shareholders of the Company. On the shares held by the Company no dividend is paid and no voting rights are excercised.

(ii) Priority share

The priority share is held by Coöperatie FromFarmers U.A. As a result of the treasury shares held by the Company, Coöperatie FromFarmers U.A., on the latest reference date of 1 January 2021, could exercise the voting right for 47.8% of votes to be cast on the total of ordinary shares on the shares it holds (refer to Note 1). Furthermore, the Coöperatie FromFarmers U.A. could give voting instructions with regard to the shares held by the Trust Office Foundation (86%), which would give Coöperatie FromFarmers U.A. 56.4% of voting rights. As priority share holder Coöperatie FromFarmers U.A.:

(i) has a recommendation right for four of the six members of the Supervisory Board;

(ii) may appoint a member of the Supervisory Board as Chairman after consultation with the Supervisory Board;

(iii) has an approval right as regards the decisions of the Executive Board regarding:

1. moving the Company's head office outside the east of the Netherlands (Gelderland and Overijssel);
2. an important change in the identity of nature of the Company or its enterprise as a result of (1) transfer of the enterprise or practically all of the enterprise to a third party or (2) entering into or breaking off a long-term partnership of the Company or a subsidiary thereof with another legal entity or company, or as fully liable partner in a limited partnership or general partnership, if such partnership or its termination represents a fundamental change to the Company;
3. taking or disposing of a participating interest in the capital of a company to a value of at least a third of the amount of the Company's equity according to the balance sheet with explanatory notes or, in the event the Company draws up consolidated balance sheets, according to the consolidated balance sheet with explanatory notes, according to the most recently adopted annual accounts of the Company, or any of its subsidiaries;
4. changes to the Company's articles of association;
5. affecting a merger or division.

Please refer to the Corporate Governance Statement for the conditions for holding the priority share and the special control rights associated thereto if that voting right and/or voting instruction can be exercised or given for 50% or less.

The priority share is classified as equity, because the share does not contain any obligations to deliver cash or other financial assets and does not require settlement in a variable number of the Group's equity instruments.

B. Nature and purpose of reserves

(i) Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's (depositary receipts) shares held by the Group. The treasury shares are accounted for as a reduction of the equity attributable to the owners of the parent.

Treasury shares are recorded at cost, representing the market price on the acquisition date, where the par value of treasury shares purchased is debited to the treasury share reserve. When treasury shares are sold or re-issued, the par value of the instruments is credited to the treasury share reserve. Any premium or discount to par value as result of the market price is shown as an adjustment to retained earnings.

During the reporting period the Company purchased 2,694,865 of its shares as part of the share buy-back program and in relation to the employee participation plans.

At 31 December 2020, the Group held, 28,385 Company's shares as a result of the cancellation of the repurchased shares.

In 2019 the Company purchased 2,734,250 of its shares as part of the share buy-back program and in relation to the employee participation plans. At 31 December 2019, the Group held 8,573,005 of the Company's shares.

The movement in the treasury shares can be summarised as follows:

	Number of shares		Amount par value in thousand euro	
	2020	2019	2020	2019
Balance at 1 January	8,573,005	6,092,004	86	61
Repurchase Employee participation plan	197,266	251,852	2	3
Re-issuance Employee participation plan	-197,266	-253,249	-2	-3
Share buyback	2,497,599	2,482,398	25	25
Cancellation own shares	-11,042,219	-	-111	-
Balance as at 31 December	**28,385**	**8,573,005**	**-**	**86**

(ii) Translation reserve

The translation reserve comprises all foreign currency differences arising from the activities of foreign subsidiaries. The decrease in this reserve as at 31 December 2020 is caused by the devaluation of the pound sterling as well as of the Polish zloty.

(iii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. This relates to the result on derivatives for the acquisition of Tasomix and fuel hedges.

(iv) Other reserves and retained earnings

Other reserves are held by the Company for statutory purposes. Retained earnings comprise the balance of accrued profits that have not been distributed to the shareholders.

A reference is made to the section Other information regarding the result appropriation scheme under the Articles of Association.

For a further clarification of the other reserves and retained earnings a reference is made to Note 47 Shareholders' equity of the Company financial statements.

C. Dividends

The following dividends were declared and paid by the Company for the year:

Distributed in the year *In thousands of euro*	2020	2019
€0.28 per qualifying ordinary share (2019: €0.30)	26,891	30,051
	26,891	30,051

The dividend is based on the total number of shares issued at year end of 95.2 million (2019: 97.7 million). In accordance with the dividend policy the payable dividend is adjusted for outstanding trade receivables and the receivable from the Coöperatie FromFarmers U.A. (€1.1 million in 2020). As a result the total dividend paid in 2020 amounts to €26.1 million (including €0.3 million dividend to the minority shareholder of ForFarmers Thesing Mischfutter GmbH & Co. KG). The treasury shares are not entitled to dividend.
After the respective reporting date, the following dividends were proposed by the Executive Committee. The dividend is payable on 7 May 2021. The dividends have not been recognised as liabilities and there are no tax consequences.

Proposed over the year *In thousands of euro*	Note	2020	2019
€0.29 per qualifying ordinary share (2019: total dividend of €0.28)	47	27,605	27,353
		27,605	27,353

The total dividend over 2020 is €27,605 thousand.

The total dividend in 2019 of €27,353 thousand consist of a dividend of €18,216 thousand and a special dividend of €9,137 thousand.

D. Other comprehensive income accumulated in reserves, net of tax

In thousands of euro	Note	Attributable to shareholders of the Company: Translation reserve	Hedging reserve	Other reserves and retained earnings	Total	Non- controlling interest	Total OCI
2020							
Remeasurement of defined benefit liabilities	15B, 16B	-	-	-21,039	-21,039	-	-21,039
Foreign operations – foreign currency translation differences	16B	-7,907	-	-	-7,907	-	-7,907
Cash flow hedges - effective portion of changes in fair value	16B	-	-142	-	-142	-	-142
Equity-accounted investees - share of other comprehensive income	16B	-	-	-5	-5	-	-5
Total		-7,907	-142	-21,044	-29,093	-	-29,093
2019							
Remeasurement of defined benefit liabilities	15B, 16B	-	-	-16	-16	-	-16
Foreign operations – foreign currency translation differences	16B	5,122	-	-	5,122	-	5,122
Cash flow hedges - effective portion of changes in fair value	16B	-	417	-	417	-	417
Equity-accounted investees - share of other comprehensive income	16B	-	-	-18	-18	-	-18
Total		5,122	417	-34	5,505	-	5,505

28. Capital Management

Funding

ForFarmers' long term target is to have a net debt to normalised EBITDA ratio of maximum 2.5. Normalised EBITDA is defined as agreed in the covenant guidelines of the bank facility, as elaborated in more detail in the section Covenant guidelines.

The long term target is lower than the maximum allowed ratios in the credit facility.

Covenant guidelines

Existing guidelines for financial ratios:

- Leverage ratio, that is determined by net debt divided by normalised EBITDA. The leverage ratio shall not exceed 3.5.
- Interest coverage ratio, that is determined by normalised EBITDA divided by net finance expense and shall not be below 4.0.

Net debt means the total amount of all debts to credit institutions and other financial institutions (excluding financial lease commitments) less cash and cash equivalents.

EBITDA means operating profit (EBIT) after adding back amortisation and depreciation of assets and IFRS 16 impact correction.

Normalised EBITDA means, in respect of a relevant period, EBITDA for that relevant period:

- Including EBITDA of a business combination acquired during the relevant period for that part of the relevant period prior to its becoming a business combination;
- Excluding EBITDA attributable to any member of the Group (or to any business) disposed of during the relevant period prior to its disposal unless the purchase price in relation to such disposal has not yet been received during the relevant period, in which case EBITDA of the disposed member of the Group or business shall be included in normalised EBITDA provided that, in the event that the purchase price is partially (and not fully) received during the relevant period, EBITDA attributable to that member, calculated on a pro-rata basis, shall be included in normalised EBITDA.
- excluding exceptional items like restructuring, disposals, revaluations, (reversal of) impairments and disposals of assets associated with discountinued operations provided that the aggregated amount of such costs does not exceed 10% of EBITDA.
- including cost savings and synergies the Group reasonably expects to be achievable in the 18 months following as a result of any acquisition, restructuring, reorganisation or other similar initiative provided that these costs do not exceed 15% of EBITDA. When the costs exceed 7.5% of EBITDA the costs should be cerfified by an independent third party expert.

Net finance result means the net amount of financial income and expense less interest, commission, fees, discounts and other finance charges accrued in accordance with the applicable accounting standards during that relevant period.

As per 31 December 2020 the leverage ratio is negative and the interest coverage ratio is positive in accordance with the applicable accounting standards, refer to the next page. Herewith ForFarmers fully complies with the terms and conditions of the covenants as per 31 December 2020 (2019: ditto).

ForFarmers' net debt to normalised EBITDA ratio at 31 December 2020 and 31 December 2019 are included in the table below:

In thousands of euro	Note	2020	2019
Loans and borrowings	29	22,268	22,367
Lease liabilities	29.32	27,982	24,102
Bank overdrafts	32	30,625	47,402
Less: cash and cash equivalents	25	-68,658	-62,761
Net debt		12,217	31,110
Excluding IFRS 16 lease liabilities as per financing agreement		-27,982	-24,102
Net debt as per financing agreement		-15,765	7,008
Operating profit before depreciation, amortisation and impairment (EBITDA)		100,293	85,180
Excluding impact IFRS 16 as per financing agreement		-6,575	-5,818
Other adjustments as per financing agreement		-	185
Normalised EBITDA		93,718	79,547
Leverage ratio (net debt to normalised EBITDA ratio)		-0.17	0.09
Interest coverage ratio (normalised EBITDA to net financing interest expense on loans)		128.21	58.53

29. Loans and borrowings

In thousands of euro	Note	31 December 2020	31 December 2019
Unsecured bank loans		19,291	19,287
Lease liabilities		22,584	19,368
Loans from related parties		2,977	3,080
Total non-current		**44,852**	**41,735**
Lease liabilities		5,398	4,734
Total current		**5,398**	**4,734**

The financing arrangement has no short term repayment obligations as at 31 December 2020 (31 December 2019: idem). For information regarding the financing, please refer to Note 30B.

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is disclosed in Note 32.

A. Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

In thousands of euro	Currency	Nominal interest rate %	Year of maturity	Face value 31 December 2020	Carrying amount 31 December 2020	Face value 31 December 2019	Carrying amount 31 December 2019
Unsecured bank loan (floating rate)	EUR	EURIBOR + 0.55%	2024	20,000	19,291	20,000	19,287
Secured bank loan (floating rate)(1)	EUR			-	-	-	-
Loans from related parties	PLN	3.8%	2021	2,977	2,977	3,080	3,080
Total interest-bearing liabilities				**22,977**	**22,268**	**23,080**	**22,367**

(1) The local secured bank loans are settled during 2019 with the new facility

B. Unsecured bank loans

(i) Refinancing

On 25 June 2019 ForFarmers signed a new €300 million credit facility (multi-currency revolving facility) with an international syndicate of banks. This facility replaces the previous facility, which was also €300 million. The previous credit facility was signed in 2014 and would mature on 31 January 2020. The new facility expires on 25 July 2024 and includes two one-year extension options. The facility is provided by an international syndicate of banks, consisting of ABN AMRO, HSBC, ING, KBC and Rabobank. A total nominal amount of €20.0 million (31 December 2019: €20.0 million) of this new facility was used as at 31 December 2020. The applicable interest is based on Euribor and/or Libor or Wibor (depending on the currency in which the facility is drawn) plus a margin between 0.5% and 1.55% (2019: idem). The margin depends on the leverage ratio; on the basis of the 2020 ratio the Euro funding amounts to 0.55% (2019: 0.55%).

(ii) Other secured loan facilities

ForFarmers Thesing, Germany, has an unsecured financing agreement with Bremers Landesbank, with a maximum amount of €6 million. At the balance sheet date this financing agreement was not used (2019: idem).

C. Secured bank loans

Lease liabilities are effectively also secured as the rights to the leased assets revert to the lessor in event of default.

D. Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of euro	Note	Other loans and borrowings	Lease liabilities	Reserves	Other reserves and retained earnings	Unappro-priated result	Non-controlling interest	Total
Balance at 1 January 2020		22,367	24,102	-2,096	252,995	17,705	5,132	
Changes from financing cash flows								
Purchase of own shares	27	-	-	-25	-14,414	-	-	-14,439
Proceeds from sale of treasury shares relating to employee participation plan	27	-	-	-	847	-	-	847
Repurchase of treasury shares relating to employee participation plan	27	-	-	-	-1,166	-	-	-1,166
Lease payments	0	-	-6,712	-	-	-	-	-6,712
Proceeds from borrowings	29	30,000	-	-	-	-	-	30,000
Redemption bank loan	*29*	-30,000	-	-	-	-	-	-30,000
Transaction costs related to borrowings		-	-	-	-	-	-	-
Payments of settlement of derivatives	*32*	-	-	-	-	-	-	-
Dividend paid	27	-	-	-	-25,782	-	-280	-26,062
Total changes from financing cash flows		-	-6,712	-25	-40,515	-	-280	-47,532
Acquisition of subsidiary		-	-	-	-	-	-	
Changes in fair value		284	-476	-	-	-	-	
Effect of movements in exchange rates		-	-521	-	-	-	-	
Other changes(1)		-383	11,589	-7,938	-4,150	-3,551	703	-
Balance as at 31 December 2020		22,268	27,982	-10,059	208,330	14,154	5,555	

In thousands of euro	Note	Other loans and borrowings	Lease liabilities	Reserves	Other reserves and retained earnings	Unappro-priated result	Non-controlling interest	Total
Balance at 31 December 2019		54,917	586	-7,610	239,990	58,590	5,166	
Additional IFRS 16 lease liabilities			24,987					
Balance at 1 January 2019		54,917	25,573	-7,610	239,990	58,590	5,166	
Changes from financing cash flows								
Purchase of own shares	27	-	-	-25	-15,481	-	-	-15,506
Proceeds from sale of treasury shares relating to employee participation plan	27	-	-	-	1,339	-	-	1,339
Repurchase of treasury shares relating to employee participation plan	27	-	-	-	-1,805	-	-	-1,805
Lease payments		-	-6,260	-	-	-	-	-6,260
Proceeds from borrowings	29	45,000	-	-	-	-	-	45,000
Redemption bank loan	29	-77,128	-	-	-	-	-	-77,128
Transaction costs related to borrowings		-1,135	-	-	-	-	-	-1,135
Payments of settlement of derivatives	32	-	-	-115	-	-	-	-115
Dividend paid	27	-	-	-	-29,007	-	-401	-29,408
Total changes from financing cash flows		-33,263	-6,260	-140	-44,954	-	-401	-85,018
Acquisition of subsidiary		-	-	-	-	-	-	
Changes in fair value		385	-470	-	-	-	-	
Effect of movements in exchange rates		19	474	-	-	-	-	
Other changes(1)		309	4,785	5,654	57,959	-40,885	367	-
Balance as at 31 December 2019		22,367	24,102	-2,096	252,995	17,705	5,132	

(1) Other changes includes among others non-cash movements and equity-related changes

30. Provisions

2020

In thousands of euro	Soil deconta-mination	Demolition costs	Restructuring	Onerous contracts	Other	Total
Balance at 1 January 2020	774	1,205	1,451	371	1,489	5,290
Provisions made during the year	-	1,291	158	466	1,057	2,972
Provisions released during the year	-	-	-704	-	-680	-1,384
Provisions used during the year	-	-53	-614	-449	-470	-1,586
Effect of discounting	7	-	-	-	-	7
Other movement	-	-	-	-	-439	-439
Translation difference	-	-67	-61	-	-16	-144
Balance as at 31 December 2020	781	2,376	230	388	941	4,716
Non-current	781	2,284	-	-	375	3,440
Current	-	92	230	388	566	1,276
Balance as at 31 December 2020	781	2,376	230	388	941	4,716

2019

In thousands of euro	Soil deconta-mination	Demolition costs	Restructuring	Onerous contracts	Other	Total
Balance at 1 January 2019	784	205	204	661	1,542	3,396
Provisions made during the year	-	969	3,679	609	724	5,981
Provisions released during the year	-18	-	-367	-106	-233	-724
Provisions used during the year	-	-	-2,008	-793	-566	-3,367
Effect of discounting	7	-	-	-	8	15
Other movement	-	-	-100	-	-	-100
Translation difference	1	31	43	-	14	89
Balance as at 31 December 2019	774	1,205	1,451	371	1,489	5,290
Non-current	774	1,172	-	-	1,069	3,015
Current	-	33	1,451	371	420	2,275
Balance as at 31 December 2019	774	1,205	1,451	371	1,489	5,290

A. Soil decontamination
The soil decontamination provision relates to the expected unavoidable costs of cleaning polluted sites. The Group conducts periodical assessments to ascertain whether sites have been polluted. At the moment pollution has been determined the unavoidable costs to clean the site are estimated and provided for.

B. Demolition costs
The provision made during the year mainly relate to assets in use, which should be removed at the end of the useful lifetime.
A provision for demolition costs was recognised in prior years resulting from the closure of a site in the Netherlands. The non-current provision for demolition costs relates to assets in use and will be utilized at the end of the useful lifetime of these assets.

C. Restructuring
The changes in the restructuring provisions is mainly due to the result of the closing of certain feed mills and the announced efficiency program.

D. Onerous contracts
The provision made during the year and the usage of the provision onerous contracts relates to forward sales contracts and a number of loss-making meat contracts.

E. Other
The other provisions mainly relate to legal disputes and claims.

Furthermore, ForFarmers is involved in several cases, of which the Group considers the impact to be not material, highly unlikely to result in a financial impact, or is unable to reliably estimate the magnitude of a potential impact (see also Note 35 regarding contingencies).

31. Trade and other payables

In thousands of euro		31 December 2020	31 December 2019
Trade payables due to related parties	36	2,418	2,520
Other trade payables		230,176	210,759
Accrued expenses		45,423	44,394
Taxes (other than income taxes) and social securities		5,840	9,127
Contingent considerations	6	-	9,755
Derivatives	32	77	-
Put option liability	6	20,671	26,665
Total		**304,605**	**303,220**
Non-current		21,079	26,664
Current		283,526	276,556
Total		**304,605**	**303,220**

The decrease of the contingent considerations mainly relate to the settled contingent consideration Vleuten-Steijn and payments on the contingent consideration in relation to Voeders Algoet, Wilde Agriculture Ltd. and Bowerings Animal Feeds Ltd.

The put option liability relates to the acquisition of Tasomix and concerns a long-term liability, which is discounted with a rate higher than 10%. The decrease of this liability is the result of the expected realisation of operational targets. For more information, regarding the contingent considerations and the put option liability, refer to Note 6, 17 and 32.

The decrease in the tax liability is mainly related to the payment of the withholding tax over previous years in 2020, which were recognized as a liability at year-end 2019.

The accrued expenses are, amongst others, related to invoices to be received and accrued personnel expenses.

Information about the Group's exposure to relevant currency and liquidity risks is disclosed in Note 32C.

Financial instruments

32. Financial instruments – Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their Levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 december 2020

					Carrying amount				Fair value
In thousands of euro	Note	Mandatory at FVTPL - others (1)	Fair value - hedging instruments	Amortized costs	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		0							
Fuel swaps used for hedging (derivatives)	32	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial assets not measured at fair value									
Equity securities (other investments)	23	-	-	28	28	-	-	-	-
Trade and other receivables(2)	22	-	-	222,319	222,319	-	-	-	-
Cash and cash equivalents	25	-	-	68,658	68,658	-	-	-	-
		-	-	291,005	291,005	-	-	-	-
Financial liabilities measured at fair value									
Contingent consideration	6.32	-	-	-	-	-	-	-	-
Put option liability	6.32	-20,671	-	-	-20,671	-	-	-20,671	-20,671
Forward exchange contracts used for hedging (derivatives)	32	-	-	-	-	-	-	-	-
Fuel swaps used for hedging (derivatives)	32	-	-77	-	-77	-	-77	-	-77
		-20,671	-77	-	-20,748	-	-77	-20,671	-20,748
Financial liabilities not measured at fair value									
Bank overdrafts	29	-	-	-30,625	-30,625	-	-	-	-
Loans and borrowings	29	-	-	-19,291	-19,291	-	-	-	-
Lease liabilities	29	-	-	-27,982	-27,982	-	-	-	-
Trade and other payables(3)	31	-	-	-283,857	-283,857	-	-	-	-
		-	-	-361,755	-361,755	-	-	-	-

(1) Fair value through profit and loss
(2) Excluding derivatives and other investments
(3) Excluding contingent considerations and the put option liability

31 December 2019

In thousands of euro	Note	Mandatory at FVTPL - others (1)	Fair value - hedging instruments	Amortized costs	Carrying amount Total	Level 1	Level 2	Level 3	Fair value Total
Financial assets measured at fair value									
Fuel swaps used for hedging (derivatives)	32	-	114	-	114	-	114	-	114
		-	114	-	114	-	114	-	114
Financial assets not measured at fair value									
Equity securities (other investments)	23	-	-	28	28	-	-	-	-
Trade and other receivables(2)	22	-	-	239,100	239,100	-	-	-	-
Cash and cash equivalents	25	-	-	62,761	62,761	-	-	-	-
		-	-	301,889	301,889	-	-	-	-
Financial liabilities measured at fair value									-
Contingent consideration	6.32	-9,755	-	-	-9,755	-	-	-9,755	-9,755
Put option liability	6.32	-26,665	-	-	-26,665	-	-	-26,665	-26,665
Forward exchange contracts used for hedging (derivatives)	32	-	-	-	-	-	-	-	-
Fuel swaps used for hedging (derivatives)	32	-	-	-	-	-	-	-	-
		-36,420	-	-	-36,420	-	-	-36,420	-36,420
Financial liabilities not measured at fair value									
Bank overdrafts	29	-	-	-47,402	-47,402	-	-	-	-
Loans and borrowings	29	-	-	-19,286	-19,286	-	-	-	-
Lease liabilities	29	-	-	-24,102	-24,102	-	-	-	-
Trade and other payables(3)	31	-	-	-266,800	-266,800	-	-	-	-
		-	-	-357,590	-357,590	-	-	-	-

(1) Fair value through profit and loss
(2) Excluding derivatives and other investments
(3) Excluding contingent considerations and the put option liability

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 4.

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Interest rate swaps and fuel swaps	The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivative financial instruments are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations.
Contingent consideration and put option liability	The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast sales volume / EBITDA developments, the receipt of the gross trade receivables, the anticipated net debt position, the amount to be paid under each scenario and the probability of each scenario. Significant unobservable inputs consists: • Forecast annual sales volume / EBITDA growth rate. • Forecast receipts gross trade receivables. • Forecast net debt position. • Risk-adjusted discount rate. The estimated fair value would increase (decrease) if: • the annual sales volume / EBITDA growth rate were higher (lower). • the receipts of the gross trade receivables vary positive (negative) from the standard payment terms. • the actual net debt postion varies positive (negative) from anticipated position. • the risk-adjusted discount rate were lower (higher).

Financial instruments not measured at fair value

Type	Valuation technique
Equity securities (non-current)	For investments in equity instruments that do not have a quoted market price in an active market for an identical instrument (i.e. a Level 1 input) disclosures of fair value are not required.
Loans and receivables (non-current)	Discounted cash flows.
Cash, trade and other receivables and other financial liabilities (current)	Given the short term of these instruments, the carrying value is close to the market value.
Other financial liabilities (non-current)	Discounted cash flows. The fair value of the long-term debts is equal to the carrying value as floating market-based interest rates are applicable consistent with the financing agreement.

C. Financial risk management

Risk management framework

The Executive Committee has overall responsibility for overseeing of the Group's risk management framework. The Executive Committee has established a Risk Advisory Board, which is responsible for developing and monitoring the Group's risk management policies. The Risk Advisory Board reports regularly to the Executive Committee, the Audit Committee and the Supervisory Board on its activities. The Group considers the acceptance of risks and the recognition of opportunities as an inherent part of realising its strategic objectives. Risk management contributes to the realisation of the strategic objectives and provides for compliance with corporate governance requirements. Through an active monitoring of risk management, the Group aims to create a high level of awareness in terms of risk control. The set-up and coordination of risk management takes place from the team Corporate Governance & Compliance.

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and from investments in debt instruments. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the default risk of the industry and/or country in which customers operate. Further details of concentration of revenue are included in Note 5 and 8.

The Group trades with creditworthy parties and has set up procedures to determine the creditworthiness. In addition, the Group has prepared directives to limit the scope of the credit risk at each party. Moreover, the Group continuously monitors its receivables and the Group applies a strict credit procedure. In accordance with this policy, customers are categorised, and depending on their credit profile the following risk-mitigating measures are taken:

- payment according to the payment terms per country;
- payment in advance, immediate payment upon receipt of the goods or provision of collateral;
- hedging by means of credit letters and bank guarantees;
- insurance of credit risk.

Receivables, that will be due after one year, are largely interest-bearing and mainly include loans to customers for which, if possible, securities were provided in the form of feed equivalents, participation accounts and real estate.

As a consequence of the distribution over geographic areas and product groups a significant concentration of credit risk in the trade receivables does not arise (no single customer is in 2020 individual responsible for more than 1.9% (2019: 2.5%) of the turnover). For a further explanation of the trade and other receivables reference is made to Note 22.

At 31 December 2020, the allowance for impairment in relation to trade and other receivables was as follows:

In thousands of euro	31 December 2020	31 December 2019
Gross trade and other receivables	234,636	254,870
Allowance for impairment in respect of trade and other receivables	-12,289	-15,628
Total	222,347	239,242
Non-Current (including loans)	6,688	10,462
Current	215,659	228,780
Total	222,347	239,242

At 31 December 2020, the ageing of trade and other receivables was as follows:

In thousands of euro	Not impaired accounts	Impaired accounts	Total
Not due	197,066	8,196	205,262
Past due < 30 days	12,248	2,598	14,846
Past due 31 - 60 days	2,270	1,723	3,993
Past due 61 - 90 days	493	918	1,411
Past due > 90 days	1,165	7,959	9,124
Gross amount	213,242	21,394	234,636
Allowance for impairment	-	-12,289	-12,289
Total	213,242	9,105	222,347
Overdue receivables	7.6%	61.7%	12.5%

The percentage overdue receivables (total of 12.5%) decreased, mainly due to process optimisation at credit control.

At 31 December 2019, the ageing of trade and other receivables was as follows:

In thousands of euro	Not impaired accounts	Impaired accounts	Total
Not due	209,500	4,223	213,723
Past due < 30 days	15,513	1,617	17,130
Past due 31 - 60 days	3,653	1,279	4,932
Past due 61 - 90 days	1,052	972	2,024
Past due > 90 days	3,114	13,947	17,061
Gross amount	232,832	22,038	254,870
Allowance for impairment	-	-15,628	-15,628
Total	232,832	6,410	239,242
Overdue receivables	10.0%	80.8%	16.1%

The impaired accounts consist of trade and other receivables for which an impairment is applied. The Executive Committee believes that the unimpaired amounts are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement during the year in the allowance for impairment in respect of trade and other receivables was as follows:

In thousands of euro	2020	2019
Balance at 1 January	15,628	16,909
Write-offs during the year	-4,292	-1,030
Releases during the year	-2,901	-4,851
Addition during the year	4,070	3,587
Other movement(1)	-46	917
Translation difference	-170	96
Balance as at 31 December	12,289	15,628
Non-current	1,650	4,172
Current	10,639	11,456
Balance as at 31 December	12,289	15,628

(1) The other movement concerns a change in presentation with regard to trade receivables relating to prior year acquisitions.

Cash and cash equivalents

Cash and cash equivalents are kept by first-class international banks, i.e. banks with at least a credit classification of A-. Derivatives are only traded with financial institutions with a high credit rating, AA- to AA+.

Guarantees

In principal, the Group's policy is to not provide financial guarantees except for some of its Dutch subsidiaries, bank guarantees, guarantees to Insurance companies in the United Kingdom and guarantees to suppliers of the mill in Pionki (Poland). Refer to Note 35 for more information on other commitments and contingencies.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Furthermore the Group has financing agreements to mitigate the liquidity risk, for more information see Note 28 and 29.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and excluding the impact of netting agreements.

31 December 2020 Non-derivative financial liabilities

		Carrying amount				Contractual cash flows	
In thousands of euro	Note		Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Contingent consideration	6, 32	-	-	-	-	-	-
Put option liability	6, 32	20,671	34,561	-	-	34,561	-
Bank overdrafts	29	30,625	30,625	30,625	-	-	-
Bank loans	29	19,290	20,000	-	-	20,000	-
Lease liabilities	29	27,982	39,334	6,423	5,188	9,481	18,242
Trade payables and other payables(1)	31	281,439	281,295	280,260	1,035	-	-
		380,007	405,815	317,308	6,223	64,042	18,242

(1) Excluding related parties, contingent consideration and the put option liability

The Company has the availabilty of cash and cash equivalents at 31 December 2020 amounting to €68,658 thousand.

31 December 2019 Non-derivative financial liabilities

		Carrying amount				Contractual cash flows	
In thousands of euro	Note		Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Contingent consideration	6, 32	9,755	9,755	9,755	-	-	-
Put option liability	6, 32	26,665	50,220	-	-	-	50,220
Bank overdrafts	29	47,402	47,402	47,402	-	-	-
Bank loans	29	19,286	20,000	-	-	20,000	-
Lease liabilities	29	24,102	37,655	5,618	4,220	6,940	20,877
Trade payables and other payables(1)	31	264,280	266,592	265,964	628	-	-
		391,490	431,624	328,739	4,848	26,940	71,097

(1) Excluding related parties, contingent consideration and the put option liability

The Company has the availabilty of cash and cash equivalents at 31 December 2019 amounting to €62,761 thousand.

As disclosed in Note 29, the Group has an unsecured bank loan that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by the treasury department and regularly reported to the Executive Committee to ensure compliance with the agreement. The covenants have been met as per the end of the year, refer to Note 29.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on loans and borrowings from financial institutions may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions in the obligations change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The subsidiaries' functional currencies are the euro, pound sterling and Polish zloty. Most of their transactions, and resulting balance occur in their local and functional currency.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily euro, but also pound sterling and Polish zloty.

Interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

The Group's sales and purchase transactions are conducted in the functional currencies of the respective entity, therefore on the forecasted sales and purchase transactions the Group is not exposed to foreign currency risks.

The Group has no forward currency contracts to hedge foreign currency exposure at 31 December 2020 (31 December 2019: had no forward currency contracts to hedge foreign currency exposure).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is managed within the agreed limits per business unit.

Exposure to currency risk

The summary of quantitative data about the Group's financial assets and liabilities denominated in foreign currencies is as follows:

In thousands			31 December 2020			31 December 2019
	€	£	zł	€	£	zł
Trade and other receivables	117,738	72,735	108,073	120,290	74,645	132,882
Cash and cash equivalents less bank overdrafts	55,328	-9,322	-31,580	55,460	-20,502	-68,119
Unsecured bank loans	-19,290	-	-	-19,286	-	-
Secured bank loans	-	-	-	-	-	-
Loans from related parties	-	-	-13,575	-	-	-13,112
Lease liabilities	-16,538	-10,145	-727	-14,973	-7,466	-1,503
Trade and other payables	-193,601	-71,560	-143,191	-194,587	-62,105	-151,709
Net statement of financial position exposure	-56,363	-18,292	-81,000	-53,096	-15,428	-101,561

Net financial position in pound sterling and zlothy is used to finance assets in pound sterling and zloty.

The important exchange rates that have been applied during the financial year are disclosed in Note 3.

Interest rate risk

The Group tests the interest rate risk on potential financial impact. When the impact is not acceptable, the risk exposure is eliminated by fixing the rate.

This is achieved partly by entering into fixed-rate instruments, and partly by borrowing at a float rate and if considered necessary using interest rate swaps as hedges against fluctuations interest levels.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

Carrying amount

In thousands of euro	31 December 2020	31 December 2019
Fixed-rate instruments		
Financial assets	6,660	10,434
Variable rate instruments		
Financial liabilities	19,290	19,286

The financial assets relate to loans to customers, employees and other non-current receivables.

The financial liabilities relate to loans payable which mainly have the purpose of financing the non-current assets.

Sensitivity analysis
No financial instruments in the consolidated financial statements are individually exposed to foreign currency risk. As such no sensitivity analyses is disclosed.

Fair value sensitivity analysis for fixed-rate instruments
The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Except for tax effects, the impact on equity is considered equal to the impact on profit and loss as no variable-rate financial instruments impact equity directly.

	Profit or loss before tax		Equity	
In thousands of euro	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
31 December 2020				
Variable-rate instruments	-96	96	-47	47
31 December 2019				
Variable-rate instruments	-96	96	-63	63

Commodity price risk
The major part of ForFarmers' cost of sales consists of raw materials. The raw materials markets are volatile due to uncertain weather conditions, yield expectations, depletion of natural resources, fluctuations in demand and growing prosperity. The increased volatility inherently increases the risks related to raw material purchasing and hence the importance of risk management. The purchasing risk management policy is based on the risk appetite of the Group and is continuously monitored.

Part of the costs of the Group consist of energy and fuel costs. Changes in these prices affect the costs of production and transport of products of the Group. Higher costs by example for inbound logistics due to low water levels and costs as a result of the unfavourable pursching position may not in all instances be passed on in the sales prices, which may affect the result negatively. In the past years the prices of fuel and energy have been relatively volatile. Therefore, for the purchasing of energy, the Group has determined a purchasing policy. Part of this policy is to hedge price risks via financial instruments and commodity agreements. The enforcement of this purchasing policy is monitored. The developments on the markets for energy and fuels are followed closely.

During 2020 the Group has entered into derivatives to hedge the risks associated with changes in fuel prices. With respect to these cash flow hedges, maturities relate to realisation dates of hedged items and therefore cash flow hedge accounting is applied. Amounts of fair value presented in equity are recycled in the statement of profit or loss at realisation dates of hedged items. The contractual maturities of these derivatives will expire at different moments in 2021, with the corresponding cash settlement also taking place during different moments in 2021.

D. Derivative assets and liabilities designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

In thousands of euro	2020 Carrying amount	Total	1-6 months	6-12 months	Expected cash flows More than one year	2019 Carrying amount	Total	1-6 months	6-12 months	Expected cash flows More than one year
Forward exchange contracts used for hedging										
Assets	-	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-
Fuel swaps used for hedging										
Assets	-	-	-	-	-	114	114	114	-	-
Liabilities	-77	-77	-77	-	-	-	-	-	-	-
	-77	-77	-77	-	-	114	114	114	-	-

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments.

In thousands of euro	2020 Carrying amount	Total	1-6 months	6-12 months	Expected impact More than one year	2019 Carrying amount	Total	1-6 months	6-12 months	Expected impact More than one year
Forward exchange contracts used for hedging										
Liabilities	-	-	-	-	-	-	-	-	-	-
Fuel swaps used for hedging										
Assets	-	-	-	-	-	114	114	114	-	-
Liabilities	-77	-77	-77	-	-	-	-	-	-	-
	-77	-77	-77	-	-	114	114	114	-	-

Group composition

33. List of main subsidiaries

Subsidiaries	Registrated office	Interest(1)
The Netherlands		
ForFarmers Nederland B.V.	Lochem	100%
FF Logistics B.V.	Lochem	100%
PoultryPlus B.V.	Lochem	100%
Reudink B.V.	Lochem	100%
Stimulan B.V.	Lochem	100%
ForFarmers Corporate Services B.V.	Lochem	100%
Vleutensteijnvoeders B.V.	Eindhoven	100%
ForFarmers Poland B.V.	Lochem	100%
Germany		
ForFarmers GmbH	Vechta-Langförden	100%
ForFarmers Langförden GmbH	Vechta-Langförden	100%
ForFarmers BM GmbH	Rapshagen	100%
ForFarmers Hamburg GmbH & Co. KG(2)	Vechta-Langförden	100%
ForFarmers Thesing Mischfutter GmbH & Co. KG(2)	Rees	60%
ForFarmers Beelitz GmbH	Beelitz	100%
Pavo Pferdenahrung GmbH	Goch	100%
Belgium		
ForFarmers Belgium B.V.B.A.	Ingelmunster	100%
Poland		
Tasomix Sp. z o.o(4)	Biskupice Ołoboczne	60%
Tasomix Pasze Sp. z o.o(4)	Pionki	60%
United Kingdom		
ForFarmers UK Holdings Ltd.	Ipswich (Suffolk)	100%
ForFarmers UK Ltd.	Ipswich (Suffolk)	100%
Joint venture		
HaBeMa Futtermittel GmbH & Co. KG Produktions- und Umschlagsgesellschaft(3)	Hamburg	50%

(1) Participating interests as per 31 December 2020.
(2) The subsidiaries ForFarmers Hamburg GmbH & Co. KG and ForFarmers Thesing Mischfutter GmbH & Co. KG make use of the exemption under § 264b of the German Commercial Code.
(3) Equity accounted investee, see Note 21.
(4) Is consolidated for 100% because at any time (after 2021) the remaining 40% can be purchased at the specified conditions.
Set out below is the list of main subsidiaries and joint venture of the Group:

34. Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that have material non-controlling interests (NCIs), before any intra-group eliminations.

The change in cash flows from operating activities compared to previous year is driven by changes in the working capital.

31 December 2020

	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
In thousands of euro	40%	40%	
Non-current assets			
Non-current assets	172	12,529	12,701
Cash and cash equivalents	5	3,163	3,168
Other current assets	40	14,166	14,206
Current assets	45	17,329	17,374
Loans and borrowings	-	-5,948	-5,948
Other non-current liabilities	-	-2,018	-2,018
Non-current liabilities	-	-7,966	-7,966
Loans and borrowings	-	-362	-362
Other current liabilities	-10	-7,849	-7,859
Current liabilities	-10	-8,211	-8,221
Net assets	207	13,681	13,888
Carrying amount of NCI	83	5,472	5,555
Revenue	-	74,117	74,117
Profit attributable to shareholders of the Company	-1	1,281	1,280
OCI	-	-	-
Total comprehensive income	-1	1,281	1,280
Profit allocated to NCI	-	512	512
OCI allocated to NCI	-	-	-

2020

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
Cash flows from operating activities	-	3,311	3,311
Cash flows from investing activities	-	-1,931	-1,931
Cash flows from financing activities	-	-1,305	-1,305
Net increase (decrease) in cash and cash equivalents	-	75	75

The change in cash flows from operating activities compared to previous year is driven by changes in the working capital.

31 December 2019

	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
Percentage non-controlling interest	40%	40%	
In thousands of euro			
Non-current assets	174	11,331	11,505
Cash and cash equivalents	5	3,088	3,093
Other current assets	34	13,634	13,668
Current assets	39	16,722	16,761
Loans and borrowings	-	-6,313	-6,313
Other non-current liabilities	-	-2,182	-2,182
Non-current liabilities	-	-8,495	-8,495
Loans and borrowings	-	-348	-348
Other current liabilities	-5	-6,588	-6,593
Current liabilities	-5	-6,936	-6,941
Net assets	208	12,622	12,830
Carrying amount of NCI	83	5,049	5,132
Revenue	-	75,756	75,756
Profit attributable to shareholders of the Company	-3	728	725
OCI	-	-	-
Total comprehensive income	-3	728	725
Profit allocated to NCI	-1	291	290
OCI allocated to NCI	-	-	-

2019

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
Cash flows from operating activities	-	4,150	4,150
Cash flows from investing activities	-	-933	-933
Cash flows from financing activities	-	-1,594	-1,594
Net increase (decrease) in cash and cash equivalents	-	1,623	1,623

35. Commitments and contingencies

General

The Company and its group companies are or may become party to various claims, legal and/or administrative proceedings and investigations in the ordinary course of business or otherwise (e.g. commercial transactions, product liability, health & safety and environmental pollution). Since the outcome of asserted claims and proceedings (potential or actual), or the impact of any claims or investigations that may arise in the future, cannot be predicted with certainty, the Group's financial position and results of operations could be affected materially by the outcomes.

ForFarmers has been notified in 2020 by the UK Health and Safety Executive that legal proceedings will be forthcoming with regard to an incident at the Exeter Mill in the United Kingdom which occurred in October 2017. At this point in time the outcome of this remains uncertain and it is not possible to determine if and to what extent ForFarmers might be liable. Furthermore, no reliable estimate regarding any potential financial liability, if any, can be given. The financial position of the business and results of operations could be affected materially by the outcome.

Furthermore a civil claim for damages in relation to the aforementioned incident has been filed from an injured party seeking compensation for injuries associated with this incident. ForFarmers is fully insured for this claim.

Purchase commitments

The purchase commitments of the Group are as follows:

31 December 2020

In thousands of euro	< 1 year	1 - 5 years	> 5 years	Total
Purchase commitments raw materials	500,709	484	-	501,193
Purchase commitments energy (gas/electricity)	1,637	-	-	1,637
Purchase commitments property, plant and equipment	1,460	-	-	1,460
Purchase commitments other	4,827	54	-	4,881
Total	508,633	538	-	509,171

31 December 2019

In thousands of euro	< 1 year	1 - 5 years	> 5 years	Total
Purchase commitments raw materials	444,611	5,714	-	450,325
Purchase commitments energy (gas/electricity)	5,329	-	-	5,329
Purchase commitments property, plant and equipment	7,165	-	-	7,165
Purchase commitments other	4,207	429	-	4,636
Total	461,312	6,143	-	467,455

The Increase in raw material prices resulted in a higher purchase commitment of raw materials as at 31 December 2020 (€501.2 million) compared to prior year (31 December 2019: €450.3 miljoen). The purchase commitments of raw materials are partly relating to existing sales contracts.

A declaration of guarantee based on article 2:403 of the Dutch Civil Code has been issued by ForFarmers N.V. for the benefit of ForFarmers Nederland B.V., ForFarmers Corporate Services B.V., FF Logistics B.V., PoultryPlus B.V. and Reudink B.V.

For the credit facilities reference is made to Note 29.

36. Related parties

Beside the subsidiaries that operate within the Group (refer to the overview "List of main subsidiaries", Note 33) and the BOCM PAULS Ltd. (United Kingdom) and HST Feeds Ltd. (United Kingdom) Pension Schemes (see Note 15A) , the Group has additional related parties and transactions, which are disclosed hereafter. The related party transactions that occurred in 2020 and 2019 were done at arm´s length. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. Furthermore, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2019: idem).

A. Stichting Beheer- en Administratiekantoor ForFarmers and Coöperatie FromFarmers U.A.

Stichting Beheer- en Administratiekantoor ForFarmers (until 23 May 2016 named Stichting Administratiekantoor ForFarmers) (hereinafter: 'Stichting Beheer') holds 8.5% (31 December 2019: 7.5%) of the ordinary shares in ForFarmers N.V. as per 31 December 2020 and has issued depositary receipts in exchange for these shares. Coöperatie FromFarmers U.A. (hereinafter: de coöperatie) has a direct stake of 19.4% (2019: 17.4%), and an indirect stake of 28.4% (2019: 26.6%) of the ordinary shares of ForFarmers, and one priority share as per the aforementioned date. Depositary receipts are held by members of the Coöperatie, employees of ForFarmers or others. Members of the Coöperatie and employees of ForFarmers who own depositary receipts have the right to request their voting rights from Stichting Beheer. Other depositary receipt holders cannot request voting rights. Stichting Beheer and the Coöperatie are related parties. Between the Coöperatie and a number of the members of the Coöperatie on one hand and the Group on the other hand, transactions (i.e. supply of goods and services) take place on a regular basis. Furthermore, ForFarmers provides certain support functions (e.g. administrative) for the Coöperatie.

The following table provides the total amount of transactions that have been entered into with ForFarmers N.V. and its group companies.

In thousands of euro	2020	2019
Interest income	-	1
Interest expenses	-	-
Receivable from	49	96
Payable to	-	-

B. Executive Committee

In the financial year remuneration for the Executive Committee including pension expenses that were charged to the Company and its subsidiaries amounts of €5.8 million (2019: €4.8 million), which can be broken down as follows:

In thousands of euro	2020	2019
Salary costs(1)	3,048	2,909
Performance bonus (short-term)(2)	588	374
Other compensation(3)	407	362
Post-employment benefits	374	330
Short-term employee benefits	4,417	3,975
Performance bonus (long-term)(4)	1,277	609
Participation plan(5)	77	187
Long-term employee benefits	1,354	796
Total(6)	5,771	4,771

(1) Including employer contributions social securities
(2) The performance bonus (short-term) relates to the performance in the year reported and is to be paid in the subsequent year.
(3) Other compensation mainly includes use of company cars, expenses, pension compensation own arrangement and any accrual for termination of the agreement of assignment.
(4) The performance bonus (long-term) concerns the proportional part of the costs recognised during the vesting period of three years in which specified performance targets are to be met. After the third year, the final bonus amount will be determined and paid.
(5) The employee participation plan concerns the costs charged during the vesting period relating to the discount on the conditionally issued depositary receipts and does not reflect the value of vested depositary receipts already in possession of the members of the Executive Board.
(6) Concerns the total costs for the remuneration for the Executive Committee in the financial year. Refer to the remuneration report in the Annual Report for the individual disclosure regarding the remuneration for the members of the Management Board.

The following table includes the ownership for the Executive Committee of the (depositary receipts for) shares at year end.

In numbers	2020	2019
(Depositary receipts of) shares	543,692	590,876

C. Supervisory board

In the financial year remuneration for members of the Supervisory Board, and former members of the Supervisory Board within the meaning of section 383 sub 1 of Book 2 of the Dutch Civil Code were charged to the Company and its subsidiaries for an amount of €357 thousand (2019: €354 thousand), which can be broken down as follows.

In thousands of euro	2020	2019
Attendance fees	279	278
Commission fees	63	63
Other compensation(1)	15	13
Total(2)	357	354

(1) Relates to reimbursement for travel and fixed expenses
(2) Concerns the total costs for the remuneration for the Supervisory Board in the financial year. Refer to the remuneration report in the Annual Report for the individual disclosure regarding the remuneration for the members of the Supervisory Board.

In the regular course of business the Group enters into sales transactions with numerous members of the Supervisory Board. The related party transactions were carried out at arm's length.

The following table provides the total amount of transactions with affiliated entities of the members of the Supervisory Board.

In thousands of euro	2020	2019
Sales to	743	479
Purchases from	105	-

The following table provides the total balances of receivables from and payables to the members of the Supervisory Board.

In thousands of euro	31 December 2020	31 December 2019
Amounts owed by	13	26
Amounts owed to	-	-

The following table includes the ownership of the (depositary receipts of) shares and the number of participation accounts issued by the cooperative and which can be converted into depositary receipts.

In numbers	2020	2019
Depositary receipts/ shares(1)	9,640	9,640
Participation accounts(1, 2)	20,934	20,934
Total	30,574	30,574

(1) The members of the Supervisory Board with depositary receipts/ shares and/or participation accounts are also members of FromFarmers and received these through participation in the 'Equity on Name' (EON) registration process which ran in the period 2007 - 2017.
(2) The balance on the participation account can be converted into depositary receipts or shares of ForFarmers N.V.

The aforementioned members of Supervisory Board did not experience any impediment in the performance of their duties during the past year as a result of transactions that they conducted.

D. Executive Committee Coöperatie FromFarmers U.A.

In the regular course of business the Group enters into sales transactions with members of the Executive Committee Coöperatie FromFarmers U.A. The related party transactions were carried out at arm's length.

The following table provides the total amount of transactions.

In thousands of euro	2020	2019
Sales to	1,780	1,924
Purchases from	-	-

The following table provides the total balances of receivables from and payables to the members of the Executive Committee Coöperatie FromFarmers U.A.

In thousands of euro	31 December 2020	31 December 2019
Amounts owed by	97	40
Amounts owed to	-	-

The transactions with, the receivables from and payables to the members of the Executive Committee of the Coöperatie FromFarmers U.A. include the transactions with and position to the members who are part of the Supervisory Board of ForFarmers N.V.

E. Joint venture

The following table provides the total amount of transactions that have been entered into with the joint venture HaBeMa:

In thousands of euro	2020	2019
Sales to	-	-
Purchases from	49,929	52,688

The following table provides the total balances with the joint venture HaBeMa:

In thousands of euro	31 December 2020	31 December 2019
Amounts owed by	-	-
Amounts owed to	2,418	2,520

F. Overig

The following table provides the total amount of transactions that have been entered into with parties related to the minority shareholders of Tasomix (Poland):

In thousands of euro	2020	2019
Sales to	15,213	16,984
Purchases from	461	225

The following table provides the total balances (excluding the contingent consideration and put option liability, refer to Note 6) with the minority shareholders of Tasomix (Poland):

In thousands of euro	31 December 2020	31 December 2019
Amounts owed by	3,236	8,786
Amounts owed to	2,977	3,080

37. Events after the reporting period

Acquisition De Hoop Mengvoeders

On 2 February 2021 ForFarmers acquired all shares of De Hoop Mengvoerders B.V. (De Hoop, the Netherlands) for the compound feed business and its related transport activities, and the mill with adjacent real estate

ForFarmers and De Hoop consider one powerful, international organisation, focusing on feed quality and advice for poultry farmers in the Netherlands, to be of great added value to the poultry sector. Consumers are increasingly interested in the provenance of food. In addition the demand for high quality food, which has been manufactured in a sustainable manner is growing. Accordingly, this has led to more strategic partnerships in the broiler food chain. The acquisition of De Hoop by ForFarmers should be seen in this context.

The purchase price amounts to €30.0 million, including contingent considerations of €7.0 million. In addition, the former shareholders of De Hoop can receive an additional consideration of €10.0 million, if certain joint growth targets will be realised in the coming 2 years.

The acquired assets and liabilities mainly consist of the mill, transport vehicles and client relationships. However, given the recent acquisition date the provisional fair values are not yet determined.

In 2020 De Hoop sold 317.000 tonnes of poultry feed, primarily to broiler farmers and generated €112.7 million of revenues. Approximately 80% of the produced volume is sold in the Netherlands, with the remaining 20% being sold from the Netherlands in Belgium and West-Germany. The company has 52 employees and production takes place in the modern mill in Zelhem (Gelderland, the Netherlands).

Acquisition Mühldorfer Pferdefutter

On 3 February 2021 Pavo, the brand under which ForFarmers is active in the horse sector, acquired, the brand under which ForFarmers is active in the horse sector, the product portfolio and client relationships of Mühldorfer Pferdefutter. As a result, Pavo, which is active in more than 30 countries, strengthens its position in the important horse market of Germany.

Accounting policies

38. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- derivative financial instruments are measured at fair value;
- financial instruments, other than derivatives, stated at fair value at the first recognition and subsequently stated at amortised cost and upon deduction of possible impairments (the latter only in the case of financial instruments recognised as asset);
- first recognition of individual assets and liabilities in a business combination are measured based on acquisition method, with contingent considerations assumed in a business combination at fair value;
- biological assets are measured at fair value;
- tax liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- the net defined benefit liability (asset) is measured at the fair value of plan assets, less the present value of the defined benefit obligation.

39. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.
The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

In determining the value of the various intangible assets, assumptions have been made regarding the customer base, the value and the expected use of brand names. Assessing the fair value of the various property, plant and equipment requires assumptions regarding the remaining economic and technical life. In determining the fair value of the acquired assets and liabilities the Group focused in particular on the following aspects:

- the fair value of property, plant and equipment;
- identifiable trademarks, patents and brand names;
- identifiable customer relationships;
- the fair value of acquired receivables and debts;
- deferred tax liability associated to the acquired assets and liabilities.

Anticipated acquisition method

The Group applies the anticipated acquisition method where it has both the right and the obligation, through a put and call option arrangement, to acquire any remaining non-controlling interest in an existing subsidiary. Under the anticipated acquisition method the interests of the non-controlling shareholder are presented as already owned, even though legally they are still non-controlling interests. In other words as if the put option had been exercised already or the call option had been satisfied by the non-controlling shareholders. This is independent of how the exercise price is determined (e.g. fixed or variable) and how likely it is that the put or call option will be exercised. The obligation to acquire the non-controlling interest (i.e. put option liability) is accounted for as financial liability, where the initial measurement of the fair value recognised by the Group forms part of the contingent consideration. Subsequent changes in the fair value of the put option liability as well as dividends to non-controlling shareholders are recognised in the consolidated statement of profit or loss (finance expense).

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The interest in the joint venture is accounted for using the equity method. The interest is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences are generally recognized in the statement of profit or loss and presented within net finance costs. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the event the settlement of a monetary item that is to be received from or to be paid to a foreign operation is not planned, nor is this probable to occur in the near future, currency differences on such a monetary item will be considered as part of the net investment in the foreign operation. Accordingly, these currency differences are included in OCI and recognised in the translation reserve.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit & loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through OCI (hereafter: FVOCI)– debt investment; FVOCI – equity investment; or fair value through profit & loss (hereafter: FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. Due to the nature of activities of ForFarmers the main business model within the Group is to hold assets to collect contractual cash flows.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the financial asset. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recoverable part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency, interest rate and commodity risk exposures. If the Group is involved with hybrid contracts, the Group applies the following with regard to the embedded derivatives in the hybrid contract. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the following criteria are met:

- the economic characteristics and risk of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivate; and
- the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss.

If an embedded derivative is separated from the hybrid contract, the host contract is accounted for in accordance with the determined policies for such a contract. The embedded derivative is accounted for in accordance with the Group's principles for the applicable derivatives.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates, commodity prices and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (hereafter: OCI) and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates the change of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is not separately accounted for as a cost of hedging.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.
If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Priority share

The priority share provides the holder of the share special rights regarding amongst others the appointment of members of the Board of Supervisory Directors as defined in the Articles of Association of the Company. The Group's priority share can only be held by Company itself or a Cooperation, provided that it may exercise twenty percent or more of the total votes on shares or depositary receipts to be cast in the capital of the Company. Besides, the priority share can be held by a party to be designated in writing by the board. The priority share is classified as equity, because the share does not contain any obligations to deliver cash or other financial assets and does not require settlement in a variable number of the Group's equity instruments.

Preference shares

The Company has the ability to issue preference shares. When preference shares are issued, these give the Stichting Continuïteit ForFarmers (the ForFarmers Continuity Foundation), with an independent board, the ability to obtain and exercise, on a temporary basis (up to two years), a majority of the voting rights at the General Meeting. This will work through the ownership of the preference shares issued. However, these protective rights are related to fundamental changes in the activities of an investee, or are rights that apply only in exceptional circumstances. As such, they cannot give the holder permanent power or prevent other parties from having power permanently and therefore de facto acquire control over the Company. At this moment no preference shares have been issued.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. The par values of repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented within retained earnings.

Impairment

Non-derivative financial assets:

Financial instruments

The Group recognises loss allowances for expected losses (hereafter: ECLs) on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers most of the financial assets to have a low credit risk. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impairment financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being substantial past due; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when there are no realistic prospects of recovery of the asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than goodwill, biological assets, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash flow Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Intangible assets and goodwill

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

Trade and brand names:	2 - 20 years
Software:	3 - 5 years
Customer relationships:	10 - 20 years

The amortisation of the customer relationships is based on the historical development of the customer portfolio. The amortisation of trade and brand names depends on the period for which the trade and brand names will actually still be used.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings:	10 - 50 years
Plant and Machinery:	7 - 30 years
Other operating assts:	4 - 20 years

Other operating assets comprise mainly vehicles, fixtures and fittings.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property.

Investment property

Investment property is initially measured at cost minus depreciation and impairment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

After initial recognition, investment properties are measured at cost, as applied for Property, plant and equipment, including the depreciation method and estimated useful lives.

Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Assets held for sale

Non-current assets, or groups comprising assets and liabilities which are to be disposed, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or groups to be disposed, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Provisions

Provisions are created for liabilities of which it is likely that they will need to be settled, and of which the value can be reasonably estimated. A provision is created only if there is a liability that is legally enforceable or a constructive liability. The size of the provision is determined by the best estimate of the amounts required to settle the liabilities and losses concerned as per balance sheet date.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Restructuring
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Soil decontamination
In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised in the event the land is contaminated.

Onerous contracts
A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Employee benefits

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions
Employees (including senior executives) of the Group receive remuneration in the form of share-based payments (through the participation plans), whereby employees render services as consideration for equity instruments (equity-settled transactions). As the Group will settle the employee tax obligations relating to these share-based payments, these are also considered share-based compensation (cash-settled transactions).

Equity-settled transactions
The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

As the depositary receipts for the employees of the Netherlands participation plan are fully issued during the year, the non-vested portion is not recognized within profit and loss, but rather accrued as other receivables within Trade and other receivables. Over the service period the respective amounts are recognized within profit and loss.

Cash-settled transactions
The fair value of the employee tax amounts payable in respect of the equity-settled share-based payments, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to benefit. The liability is remeasured at each reporting date and at settlement date based on the fair value of the employee tax obligation. Any changes in the liability are recognised in profit or loss.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The post-employment benefit plans of ForFarmers N.V. and its subsidiaries are defined contribution plans (except for the plans as noted under the last paragraph at the policy defined benefit plans below), which have been placed with insurance companies by means of collective defined contribution agreements. This implies that these entities are only subject to the obligation to pay the agreed contributions to the insurance companies.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits (anniversary payments) is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Revenue

Sale of goods

Revenue is recognised when customers obtain control of the goods. Customers obtain control when the goods are delivered to and have been accepted at their premises. Revenue is measured net of returns, trade discounts and volume rebates.

Rendering of services

The Group is involved in performing related services to agriculture. Revenue is recognised over time as the services are provided. The stage of completion is assessed based on surveys of work performed, in general this is based upon the time spent.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Government grants
Government grants are initially recognised in the balance sheet as deferred income when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognized in the profit and loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognized in the profit and loss account through reduction of the depreciation costs over the period of the expected useful life.

Expenses

Costs of raw materials and consumables
This regards the costs of raw materials and consumables of the sold products or the costs for obtaining the sold products. The costs of raw materials and consumables are calculated according to the first-in-first-out principle and include the change in the fair value of the biological assets.

Other operating expenses
Other operating expenses are determined taking into account the aforementioned accounting principles for valuation and recorded in the reporting year to which they relate. Foreseeable liabilities and potential losses stemming from causes occurring before the end of the financial year are recorded if they became known before the financial statements were made and the further conditions for recording provisions are met.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability (see below for the remeasurement of the lease liability).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as separate lines in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (a value below €5 thousand) and short-term leases (less than 12 months and without a purchase option). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

Finance income and costs

Finance income comprises interest received on loans and receivables from third parties, dividend income, positive changes to the fair value of financial assets valued at fair value after incorporating changes in value in the profit and loss account, gains on hedging instruments that are recognised in the profit and loss account and reclassifications of amounts previously recognised in other comprehensive income. Interest income is recognised in the profit and loss account as it accrues using the effective interest method.
Finance costs comprises interest expenses on borrowings and other obligations to third parties, dividend to non-controlling interest, fair value losses on financial assets at fair value through profit or loss, unwinding the discount on provisions and contingent consideration, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in the profit and loss account and reclassifications of amounts previously recognised in other comprehensive income. Interest expenses are recognised in the consolidated profit and loss account as they accrue by means of the effective interest method.

Foreign currency gains and losses of trade receivables and trade payables are recognised as a component of the operating result. All other foreign currency gains and losses are reported on a net basis either as finance income or finance costs, depending on whether the foreign currency movements are in a net gain or net loss position.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax is determined on the basis of the best estimate regarding the tax credit or tax loss, taking into consideration possible uncertainties with respect to income tax.

Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences and future taxable profits, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.
Deferred tax assets and liabilities are offset only if certain criteria are met.

Segmentation

The identified operating segments regard the individual countries within the Group for which financial information is available. The Executive Committee jointly acts as Chief Operating Decision Body, reviews the internal management reports of each opearting segment on a monthly basis, in order to reach decisions on the allocation of the available resources to an operating segment and to determine the performances of the segment. Although each country is a separate operating segment, there is one overarching business model across all countries, i.e. delivering of Total Feed solutions. These operating segments can be aggregated into strategic clusters and reportable segments depending on economic characteristics, given that the nature of the products and services, the nature of the production processes, the type of customer, the methods used to distribute the products, and the nature of the regulatory environment, is similar.

The Group has divided the operating segments respectively clusters into the following reportable segments:

- The Netherlands/Belgium
- Germany/Poland
- United Kingdom

Inter-segment pricing is determined on arm's length basis. Segment results include items directly attributable to a cluster as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise joint expenses, corporate expenses, corporate assets and corporate liabilities.

Cash flows

The cash flow statement has been prepared according to the indirect method. Cash flows in foreign currencies are converted to euro's against the exchange rate on the transaction date. Exchange rate differences for cash and cash equivalents are shown separately in the cash flow statement. Payments for interest and payments for income taxes have been included under cash flow from operating activities. Interest received and dividends received are included in the cash flow from investment activities. Dividends paid have been included under cash flow from financing activities. Transactions not involving an exchange of cash, including financial lease, are not included in the cash flow statement. The payment of lease instalments under the finance lease contract are shown as a cash-out under financing activities as far as the repayment is concerned and as a cash-out under operating activities as far as the interest is concerned.

40. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 2020, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase II;
- Amendments to IAS 37: Onerous Contracts— Cost of Fulfilling a Contract;
- Amendements to IFRS 16: Covid-19-Related Rent Concessions;
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3: References to Conceptual Framework;
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.

The amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements. The Group intends to adopt these standards and interpretations when they become effective.

Other standards and amendments on standards

The Group has performed an assessment on the possible effects of the amendments on standards and interpretations. The Group does not expect a significant impact on the current financial position and results and will apply these amended standards when endorsed by the EU.

COMPANY FINANCIAL STATEMENTS

Company balance sheet

In thousands of euro (before profit appropriation)	Note	31 December 2020	31 December 2019
Assets			
Other receivables		96	136
Equity-accounted investees	43	364,913	385,932
Deferred tax assets		19	-
Non-current assets		365,028	386,068
Other receivables		1,314	2,590
Receivables from group companies	44	32,994	51,514
Current tax assets		993	2,483
Cash and cash equivalents		703	999
Current assets		36,004	57,586
Total assets		401,032	443,654
Equity			
Share capital		952	1,063
Share premium		143,554	143,554
Treasury share reserve		-	-86
Legal translation reserve		-9,438	-1,531
Legal hedging reserve		-621	-479
Other legal reserves		17,702	20,368
Retained earnings		190,628	232,627
Unappropriated result		14,154	17,705
Equity attributable to shareholders of the Company	47	356,931	413,221
Liabilities			
Provisions	48	-	500
Deferred tax liabilities		-	11
Non-current liabilities		-	511
Bank overdrafts		168	4
Trade and other payables		172	118
Debts to group companies	44	43,761	29,800
Current tax liabilities		-	-
Current liabilities		44,101	29,922
Total liabilities		44,101	30,433
Total equity and liabilities		401,032	443,654

The notes 41 to 52 are an integral part of the company financial statements.

Company statement of profit or loss

In thousands of euro	Note	2020	2019
Revenue		-	-
Operating income		-	-
Wages and salaries		-	-
Other operating expenses		-594	-592
Operating expenses		-594	-592
Operating profit		-594	-592
Net finance result	49	224	774
Profit (loss) before tax		-370	182
Income tax expense		92	-27
Share of profit of equity-accounted investees, net of tax	43	14,432	17,550
Profit for the year		14,154	17,705

The notes 41 to 52 are an integral part of the company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

41. General

The Company financial statements are part of the 2020 financial statements of ForFarmers N.V. (the 'Company').

For the accounting principles as well as the explanatory notes to the Company balance sheet and the statement of profit or loss account reference is made to the policies and explanatory notes to the consolidated statement of financial position and of profit and loss.

All amounts are presented in euro's and have been rounded to the nearest thousand, unless otherwise indicated.

42. Principles for the measurement of assets and liabilities and the determination of the result

The Company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. Refer to Note 38 and 39 of the consolidated financial statements for a description of these principles.

Participating interests in group companies

Participating interests in group companies are accounted for in the company financial statements according to the equity method. Refer to the basis of consolidation accounting policy in the consolidated financial statements.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

43. Investments in subsidiaries

In thousands of euro	Note	2020	2019
Carrying value at 1 January		385,932	363,447
Dividend received		-6,500	-
Share in results from participating interest, net of tax		14,432	17,550
Foreign operations – foreign currency translation differences, net of tax		-7,907	5,122
Remeasurement of defined benefit liabilities, net of tax		-21,044	-34
Other changes		-	-153
Carrying value at 31 December		364,913	385,932

44. Receivables from and debts to group companies

The receivables from and debt to group companies are current.

45. Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements.

Fair value

The fair values of the financial instruments stated on the balance sheet, including trade and other receivables, cash and cash equivalents, trade and other payables and debts to group companies are close to their carrying amounts.

46. Income taxes

A tax group is in place for the income tax between the Company and Dutch group companies in which the Company has a 100% interest. The total current receivable or liability towards the tax authorities is accounted for in the statement of financial position of the head of the tax group. The comparative figures of prior year have been adjusted. Settlement of the taxes within the tax group takes place as if each company is independently liable for tax.

47. Shareholders' equity

2020 *In thousands of euro*	Note	Share Capital	Share premium	Treasury share reserve	Legal translation reserve	Legal hedging reserve	Other legal reserves	Retained earnings	Unap-propriated result	Total
Balance as at 1 January 2020		1,063	143,554	-86	-1,531	-479	20,368	232,627	17,705	413,221
Addition from unappropriated result		-	-	-	-	-	-	17,705	-17,705	-
Total comprehensive income										
Profit		-	-	-	-	-		-	14,154	14,154
Other comprehensive income	16, 27	-	-	-	-7,907	-142	-	-21,044	-	-29,093
Total comprehensive income		-	-	-	-7,907	-142	-	-21,044	14,154	-14,939
Transactions with shareholders of the Company, recognised directly in equity										
Contributions and distributions										
Dividends	27	-	-	-	-	-	-	-26,891	-	-26,891
Purchase of own shares	27	-	-	-25	-	-	-	-14,414	-	-14,439
Cancellation of own shares	27	-111	-	111	-	-	-	-	-	-
Equity-settled share-based payments	14	-	-	-	-	-	-	-21	-	-21
Transfers		-	-	-	-	-	-2,666	2,666	-	-
Total transactions with shareholders of the Company		-111	-	86	-	-	-2,666	-38,660	-	-41,351
Balance as at 31 December 2020		952	143,554	-	-9,438	-621	17,702	190,628	14,154	356,931

2019

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Legal translation reserve	Legal hedging reserve	Other legal reserves	Retained earnings	Unap-propriated result	**Total**
Balance as at 1 January 2019		1,063	143,554	-61	-6,653	-896	19,188	220,802	58,590	435,587
Addition from unappropriated result		-	-	-	-	-	-	58,590	-58,590	-
Total comprehensive income										
Profit		-	-	-	-	-	-	-	17,705	17,705
Other comprehensive income	16, 27	-	-	-	5,122	417	-	-34	-	5,505
Total comprehensive income		-	-	-	5,122	417	-	-34	17,705	23,210
Transactions with shareholders of the Company, recognised directly in equity										
Contributions and distributions										
Dividends	27	-	-	-	-	-	-	-30,051	-	-30,051
Purchase of own shares	27	-	-	-25	-	-	-	-15,481	-	-15,506
Equity-settled share-based payments	14	-	-	-	-	-	-	-19	-	-19
Transfers		-	-	-	-	-	1,180	-1,180	-	-
Total transactions with shareholders of the Company		-	-	-25	-	-	1,180	-46,731	-	-45,576
Balance as at 31 December 2019		1,063	143,554	-86	-1,531	-479	20,368	232,627	17,705	413,221

Share capital and share premium

	Ordinary shares (number)			Amount
In thousands of euro	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Ordinary shares – par value €0.01	95,218,821	106,261,040	144,506	144,617
Priority share – par value €0.01	1	1	-	-
In issue at 31 December – fully paid	95,218,822	106,261,041	144,506	144,617

On 15 April 2016, it was resolved to amend the articles of association of the Company in their entirety. Accordingly, the legal form of the Company was converted into a public limited company and the par value of the shares was reduced from €1.00 to €0.01 per share with an effective date per 23 May 2016.

At 31 December 2020, the share capital consists of 95,218,821 (31 December 2019: 106,261,040) ordinary shares and 1 (31 December 2019: 1) priority share. At balance sheet date the shares were issued and fully paid up. The share premium consists of the positive difference between the issue price and the nominal value of the issued shares.

On 26 April 2019 and on 24 April 2020, the Annual General Meeting of Shareholders authorised the Executive Board - upon approval of the Supervisory Board - to acquire ForFarmers own shares (irrespective of the type) up to a maximum of 10% of the issued share capital of ForFarmers (determined at the time of the General Meeting). Based on this approval, ForFarmers started, as of 3 May 2019, to repurchase during a period of at most 18 months (the period for which authorisation has been given) its own shares for (a) an amount of €30 million and (b) for the implementation of employee participation plans in 2019 and 2020. Furthermore, the General Meeting has decided to withdraw all ordinary shares that the Company until then has received or will receive under the share buy-back programs of the Company and authorised the Executive Board – with approval of the Supervisory Board – to implement this withdrawal (including the authority to determine the precise amount of ordinary shares that will be withdrawn and the timing). On 2 September 2020 the Executive Board of the Company has decided- with approval of the Supervisory Board- to withdraw 11,042,219 ordinary shares on 11 September 2020

In 2020 ForFarmers repurchased 2,694,865 shares (2019: 2,734,250) for a total amount of €15.6 million (2019: €17.3 million) (including purchasing costs). From the total number of repurchased shares, 197,266 shares (2019: 253,249) at an amount of €1.0 million (2019: €1.8 million) have been certified for employee participation plans, bringing the balance of repurchased shares to €90.1 million (including purchasing costs) at the end of the share buyback programs. The repurchased shares are cancelled after the completion of the share buyback programs, bringing the balance of repurchased shares, which are accounted for in the other reserves and retained earnings, to €0.1 million as of 31 December 2020 (2019: €75.5 million).

Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company. On the shares held by the Company no dividend is paid and no voting rights are excercised.

Priority share

The priority share provides the holder of the share the right to appoint four out of the six Supervisory Directors as defined in the Articles of Association of the Company. With a stake of fifty percent or less the holder has this right for three of the six Supervisory Directors. As long as the holder has more than fifty percent of the voting rights it will also have the control right, after consultation with the Supervisory board, over how the role of the Chairman of the Board of Supervisory Directors of ForFarmers N.V. is detailed. Issues of new shares must be approved by seventy-five percent of the Board of Supervisory Directors. Pronouncements of the Board to make major acquisitions worth at least 33% of shareholders' equity according to the balance sheet with explanatory notes, or, if Forfarmers prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes according to the latest adopted annual statements of Forfarmers NV, require the approval of the holder of the priority share.

The Group's priority share can only be held by the Company or a Cooperation, provided that it may exercise twenty percent or more of the total votes on shares or depositary receipts to be cast in the capital of the Company.

The priority share is classified as equity, because the share does not contain any obligations to deliver cash or other financial assets and does not require settlement in a variable number of the Group's equity instruments.

Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's (depositary receipts for) shares held by the Group. The treasury shares are accounted for as a reduction of the equity attributable the owners of the parent.
Treasury shares are recorded at cost, representing the market price on the acquisition date, where the par value of treasury shares purchased is debited to the treasury share reserve. When treasury shares are sold or re-issued, the par value of the instruments is credited to the treasury share reserve. Any premium or discount to par value as result of the market price is shown as an adjustment to retained earnings.

During the reporting period the Company purchased 2,694,865 of its shares as part of the share buy-back program and in relation to the employee participation plans.

At 31 December 2020, the Group held 28,385 Company's shares as a result of the cancellation of the repurchased shares.
In 2019 the Company purchased 2,734,250 of its shares as part of the share buy-back program and in relation to the employee participation plans. At 31 December 2019, the Group held 8,573,005 of the Company's shares.

The movement in the treasury shares can be summarised as follows:

The movement of treasury shares	Number of shares		Amount par value in thousand euro	
	2020	2019	2020	2019
Balance at 1 January	8,573,005	6,092,004	86	61
Repurchase Employee participation plan	197,266	251,852	2	3
Re-issuance Employee participation plan	-197,266	-253,249	-2	-3
Share buyback	2,497,599	2,482,398	25	25
Cancellation own shares	-11,042,219	-	-111	-
Balance as at 31 December	28,385	8,573,005	-	86

Legal translation reserve
The legal translation reserve comprises all foreign currency differences arising from the activities of foreign subsidiaries. The decrease in this reserve as at 31 December 2020 is caused by the devaluation of the pound sterling as well as of the Polish zloty.

Legal hedging reserve
The legal hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. This relates to the result on derivatives for the acquisition of Tasomix and fuel hedges.

Other legal reserves
The other legal reserves contain the undistributed results and direct changes in equity of participating interest, revaluation of certain land within property, plant & equipment and revaluation of biological assets and the part that is related to previously granted loans to staff for the purchase of depositary receipts in the period 2007-2009. Forfarmers has not issued any new loans. Direct changes in equity do not include the changes in equity that derive from the relationship with the shareholder, such as paid-in share premium. The (change in the) legal reserve relating to participating interest is only recognised if, and to the extent that, ForFarmers N.V. cannot realise payment of the equity of the participating interest to itself without restrictions.

Retained earnings
Retained earnings comprise the balance of accrued profits that have not been distributed to the shareholder.

Pursuant to the Articles of Association a decision to distribute a dividend may be taken if and to the extent that equity exceeds the issued share capital plus the legal reserves.

A reference is made to the section Other information regarding the result appropriation scheme under the Articles of Association.

Unappropriated result
The result after tax is included in the item unappropriated result within equity.

Proposal for profit appropriation

ForFarmers aims to distribute dividend, taking into consideration long-term value creation, a healthy financial structure and sufficient earnings to execute its strategy. The dividend policy of ForFarmers is to pay out between 40% and 60% of the profit after taxes (the result after tax attributable to the shareholders of the Company) excluding non-recurring effects.

In thousands of euro	2020	per share (€)
Underlying net profit attributable to Shareholders of the Company	46,266	
Pay-out ratio of approximately 60% of the underlying net profit	27,605	0.29
Dividend	27,605	0.29

This results in a proposed dividend distribution of €0.29 per ordinary share (based on 95.2 million outstanding shares). The annual accounts will be presented to the Annual General Meeting of 23 April 2021 for adoption. The dividend is payable on 7 May 2021.

This method takes into account the strategy and a healthy balance sheet structure. Within these principles, ForFarmers N.V. aims for a stable development of the cash dividend paid to its shareholders. The Company will only make payments to the shareholders entitled to the distributable profit in so far as:

- the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and
- the shareholders' equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test).

If the distribution or the balance sheet test is not passed, then management will not approve the distribution (after agreement with the Supervisory Board). Preliminary tests revealed no indications that the proposed distribution of dividend will not be possible, but these tests have to be finalized (and the Executive Committee has to approve the distribution, after agreement with the Supervisory Board) prior to the actual payment of the dividend.

Dividends

The following dividends were declared and paid by the Company for the year:

Distributed in the year

In thousands of euro	2020	2019
€0.28 per qualifying ordinary share (2019: €0.30)	26,891	30,051
	26,891	30,051

The dividend is based on the total number of shares issued at year end of 95.2 million (2019: 97.7 million). The treasury shares are not entitled to dividend.

After the respective reporting date, the following dividends were proposed by the Executive Committee. The dividends have not been recognised as liabilities and there are no tax consequences for the Company.

Proposed over the year

In thousands of euro	2020	2019
€0.29 per qualifying ordinary share (2019: total dividend of €0.28)	27,605	27,353
	27,605	27,353

48. Provisions

In thousands of euro	Other	Total
Carrying value at 1 January 2020	500	500
Provisions made during the year	-	-
Releases	-	-
Provisions used during the year	-	-
Reclassification	-500	-500
Carrying value at 31 December 2020	-	-

	Other	Total
Carrying value at 1 January 2019	500	500
Provisions made during the year	-	-
Releases	-	-
Provisions used during the year	-	-
Carrying value at 31 December 2019	500	500

During 2020 the provision is transferred to another compay within the Group.

49. Net finance result

Net finance result amounts to €0.2 million positive (2019: €0.8 million positive) and includes, among others, interest over receivables and debt to group companies, both current.

50. Credit facilities

The credit facility or ForFarmers N.V. only relates to the financing agreement (multicurrency revolving facility agreement) that was concluded with ABN AMRO, HSBC, ING, KBC, and Rabobank and is free from securities. For a further explanation, a reference is made to Note 29 to the consolidated financial statements.

51. Commitments and contingencies

A declaration of guarantee based on article 2:403 of the Dutch Civil Code has been issued by ForFarmers N.V. for the benefit of ForFarmers Nederland B.V., ForFarmers Corporate Services B.V., FF Logistics B.V., PoultryPlus B.V. and Reudink B.V.

52. Remuneration of the supervisory board and the executive board

The remuneration of the board of supervisory directors and the statutory board of directors equals the remuneration of the board of supervisory directors and the statutory board of directors as declared in Note 36 of the explanatory notes to the consolidated financial statements. During the year under review, the average number of employees employed to the Company, converted into full-time equivalents, amounted to 6 employees (2019: 6 employees), who were all partially employed in the Netherlands.

Lochem, 10 March 2021

Executive Board ForFarmers N.V.
Yoram Knoop, CEO
Roeland Tjebbes, CFO
Adrie van der Ven, COO

Supervisory Board ForFarmers N.V.
Cees de Jong, Voorzitter
Sandra Addink-Berendsen, Vicevoorzitter
Roger Gerritzen
Vincent Hulshof
Annemieke den Otter
Erwin Wunnekink

OTHER INFORMATION

Result appropriation scheme under the articles of association

Articles 36, 37 and 38 of the articles of association of the Company read as follows:

Payments – General

Article 36

36.1 Payments may be made only to the extent that the Company's equity capital exceeds the amount of the paid up and called up part of its capital, plus the reserves that have to be maintained by virtue of the law.

36.2 The Executive Board may decide to make an interim payment, if the requirement of Article 36.1 has been satisfied, as evidenced by an interim statement of assets and liabilities, drawn up in accordance with article 105 (4) of Book 2 DCC, and if the payment in question concerns an interim payment of profits, with due observance of the sequence set out in Article 38.1.

36.3 There is no entitlement to payments in relation to preference shares or the priority share, other than as set out in the Articles 12.2, 38.1 and 39.3.

36.4 Payments are made in proportion to the aggregate nominal amount of the shares of the class in question. Notwithstanding the previous full sentence, payments on preference shares (or payments to the former holders of preference shares) are made in proportion to the amounts paid up, or paid up earlier, on those preference shares.

36.5 Those entitled to payments are the relevant shareholders, holders of a right of usufruct and holders of a right of pledge, depending on the circumstances of the case, on a date determined for that purpose by the Executive Board. This date shall not precede the date on which the payment is announced.

36.6 The General Meeting may resolve, with due observance of Article 32, that a payment will fully or partly be made in the form of shares in the Company's capital or in kind, instead of in cash.

36.7 Payments will be made available on a date to be determined by the Executive Board and, if a payment in cash is concerned, in a currency to be determined by the Executive Board.

36.8 A claim for payment shall lapse upon expiry of a period of five years after the payment became available.

36.9 When calculating the amount or the distribution of a payment, the shares held by the Company in its own capital are not considered. No payment is made to the Company on shares held by it in its own capital.

Payments – Reserves

Article 37

37.1 All reserves maintained by the Company are attached to the ordinary shares only, unless expressly provided otherwise in this Article 37.

37.2 The General Meeting is authorized to resolve to make a payment at the expense of the Company's reserves, with due observance of Article 32.

37.3 Without prejudice to the provisions of Articles 37.4 and 38.2, payments at the expense of a reserve shall be made on those shares only to which such reserve is attached.

37.4 The Executive Board may resolve to charge amounts to be paid up on shares to the Company's reserves, regardless as to whether those shares are issued to existing shareholders.

Payments – Profit

Article 38

38.1 With due observance of Article 36.1, any profits appearing from the Company's annual accounts regarding a specific financial year shall be distributed in the sequence set forth below:

a. to the extent that preference shares were withdrawn without the payment specified in Article 12.2 (b) having been made in full and without such a deficit subsequently having been paid in full as set forth in this Article 38.1 or Article 38.2, an amount equal to such a deficit, or remaining deficit, will be paid out to the one or the ones who was or were holding preference shares the moment the withdrawal took effect;
b. to the extent that any Preference Payment (or any part thereof) on previous financial years has not yet been effected in full as set forth in this Article 38.1 or Article 38.2, an amount equal to such a deficit, or remaining deficit, will be paid out on the preference shares;
c. the Preference Payment on the financial year to which the annual accounts relate will be paid out on the preference shares;
d. the Executive Board determines which part of the remaining profits will be added to the Company's reserves;
e. from what is left of the profits remaining thereafter an amount equal to the nominal amount of the priority share will be paid out on the priority share; and
f. with due observance of Article 32, the profits remaining thereafter shall be at the disposal of the General Meeting in order to be paid out on the ordinary shares.

38.2 To the extent that the payments set forth in Article 38.1 (a) up to and including (c) (or any part of these) cannot be made from the profits appearing from the annual accounts, a deficit of that kind will be paid out at the expense of the Company's reserves, with due observance of the Articles 36.1 and 36.2.

38.3 Payments of profits are made, with due observance of Article 36.1, after the adoption of the annual accounts showing that such is permitted.

Special provision in the articles of association regarding governance

Trust Office Foundation

The management of the ForFarmers Trust Office Foundation operates independently of the Company. The ForFarmers Trust Office Foundation holds ordinary capital shares in the Company and is intended, inter alia, for (i) the acquisition of ordinary shares for management purposes (ii) the issue of depositary receipts, (iii) where applicable, the acquisition, disposal and encumbrance of shares for its own account, (iv) the exercise of rights associated with the ordinary shares it holds and (v) the granting of proxies for the exercise of voting rights as well as the acceptance of voting instructions as regards the exercise of the voting right, all in accordance with the Trust terms & conditions. The Articles of Association, Trust terms & conditions and the Report of the ForFarmers Trust Office Foundation (in Dutch: "Stichting Beheer- en Administratiekantoor ForFarmers") are on the Company's website. As aforementioned, only Coöperatie FromFarmers U.A. may issue binding voting instructions for the shares held by the aforementioned foundation (and for which voting rights have not been requested).

The Trust Office Foundation shall only accept ordinary shares for management purposes against issue of depositary receipts to (i) a holder of depositary receipts within the context of exercising a share claim, (ii) someone entitled to the balance of a participation account held with Coöperatie FromFarmers U.A. within the context of a conversion, (iii) an employee as part of an participation plan, (iv) Coöperatie FromFarmers U.A. or (v) a party designated by the aforementioned Cooperative.

Priority shareholder

The priority share is held by Coöperatie FromFarmers U.A. As a result of the treasury shares held by the Group Coöperatie FromFarmers U.A., on the latest reference date of 1 January 2021, could exercise the voting right for 47.8% of votes to be cast on the total of ordinary shares. Furthermore, the Coöperatie FromFarmers U.A. could give voting instructions with regard to the shares held by the Trust Office Foundation, giving it a total voting right of 56.4%. As priority share holder Coöperatie FromFarmers U.A.:

I. has a recommendation right for four of the six members of the Supervisory Board;
II. may appoint a member of the Supervisory Board as Chairman after consultation with the Supervisory Board;
III. has an approval right as regards the decisions of the Executive Board regarding:
   1. moving the Company's head office outside the east of the Netherlands (Gelderland and Overijssel);
   2. an important change in the identity of nature of the Company or its enterprise as a result of (1) transfer of the enterprise or practically all of the enterprise to a third party or (2) entering into or breaking off a long-term partnership of the Company or a subsidiary thereof with another legal entity or company, or as fully liable partner in a limited partnership or general partnership, if such partnership or its termination represents a fundamental change to the Company;
   3. taking or disposing of a participating interest in the capital of a company to a value of at least a third of the amount of the Company's equity according to the balance sheet with explanatory notes or, in the event the Company draws up consolidated balance sheets, according to the consolidated balance sheet with explanatory notes, according to the most recently adopted annual accounts of the Company, or any of its subsidiaries;
   4. changes to the Company's articles of association;
   5. affecting a merger or division

Please refer to the Corporate Governance Statement for the conditions for holding the priority share and the special control rights associated thereto if that voting right and/or voting instruction can be exercised or given for 50% or less.

Protective measures

The Company has entered into a call-option agreement with regard to preference shares with Stichting Continuïteit ForFarmers (ForFarmers Continuity Foundation). This Continuity Foundation was established to safeguard the identity, strategy, independence and continuity of the enterprise affiliated with the Company. Stichting Continuïteit ForFarmers is fully independent and has independent management. Furthermore, Coöperatie FromFarmers U.A. holds a priority share to which rights are associated as provided for in the Company's Articles of Association.

The appointment of Executive Board members furthermore only occurs by binding recommendation from the Board, and material decisions of the General Meeting of Shareholders (such as issues of shares, dividends, amendment to the articles of association, mergers, divisions and demergers) may only be made on the proposal of the Executive Board with the approval of the Board.

Branch offices

The Company itself does not have branches outside the Netherlands. For the list of main subsidiaries (including foreign subsidiaries) of the Company, a reference is made to Note 33 of the notes to the consolidated financial statements.

Independent auditor's report

The auditor's report with respect to the consolidated financial statements and the company financial statements is set out on the next pages.

KPMG

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of ForFarmers N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of ForFarmers N.V. as at 31 December 2020 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

— the accompanying company financial statements give a true and fair view of the financial position of ForFarmers N.V. as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2020 of ForFarmers N.V. ('ForFarmers' or 'the Company') based in Lochem. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2020;

2 the following consolidated statements for 2020: the statement of profit or loss, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as 31 December 2020;

2 the company statement of profit or loss for 2020; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ForFarmers N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality
— Materiality of EUR 3.0 million — 5.3% of normalised profit before tax

Group audit
— 89% coverage of total assets with audit of complete reporting package or audit of specific items — 86% coverage of revenue with audit of complete reporting package or audit of specific items

Key audit matters
— Valuation of goodwill — Remeasurement of Tasomix put option liability — Valuation of trade receivables

Opinion
Unqualified

KPMG

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 3.0 million (2019: EUR 3.0 million). The materiality is determined with reference to a normalised profit before tax, excluding adjustments for Poland goodwill impairment, partial release of the Tasomix put option liability, gains on disposals of certain tangible fixed assets and restructuring costs in 2020. Our materiality of EUR 3.0 million (2019: 3.0 million) represents 5.3% (2019: 6.2%) of normalised profit before tax. We consider normalised profit before tax as the most appropriate benchmark because the main stakeholders are primarily focused on the normalised profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 0.15 million (2019: EUR 0.15 million) which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ForFarmers N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of ForFarmers.

Our group audit is mainly focused on components that are (i) of individual financial significance to the group, or (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement for the group financial statements. We have considered in this respect the size and/or the risk profile of the components or operations.

We have selected 13 components where we performed procedures. For these components we have:

- performed audit procedures at group level in respect of, amongst others, the annual goodwill impairment test, the valuation of the Tasomix put option liability, IFRS 16, the Dutch tax position which includes the valuation of deferred tax assets and performed audit of specific items for 2 components; and
- made use of the work of local KPMG auditors and one non-KPMG auditor for 10 components for which an audit of the complete reporting package was performed and for 1 component for which an audit of specific items was performed. These entities are located in the Netherlands, Belgium, Germany, Poland and the United Kingdom.

The group audit team provided detailed instructions to all component auditors who were part of the group audit, covering the significant audit areas, including the relevant risks of material misstatement and set out the information required to be reported back to the group audit team.

In view of restrictions on the movement of people across borders and also within significantly Covid-19 affected countries, we considered changes to the planned audit approach to evaluate the component auditors' communications and the adequacy of their work. We intended to visit the components in the Netherlands, the United Kingdom, Germany and Poland to review component auditor documentation. Due to the aforementioned restrictions, this was not practicable and we requested those component auditors to provide us with remote access to audit workpapers to perform these evaluations. In addition, due to the inability to arrange in-person meetings with such component auditors, we have increased the use of alternative methods of communication with them, including written instructions, exchange of emails and virtual meetings. During these meetings and email conversations, the audit approach, findings and observations reported to the group audit team were discussed in more detail.

For the residual population not in scope we performed desktop analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

Total assets

82%	7%
Audit of the complete reporting package	Audit of specific items

Revenue

84%	2%
Audit of the complete reporting package	Audit of specific items

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

— to identify and assess the risks of material misstatement of the financial statements due to fraud;

— to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses;
— to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, due to fraud; and
— to respond appropriately to fraud or suspected fraud identified during the audit.

With respect to non-compliance with laws and regulations:

— to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
— to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Executive Board, with oversight by the Supervisory Board.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We, together with our forensics specialists, evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to ForFarmers and we inquired the Executive Board and the Audit Committee of the Supervisory Board as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with regulatory authorities.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, ForFarmers is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items and therefore no additional audit response is necessary.

Secondly, ForFarmers is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognised or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation. We identified the areas as those most likely to have such an indirect effect being laws and regulations regarding product quality, employment, environmental, data privacy, health and safety, anti-bribery and corruption laws and regulations.

In accordance with the auditing standard we evaluated the following presumed fraud risks that are relevant to our audit:

- revenue recognition, specifically being the risk of (possible) fraudulent revenue recognition, especially in relation to non-routine journal entries in the revenue account both throughout the year as at year-end;
- management override of controls.

We communicated the identified risks of fraud throughout our team and remained alert to any indications of fraud and/or non-compliance throughout the audit. This included communication from the group to component audit teams of relevant risks of fraud identified at group level.

In all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We communicated our risk assessment and audit response to the Executive Board and the Audit Committee of the Supervisory Board. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our response

We performed the following audit procedures (not limited) to respond to the assessed risks:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks;
- We performed data analyses of high-risk journal entries and evaluated key estimates, such as valuation of goodwill, receivables, put option liability and determination of provisions, and judgements for bias by the Company, including retrospective reviews of prior year's estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information;
- We assessed matters reported on the (Company's) incident register/whistleblowing and complaints procedures with the entity and results of the Executive Board's investigation of such matters;
- With respect to the risk of fraud in revenue recognition we performed data analysis on high-risk journal entries;
- With respect to the risk of bribery and corruption across various countries, we performed inquiry with management and legal counsel regarding procedures implemented to comply with anti-bribery and corruption legislation.
- We incorporated elements of unpredictability in our audit;
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures; and

— We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognised to have a direct effect on the determination of material amounts and disclosures in the financial statements.

Our procedures to address identified risks of fraud did not result in a key audit matter.

We do note that our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud and irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Compared to last year the key audit matters remained unchanged, except for the key audit matter on the remeasurement of Tasomix put option liability, which in prior year also included the earn out liability.

Valuation of goodwill

Description

The carrying value of Goodwill as at December 31, 2020 is EUR 49.9 million.

Under EU-IFRS ForFarmers is required to test the amount of goodwill for impairment at least annually. The impairment test was significant to our audit due to the complexity of the assessment process and judgements and assumptions involved which are affected by expected future market and economic developments.

We specifically focused on the valuation of goodwill for cash generating unit (CGU) Poland and CGU Germany considering the impairment loss for CGU Poland and CGU Germany being identified as a close watch CGU in 2019.

Our response

We have evaluated the design and implementation of the internal controls relating to the annual goodwill impairment test. We challenged the cash flow projections included in the annual goodwill impairment test and assessed the appropriateness of this and other data used by comparing them to external and historical data, such as external market growth expectations, and by analysing sensitivities in ForFarmers' valuation model.

Our audit procedures included the involvement of a valuation specialist to assist us in evaluating the assumptions, in particular the (terminal) growth and pre-tax discount rates, and the valuation methodology and model used by ForFarmers.

We applied sensitivity analyses and assessed management's key assumptions, challenged the overall outcome and consistency and the historical accuracy of management's estimates and retrospective review procedures. In this we specifically focused on (1) CGU Poland where the annual goodwill impairment test, based on three scenarios reflecting the current challenges in the Polish poultry market and the performance of Tasomix, triggered an impairment of the goodwill and; (2) to CGU Germany where in 2019 the headroom was limited and a reasonable possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We assessed the adequacy of the disclosures in note 19 to the financial statements.

Our observation

Based on our procedures performed we consider management's key assumptions and estimates to be within the reasonable range and we assessed the disclosure in note 19 to the financial statements to be adequate.

Remeasurement of Tasomix put option liability

Description

As part of the acquisition accounting for Tasomix in 2018, ForFarmers recognised a put option liability for the remaining 40% of the shares of Tasomix of EUR 30.0 million at acquisition date.

Under EU-IFRS ForFarmers is required to remeasure this liability at fair value at each period end. The remeasurement of this liability was significant to our audit due to the judgements and assumptions involved which are affected by expected future market and economic developments.

The fair value remeasurement in 2020 resulted in an adjustment with a net effect of EUR 4.3 million (release). The put option liability amounts to EUR 20.7 million per year-end 2020.The fair value adjustments are recorded in the net finance costs in the income statement and have been disclosed in note 6, 12 and 32 of the financial statements.

Our response

We have evaluated the design and implementation of the internal controls relating to the measurement of the put option liability. We challenged the applied model and the key parameters included in the fair value remeasurement for the put option liability, by among others a retrospective review and a verification of the consistency with the scenarios and data included in the annual goodwill impairment test. The key parameters identified are the expected EBITDA and net debt development, the discount rate applied and the expected exercise date.

We assessed the adequacy of the disclosures in note 6, 12 and 32 to the financial statements.

Our observation

Based on our procedures performed we consider management's key assumptions and estimates to be within the reasonable range and we assessed the disclosures in note 6, 12 and 32 to the financial statements to be adequate.

Valuation of trade receivables

Description

Trade receivables (third party) of EUR 185.2 million are significant to our audit considering the valuation of trade receivables includes estimates of the Executive Board based on business characteristics, specific trade debtor risks and local facts and circumstances and it represents approximately 22.7% of the balance sheet total.

Our response

We have evaluated the design and implementation of the internal controls regarding valuation of trade receivable and evaluated the reasonableness of the valuation of the receivables, among others, by analysing the ageing and by evaluating specific trade debtors risks and mitigating measures such as insurance, and considering local facts and circumstances.

We evaluated management assumptions in determining the provision in accordance with IFRS 9, among others by analysing the ageing and by evaluating the expected credit loss model and specific trade receivable risks.

We also assessed the adequacy of the company's disclosures included in note 22 and 32 to the financial statements in relation to trade receivables, the movement during the year and the credit risk.

Our observation

Based on our procedures performed we consider the estimates of the Executive Board for the valuation of trade receivables to be within the reasonable range and we assessed the disclosures in note 22 and 32 to the financial statements to be adequate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements; and

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We are auditor of ForFarmers since 2014. We were re-engaged by the General Meeting of Shareholders as auditor of ForFarmers on 24 April 2020 for the year 2020.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 10 March 2021

KPMG Accountants N.V.

T. van der Heijden RA

Appendix:
Description of our responsibilities for the audit of the financial statements

KPMG

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;
- concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Sustainability assurance report of the independent auditor

The sustainability assurance report is set out on the next pages

KPMG

Assurance report of the independent auditor

To: the Executive Board and Supervisory Board of ForFarmers N.V.

Our conclusion

We have reviewed the selected sustainability indicators in the Annual Report 2020 (hereafter: 'the Report') for the year 2020 of ForFarmers N.V. based in Lochem.

Based on the procedures performed nothing has come to our attention that causes us to believe that the sustainability indicators are not prepared, in all material respects, in accordance with the reporting criteria as included in the sections 'Our innovation and sustainability agenda: Going Circular For the Future of Farming' and 'Developing talent For the Future of Farming'.

The sustainability indicators in scope indicators ('the sustainability indicators') consist of the following:

- Phosphate efficiency (only for The Netherlands)
- Greenhouse gas emissions (scope 1 and 2) in kg of CO_2 equivalents per tonne of feed produced and in total tonnes of CO_2
- % of sustainable soy bean meal and palm oil purchases
- Number of LTIs (Lost Time Incidents) and LTI frequency per country
- Number of feed safety incidents

The sustainability indicators are disclosed in the Report.

Basis for our conclusion

We performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements))'. This engagement is aimed to obtain limited assurance.

Our responsibilities in this regard are further described in the 'Auditor's responsibilities for the review of the sustainability indicators' section of our report.

We are independent of ForFarmers N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting Criteria

The sustainability indicators need to be read and understood together with the reporting criteria. ForFarmers N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability indicators are the applied internal reporting criteria as disclosed in the sections 'Our innovation and sustainability agenda: Going Circular For the Future of Farming' and 'Developing talent For the Future of Farming'.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

We agreed with the Supervisory Board that misstatements which are identified during the review and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Scope of the review of the group

ForFarmers N.V. is the parent company of a group of entities. The sustainability indicators incorporate the consolidated information of the full group.

Our group review procedures consisted of review procedures both at corporate (consolidated) level and at site level. Our selection of sites in scope of our review procedures is primarily based on the site's individual contribution to the consolidated information. Furthermore, our selection of sites considered relevant reporting risks and geographical spread.

By performing our review procedures at site level, together with additional review procedures at corporate level, we have been able to obtain sufficient and appropriate assurance evidence about the group's sustainability indicators to provide a conclusion about the sustainability indicators.

Responsibilities of the Executive Board and the Supervisory Board for the sustainability indicators

The Executive Board of ForFarmers N.V. is responsible for the preparation of the sustainability indicators in accordance with the reporting criteria as included in the sections 'Our innovation and sustainability agenda: Going Circular For the Future of Farming' and 'Developing talent For the Future of Farming'.

The Executive Board is also responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the sustainability indicators that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of ForFarmers N.V.

Auditor's responsibilities for the review of the sustainability indicators

Our responsibility is to plan and perform our examine in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determining the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review engagements with a limited level of assurance is therefore substantially less than the reasonable assurance obtained in audit engagements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others, the following procedures:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board;
- Obtaining an understanding of the reporting processes for the sustainability indicators, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the sustainability indicators with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability indicators responsive to this risk analysis. These procedures included among others:
  - Interviewing management and relevant staff at corporate and site level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability indicators;
  - Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive.

Based thereon we selected the components and locations to perform a reviews via video conference on. These reviews via video conference of the production sites in Delden (the Netherlands) and Biskupice (Poland) are aimed at, on a local level, validating source data and evaluating the design and implementation of internal controls and validation procedures. Due to travel restrictions as a result from Covid-19, these procedures were performed via video conference.

  - Obtaining assurance information that the sustainability indicators reconcile with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends;

- Evaluating the consistency of the sustainability indicators with the information in the annual report which is not included in the scope of our review;
- Evaluating the presentation, structure and content of the sustainability indicators.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 10 March 2021

KPMG Accountants N.V.

T. van der Heijden RA

Overview financial history

Consolidated statement of financial position *In millions of euro*	2020	2019	2018	2017	2016
Property, plant and equipment	292.5	291.4	261.6	205.9	194.7
Intangible assets and goodwill	96.3	139.8	168.0	96.2	102.2
Other fixed assets	39.6	41.3	41.8	37.1	36.7
Non-current assets	428.4	472.4	471.4	339.3	333.6
Current assets	388.3	393.1	402.3	448.0	442.7
Total assets	816.7	865.5	873.7	787.3	776.3
Equity	356.9	413.2	435.6	405.3	424.1
Non-controlling interests	5.6	5.1	5.2	4.6	4.9
Total equity	362.5	418.4	440.8	409.9	429.0
Non-current liabilities	132.5	115.1	142.5	111.9	131.8
Current liabilities	321.7	332.0	290.5	265.5	215.5
Total equity and liabilities	816.7	865.5	873.7	787.3	776.3
Average capital employed	496.4	547.0	434.5	417.0	415.4
Net debt	-15.8	7.0	17.1	-67.1	-61.5
Solvency ratio(1)	44.4%	48.3%	50.4%	52.1%	55.3%
Equity as a percentage of total liabilities	79.8%	93.6%	101.8%	108.6%	123.5%
ROACE on underlying EBITDA(2)	19.4%	16.2%	23.0%	24.3%	22.5%
ROACE on underlying EBIT(3)	12.4%	10.2%	17.6%	19.1%	17.1%

(1) Solvency ratio is equity divided by total assets.
(2) ROACE means underlying EBITDA divided by 12-month average capital employed; see Note 28 of the financial statements.
(3) ROACE means underlying EBIT divided by 12-month average capital employed.

Consolidated statement of profit or loss

In millions of euro	2020	2019	2018	2017	2016
Revenue	2,351.9	2,463.1	2,404.7	2,218.7	2,109.0
Gross profit	433.2	440.7	443.4	419.8	407.4
Operating profit	24.2	14.2	75.9	74.0	67.8
Net finance result	1.9	10.7	-4.4	-2.4	-3.5
Profit before tax	30.2	27.6	74.5	75.5	68.1
Profit for the year	14.7	18.0	59.2	59.3	53.8
Profit attributable to shareholders of the Company	14.2	17.7	58.6	58.6	53.3
Compound feed (in million tonnes)	6.80	7.08	6.95	6.67	6.33
DML (in million tonnes)	2.62	2.71	2.78	2.57	2.61
Fertilizer (in million tonnes)	0.15	0.14	0.14	0.17	0.18
Other (in million tonnes)	0.17	0.15	0.15	0.14	0.14
Volume Total Feed (x million tonnes)	9.74	10.10	10.02	9.55	9.26
Number of employees at year-end (in fte's)	2,502	2,570	2,654	2,325	2,273
Underlying EBITDA(1)	96.2	88.5	100.1	101.4	93.6
Underlying EBITDA as % of revenue	4.1%	3.6%	4.2%	4.6%	4.4%
Underlying EBITDA as % of gross profit	22.2%	20.1%	22.6%	24.2%	23.0%
Underlying EBIT(1)	61.6	55.7	76.8	79.7	70.9
Underlying EBIT as % of revenue	2.6%	2.3%	3.0%	3.4%	3.2%
Underlying profit(1, 2)	46.3	42.1	61.8	63.4	
Underlying profit per share(1, 2)	0.49	0.43	0.62	0.61	
Dividend (€ million)	27.6	27.4	30.1	30.2	25.7
Dividend per share (€)(3)	0.29	0.28	0.30	0.30	0.24
Impact of acquisitions and divestments on revenue	0.0%	4.7%	3.6%	2.9%	1.5%
Impact of acquisitions and divestments on gross profit	0.1%	3.9%	2.3%	0.9%	0.7%
Impact of acquisitions and divestments on operating profit (EBIT)	0.0%	1.2%	-3.2%	4.3%	3.0%
Impact of acquisitions and divestments on operating profit before depreciation (EBITDA)	0.1%	5.1%	0.6%	3.7%	2.6%

(1) Underlying metrics are Alternative performance measures (APM) not defined by IFRS. These measures are used as the Group believes they provide a better perspective of ForFarmers' business development and performance. For a reconciliation between IFRS measures and underlying measures, reference is made to Note 17 of the financial statements.
(2) Underlying profit is an APM since 2017
(3) 2019: €0.19 per ordinary share and €0.09 special dividend (2018: €0.283 per ordinary share and €0.017 special dividend)

Non-financial indicators

	Target by 2025	2020	2019	2018	2017	2016
Social						
Number of employees (FTE)		2,502	2,570	2,654	2,325	2,273
Gender Diversity (total) (% female)		21%	20%	19%	18%	18%
Gender Diversity (new hires) (% female)		29%	26%	23%	25%	26%
Retention rate (% of FTE at 1 January)		86%	81%	84%	87%	86%
Lost Time Incidents (LTI) (#) (1)	<18	24	36	59	47	55
LTI Frequency Rate (per 200,000 hours worked) (1)	<0,5	0.87				
Investment training & Development (expenses in €k)		1,283	1,867	2,238		
Internal promotions into senior management (#)		2	2	1		
Cumulative participation rate in open share participation plans		15%	18%	19%	24%	22%
Absentee rate (% of total FTE)		3.0%	2.5%	3.2%	3.3%	3.3%
Environmental						
Greenhouse gas emissions Production scope 1+2 (kg CO2/T) (1)		19.7	18.3	20.7	21.1	
Greenhouse gas emissions Logistics scope 1 (kg CO2/T) (1)		8.7	8.5	8.3	8.3	
Greenhouse gas emissions per tonne scope 1+2 change (y-o-y, %)		6%	-8%	-1%		
Greenhouse gas emissions Raw Materials scope 3 incl land use change (kg CO2/T)		958				
Energy usage Production (kWh per tonne)	<52,97	58.9				
Energy usage Logistics (kWh per tonne)	<2,95	3.3				
Renewable energy (% of total energy usage)	50%	8.9%				
Suppliers signing Sedex code (% of total suppliers)	85%	79%	83%	80%	70%	0%
Sustainable palm oil purchases (%) (1)	100%	70%	70%	70%	75%	52%
Sustainable soy bean meal purchases (%) (1)	100%	75%	75%	75%	75%	73%
Phosphate efficiency dairy NL (%) (1)			39.6%	38.4%	38.4%	37.2%
Phosphate efficiency Finishers NL (%) (1)			54.1%	54.6%	54.0%	51.9%
Phosphate efficiency broilers regular NL (%) (1)			62.9%	64.5%	63.7%	
Phosphate efficiency broilers animal welfare concepts NL (%) (1)			52.2%	49.3%	48.9%	
Nitrogen efficiency dairy NL (%)			29.6%	29.4%		
Nitrogen efficiency Finishers NL (%)			43.3%	41.9%		
Nitrogen efficiency broilers regular NL (%)			61.5%	61.3%		
Nitrogen efficiency broilers animal welfare concepts NL (%)			50.7%	52.0%		
Feed material not suited for human consumption (% of total) (2)		64%				
Sustainable innovation (% of total innovation projects)		39%				
Number of feed safety incidents (#) (1)	13	8	9	16	26	19

(1) Reviewed by independant auditor
(2) the Netherlands, Belgium and Germany

OTHER

GLOSSARY

[Dutch] Corporate Governance Code	The Corporate Governance Code applies to all companies with a registered office in the Netherlands, whose shares or depositary receipts thereof are admitted to trading on a regulated market or multilateral trading facility within the EU, or a comparable market or trading facility outside the EU.
Additives	Ingredients that are added to feed to improve the feed, for instance with respect to shelf life, taste, odour or nutritional value.
AGM	Annual General Meeting of Shareholders.
Agrifirm	Dutch cooperative of farmers and horticulturists with subsidiaries in multiple countries in and outside Europe. Strategic partner of ForFarmers for the purchase of fertilisers, seeds and crop protection products in NL.
AMR	Anti Microbial Resistance.
AMX	The AMX Index (short for Amsterdam Mid Cap Index) is a stock market index composed of Dutch companies, ranking 26-50 in size, which trade on the Euronext Amsterdam stock exchange.
Apollo	Feed concept for broilers.
AScX Index	The AScX Index (short for Amsterdam Small Cap Index) is a stock market index composed of Dutch companies, ranking 51–75 in size, which trade on the Euronext Amsterdam stock exchange.
Bedding products	Products such as chopped straw, flax or wood shavings that are used as bedding in barns.
Better Life concept	Quality label developed by 'Dierenbescherming' (The Dutch Society for the Protection of Animals) in the Netherlands for products that are produced with extra care for animal welfare. The number of stars (1, 2 or 3) indicates the extent to which producers meet the quality requirements.
Blend	Mixture consisting of various (unground) raw materials, minerals and pre-mix.
Board	The Supervisory Board of ForFarmers N.V.
Broiler parent stock	Produce hatching eggs which are delivered to the hatchery where the broiler chicks are born.
Build to Grow 2025	ForFarmers' strategy to further enhance the organization, through organic growth and by means of acquisitions in existing markets and in two new growth markets, possibly outside of Europe
Calf breeding	The raising of a newborn calf.
CEO	Chief Executive Officer of ForFarmers N.V.
CFO	Chief Financial Officer of ForFarmers N.V.
CIEL	Centre for Innovation Excellence in Livestock.
Co-products	Products derived from the manufacturing process of human food, such as brewers' grains, which are used for animal feed.
Code of Conduct	These are the values, company principles and rules of conduct that apply to everyone who works at ForFarmers. These specify, inter alia, the rules of integrity and responsibilities for both the organisation and the employee.
Company	ForFarmers N.V.
Compliance Officer	Person, employee of the company, who is responsible for monitoring and managing regulatory compliance issues within an organisation.
Compound feed	The collective name for dry animal feeds composed of different ingredients to give them certain properties.

Concentrates	A highly concentrated supplementary feed that is diluted at the farm with raw materials available there.
COO	Chief Operating Officer, Director responsible for a specific ForFarmers cluster (operating segment).
Coöperatie FromFarmers U.A.	Coöperatie FromFarmers U.A. is the majority shareholder of ForFarmers N.V. and has some 4,500 members, which are predominantly active in the ruminant, swine and poultry sectors.
Corn silage	Forage crop that is harvested with a chipper as whole plant and then stored in a silo at the cattle farm. Serves as cattle feed.
Cross-selling	Cross-selling: sale of products that are related to a product that a customer has already purchased.
Disclosure Committee	A disclosure committee is a group tasked with reviewing all proposed disclosures prior to their release. This committee is mandatory for publicly-held companies.
DML	DML stands for Dry, Moist and Liquid co-products. See also co-products.
Employee participation plan	ForFarmers introduced an employee share ownership plan in 2015 for permanent staff through which employees could purchase a maximum of € 5,000 of ForFarmers depositary receipts per person at a discount. A lock-up period applies to the purchased depositary receipts.
EPS	Earnings per share.
ESG	Environmental & Social Governance
Equity on Name	A process that has been running since 2006 pursuant to which approximately 82.5% of FromFarmers' equity is registered in the names of members as part of the growth strategy. The last tranche took place in 2017.
Executive Board	The executive board of the company (ForFarmers N.V). The Company's statutory management board composed of three members, the CEO, CFO and COO.
Executive Committee	ForFarmers' Executive Committee is composed of three members of the Executive Board and the other five directors.
FAO	Food and Agriculture Organization of the United Nations.
Feed Chain Alliance	Feed Chain Alliance Standard (before GMP) is a quality system. managed by OVOCOM, a Belgian platform for animal feed sector.
Feed conversion	The amount of feed an animal consumes as compared to the produce of the animal as a ratio. The aim is to get a higher output with a diminishing amount of feed.
Feed efficiency	Ratio which indicates how many kilos of animal product (milk, meat, eggs) are made from one kilo of feed.
Feed equivalents	The key for allocating equity to members. A member that has feed equivalents can use them by acquiring feed or other products. Members receive a credit on their participation account linked to the use of feed equivalents. This credit consists of the right to depositary receipts.
Feed evaluation system	Programme with an overview of all of the nutrients per raw material, the degree to which these nutrients are available for the various animals at various ages and the specific nutrient requirements of animals in various phases of life. This data is combined with the available raw materials in order to give the animal exactly those nutrients that it needs in the most (cost) efficient manner.
Feed performance	The final result that is achieved from the feed, such as feed intake, growth, milk production, etc.
Feed solutions	A supply of feed products that provides for the specific needs of an animal in terms of nutrition.
Feed system	The (technical) manner in which the farmer delivers the feed to his animals.

Feed2Milk	Feed2Milk is the ForFarmers' approach to feed for dairy cattle. It allows a better assessment of the nutritional value of the feed and as a result, higher milk production, better feed efficiency and healthier animals.
FEFAC	European Feed Manufacturers' Federation.
Fermentation	Process through which lactic acid bacteria convert (pig) feed into a healthy, tasty mash with high levels of lactic acid, leading to more efficient feed usage, lower feed costs and healthier pigs.
Fertiliser	Administration of fertilisers (nitrogen, phosphate, potassium, etc.) to the soil for optimal crop growth. Both animal and chemical fertilisers.
FFEEC	ForFarmers European Employees Council. The Europe-wide employee respresentative which consists of employee representatives from the Netherlands, Belgium, Germany and the United Kingdom. It discusses subjects that concern several countries.
Forage / roughage	Unperishable products that are specifically cultivated for livestock feed purposes, such as grass and corn silage.
ForFarmers dealers	ForFarmers works in the cattle sector in the Netherlands through regional dealers. These are independent businesses which sell ForFarmers products and advise livestock farmers on various issues, including feed recommendations and business development.
ForFarmers European Employees Council	FFEEC, the Europe-wide employee respresentative which consists of employee representatives from the Netherlands, Belgium, Germany and the United Kingdom. It discusses subjects that concern several countries.
ForFarmers Group	The Company along with the legal persons or companies with which the Company has organisational links forming an economic unit as referred to in Article 2:24b of the Dutch Civil Code. Also referred to as the 'Company'.
ForFarmers N.V.	also referred to as the 'Company'.
GMO	A GMO is an animal, plant, or other organism whose genetic structure has been changed by genetic engineering. GMO is an abbreviation for 'genetically modified organism'.
GMP+	GMP+ FSA (Feed Safety Assurance) is an internationally recognised scheme to certify the safety of animal feed in all links of the animal feed chain, including the companies supplying raw materials.
GRI	The Global Reporting Initiative is a guideline for sustainability reporting. The GRI's goal is to make sustainability reporting a "standard practice" for all companies and to bring sustainability reports to the same level as financial ones.
Group	The Company along with the legal persons or companies with which the Company has organisational links forming an economic unit as referred to in Article 2:24b of the Dutch Civil Code.
HACCP	Hazard Analysis and Critical Control Points is a risk inventory for foodstuffs. By identifying health risks in processing and preparation processes, and thereby controlling them, the safety of the product is increased.
IFRS	The International Financial Reporting Standards (IFRS) are an accounting standard for company annual reports. Companies in the EU listed on the stock exchange are required to report in this manner since 1 January 2005.
Integrated feed solutions	A combination of feed products, related advice and resources in order to first establish and then achieve the customer's business objectives, and monitor results.
Issued ordinary shares	Issued Shares relates to the total number of shares that are sold to and held by shareholders of the company and include treasury shares (i.e. repurchased shares held by the company).

KringloopWijzer	KringloopWijzer is a management tool for dairy farmers and maps the mineral cycle at a specific farm.
LCA	LifeCycle Analysis. Demonstrates the environmental performance of the entire production chain.
Like-for-like (LFL)	Excluding translation effects of currency and the net effect of acquisitions and divestments.
Liquid co-products	Liquid products derived from the manufacturing process of human food, such as whey, brewer's yeast or glucose syrup, and which are used as animal feed.
LTI	Lost Time Incident. Accidents at work that lead to one day or more of absence from work.
Material aspect	A main aspect of the ForFarmers sustainability strategy. It is an indicator for the GRI guidelines.
Materiality analysis	Analysis in which it is determined whether a subject is or is not significant to stakeholders of ForFarmers or to ForFarmers itsself. Often used in relation to sustainability.
Materiality matrix	A manner (matrix) in which the importance of Corporate Social Responsibility (including sustainability) issues are plotted in 2 dimensions; the relevant importance of the issues to the stakeholder groups and the importance of the issue to the company.
Micro-ingredients	Vitamins, minerals, medicines and other substances used in very small quantities and weighed in milligrams, micrograms or parts-per-million (ppm).
Milk€fficient	A programme developed by ForFarmers that combines determining factors of dairy farm results and enables farmers to understand different scenario's how they can improve returns.
Molasses	A viscous co-product resulting from refining sugarcane or sugar beets into sugar.
MSCI Netherlands Index	The MSCI Netherlands Index is designed to measure the performance of the large and mid cap segments of the Netherlands market.
NIC	ForFarmers' Nutrition Innovation Centre works, inter alia, on improving the technical performance of feed, such as feed efficiency and optimal animal growth, and on developing innovative nutritional solutions to contribute to good animal health. The NIC also focuses on improving the sustainabilisation of our products and of the farming industry as a whole.
NL GAAP	NL GAAP (also Dutch GAAP) stands for Dutch Generally Accepted Accounting Principles and is used in order to indicate the system of reporting and accounting principles that is applicable in the Netherlands. ForFarmers reported according to NL GAAP until and including 2014. As of 2015, the Company reports according to IFRS.
Nitrogen and nitrogen crisis	Nitrogen oxides and ammonia end up in the environment mainly as a result of llivestock farming including manure applications in farming, and emissions from traffic and industry. The Dutch government needs to take measures to reduce emissions of these reactive forms of nitrogen, following a ruling of the Council of State in May 2019.
NOVA	A concept for sows. The NOVA products provide a higher milk production per sow, more piglets per litter, a higher weaning weight per piglet and a longer lifespan for sows.
Nutreco	International organisation, operating worldwide in the animal feed and fish feed sector. Strategic partner of ForFarmers.
Nutrient requirements	A specific animal's need for nutrients such as amino acids, energy, essential fats, vitamins, minerals and trace elements.
Nutrient value	Nutritional value, for example, levels of protein, oil, fibre, ash, starch, sugar, calcium, phosphorous, or sodium.

Nutrition Innovation Centre (NIC)	Department within ForFarmers responsible for nutrition, research and innovation.
Nutritional matrix	Schedule of nutrients and the nutrient requirements of different animals in various phases of life, which forms the basis for the feed solutions that ForFarmers provides.
Nutritional total solutions	Total solution offered to cover all livestock feed needs of any type.
Organisation	ForFarmers Group. The company headed up by ForFarmers N.V. and/or ForFarmers Group. When 'the Organisation' is referred to, it means ForFarmers Group.
Outstanding ordinary shares	Outstanding Shares are the number of issued shares minus the number of treasury shares (i.e. repurchased shares held by the company)
Ovocom	OVOCOM is a Belgian quality platform for the animal feed sector comparable to GMP+ in the Netherlands.
Palm oil	Vegetable oil extracted from the fruit of the palm tree.
Participation account	The participation in the capital of Coöperatie FromFarmers (the proprietary rights per member) registered a member which can be converted by the member into depositary receipts.
Pavo	Company specialising in horse feed for both recreational and competitive horses, with branches in the Netherlands and Belgium and sales in practically all of Europe. A subsidiary of ForFarmers.
Performance feed	Feed aimed at high performance of the animal (e.g. compound feed, specialties etc.).
Phosphate efficiency	Indicator of how efficiently a livestock farm handles phosphates.
Phosphate rights	The production of phosphate by the Dutch cattle industry is restricted by phosphate rights. The Dutch Secretary of State for Economic Affairs made this decision in 2016 because phosphate production by the Dutch cattle industry in 2015 was higher than had been agreed with the sector.
Phytases	Phytases are enzymes that improve phosphorus digestion in pigs and poultry.
Plant	The name of a ForFarmers business unit that focuses on agriculturists, contractors and cattle farmers that produce forage.
PoultryPlus	Breeding organisation for broiler chickens with sales in the Netherlands, Germany, Belgium, Switzerland and Austria. A subsidiary of ForFarmers.
Premixes	Mixture of vitamins, (trace) minerals and additives that are added to the feed in order to meet the animal's needs.
Priority share	The priority share is held by Coöperatie FromFarmers U.A. The priority shareholder has the rights as specified in the ForFarmers Articles of Association.
Priority shareholder	The priority share is held by Coöperatie FromFarmers U.A.
Rapeseed meal	Rapeseed meal is a protein-rich co-product of the extraction of oil from rapeseed.
Reudink	Animal feed supplier specialised in organic animal feeds, operating in the Netherlands, Germany and Belgium. A subsidiary of ForFarmers.
Risk Advisory Board (RAB)	Risk Advisory Board is composed of the CFO, Director Supply Chain, Director Reporting, Tax & Risk. The Internal Auditor participates in meetings as an observer.
Roots in the top layer of soil	The quantity and distribution of root growth in the top layer of soil.
Roughage+	Farming approach in which the soil, fertiliser, crop growth and management of planting and harvesting are properly synchronised with each other.
RSPO	Round Table on Sustainable Palm Oil. Round Table for responsibly produced palm oil. (www.rspo.org)

RTRS	Round Table Responsible Soy. Round Table for responsibly produced soy. (www.responsiblesoy.org)
Ruminants	Ruminants have four stomachs. They chew the feed again in the mouth after it has been in the rumen. Examples are dairy cattle, beef cattle, goats, and sheep.
SDGs	The Sustainable Development Goals are a collection of 17 global goals set by the United Nations, to Transform our World.
SecureFeed	Organisation that guarantees the food safety of animal feeds in the Netherlands. SecureFeed develops and manages a common system for monitoring and risk assessment of raw materials and their suppliers. Dutch dairy farmers are obliged to purchase from SecureFeed members.
Sedex code	Supplier Ethical Data Exchange
Seeds	Seeds from cultivated crops for planting. Collective name for the entire range of seeds for grasses, grains, maize etc.
Semi-finished products	Raw materials that have already been processed but need to be further processed to make a finished product.
Single raw materials / straights	Raw materials, including types of grain such as wheat and maize, which the farmer mixes with other feed products at the farm.
Slurry	A mixture of solid and liquid manure (urine and dung) from animal origin.
Soybean meal	Also known as 'soya meal', 'soya bean meal' or 'soybean meal'. Heat-treated product that remains after extraction of soy oil from the soy bean. Serves as protein-rich raw material for cattle feed.
Special feed	Feed for animals in a specific phase of life or with specific requirements.
Stackable co-products	Co-products with a lot of moisture that are not fluid but stackable, for example potato starch.
Statutory Board (of the Company)	The executive board of the company composed of three members.
Stichting Beheer	See Stichting Beheer- en Administratiekantoor ForFarmers.
Stichting Beheer- en Administratiekantoor ForFarmers	The ForFarmers Trust Office Foundation holds shares in the capital of the Company and its purpose is, inter alia, to acquire and administrate shares for safekeeping against the granting of depositary receipts and to exercise the voting rights attached thereto and other control rights.
Stichting Continuïteit ForFarmers	The ForFarmers Continuity Foundation. This Foundation was set up to safeguard the identity, strategy, independence and continuity of the Company headed up by the organisation. It is fully autonomous and has a fully independent management.
Strategic partnership	Close cooperation with other specialist players in the market with the goal of reinforcing each other in terms of knowledge, innovation and purchasing.
Sunflower seed meal	A protein-rich co-product of the extraction of oil from sunflower seed.
Supervisory Board	The Supervisory Board (the Board) is composed of six members and is tasked with the supervision of the Executive Board's strategy and of the general affairs of the company and the organisation linked to it.
Sustainability Advisory Board	Composed of three members of ForFarmers' Executive Committee, one member of the ForFarmers Supervisory Board and six external members. Its role is to provide advice on ForFarmers' sustainability strategy and on major trends and issues that should be taken into account.
Terra+	A total feed approach, introduced in 2017 by ForFarmers, with which dairy farms can improve the quality and output of forage.
TMR concept	Total Mixed Ratio (TMR) is the name of a ration whereby all of the feed materials are mixed via the feed mixer wagon and provided and delivered to the cattle.

Toll manufacturing	Manufacture (of feeds) for third parties based on specifications provided by these third parties.
Tools	Collective name for apps, checklists, programmes, analyses, etc. that ForFarmers offers its customers in order to monitor results or to adjust and improve management.
Total Feed	A ForFarmers strategy to offer livestock producers a complete package consisting of feed solutions, corresponding advice and resources in order to establish the customer's business objectives and to monitor the results thereof.
Total Feed approach	See Total Feed.
Total Feed Business	See Total Feed.
Translac	Feed concept for cows in the period around calving.
UFAS	Universal Feed Assurance Scheme. The AIC (Agricultural Industries Confederation) have developed a range of Trade Assurance Schemes covering areas of the agri-supply industry. UFAS deals with the production and delivery of compound feeds and the supply of feeds to farms.
ULTRA	Feed concept for finishers (pigs).
VIDA	Brand name for ForFarmers' feeds for piglets.
Virtual chain integration	Companies in a virtual (supply) chain share information across the supply chain to derive additional value e.g. provenance / traceability.
Vital	A new approach by Reudink for organic cattle farmers to positively influence the feed intake and health of young animals.
Vleuten-Steijn	The feed company focussed on the swine sector in NL and GE, acquired by ForFarmers in October 2016. Special focus on sow and piglet segment.
Wellfare concept	Livestock concepts with extra focus on animal welfare.