For the Future of Farming

Annual Report 2021

for farmers
the total feed business


ForFarmers
PROUD
TO BE A
FARMER

Table of contents

2021
in brief

ForFarmers in brief

#1
#1 European Total Feed solutions provider

10mT
Total Feed volume around 10 mT

35
Production locations

26,000
Servicing over 26,000 farmers

2,500
Approximately 2,500 employees in 2021

1896
Founded as a cooperative

EU
Based in the Netherlands (head office), Belgium, Germany, Poland and the United Kingdom

15
Acquisitions since 2014

AScX
Listed on Euronext Amsterdam since 2016

AA
AA-status in MSCI ESG rating

Key figures

Revenue	Gross profit	Underlying EBITDA
2,671 ▲	**436.3** ▲	**78.2** ▼
€ x million	€ x million	€ x million
2020: 2,352 million	2020: 433.2 million	2020: 96.2 million

Operating profit	Earnings per share	Dividend per share
40.7 ▼	**0.32** ▼	**0.29** ■
€ x million	€	€
2020: 61.6 million	2020: 0.49	2020: 0.29

GHG emissions production	GHG emissions logistics	Responsible soy and palm oil
18.6 ▲	**8.0** ▲	**75%** soy **70%** palm oil ■
(kg CO_2 per tonne)	(kg CO_2 per tonne)	
2020: 19.7 kg	2020: 8.7 kg	2020: 75% / 70%

Gender diversity	LTIs	Feed safety incidents
22% ▲	**28** ▲	**3** ▼
(% female)		
2020: 21%	2020: 24	2020: 8

Results

	2021	2020
Consolidated statement of profit or loss (€ million)		
Revenue	2,670.5	2,351.9
Gross profit	436.3	433.2
EBIT	22.6	24.2
Underlying EBIT	40.7	61.6
EBITDA	72.9	100.3
Underlying[1] EBITDA	78.2	96.2
Profit attributable to shareholders of the Company	12.0	14.2
Underlying profit	29.0	46.3
Consolidation statement of financial position per 31 December (€ million)		
Equity	366.3	362.5
Balance sheet total	943.4	816.7
Average capital employed[2]	484.0	496.4
Net debt position[3]	28.7	–15.8
Cash flow (€ million)		
Net cash from operating activities	54.7	98.1
Acquisition/disposals of subsidiaries	–25.0	–9.6
Acquisition of property, plant and equipment and intangible assets	–39.6	–35.8

	2021	2020
Ratio's		
Underlying EBITDA as % of gross profit	17.9%	22.2%
Return on average capital employed (EBITDA)(ROACE)[4]	16.2%	19.4%
Return on average capital employed (EBIT)(ROACE)[4]	8.4%	12.4%
Solvency ratio (equity divided by total assets)	38.8%	44.4%
Key data per share (€)		
Earnings per share	0.13	0.15
Dividend per share	0.29	0.29
Share price at year-end	4.04	5.34
Other key figures per 31 December		
Number of outstanding shares (million)	93.3	95.2
Market capitalisation (€ million) on 31 December	376.9	508.4
Number of employees (in Fte's)	2,444	2,502

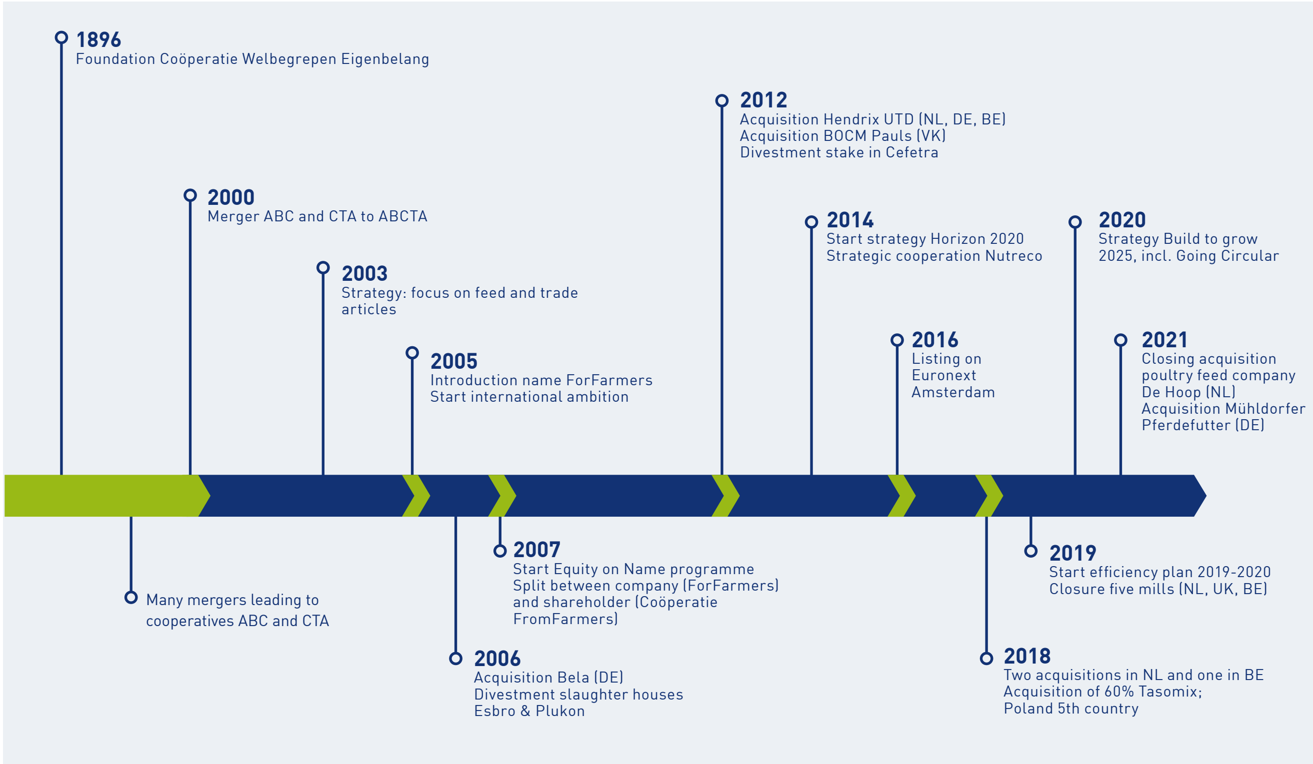
1 *Underlying means excluding incidental items (see note 17 to the financial statements on Alternative Performance Measures (APMs))*
2 *Based on 12-month average*
3 *Excluding IFRS 16 liabilities*
4 *ROACE means underlying EBIT(DA) divided by average invested capital*

History

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 – and subsequently the company - 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 ForFarmers is 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 monitoring tools, 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 2021.



Letter from the CEO

"For ourselves and our customers 2021 was a turbulent year in which we were impacted by challenges including rising input costs, animal diseases and pressure on the agricultural sector."

"We fully dedicate ourselves to a sustainable future for our stakeholders in line with our mission For the Future of Farming"

Challenging times for our sector

We can look back on a turbulent year in which we were hit by challenges including the Covid pandemic, animal diseases, high prices for raw materials and energy, and the ever-increasing pressure on the agricultural sector. Our sector is increasingly being scrutinised when it comes to climate and environment. This presents us with challenges but also opportunities. That is why sustainability is an inseparable and important pillar of our strategy. Making it possible that our sector can continue to ensure that consumers, especially those in Northwest Europe, are able to buy enough high-quality dairy produce, milk and meat at relatively low prices, with a relatively very low and decreasing carbon footprint, globally speaking. In this context in 2021 ForFarmers continued to work on a sustainable future for our stakeholders.

Results: reflection of a turbulent year

The 2021 results were under pressure, largely because of the challenging circumstance in which our customers received low prices for their products, to a greater or lesser extent, and raw material prices rose rapidly at the same time. It proved difficult for us to pass on to customers the fluctuation of raw material and energy prices, as we normally do. On top of the overcapacity already existing in the market this resulted in margin pressure for feed companies.

Consumer demand for more transparency with regard to food provenance boosts cooperation in the supply chain. The poultry sector is seeing an increasing number of 'virtual' integrations in this context, and early in the year this provided us with the opportunity to acquire the well-positioned poultry feed company De Hoop Mengvoeders in the Netherlands. De Hoop not only made a positive contribution to our profit but the acquisition has also considerably strengthened our position in the poultry sector. Whereas a few years ago poultry was our third-largest sector it has now become the largest. Also at the beginning of the year, we strengthened the position of Pavo, the leading brand through which we operate in the horse sector, with the acquisition of Mühldorfer Pferdefutter in Germany.

Covid continued to impact our markets during the year under review. The enforced closure of out-of-home activities caused somewhat of a slump in demand for our customers' products, with a knock-on effect on our volumes. Moreover labour shortages caused by high infection rates disrupted the supply chain, resulting in empty shelves in the shops for example in the United Kingdom. Some of our own employees fell seriously ill with Covid but thankfully all have recovered now.
I am very grateful for the tremendous dedication and effort of our employees. It enabled continuity of supply to our customers whilst allowing us to address the enormous challenges arising from the serious disruptions in the global supply chain.

Animal diseases are a recurring phenomenon that livestock farmers have to deal with. The sector is increasingly successful at combating the spread of animal diseases. Despite this, outbreaks of African swine fever and avian flu were detected in 2021, with the outbreak of avian flu towards the end of the year in fact being designated the worst outbreak ever in Europe.

We empathise with those of our customers who were affected by outbreaks of animal diseases.

In these challenging market conditions the importance of good internal processes and coordination was clearer than ever before. Unfortunately it was insufficient coordination between departments that resulted in a number of unfavourable contracts being concluded in Germany, which impacted on our results. The processes have since been improved. Thanks to the implementation of our efficiency plans we have reduced part of our costs and further increased the flexibility of another part. Despite this, as a result of the aforementioned challenges our underlying EBITDA in 2021 fell short of the target we issued in September 2020.

Review of Build to Grow 2025 strategy

We have decided to evaluate our strategy earlier than planned and to tighten it where necessary. This was prompted by our results in 2021 combined with the protracted Covid pandemic and the acceleration of various market developments. Moreover there is a hardening of sentiment in the market, for example in terms of the targets for improving climate, nature, water and biodiversity; these have been brought forward in several countries in line with the EU Green Deal.

The reassessment of our strategy is currently ongoing and will potentially lead to new insights with regard to our integrated targets for 2025. We will come back to this in the course of 2022. In the meantime we continue to focus on providing the best possible service to our customers, with innovative feed concepts and advice, so that they can sustainably improve their on-farm returns while reducing the carbon footprint of their production. This is the bedrock of our long-term value creation for our stakeholders.

Stakeholder dialogue

In 2021 we carried out an extensive survey among more than 300 stakeholders as planned. We asked them what they consider to be important when it comes to our activities and role in society, and which topics they consider to be of greater or lesser material importance. The results of the survey will be included in the current strategy review. In addition to this specific survey we conducted our usual dialogue with customers, shareholders, suppliers and employees, etc.
The conversations with customers tended to be about the future of the sector, the price of raw materials and the impact of all the sustainability measures. Shareholders were, understandably, worried about the share price and the impact this will have on the further implementation of the strategy. We maintain regular and constructive contact with our stakeholders and are transparent about our opportunities and challenges.

The right people in the right place

We continue to recognise the importance of a good team and committed employees and invest in supporting the mental and physical health of our employees – especially in these Covid-affected times. In addition we organised webinars in the various countries to keep staff informed about the developments at the company, as well as for social cohesion. There were also webinars on specific subjects affecting our sector with several colleagues for example giving an online lecture about the use of soy in cattle farming: a topic in which there is keen public interest. We believe it is important that our colleagues are properly informed so that they can engage in discussion with others based on facts – certainly where other, sometimes emotional, views prevail, and it seems difficult to recognise and determine common positions. After all, ethical conduct is very important to us, as expressed in both our own and our supplier code of conduct.

Because it is very important to us that our employees are able to do their work safely, in recent years we have actively communicated about safety and have invested heavily in training courses aimed at changing behaviour. The bad weather in the early part of 2021, which led to more people slipping and falling than usual, resulted in an increase in lost-time incidents (LTIs) compared to the previous year. Nevertheless we can see that that the downward trend in accidents is continuing and that employee focus on health and safety in the workplace is constantly improving. This remains a focus of attention for us.

Changes in management and management structure

In recent years it has become increasingly clear that the nature of the agricultural sector is different in the various countries. Working according to the principle 'central where possible, but mainly local, close to the customer' has become crucial in order to be able to respond quickly and effectively to commercial opportunities and threats at local level. Clear responsibilities and short lines of communication both within and between the countries are essential to this. It was therefore decided in the autumn of 2021 to slightly adapt the matrix organisation to assign more commercial responsibility and agility to the respective country directors. At the same time support of local initiatives by the corporate departments remains vital in order to leverage economies of scale. Furthermore we believe it is important for each country where we operate to have its own national director with the best possible understanding of the local culture and market. For example most recently German country director Ernst Friedlaender was appointed Director of ForFarmers in Germany. In addition we appointed Rob Kiers Director of M&A and created the position of Director of Business Development. The members of the Executive Board along with the country managing directors and the Directors of HR, Supply Chain, M&A and Business Development together form the Executive Team, which manages our organisation.

Executive Board member Adrie van der Ven said farewell to ForFarmers this year by mutual agreement. Under Adrie's leadership the company took the important step into the Polish growth market. In addition he made a major contribution to the creation of the Build to Grow 2025 strategy. On behalf of myself and the colleagues I want to thank Adrie for this and wish him all the best for the future.

The Supervisory Board subsequently nominated our colleague Pieter Wolleswinkel for appointment to the Executive Board by the General Meeting of Shareholders (AGM). We hope to be able to formally welcome Pieter to our board in April. Pieter is currently responsible for the largest cluster, the Netherlands/Belgium, and this will remain the case. His background as a former vet as well as his broad knowledge of and experience in the sector are extremely important to us. We are proud to be able to fill the Executive Board vacancy from our own ranks.

Supervisory Board

Jan van Nieuwenhuizen joined the Supervisory Board at the end of the AGM in 2021 and was appointed chairman. Under his leadership the Supervisory Board played an important and constructive role in various developments and challenges throughout the year.

Sandra Addink-Berendsen will step down from the Supervisory Board after the next AGM. Sandra has been a member of the Board since 2010 and has chaired the Audit Committee for the last eight years. On behalf of myself and our CFO Roeland Tjebbes I want to offer Sandra our heartfelt thanks for her efforts, advice and the substantial contribution she has made to ForFarmers.

Working on a sustainable future

Along with the agricultural sector as a whole we are faced with the challenge of feeding the growing world population while at the same time reducing the environmental impact of the food chain. This poses dilemmas both in our business operations and on site at the farm. Animal proteins form a key component of the human diet. These proteins can be produced most efficiently in certain geographical regions which have the most suitable climate for this, along with a good logistics infrastructure and the availability of sufficient residual flows from the human food industry. This is the case for example in the densely populated region of Northwest Europe. However, the local agricultural policy here is increasingly impacted by the battle for the use of land and the social pressure regarding the sector’s environmental impact, partly as a result of the EU’s Farm to Fork agricultural strategy.
We are aware of this double materiality. We believe that our Total Feed approach is the right one to enable us to help our customers increase their production and their returns in a socially and environmentally responsible way as well as reduce the carbon footprint of our overall process.

We are pleased that the new year saw the arrival of a new government in the Netherlands that wants to take decisions. We see it as a positive sign that the recently presented coalition agreement states clearly that prospects must be offered to the agricultural sector and that the goal is not a one-size-fits-all approach. This is crucial to enable customers to make the necessary investments. We will continue to emphasise that we, together with players in the supply chain, have various options to reduce emissions through innovation.
The eventual outcome will require effort and a degree of flexibility from all parties. We, too, will play our part in this and will continue to fight for a sustainable future perspective for livestock farming, mindful of the fact that all our customers are trying their best to feed us and others in the world in the most environmentally friendly way.

I myself will be following this from a greater distance; in consultation with the Supervisory Board I am going to step down after the forthcoming AGM in April. After eight years at the helm of this wonderful company it is the natural time for a new phase, both for me and for the company.
I have fulfilled my role with great passion and look back on a number of major milestones in the history of ForFarmers. I want to thank my colleagues for the constructive cooperation and the members of the Supervisory Board for their support and advice. I wish my successor all the best at this wonderful company and in this great sector.

The dedication and efforts of our employees remain vital to the realisation of our strategy. I wish to express my heartfelt thanks to them for this, on behalf of my colleagues as well as myself. 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, day after day, year after year, time and again, to remain a reliable partner and to do things just that little bit better For the Future of Farming.

Lochem, 23 February 2022

Yoram Knoop
CEO of ForFarmers N.V.

Who we are and what we do

Our mission:
For the Future of Farming

ForFarmers works on it's 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 feeding the growing world population and, at the same time, reducing the impact of arable and livestock farming on the environment. Animal 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.

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, despite the fact that the sector is constantly taking steps to make its production more sustainable.

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 produce feed for ruminants, swine and poultry in 35 mills. We do this predominantly under the brand name ForFarmers.
In addition, we deliver advice and monitoring tools to farmers. We have over 400 advisors, of the approximately 2,500 employees, who visit our circa 26,000 customers regularly on-farm to help them with their operational management and business decisions. We also 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 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 and odour). We do this with innovative feed concepts and targeted advice supported by data systems. By optimising the feed conversion (more production with less feed) we support both livestock farmers and the climate.
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, a higher feed efficiency and a better phosphate and nitrogen 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, which can be reached by phone and online.

- *Products:* Formulating the best compound feed to make animals healthier and have them perform better.
For this we increasingly use residual flows of raw materials which are unsuitable for human consumption. This circular approach sees to a reduction of the carbon footprint of animal feed and consequently of the agricultural sector.

Core values

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

Ambition

We aim to continuously do things better for all our stakeholders, on-farm, on the financial markets, within our own organisation, for our surroundings and for the climate. 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 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), responsible consumption and production (12) 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.

Specialised advisors
Side-by-side with our customers for a better and more sustainable return

Partnership

We believe in doing what we are good at: delivering feed solutions on farm. We therefore also believe that collaboration with partners in the chain creates added value and in certain cases is even essential. That is why we work with customers, suppliers and strategic partners in the various sectors on innovative solutions for sustainable livestock farming. The guiding principle is a long-term relationship based on trust, and a win-win for all parties involved.

(Compound) feed

Specialities

DML*

Crop solutions

Total Feed approach:

Knowledge and advice from specialists

Planning and monitoring tools

For the Future of Farming

- Better returns
- Greater efficiency
- Healthier livestock
- Lower carbon footprint

forfarmers the total feed business

Tailor the solution to the customer's needs

Solutions for all types of feeding systems (milk robot, home mixing, liquid/dry feeding, welfare concepts)

Offer solutions for every stage of animal's life cycle

Specialty products for young animals and animals in transition

Specific concepts such as slow growing, organic, non-GMO

Compound feed and DML* for producing animals

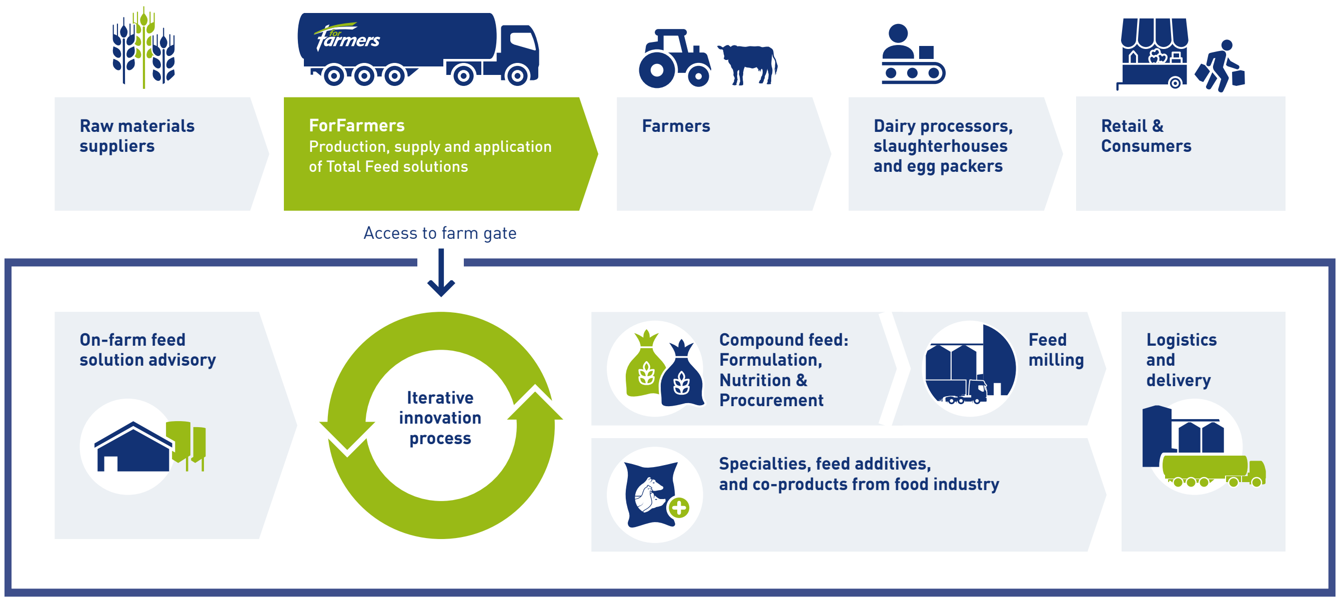
Offer solutions for key species

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

The value chain and markets in which we operate

According to the FAO (Food and Agricultural Organisation of the United Nations), the world's population will have increased by about 2 billion people to 10 billion by 2050. The agricultural sector faces the challenge of feeding the growing global population while reducing the impact of the food chain on the environment. ForFarmers is part of the food chain, which is faced with addressing this challenge. We use our Total Feed approach to contribute to the sustainable production of milk, meat and eggs, which are important factors of a healthy and varied diet. Developments in both the overall food chain and the various markets in which we operate, offer us opportunities and pose threats.

The chain in which we operate



Raw materials market

Feed companies use a lot of raw materials to produce high-quality feed. We are aware of our responsibility with regard to the amount of raw materials we use, the origin of the raw materials and whether the raw materials have been produced in a sustainable way. With our Going Circular approach, we endorse the need to act socially responsible in this aspect as well, with respect for nature, people 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 macro ingredients (such as cereals, plant-based proteins, high-fibre raw materials and vegetable oils) and micro ingredients (such as amino acids, vitamins and minerals). 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.

At group level, ForFarmers has appointed category specialists who work together with local purchasing managers. Raw materials are purchased from a small number of global suppliers, but also 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. More details about responsible sourcing of soy meal and palm oil. among other things. is elaborated in the chapter Going Circular For the Future of Farming.

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.

In the second half of 2020, raw material prices began to rise significantly. Prices continued to rise throughout 2021. Passing on the increase of raw material prices to livestock farmers proved particularly difficult during 2021. Prices for livestock farmers' products had fallen sharply in 2020 and only started to pick up somewhat at the beginning of 2021, except for pig prices which remained very low.
The price increases were not enough for farmers to be able to absorb the higher raw material and energy prices, however. This made it more difficult for feed companies to pass on the increase in raw material prices. This, combined with lower volumes and overcapacity in the market, resulted in pressure on margins for feed companies.

Compound feed industry and competitive position ForFarmers

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. Approximately 1.1 billion tonnes of animal feed is sold globally, of which some 165 million tonnes compound feed in Europe. With its sales of roughly 10 million tonnes of feed of which some 7 million compound feed, corresponding with a European market share of some 4%, ForFarmers is the leading European feed company.

The three main players in the Netherlands – ForFarmers, Agrifirm and De Heus – have a combined market share of around 75% with the remaining 25% being split among some 70 other feed manufacturers.

In Belgium, ForFarmers is the second-largest feed company, after Arvesta and before VandenAvenne and the new Quartes/Agrifirm combination (shared number 3). Together these three manufacturers hold a market share of around 40% in a playing field of around 50 companies.

In the fragmented (non-integrated) German market Agravis, DTC, Bröring and ForFarmers are the important feed companies, with a combined market share of around 35%. Germany also 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 35%. Besides these, approximately 150 medium-sized and smaller players are active in the UK market.

Position ForFarmers in the chain

	Commodity traders/ processors	Additives producers	Premix producers	Feed mills and specialty feed producers	Distributors	Livestock farmers	Dairy processing, slaughterhouse & egg packers
				ForFarmers the total feed business			
Companies committed to 1 link of the chain	BayWa, Bunge, LouisDreyfus	Ajinomoto, BASF The Chemical Company, Evonik, Lonza, agrifirm	ab agri, deuka, Agravis, agrifirm, nuscience	Aveve, deuka, Agravis, agrifirm	ab agri, Carr's Group plc, NWF Group PLC, Ridley	Access to farm gate	Tönnies, Smithfield, FrieslandCampina, Arla, Cranswick, Danish Crown, Hilton, Vion, Plukon, Scandi Standard
Companies active in multiple segments of the value chain	ADM, Cargill	DSM, nutreco	ADM, Cargill, DSM, nutreco, de heus	Cargill, nutreco, PHW, Moy park, de heus	ADM		Cargill, de heus, nutreco, PHW, Moy park

The focussed position of ForFarmers in the value chain brings a number of advantages

- Direct access to the farm
- Integrated solution provider to the farmers
- No channel conflicts

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, except for in the United Kingdom where organic feed is sold under the ForFarmers brand.

In 2021, livestock farmers were, to a larger or lesser extent still affected by the longer-lasting Covid induced measures. Most farmers were still struggling with liquidity issues as price increases for meat, milk and eggs lagged behind the price increases for raw materials. The increase in feed prices led to low incomes for livestock farmers and consequently to lower feed volumes. Together with amongst other things the warm restructuring of the pig sector in the Netherlands, this resulted in exceptional volume and margin pressure for feed producers.

Even though the livestock sector in Northwest Europe is increasingly successful in controlling the spread of animal diseases, Europe was hit by a very large outbreak of avian influenza in the fall of 2021. There was another outbreak of bird flu in the autumn of 2021, in Poland and the Netherlands.

African swine fever was detected among wild boars but also at some pig farms in both Poland and East Germany, resulting in an import ban by China for pigs from these countries.

Ruminant sector

In the ruminant sector we are mainly active in the dairy segment. We also supply our Total Feed solutions to beef farmers as well as goat farmers particularly in the Netherlands and sheep farmers especially in the United Kingdom. Developments in this sector vary from country to country. However, the need for livestock farmers to reduce emissions of nitrogen, CO_2 and methane and to improve phosphate efficiency applies everywhere. But the way and the speed at which varies.

Apart from 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. However, export flows mainly take place within Europe. For example, approximately 70% of the export of meat, milk and dairy from the Netherlands goes to countries within Europe. Particularly in the Netherlands, resistance to the large export flow is increasing due to the environmental impact of livestock farming. Mainly in the light of the current nitrogen debate, dairy farmers in the Netherlands are expected to achieve swift results in terms of lowering their emissions. Throughout the feed chain, there are various possibilities to reduce emissions. We can retain both a strong dairy sector and at the same time realise the set climate goals through innovation.

As in other countries, interest in robotic milking is growing in Germany. This is partly due to the consolidation between farms, which increases the workload on the farm. Finding good staff on-farm is difficult in almost all Western European countries.

British dairy farmers generally achieve lower returns. This is because milk prices in the United Kingdom were relatively low compared to other countries, while feed costs were rising rapidly. Focus on increasing productivity, and consequently returns, is therefore crucial.
In terms of economies of scale, professionalism and productivity, dairy farming in Belgium has developed strongly in recent years. Not in the least because of new entrants in dairy processing and better milk prices.

We are seeing more differentiation in dairy flows in the markets where we operate, with more focus on sustainability aspects as well as animal welfare. 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.

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. 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, as a result of the Covid-19 induced measures, pig prices fell in the first half of 2020. The Chinese pig herd grew faster than expected, resulting in a surplus in the Chinese and global market. In addition, Chinese consumers often opted more often for chicken meat as an alternative to the expensive pork. These factors also depressed the price for pigs. China immediately imposed an import ban on pigs from Germany after African swine fever was detected in Germany at the end of 2020. This import ban remained in force throughout 2021. German pig farmers consequently looked for other sales markets, mainly by exporting more within Europe. Spain, which had been exporting more and more carcasses to China in recent years, also suffered from a drop in demand and consequently started selling more on the European market. This created unprecedented pressure on European pig prices.

While other pig farmers in Europe were able to build up reserves as a result of the large exports to China, this was not the case for Belgian pig farmers. It was precisely during that period that China had established an import restriction to pigs from Belgium, because at that time African swine fever had been detected among wild boars. In 2021, Belgium had been declared free of African swine fever again. Although Belgian pig farmers were permitted to export their products to countries outside the EU again, this has not helped them achieve better returns.

Cases of African swine fever have been detected in Poland for a long time. These outbreaks have led to large-scale restructuring of the market, resulting in mainly small farms stopping and large farms continuing to grow.

Pig farmers in Continental Europe produce for both 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 reduced the pig herd by approximately 9% (compared to the situation per the end of 2019), through available funds to buy up the pig rights of pig farmers who decided to quit farming. The remaining funds of this scheme have been supplemented to a total of €480 million, to enable a second tranche of the warm restructuring, referred to as the Targeted Purchase Measure.

In addition, in the spring of 2022, the National Livestock Farming Termination Regulation will start, for which almost €1 billion has been made available. This voluntary buy-back scheme provides subsidies to pig, beef, dairy and poultry farmers if they decide to stop farming. The scheme is one of the measures with which the government aims to reduce nitrogen emissions.

Pig farmers in Germany are also increasingly faced with measures pertaining to animal welfare and protecting the environment. A better use of fertilisers is required and both ammonia emissions and groundwater pollution must be reduced.

In the United Kingdom a large section of the market is supplied by several large pig farming businesses and integrations. These have a different relationship with feed companies such as ForFarmers than the smaller, often family-owned pig farming businesses. Here, pigs tend to be held outside as opposed to the other countries where ForFarmers is active. Consequently, the feed requirements are seasonal and therefore different than in the Netherlands or Belgium, for example. The UK swine sector supplies around 60% of local demand. The remainder is imported, mainly from Continental Europe, which has become more difficult because of Brexit. We expect local pig herds to expand. However, as long as farmers do not have more certainty about future trade agreements, they remain reluctant to invest in expanding their farms.

Poland is experiencing ongoing expansion and consolidation of farming companies and closer cooperation between feed and finisher companies and slaughtering companies. Even though the Polish market has been dealing with the effects of African swine fever for a long time, particularly the larger farms continue to expand and consolidate. In addition, there is more and closer cooperation between feed companies, pig farms (especially fattening pigs) and slaughterhouses. However, as there are still too few piglets produced locally, Polish pig farmers are largely dependent on the import of piglets from mainly Denmark.

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 prefer meat from slow-growing chickens and free-range eggs. Interest in organic eggs is also growing. Poultry farmers feed their animals with specially developed welfare feeds; although these feeds are more expensive the products of these farmers also yield more because consumers are willing to pay for the added value. In 2021, the last supermarket chain in the Netherlands promised that by the end of 2023 it would no longer supply fresh chicken that does not have at least one Better Life star. The Better Life Star quality mark, independently launched by the Dutch Animal Protection NGO, guarantees healthier and slow growing chickens. These chickens particularly have better living conditions: they get daylight in the barn, more space and they are able to roam outside under a roof. Several Belgian retailers have followed in the footsteps of Dutch supermarkets. They have also expressed the ambition to meet the criteria of the Better Chicken Commitment (BCC) with the chicken meat by 2026. The BCC is comparable to the Better Life quality mark. These events expedite (virtual) integrations between retailers, slaughterhouses, hatcheries and feed companies and enhances transparency on provenance as well as quality. Moreover, closer cooperation in the chain may lead to more efficiency and ultimately to more value. In some cases, the cooperation between slaughterhouses and feed companies can result in poultry farmers being 'forced' to choose between staying with their feed supplier or their slaughterhouse. It can also lead to more sales certainty in the local market, however. ForFarmers' acquisition of De Hoop poultry feed in the Netherlands in early 2021 should be seen in this light.

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.

Integrations, virtual and otherwise, are increasingly being formed in the United Kingdom as well. Sustainability and animal friendly production are key aspects in these integrations. Apart from this trend, in 2021 turkey farmers were substantially impacted by the labour shortage since the introduction of Brexit. Due to the departure of mainly Eastern European migrant workers, there are not enough seasonal workers in the agricultural sector and there is a structural shortage of drivers in the United Kingdom.

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. During 2021, the market first suffered from the impact of the Covid-19 induced measures and from recurring outbreaks of bird flu. Only in the second half of the year, poultry farmers started to restock their barns with new animals again. The poultry sector is expected to recover and will remain a growth sector in the medium and long term.

At the end of 2021, poultry farmers in Europe experienced a large, widespread outbreak of bird flu.

Organic sector

The organic sector is experiencing 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 which can differ from country to country, will have a lot of impact on the growth of the sector. The organic sector is still a niche market compared to conventional livestock farming, however.

With Reudink we hold a leading position in the European organic market. We have a dedicated factory in the Netherlands to produce 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 serves the market through its own online platform and via Amazon, generating a large number of purchasing transactions. At the beginning of 2021, Pavo acquired Mühldorfer Pferdefutter's portfolio, whose products (bagged goods and supplements) are mainly available in Germany. As a result of this acquisition, Pavo's turnover in Germany increased by approximately 40%.

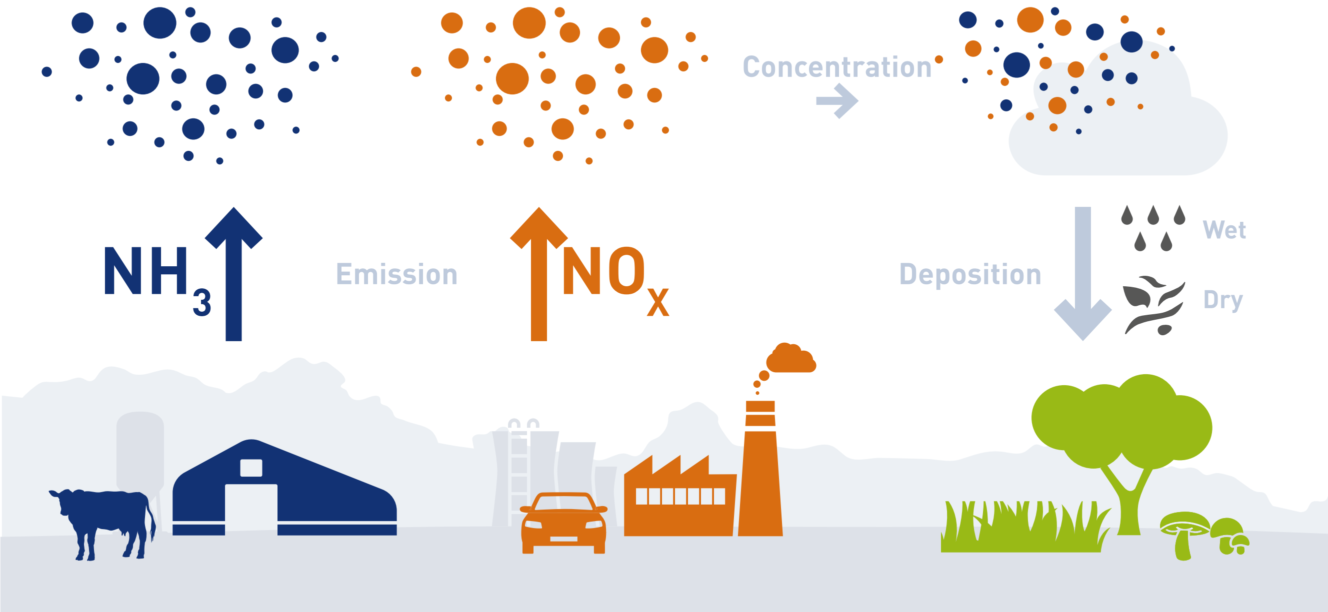
Government

Legislation

Legislation and regulation frameworks for the European agricultural sector are generally developed at a European level and since recently form part of the 'Farm-to-Fork' strategy of the European Green Deal. However, country-specific implementation is regulated locally 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.

Nitrogen



A positive side effect of the EU Green Deal is the decision, which was taken at the end of 2021, to re-admit processed animal meal ('PAP') as a feed ingredient for pigs and poultry. It had been prohibited as feed ingredient twenty years ago, because of health risks for animals and humans. As a result of new production methods and strict separation of animal species, co-products of meat processing can now, after intensive treatment, be used again in feed. ForFarmers is positive about PAPs. They are circular high-quality, protein-rich raw materials, the use of which may result in a reduction of the import of soy and phosphate from outside the EU.

The sector in the Netherlands had to contend with the fact that as of the elections in March 2021 all policy decisions were suspended until January 2022 when the new government was formed. This was despite extensive plans which the previous government had presented in 2020, including a corresponding €5 billion budget up to 2030, focused on offering a sustainable future perspective to Dutch farmers and at the same time improving nature and biodiversity and achieving climate objectives. As became clear from the coalition agreement, which was presented on 15 December 2021, the government has allocated a cumulative amount of €25 billion until 2035 to realise objectives relating to nature restoration, climate and water per specific areas. This is part and parcel of the transition to a circular agricultural policy underpinned by a good business model, that supports farmers, gives them the societal appreciation to make the necessary change and provides perspective for the future. For this transition, the government expects a binding contribution from banks, suppliers, the processing industry and 'retail' to achieve said transition. The objectives in the Nitrogen Reduction and Nature Improvement Act are to be achieved in 2030 instead of 2035. Well-founded frameworks and requirements will be used for granting permits with respect to allocating nitrogen space responsibly. In order to accelerate sustainability in agriculture various means can be instrumental, including the area specific approach, more extensive farming, change of farming practices, innovation, legalisation and relocation. This is besides taking into account natural the decline in the sector.
The government also expresses its intention to draw up a covenant for dignified livestock farming with respect for animals and to strengthen the position of the farmer in the chain. The coalition agreement provides some clarity on headlines. However, how the various aspects will take form in one of the world's leading agricultural sectors will continue to cause unrest in the sector.

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, this is also common in the poultry sector and the dairy sector. Mixing antibiotics prescribed by veterinarians in pig feed, which is still done at times, is now rapidly decreasing. The interest group RUMA (Responsible Use of Medicines in Agriculture) in the United Kingdom reports a further reduction in the use of antibiotics in 2021. Between 2015 and 2020, the sale of antibiotics to livestock farming in the UK already fell by more than 50%. 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 some farmers have a growing preference for raw materials sourced in the region. In September 2021, the Polish Ministry of Agriculture and Rural Development, announced measures to support pig farmers due to the harsh market conditions, mainly caused by African swine fever.

Brexit affects the entire sector both in the short-term and long(er)-term. In the short term, the shortage of seasonal workers and drivers is particularly noticeable in the feed and food industry. This has led to supply chain challenges of delivering feed and food to the right place on time. The significantly and rapidly rising supply chain costs can currently only partly be passed on, leading to substantial margin pressure for many players in the chain.

It is expected that, as a result of Brexit, particularly the pig and poultry sector will scale up in the long(er) term to become more self-sufficient in meeting local demand.

The recently announced UK agricultural policy is aimed at supporting a vibrant and resilient agricultural sector. Promoting animal welfare and the environment are key elements of the policy. A transition period of 7 years is planned to move from the European agricultural policy and the associated subsidy schemes to the new UK agricultural policy.

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 as a discussion partner for the creation of such chains. Several major German retailers, including Lidl and Aldi, took a remarkable step in 2021 by supporting the German pig sector with additional campaigns to boost pig sales in Germany. They also increased the prices of pig meat in their shops. This was done because many pig farmers in Germany were facing bankruptcy as a result of the poor market conditions.

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, deforestation, animal welfare and food provenance.

This has resulted in growing consumer demand for organic and/or locally produced foods, but also for more plant-based alternatives to meat. This will lead to increasing pressure on our volume development. As a result of consumer pressure, concepts in livestock farming have changed, such as the Better Life concept in the poultry sector. However, in addition to a more environmentally critical attitude, price and convenience remain important factors for consumers.

Trends and opportunities in our markets

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. In addition to challenges, ForFarmers sees opportunities in these developments in the chain. We can optimally leverage our knowledge and experience in the field of the Total Feed approach, mainly gained through the strong position in the Dutch agricultural sector. The combination of feed, advice and data analysis forms the basis to help livestock farmers make their production of high-quality food more sustainable and efficient, with healthier animals and lower emissions (of for example CO_2, ammonia, nitrogen, phosphate, odour and particulate matter). We decide what will work best locally in each country. Our scale enables us to do this and at the same time it is an important prerequisite for continuing to play a significant role in the industry in the future.

When determining the Build to Grow 2025 strategy, we took into account the trends as presented below. However, during 2021 it turned out that certain developments are taking place faster and, in some cases, more strongly than we had anticipated in 2019 and 2020. Consequently, at the end of 2021 the decision was taken to evaluate the strategy in the first half of 2022, sooner than customary, and to tighten it up where necessary.

Trends per player in the chain

Trend along all sectors: Environmental measures & regulation, Data & smart chains

Raw materials suppliers

- **High volatility in raw material prices & Alternative protein as feed input**

Feed Suppliers
Production, supply and application of Total Feed solutions

- **Differentiation in route-to-market** *(e.g. e-commerce platforms)*
- **Overcapacity and consolidation in NW Europe**

Farmers / **Dairy processors, slaughterhouses & egg packers**

- **Professionalization and consolidation of farms and processors**

Retail / **Consumers**

- **Increased consumer interest in animal welfare and environmental impact, leading to new chain concepts**
- **Diversification end-product by adding requirements** *(e.g. traceability, non-GMO)*
- **Pressure on animal protein consumption in home markets**

Environmental measures and legislation

Efficient production of (animal) proteins is most likely to succeed in certain geographical regions which have the most suitable climate, good infrastructure and the availability of sufficient residual flows from the food industry. Northwest Europe fits this profile, for instance. 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, Farm-to-Fork.

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. They export approximately 70% of animal protein products to countries within Europe, mainly to Germany. Europe is barely self-sufficient in dairy, meat and eggs and far from self-sufficient in plant-based proteins. Animal protein products are also exported from Northwest European countries 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 taking into consideration that moving production of (animal) proteins from Northwest Europe to other countries will in most cases result in a deterioration of climate, nature and 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. For instance, 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. Or grains that are not suited for baking bread or brewing beer. 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 optimal reuse of manure.

We have also set other objectives, including reducing energy use, responsible sourcing of raw materials and helping to improve the carbon footprint on-farm. These objectives are discussed in more detail in the chapter Going Circular For the Future of Farming.

We aim to improve feed conversion for our clients under the motto 'more output with less input'. We also focus on creating innovative solutions that help to reduce emissions on-farm, jointly with partners wherever possible. Based on '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 can 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 mills 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 with which both tactical and strategic choices can be made
2. To control environmental challenges: using data-driven technologies to help our customers improve their production with a lower carbon footprint. For instance, through electronic 'precision feeding', whereby superfluous emissions of nutrients are prevented, through feeding the animal the appropriate nutrients
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

Feed is composed of raw materials, minerals, vitamins and co-products (residual flows) from the food industry. Prices of raw materials can fluctuate substantially. Price fluctuations are normally passed on to customers, through the price of feed. In 2021, given the market circumstances, this proved difficult.

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'.

One of the protein ingredients in the feed is derived from soy. Soybean cultivation has side effects, 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 'Going Circular for the Future of Farming'.

In addition, we are trying to use less soy. To this end, 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, there are still several drawbacks in the use of insects as a feed ingredient, such as the considerable price. Soy can also be replaced by processed animal protein (PAP). The EU has permitted PAPs ingredient for pig feed and poultry feed again in 2021, under strict conditions. This provides perspective to slightly reducing the use soy.

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, mainly because of the still limited availability and high price.

Differentiation in sales channels and 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 mills 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, Cargill and AB Agri. These companies are focused on like-for-like growth as well as through acquisitions. They provide their customers with both feed (production) and advice.
2. Local players and cooperatives, such as VoerGroepZuid (NL) and NWF Agriculture (UK). These businesses are focused on strengthening their local market share and strong customer loyalty.
3. Specialists and dealers in additives, such as Denkavit and TrouwNutrition. They sell specialties (premixes) directly to large livestock farmers, combined with advice. 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, or even decline slightly. 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. Or feed solutions leading to a lower carbon footprint. We see initiatives being deployed to meet certain consumer demands.

Our strategy:
Build to Grow 2025

We presented our Build to Grow 2025 strategy in September 2020. We want to grow organically in the challenging home markets as a result of optimal customer service. This involves delivering innovative concepts, good advice and more digitalization. In this way, we also contribute to sustainable livestock farming. At the same time, we are also committed to grow through acquisitions both in our home markets and in two new growth markets, possibly outside Europe. We focus on customer excellence and in light of the overcapacity in our markets, we also emphasize on operational excellence with process optimization and cost efficiency as important pillars.

Build to Grow 2025

The agricultural sector in Northwest Europe is under pressure to reduce its impact on climate and nature. This is partly as a result of the EU Green Deal and is expected to limit the growth of the sector in Europe. Nevertheless, this large, mature market offers growth opportunities for innovative and strong players.
Our strategy is based on the development of our core business, namely the supply of feed and advice supported by monitoring tools. In this way we contribute to sustainable livestock farming. We have good and appropriate knowledge and experience to help livestock farmers improve their (production) efficiency and at the same time reduce the emission of phosphate, nitrogen and methane. Our commercial strength and efficient supply chain together with our strong balance sheet, enables us to invest in innovation and in strengthening our current position, both organically and through acquisitions, in our home markets and beyond.

The agricultural sector is expected to grow mainly in Poland and to a lesser extend in the United Kingdom and Belgium. However, in the Netherlands and Germany depending on the species, the sector is expected to remain stable or decline slightly. Scale is crucial to the continued ability to meet the changing needs of livestock farmers, which are driven by stricter regulations. Local strength, central research and innovation make the difference in a sector characterised by low margins. That is why leading market positions are important to us, and why we need to make acquisitions in some countries and/or regions.
We also aspire to acquire a position in two new markets with growth potential, 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.

Working towards a more sustainable livestock industry is a precondition for long-term value creation. We strive for a lower carbon footprint in the supply chain, both in our own processes and on-farm. Circularity plays a key role in this. With the **sustainability agenda** Going Circular For the Future of Farming, we set clear and ambitious goals for converting low-value ingredients into high-quality feed with no wastage of raw materials and no pollution. We can make a difference in livestock farming by developing feed solutions with both a balanced and responsible use of raw materials and with an optimal use of ingredients that are not suitable for human nutrition. And by producing and supplying feed that helps to reduce the impact on the environment, underpinning the prospects for livestock farmers. This is also in line with the United Nations Sustainable Development Goals with which we align ourselves. Further information can be found in the chapter 'Going Circular For the Future of Farming'.

As a result of various market developments, we see **partnerships** becoming more important in the chain. The growing consumer interest in food provenance, for example. To give consumers transparency players in the chain need to share data. 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. We have been doing this since 2014 with Nutreco in the field of purchasing and innovation. We see innovation not only in feed solutions but also in the rest of the value chain, such as in the field of barn equipment. Together with these players, we are committed to making the sector more sustainable by innovation, making remediation unnecessary. We also work with vets, poultry farmers and processors to development welfare concepts in the poultry sector for instance.

When determining the Build to Grow 2025 strategy, we took into account the trends as presented in the previous chapter. However, during 2021 it turned out that certain developments are taking place faster and in some cases more strongly than we had anticipated in 2019 and 2020. Consequently, at the end of 2021 the decision was taken to evaluate the strategy in the first half of 2022, sooner than customary, and to tighten it up where necessary.

The fundamentals of the strategy are solid as is the majority of the initiated programmes. Only in 2022 will we announce which aspects of the strategy we will potentially tighten up. The elements of the strategy as presented in September 2020 are as follows, including the relating objectives.

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.

Margins in the livestock industry are not high, making operational excellence a crucial precondition for success. Focusing on the customer and market position and at the same time emphatically on efficiency in business processes, supply chain and cost structure. We have set the objective to have saved at least €10 million operational costs by 2025, of which €7 million should already have been saved in 2021 and 2022. The full effect of the first €7 million savings should be visible in 2023 (compared to the normalised level of 2020). In order to achieve operational excellence, various specific actions are taken throughout the organization.[1]

[1] *Normalised here means cleaned for one-off effects of Covid-19*

The customer experience needs to be further enhanced in a (cost) efficient way. This is not possible without **business process optimisation** (BPO). Throughout the entire company programmes have been initiated to systematically assess processes from head-to-toe and to, where necessary, harmonize and standardize the way of working. Think of processes with a major impact, such as pricing, sales and production. 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.

High-quality feed requires a good and appropriate use 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. The value of the inventory depends on the prices of raw materials, and these can fluctuate. Normally, these fluctuations are passed on to customers. It is therefore crucial to have a good risk management process and a good **purchasing policy for raw materials.** Formal processes have been implemented to make sure that commercial teams are fully aware of the purchasing policy. The processes have been introduced 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, the relevant Managing Directors of the countries 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 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. This entails that we always consider whether we should carry on doing certain tasks ourselves or whether it would be more efficient to outsource these activities by means of a flexible logistics shell. To this end, we continuously maintain our network relations so that we can form a strategic partnership when necessary. We also continue to optimize energy consumption and have therefore started various projects in this area.

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.

Creating value: Next Level Innovation

Innovation is crucial to continued value creation for customers. We have our Nutrition Innovation Centre (NIC) where some 25 animal nutritionists and innovation managers work on around 60 projects a year. These projects aim to improve animal welfare and/or animal health by adjusting feed concepts. Simultaneously, these projects focus on contributing to a sustainable reduction in emissions including those of phosphate and ammonia (nitrogen). Members of the NIC teamwork 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 and so strengthen its 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. For this purpose, 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. The goal is to further improve the customer experience in the most efficient way. Consider, for example, reducing rush orders by being better able to estimate when the livestock farmer will need more feed. This is done by linking on-farm information about feed intake to our own data and by measuring the feed inventories in the silos (using sensors). This enables more efficient coordination of production and logistics.

Delivering value: customer excellence

We find it of the utmost importance that our customers have an excellent experience when they purchase the feed from us. This increases the chance of repeat orders, and therefore of long-term customer relationships, which is the basis for organic growth. The customer teams, consisting of nutritional advisors, sales and customer service representatives, maintain contact with the customer. They are supported by, among other things, the CRM system and iPads. Based on the order information, we can apply a more integrated, and therefore more efficient approach for our customers. Customers receive tailor-made advice for their company and can easily order the optimal feed for them via e-business portals. 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, which contributes to good customer experience.

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. When defining the Build to Grow 2025 strategy, we considered six strategic options to strengthen our position in the value chain. Our conclusion is that the focus that was already present in the company comprises added value on which we can build further, in the home markets and in new growth markets. As a result, the acquisition strategy is twofold, with clear parameters. In Europe we want to take advantage of the existing consolidation trend 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, as we do not yet have a leading market position there. We do not exclude acquisitions in the other home markets either. 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.

We also want to increase our geographical footprint by two countries to be operational in seven countries by 2025. For this we focus on acquisition candidates in areas with sizeable herd numbers and growth potential, possibly outside Europe. 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 open to a joint venture as a means of taking our initial step in a new country.

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:

Objective	Targets
Developing talent For the Future of Farming	• Lost Time Incidents frequency rate <0.5% per 100 employees (in FTE) • More diversity in (senior) management positions • Rising score employee engagement survey
Sharing knowledge For the Future of Farming	• Better feed conversion ratio • Bespoke solutions for specific chains • Leading edge digital tools
Going Circular For the Future of Farming	• Leadership position in reducing CO_2 emissions of feed materials • Energy and fuel reduction per tonne of feed: 10% compared to 2020 • Leadership position on percentage non-human edible feed materials in diets • 100% responsibly sourced soy and palm oil
Creating value For the Future of Farming	• Underlying EBITDA 2025 (including M&A): €125 million - €135 million • Like-for-like growth underlying EBITDA per annum 0% - 3% • M&A: consolidate in home market, expand to growth markets • In 2025 active in 7 countries • At least €10 million cost savings (compared to normalised level 2020[1]) • Dividend distribution: 40%-60% of underlying net profit

[1] *In this instance normalised means adjusted for one-off effects of Covid-19*

Long-term value creation

The primary objective of the Build to Grow 2025 strategy is to create long-term value for all ForFarmers stakeholders. The Executive Board is responsible for the strategy, mission and objectives, the long-term value creation and continuity of the ForFarmers Group.
The operational management of the business as well as the execution of the strategy is the responsibility of the Executive Team, which is set up in line with the principle 'centrally where possible, but especially locally, close to the customer'. How we safeguard long-term value creation is described in the relevant chapter, which also explains our corporate governance. For the long-term value creation model, 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 also devote a lot of time, attention and resources to a safe and inspiring working environment. Our intellectual capital comprises 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.
This capital is used to make further improvements in the livestock sector and to make the sector more sustainable. The ForFarmers Nutritional Innovation Centre plays an important role in this. We believe in focusing on what we are good at and in cooperating with third parties to create added value. This is reflected in the various partnerships that we have already entered into and will continue to enter into. Corporate social responsibility and sustainability is key 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 and at the same time to the challenge of feeding the growing world population, by delivering good feed, combined with advice and underpinned by monitoring 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 both our own activities (scope 1 and 2), including energy we consume in producing feed and our diesel consumption in transporting the feed to the customers. In addition, we have set objectives that are more specifically focused on our supply chain and on the impact on the farm (scope 3).

Economic

The Total Feed portfolio is produced in 35 owned factories spread over 5 countries and is delivered to approximately 26,000 customers with 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	Output	Output created
Social	**Social**	**Social**
Human	**Human**	**Human**
Developing talent	Engaged workforce Diversity Safe working environment	Employees (FTE): 2,444 • Female:22% • Male 78% • LTIs: 28 • LTI rate: 1.05%
Intellectual	**Intellectual**	**Intellectual**
Sharing knowledge	Academies and training programmes Next Level Innovation	Training expenses: € 1.2 million 42% projects
Social & relationships	**Social & relationships**	**Social & relationships**
Ambition Partnerships	Code of Conduct Partnerships Feed safety	85% suppliers signed Sedex code Newly signed partnerships Feed safety incidents
Sustainability	**Sustainability**	**Sustainability**
Natural	**Natural**	**Natural**
Going Circular: • Feed resources • Feed production • Feed solutions Animal health & welfare	Responsible sourcing Reduction CO_2 emission of feed materials and production Maximise use of non-human edible feed materials	Sustainable soy: 75% Sustainable palmoil: 70% GHG emissions/tonne: Production (scope 1+2): 18.6 Logistics (scope 1+2): 8.0 Emissions/tonne (scope 3): 823 66% non-human edible feed materials in diets Phosphate efficiency (dairy NL): 39.6% Nitrogen efficiency (dairy NL):29.8%
Economic	**Economic**	**Economic**
Manufactured	**Manufactured**	**Manufactured**
Total Feed concepts Mills	Volumes Production mills in 5 countries	9.7m tonnes Total Feed 6.8m tonnes Compound Feed 35 mills
Financial	**Financial**	**Financial**
Shareholder equity Lones & credit facilities Customers	Revenues Underlying EBITDA Net cash flow from operating activities Dividend per share	€2,671 million €78.2 million €54.7 million €0.29 DPS

Strategy

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

The 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 as well as internal analyses. In this way, we can identify the strengths and weaknesses of our own organisation and identify the opportunities and threats in the market (the SWOT analysis). Based hereon, we regularly check whether the strategy still enables us to realise the set goals.

	Strengths	Weaknesses
Internal	• Unique position on-farm: strong relationships and expertise; Total Feed portfolio • Substantial business (approx. 10mT volume, €2.7 billion revenue) with economies of scale • Focused business model combined with strong partnerships • Strong balance sheet and solid cash flow	• Imbalance in portfolio between mature markets and growth markets • Position not yet strong enough in all markets to leverage scale optimally • Full-service model (and relating costs) not commercially valued in all markets • Not always possible to pass on rising raw material, gas and electricity prices
	Opportunities	**Threats**
External	• In consolidating markets: growing demand for customer-specific data-driven solutions; acquisition opportunities; further digitalization; feed advice based on algorithms • Growing consumer interest in quality and provenance of food • Growing global demand for animal and plant-based proteins • Need for innovative feed concepts and advice arising from environmental legislation	• Increasing pressure on animal numbers in Western Europe • Growing interest in, and presence of, alternatives for animal proteins for human consumption • Feed advice based on algorithms • Volatility of raw material prices in relation to transparency of feed prices • Animal diseases

Our dialogue with stakeholders: the material themes

Stakeholders' views are important in checking whether the strategy continues to meet the most prominent issues. 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 or less attention. 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.

One of the key topics that we regularly discuss with stakeholders is sustainability. Sustainability is an inherent and crucial element in our Build to Grow 2025 strategy. In determining the strategy, we tightened our sustainability agenda and set additional targets. 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.

Materiality matrix based on stakeholder dialogue

Every two years we conduct an extensive research among stakeholders, which we then record in a materiality matrix. In 2021 we conducted a stakeholder engagement survey. We asked over 300 internal and external stakeholders what they considered important when it comes to our activities and role in society. This time the process involved an online questionnaire containing a number of quantitative and qualitative questions structured around Environmental, Social and Governance (ESG) themes. These were focused on the following topics:

- What do our stakeholders think are the most important ESG themes in society right now;
- How do our stakeholders feel about certain sustainability dilemmas and tradeoffs;
- How do our stakeholders feel about the adoption of new technologies such as gene editing;
- What do our stakeholders think will be the impact of forthcoming policy and legislation such as the European Green Deal and Farm to Fork strategy?

Materiality matrix

Environment	
1	**GHG emissions**
2	Nitrogen emissions (mainly problematic locally)
3	Air quality
4	Use of renewable energy sources
5	**Land use & ecological impacts**
6	**Deforestation**
7	Biodiversity
8	Organic feed production
9	Soil health & fertility
10	**Nutrient utilization optimalisation in the total value chain (phosphates & nitrates)**
11	Regional or local sourcing of raw materials (e.g., EU)
12	**Use of residual flows (co-products & by-products) in livestock feed**
13	Use of alternative raw materials (insects, algae, duckweed)
14	Water usage (raw materials & feed production)
15	Water pollution

Social	
16	Community relations (around the feed mills)
17	**Food & feed quality & safety**
18	Customer satisfaction
19	**Fair labour practices and workforce health & safety**
20	Employee engagement, diversity & inclusion
21	**Environmental & social impacts of the ingredient supply chain**
22	Genetic modification (GMO) management
23	Antimicrobial resistance (AMR) management
24	Animal health & welfare
25	**Human rights related to raw material supply**
26	Social role as representative for the sector
27	Feeding the world (i.e., a world without hunger)
28	Level playing field (Europe vs rest of the world)

Governance	
29	Business ethics
30	Business model resilience (e.g., climate risk)
31	Crisis management
32	Systemic risk management
33	Management of the legal & regulatory environment
34	Transparency & traceability in the value chain
35	Preventing corruption, bribery & discrimination
36	Fair distribution of margins along the value chain
37	**Employee training and development**
38	Stakeholder engagement
39	Customer privacy
40	Data security
41	Compliance with EU Green Deal
42	Climate reporting (mandatory ESG reporting)

Materiality matrix table

In the materiality matrix 10 potential material topics were deemed to be most material. These are identified by their position on the x and y axes in the Materiality Matrix and are covered by 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 and Going Circular For the Future of Farming we explain how we address these material topics and how we performed in 2021. In addition, animal health and welfare (24) is of course identified as a material topic. We include this as a societal boundary to our Going Circular strategy, so it is inherent in everything we do.

In comparison to the results of the 2019 survey, not surprisingly, reducing greenhouse gas emissions increased in importance. Food and feed safety and animal health and welfare remained in the list of the most important topics. As we included some additional environmental and social topics, a number of more general ones are positioned as slightly less important than in 2019.

In the chapters Developing Talent For the Future of Farming and Going Circular For the Future of Farming, we explain how we approach these material topics and how we performed in 2021.

Dialogue with stakeholders

The stakeholder survey highlighted many topics related to our business activities. In addition, during regular meetings between Executive Board members and investors, besides discussing the financial results of the

Material theme	Description of material theme	Reference to chapter (how ForFarmers addresses this material theme)
Feed & feed quality [17]	Ensuring the safety and quality of our feed for the whole food supply chain	Going Circular Chapter
Land use and ecological impacts [5]	Minimising the land needed to produce feed materials	
Use of residual flows (co-products and by-products) in livestock feed [12]	Maximising the use of non-human edible feed materials	
Deforestation [6]	Eliminating deforestation and conversion from our supply chain	
GHG emissions [1]	Reducing the carbon footprint of our whole supply chain	
Environmental and social impacts of the ingredient supply chain [21]	Sourcing the feed materials we use responsibly	
Nutrient utilisation – optimisation in the total value chain (phosphates and nitrates) [10]	Optimising nutrient utilisation in the total animal chain to improve phosphate and nitrogen/ammonia emissions on farm	
Human rights related to raw material supply [25]	Protecting workers in the raw material supply chain from human rights abuses.	
Fair labour policies and workforce health and safety [19]	Ensuring safe and healthy working conditions for employees, contractors, visitors and those working in our feed material supply chain	Developing talent For the Future of Farming
Employee training and development [37]	Developing our people	

company, ESG topics were increasingly on the agenda. In line with EU regulation, investors and ESG rating agencies wish companies to be more and more transparent about non-financial indicators. These include ethical issues relating to the environment, corporate social responsibility, governance and paying tax. This is further disclosed in the risk management chapter. During our conversations with investors we also discussed our sustainability agenda, Going Circular for the Future of Farming, and the relating targets we have set ourselves.

During 2021 we saw continued pressure on the agricultural sector, particularly in the Netherlands, to reduce its impact on the environment. The uncertainty as to a new agricultural policy and its impact, remains a point of concern for investors. Other recurring topics were the ongoing impact of Covid-19 on the food and feed supply chain, the potential impact of the EU Green Deal and its Farm to Fork strategy on the livestock industry, risk control measures with respect to purchasing particularly in relation to energy, growth opportunities in European countries and outside of Europe and, in this context the importance of M&A.

Interest in the media

Media coverage of the environmental impact of the livestock sector was extensive in all countries particularly during the COP26 conference which took place in the UK in November. The feed industry welcomed the commitments made during COP26 to reduce deforestation and methane emissions. For both topics ForFarmers has clear actions plans in place. The Dutch media continued to focus on how reduction of nitrogen emissions should be realised.

The uncertainty as to which measures will be introduced was exacerbated by the fact that since the general election in March 2021 it took until December to form a new government. This delayed any decision making regarding the new agricultural policy in which the nitrogen controversy is a determining factor. ForFarmers joined with other stakeholders in putting forward potential solutions based on innovation as a positive alternative to simply reducing the number of livestock in order to remain within nitrogen limits.

In addition, the following topics were regularly addressed in the media in our home markets: 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 link with deforestation and conversion of sensitive ecosystems in Brazil and Argentina.

The regular financial press releases issued by ForFarmers resulted in media coverage. Topics included the take-over of De Hoop Mengvoeders in the Netherlands, the impact of the rising raw material and energy prices and overcapacity in the market.

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 a company is largely determined by the commitment, capabilities, efforts and performance of its staff. It is important to us that we attract and retain talented employees and help them with their development and internal progression within our organisational structure, which has been optimally set up to enable this. Our core values Ambition, Sustainability and Partnership are key in this respect.

2021: a dynamic year of challenges and changes

The ongoing Covid pandemic continued to present many challenges in 2021. Staff are by now experienced at working from home safely and flexibly, meaning that the production and distribution of our feed products proceeded without a hitch. During the year all employees once again showed that they remain committed to both the organisation and our customers, doing everything they could to achieve results. The protracted period of remote working was, however, trying for everyone and so it was a good thing to be able to move towards a more hybrid form of working in the second half of the year, when there was a relatively long period when employees were able to meet up at the office for part of the time alongside working from home and the advisers were able to make more on-site visits to customers again.

Unfortunately, some employees fell seriously ill with Covid during the year but thankfully all have recovered now. Apart from a few local challenges, business operations were able to continue unhindered.

Organisational developments at ForFarmers

In 2021 we adjusted the organisational structure in order to create a more agile and efficient organisation. Originally the organisation was set up so that initiatives were developed centrally and implemented locally to allow maximum leverage of economies of scale. In light of the increasing differences in agricultural culture between the various countries it has been decided to give the countries more autonomy, especially at the commercial level, and to keep central those activities where explicit synergies and economies of scale can be realised.

While the members of the Executive Board will retain primary responsibility for matters including the strategic direction and consolidated results of ForFarmers, in the new set-up greater consideration is given to the importance of local flexibility. The country managing directors are responsible for implementing the strategy locally and achieving the best possible results. They are directly involved in the setting of priorities and determining group-wide initiatives. The appointment of the new country director in Germany in 2021 should be seen in this light. A new country director was also appointed in Poland.

In the interest of executing the strategy two new positions were added to the Executive Team: director of mergers and acquisitions (M&A) and director of Business Development (marketing, innovation and nutrition). Together with the country managing directors, director of HR and director Supply Chain and the members of the Executive Board they form the Executive Team. In 2021 the 11-strong Executive Team included two women.
The cooperation between the group functions and the local market organisations has also been adapted to reflect a shift in focus from 'central control' to 'local demand'. For example, in the areas of marketing and innovation it is the countries that determine which concepts and projects are applicable to them and when. Several disciplines (including Finance, HR and IT) will remain subject to the central framework and central control.

The change means that the number of group functions has been reduced as of 2022. This is part of the business process optimisation plans and will contribute to the objective to cut costs.

In early 2021 ForFarmers acquired poultry compound feed manufacturer De Hoop Mengvoeders. Integration of De Hoop in the Dutch organisation started straightaway and was completed successfully in the course of the year. Partly as a result of the integration of ForFarmers and De Hoop and due to the increased consolidation and

internationalisation in the poultry sector, especially in Northwest Europe, it was decided in late 2021 to change how the poultry activities are organised within ForFarmers.

A single business unit was established for Broilers, which operates under the name ForFarmers De Hoop in the Netherlands, Germany and Belgium. This provides a better alignment with how other supply chain partners with which we cooperate are organised, such as slaughterhouses and hatcheries.

We opted for an integrated approach of the laying hen sector in the Netherlands and Belgium given the considerable overlap between the organic and conventional supply chains, for example rearing organisations and egg packing plants.

The conventional laying segment will continue to operate under the ForFarmers brand and the organic segment under the Reudink brand.

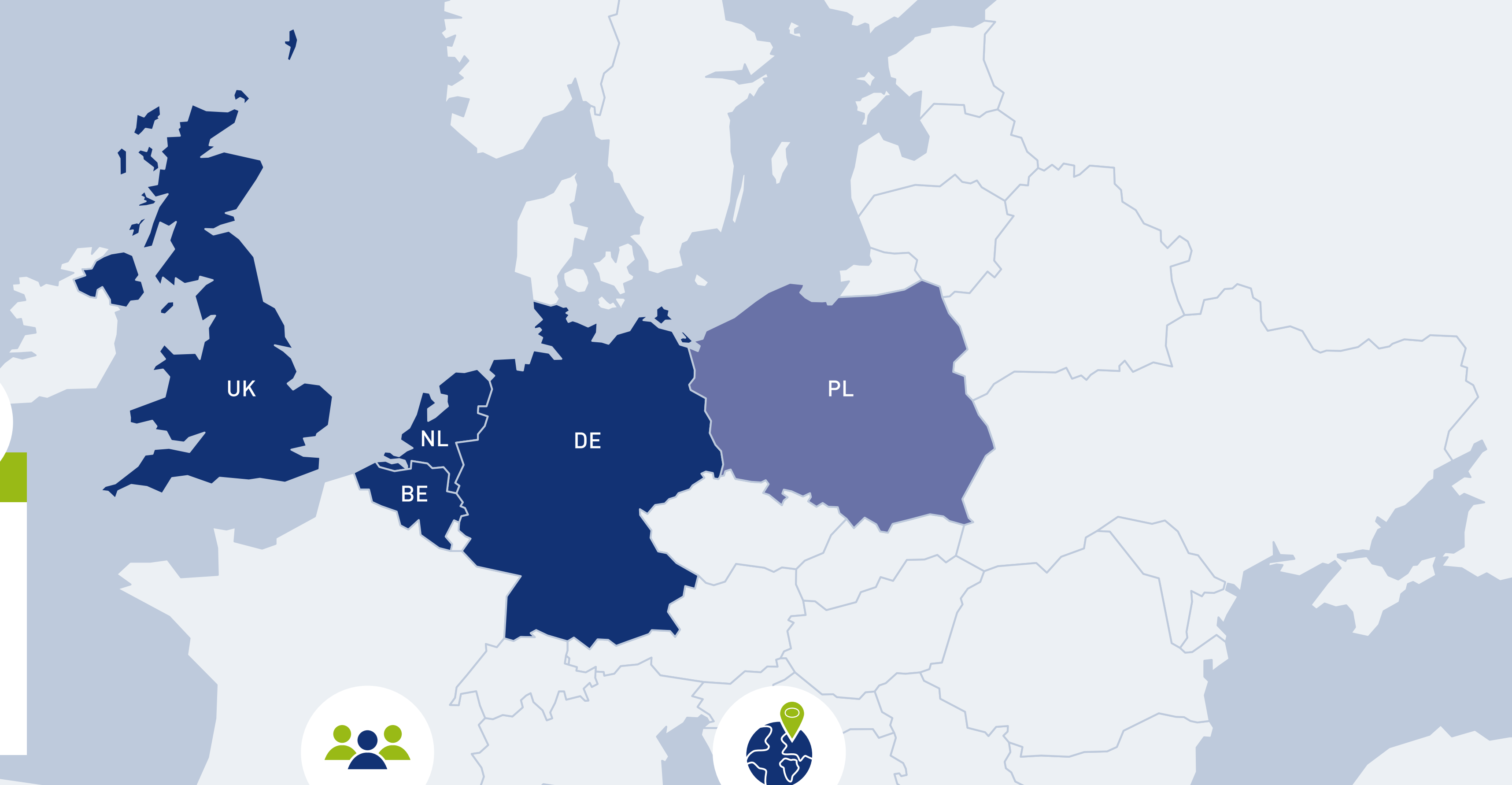
Changes were also made to the logistics organisation in the Netherlands, Belgium and Germany in 2021.
The bagged goods operations were outsourced: with the existing situation providing no scope for expansion the decision was taken to centralise both the storage and the logistics of the bagged goods operations with two external parties. Around 30 jobs were affected. In the end some of the employees concerned moved to the acquiring parties with others able to continue their careers with ForFarmers through internal relocation. This change process, which demanded a great deal of patience and flexibility from both our customers and the employees involved, was completed in the second half of 2021.

In line with the strategic plans to optimise the production sites in 2021 the decision was taken to close the mill in Bardenitz (Germany). We also decided to invest in modernising our mill in Izegem (Belgium) and to close the adjacent site in Ingelmunster at the end of 2022. At the same time poultry feed production will be moved from Izegem to two mills in the Netherlands. Given the existing staff shortages in Izegem this will not result in any job losses. Full implementation of the plan will be completed in 2022.

Attracting talent

An engaging purpose, a social mission, is vital to attracting good new employees. Ours – For the Future of Farming – states clearly that we champion a sustainable future of the agricultural sector. It is also the core message of our employer branding activities. In 2021 we once again increased our promotional activities on the labour market. We believe it is important to use the right, appropriate channels in order to reach candidates in all age categories. In this context we have worked in recent years to build an internal model for attracting talent, using digital platforms which our own recruiters use to approach candidates online as well as promoting the vacancies and opportunities at ForFarmers. In 2021 we reinforced this model in the Dutch and Belgian organisation and rolled it out in the United Kingdom; implementation in Germany and Poland will follow soon. Through this direct recruitment model, we were able to attract 90% of new employees in 2021 (2020: also around

Employees ForFarmers



ForFarmers

Employees	**2,550** (2,612)
Female	**22%** (21%)
Male	**78%** (79%)
Retention grade	**83%** (86%)
LTIs	**28** (24)
LTI frequency rate	**1.05** (0.87)

Age structure

18 – 25 years	**6%** (6%)
26 – 35 years	**23%** (23%)
36 – 45 years	**20%** (20%)
46 – 55 years	**25%** (25%)
55 > year	**26%** (26%)

Contract per gender

	female	male
Parttime	**7%** (6%)	**5%** (5%)
Fulltime	**15%** (15%)	**73%** (74%)
Temporary	**2%** (2%)	**5%** (4%)
Permanent	**20%** (19%)	**73%** (75%)

Contract per country

	The Netherlands	Belgium	Germany	Poland	United Kingdom
Temporary	**4%** (4%)	**0%** (0%)	**0%** (0%)	**2%** (1%)	**0%** (1%)
Permanent	**35%** (34%)	**4%** (4%)	**12%** (12%)	**9%** (9%)	**34%** (35%)
LTIs	**11** (3)	**1** (2)	**8** (9)	**5** (2)	**3** (2)
LTI frequency rate	**1.16** (0.31)	**1.06** (2.01)	**2.39** (2.57)	**1.64** (0.67)	**0.30** (0.76)
Number of employees	**987** (984)	**90** (99)	**318** (326)	**288** (282)	**867** (921)

2020 Comparative data are presented in between brackets

90%). In addition, we continued our cooperation with various training institutes, and we entered into new partnerships, bringing our company to the attention of new generations of students. Our traditional intern-selection days were held again in 2021, with a total of 95 interns (2020: 71 interns) being given the opportunity to gain experience with ForFarmers.

Being a good employer

Diversity of our workforce

ForFarmers believes it is important that employees are hired and retained 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 embrace differences between employees.

In 2021, in the case of both new hires and internal promotions attention was specifically focused on creating a more balanced composition of our workforce in accordance with our diversity policy and the targets we have set for this. For example, by 2030 we want at least 30% of senior managers to be female but also at least 30% male. A similar ambition applies to the Executive Team. In addition, we believe it is important to increase the range of nationalities at management level.

In our recruitment campaigns we are more explicitly presenting both male and female role models for the various vacancies. In doing so we want to emphasise that there are equal opportunities for male and female candidates and that ForFarmers offers an inclusive work environment where men and women can be equally successful. Among the leadership competencies applied at ForFarmers, creating an inclusive work environment is one of the behaviour criteria for managers in the organisation. The further promotion of diversity is a fixed item on the agenda of the biennial meetings to discuss the succession planning.

In 2021 women accounted for 24% of all newly hired employees (2020: 29%), 32% of all employees promoted internally (2020: 24%) and 18% of the senior management (2020: 14%).

ForFarmers applies equal opportunity principles in various ways. One of the outcomes of the employee engagement survey held in 2020 was that there is no difference in how male and female employees experience career development opportunities and chances within the organisation. In line with local legal requirements, in 2021 we conducted a test in the United Kingdom and Belgium into differences in remuneration between men and women. The result showed that we comply with the legal requirements.

Training and developing talent

One of the objectives for 2025 is to be able to fill vacancies primarily with internal candidates. This will be conditional on talents being retained and thus employees being given the chance to work on their development. This is important to ForFarmers, both from the perspective of being a good employer and for the success of the Build to Grow 2025 strategy. Only by continuing to raise the bar and getting more out of ourselves every day can we provide a good service to our customers and help them achieve sustainable improvement in their business operations and better on-farm returns.

The related Lead to Grow leadership development programme was launched in 2020. In 2021 the programme was rolled out further among the roughly 300 managers by means of follow-up modules. In 2021 the emphasis was on how to create clear targets within a team, coordinate priorities in teams and safeguard effective mutual cooperation. In addition, work took place on developing programmes to reinforce management skills at various levels within the organisation. These programmes will be implemented from 2022.

The existing trainee programme for newcomers and experienced beginners in commercial jobs was once again completely internationally oriented in 2021. Covid measures meant that the programme was entirely online, with 20 participants taking part from all the countries where we operate. In addition, we have various training programmes which were developed in-house and are positioned as academies. These academies are categorised by job types, such as sales managers and advisers for the various species. The purpose of the academies is to enhance professional knowledge by sharing experiences and helping participants to develop both in their own job and for future career moves. In 2021 a new academy was developed for employees who work in the Operations departments (production, logistics and maintenance); it will welcome its first learners in 2022.

ZONDER JOU GEEN VOER BIJ DE BOER!

In the interests of standardising methods, the Operations academy also works in accordance with Lean Six Sigma. In all, 50 programmes were offered in 2021, with a total of 222 training courses having been given to 1,811 employees.

Culture of development and performance

ForFarmers uses an HR cycle in support of our objective to create a culture that has consideration for both continuous personal development and our ambition to realise the strategic objectives. As part of the HR cycle individual targets are set at the beginning of each year: both quantitative in terms of measurable business results and qualitative in terms of behavioural skills.
The qualitative targets are based on the uniform ForFarmers leadership competencies. A progress meeting is being held with each employee halfway through the year. This is followed at the end of the year by a review and assessment of the quantitative and qualitative results achieved. The assessment is a contributing factor in deciding the extent of any salary increase, subject to frameworks such as collective agreements applicable in the country concerned. The employee and manager are both responsible for an optimum implementation of the HR cycle. Where necessary, training and assistance is given to ensure the processes run properly and efficiently. In 2022 the HR cycle will also be implemented in Poland.

The remuneration of our employees is based on nationally applicable frameworks. ForFarmers aims to review the salary scales periodically to keep these in line with the market. ForFarmers starts from the basic assumption that the local minimum wage requirements should be met at the very least. In addition, ForFarmers employees are subject to the collective labour agreements agreed with trade unions in various countries.

ForFarmers has a form of variable remuneration for various job levels including all senior management positions. The variable remuneration is based on achieving the annual targets, which are derived from the general business objectives. In 2021 a total of 42% of employees were covered by a collective labour agreement and 23% of staff received a variable remuneration.

Engagement with the organisation and mission

ForFarmers performed an employee engagement survey in late 2020 and the results were discussed at all management levels in 2021. In addition, every manager has access to their own dashboard on the HR system where they can register plans for maintaining strengths and working on points for attention in their team. Throughout the organisation the focus of attention is on the following three themes: 1) familiarity with and adherence to the Build to Grow strategy, 2) improving internal communications and 3) tackling work pressure in the organisation.

The results of the survey showed that employees were generally very satisfied with how the organisation dealt with the challenges of the Covid pandemic. It also emerged that most employees who had had to move to remote working would prefer to continue to be able to work flexibly in the future. In response to this, several countries introduced flexible working arrangements in 2021 with guidelines that must be taken into account.

Throughout most of 2021 employees were regularly updated on developments in the organisation by means of virtual interactive sessions, including webinars, townhall sessions and inspiration meetings. September 2021 saw the first in-person senior management conference for a long time, although colleagues in the United Kingdom still had to participate remotely. During the day the conference considered the difficult market conditions, the company's results in relation to these, the progress of the strategy and the vital focus on cost efficiency, the tightening of the organisational structure and the progress of various projects.

In addition, 2021 saw the relaunch of the ForFarmers European Works Council, the body for employee representation at European level in which representatives of the local workforce in the various countries are involved. The European Works Council agreement was amended and re-adopted by mutual agreement.

Representatives from Poland participated as members of the European Works Council for the first time.
An interactive session was held during which members of the Executive Team discussed the shared intentions and objectives with the members of the European Works Council.

Several social engagement initiatives were developed in the various countries in 2021. These included ForFarmers employees promoting jobs in the technical sector by offering pupils the opportunity to shadow them for a day at the organisation. Furthermore, flower fields were planted in several locations to support greater biodiversity and at the end of the year various initiatives were launched to donate Christmas gifts to local foodbanks. Tasomix in Poland is mainly active in supporting the local community with several local sports clubs and educational institutions being sponsored, always with the underlying goal of creating a safer and healthier world.

Working safely and responsibly

Providing safe, equitable and responsible working conditions for our employees is our number one priority. This applies not just to our own direct employees but also to everyone who performs work for example on a temporary or contracted basis as well as to visitors to our sites. In recent years the preconditions for safe working conditions have improved and a great deal has been done in terms of developing a safety culture throughout the entire business.

One of the chapters in the Code of Conduct deals with health, safety and quality. The values that underlie the Code of Conduct are universal, as referred to for example in the Universal Declaration of Human Rights and the principles of the UN Global Compact. In addition we require suppliers to sign the Sedex supplier code, which is centred on ethical conduct. Under our own FarmRisk approach our specially trained drivers assess on-farm safety risks and make livestock farmers aware of the risks on their premises.

Reducing the number of Lost Time Incidents (LTIs) and hence the LTI Frequency Rate (number of LTIs per 100 FTEs) is one of our sustainability objectives.
Much attention is paid to safety, monitoring and the proactive tackling of dangerous or potentially dangerous situations both at our own sites and en-route to and at customer sites.

We have a dedicated IT system for recording Lost Time Incidents (LTIs). All LTIs are notified to the Executive Team with 24 hours of their being reported to the relevant managers and LTIs are a fixed item on the agenda of Executive Board and Executive Team meetings.
The country organisations have appointed Health and Safety Officers who are responsible for coordinating training courses and sharing best practices in the field of health and safety. LTIs are monitored and the results displayed on screens at a number of our offices with the aim of raising awareness of this topic among both employees and visitors.

LTIs 2021

	2021 Number	2021 Frequency rate	2020 Number	2020 Frequency rate
Netherlands	11	1.16	3	0.31
Belgium	1	1.06	2	2.01
Germany	8	2.39	9	2.57
Poland	3	0.30	8	0.76
United Kingdom	5	1.64	2	0.67
Total	**28**	**1.05**	**24**	**0.87**

In 2021 both the number of LTIs and the LTI frequency rate showed an increase compared to 2020. This was mainly due to many people slipping and falling during the bad weather at the start of the year. Despite the increase in LTIs, progress was made in terms of both the Risk Evaluation programme and health and safety behaviour.

The Code of Conduct also furthers awareness and enforcement of behaviour with regard to intimidation and discrimination, conflict of interest and competition. In 2021 all employees were invited to attend refresher courses on the Code of Conduct to ensure they remain aware of the various topics covered by the Code. The Code of Conduct is also a standard part of the induction programme for new employees, and all new employees are required to sign to confirm their awareness and support of the Code.

In 2021 we once again developed many initiatives to support the physical and mental health of our employees, partly in view of the long periods of remote working. Employee help programmes were introduced in the various countries, enabling employees to seek external advice in relation to their personal wellbeing without the intervention of their employer. In the Netherlands the periodic medical examination was carried out among staff at Operations.

Staff movements

In 2021 ForFarmers attracted 400 (2020: 315) new employees, of whom 39 through the acquisition of De Hoop Mengvoeders. A total of 462 employees (2020: 381) left ForFarmers in 2021 for various reasons, including voluntary redundancy, retirement, restructuring and poor performance.

By implementing the efficiency plans we aim to reduce costs by at least €10 million (in 2025 compared to the normalised figure for 2020[1]), of which €7 million in the first two years. A substantial part of the cost savings will need to come from the more efficient organisational set-up, the optimalisation and/or automation of processes and the reduction in the number of FTEs. The plans affect every country except Poland. As at end-2021 ForFarmers employed 2,444 FTEs (2020: 2,502), equating to 2,550 employees (2020: 2,612).

[1] *Normalised here means excluding one-off effects of Covid*

Employee participation plans

ForFarmers has had an employee participation plan for permanent employees in place since 2015. Under the plan employees can purchase ForFarmers shares or depositary receipts for an amount of up to €5,000 at a discount of 13.5%, with the securities then being subject to a lock-up period of three years. Senior managers can purchase ForFarmers shares for an amount equalling the maximum possible gross bonus amount, at a discount of 20%, 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 due to local legislation and regulations.

Five per cent (2020: over 8%) of employees participated in the plan in 2021, investing an average of €5,845 each (2020: €5,202). Approximately 13% of employees now hold shares or depositary receipts in ForFarmers, compared to around 15% in 2020. The purpose of the participation plan is to strengthen employees' ties to ForFarmers and to boost motivation and engagement. The aim is to offer an employee participation plan every year, this being subject to annual approval by the Supervisory Board.

Priorities for 2022

In 2022 talent development, including the strengthening of management and leadership skills, will remain a focus of attention throughout the organisation. This is one of the conditions for a successful implementation of Build to Grow.

Given the challenges in the labour market and the dynamics in our business sector one of the spearheads in 2022 will be the further strengthening of ForFarmers' external profile as an attractive employer through online campaigns and collaboration with training institutes.
In 2022 we will conduct another employee engagement survey to gauge the response to the follow-up of the results of the previous survey and discover which new trends and points for attention are emerging.

At the same time the HR team will need to work closely with managers in 2022 to optimise staffing levels with a view to further cost optimisation.

Going Circular

For the Future of Farming

Our contribution to feeding a growing global population in a sustainable way

The livestock industry is faced with the challenge to feed the growing global population, whilst at the same time to reduce the impact of the production of animal protein on climate and nature. Consequently, sustainability is a key aspect of our mission For the Future of Farming.

The role of livestock and the feed industry in transforming low value materials into high quality and safe food is at the heart of our sustainability agenda Going Circular, which is incorporated into our Build to Grow 2025 strategy. We have accordingly set a number of objectives for 2025 and ambitions for 2030 to ensure we reduce emissions of not only our own operations but that of our supply chain.

ForFarmers' sustainability approach is aligned with the following three UN Sustainable Development Goals.

SDG 2 – 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

ForFarmers has an important role to play in feeding a growing global population in a sustainable way. For the foreseeable future, animal proteins (meat, dairy and eggs) will form an important part of a nutritionally balanced and healthy diet for an increasing number of people. Europe is an important and efficient producer of livestock products, many of which are exported globally. We support livestock farmers through our Total Feed approach to improve efficiency and resilience. This entails higher levels of output with fewer inputs, whilst improving animal welfare and reducing emissions such as greenhouse gasses (particularly CO_2 and methane), nitrates and phosphates.

Due to its importance in the Netherlands, ForFarmers reports on the percentage nitrogen and phosphate efficiency for different classes of livestock in the Netherlands.

SDG 12 – 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

We have set a target to source palm oil and soybean meal responsibly by 2025 and at the same time have set the ambition to source all feed materials responsibly by 2030. In addition, we recognise the role that livestock play in sustainable food systems. This is at the heart of our Going Circular sustainability agenda. There are many pressures on the use of land including the need to grow feed materials to feed to livestock. Animals are able to consume low value materials and produce high quality food suitable for human consumption. For ruminants this starts with maximising production from forage (grass and silage) which is often grown on land that cannot be used for any other purpose. A large percentage of the material used for feeding livestock is comprised of co-products of primary processing in the food, drinks and biofuels sectors such as wheat feed, citrus pulp, distiller grains or rapeseed or sunflower meal. In addition, former foodstuffs are used which would otherwise be incinerated or go to landfill. Cereals remain an important feed material particularly for pigs and poultry, however the feed industry purchases cereals such as wheat, barley and maize which do not meet the specification needed for use in food (e.g., for flour milling, brewing or biscuit making).

SDG 15 – 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

Livestock are important to both social and economic aspects of human life. The landscape, habitats and biodiversity we all enjoy today have been shaped by the influence of livestock over thousands of years. The grazing habits of ruminants support certain species flora and fauna. Manure from livestock production is a valuable organic fertilizer which improves soil health and reduces the need for artificial fertilizers by arable farmers for instance.

However, whereas livestock production makes a positive contribution, we acknowledge the need to minimise and where possible eliminate relating harmful impacts, particularly with respect to deforestation and conversion of high value eco systems. We have consequently determined one of our targets, i.e. to only source 100% responsible palm oil and soybean meal by 2025 and have declared the ambition for 100% responsible and transparent sourcing of all our ingredients by 2030.

ForFarmers endorses the Amazon Soy Moratorium established in 2006, which ensures that the European feed industry does not use 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. Moreover, 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.

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 algae in animal feed. In September 2021, the use of processed animal protein (PAP) in pig and poultry feeds was reauthorised for use in EU member states under rigorous conditions to prevent cross contamination. PAP is a high protein feed material with an attractive carbon footprint and has the potential to replace soy in certain diets. It should be feasible that a combination of these measures could contribute to a longer-term trend of a reduction of the use of soy (based on a steady product mix).

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 with the lowest possible environmental footprint. 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. Taking into consideration the changing views of society, we tightened our sustainability agenda, added targets and branded it 'Going Circular, For the Future of Farming'. Going Circular recognises the still prevailing boundaries, or licence to operate, within which livestock production operates. We do not choose between different production systems, organic and conventional, intensive or extensive, large or small scale. Nor do we make a preferred distinction between local or global.

Why Going Circular?

Research shows that no food system can be truly sustainable without the production of and from farm animals. This consequently implies that a circular approach is required, as the livestock industry needs to increase its output whilst at the same time diminish its impact on the environment. This is why we continue to focus on making our business increasingly circular.

What do we aim for with Going Circular?

Going Circular means transforming low value materials into high quality food, no waste of resources and zero pollution. In other words, enabling farmers to achieve optimal returns on-farm with the lowest carbon footprint.

At the heart of our Going Circular strategy is our framework with its three central themes: Feed resources, Feed production and Feed solutions.

Working towards a more sustainable livestock industry and a more sustainable world entails embarking on a journey, for which our Going Circular shorter-term objectives (2025) and longer-term ambitions (2030) provide direction:

ForFarmers defines Going Circular as

- **Transform low value materials into high quality food**
- **No waste of resources**
- **Zero pollution**

Feed Resources
- Responsible sourcing soy bean meal and palm oil
- Sedex Supplier Code of Conduct
- Reduce CO_2 emissions of feed materials (scope 3-upstream)
- Optimise use of co-products and non-human edible feed ingredients

Feed Production
- Renewable energy
- Energy & fuel reduction per tonne of feed

Feed Solutions
- Nitrogen & phosphate efficiency on-farm

Feed resources

By 2025 we aim to source all our soybean meal and palm oil responsibly and to have retained our leadership position in the use of co-products and other non-human edible feed materials in diets. Our ambition is to source all our ingredients responsibly by 2030 and make maximum use of non-human edible feed materials.

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.

We have also set the target that 85% our suppliers have signed the Sedex code of conduct by 2025 and that we have taken a leadership position on the reduction of CO_2 emissions of feed materials in scope 3 (i.e., up-stream), with the ambition to reach a 30% CO_2 reduction (compared to 2020) in this area.

Feed production

One of the objectives for 2025 is to have our **largest mill** in Lochem (NL) **carbon neutral**. The biomass installation, which was installed in Lochem in 2019 and runs on local waste wood, has reduced the natural gas consumption on-site by over 60%. In line with the target to be using **50% renewable energy** by 2025, 3,000 solar panels were installed during 2021. Moreover, we aim **to reduce energy and fuel usage per tonne of feed by 10%** in 2025 compared to 2020. All these targets contribute to our ambition for 2030, which is to have achieved a 75% reduction of CO_2 per tonne of feed (scope 1 and 2) compared to 2015.

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. For example, the Ultra range of feeds which was introduced in 2019, matches nutrition with improving genetics in growing and finishing pigs. The result is a better feed conversion ratio than the Agrovision benchmark and therefore improved nitrogen and phosphate efficiency.

Besides these three themes and its relating targets, we focus on KPIs regarding feed safety (Feed Safety Incidents) and health and safety (Lost Time Incidents and Lost Time Incident Frequency Rate), as reported later in this chapter respectively in the chapter on Developing Talent For the Future of Farming.

Proof of concept
Largest mill (Lochem, NL) carbon neutral in 2025

Connectivity table

Theme	Focus area (link to materiality matrix)[1]	Link to SDG	Impact in the value chain		Objective 2025[3]	Associated risks	Result[2]
Feed Resources	Responsible and transparent sourcing of feed materials **(5,6,7)**	12.2 15.2 15.5	Supply chain, ForFarmers, Customers	1	100 % responsibly sourced palm oil and soy bean meal by 2030	Environmental legislation and regulations & Climate change	=
				2	85% van leveranciers heeft Sedex Code of Conduct ondertekend		=
	Limit carbon emissions **(1)**	12.2 15.5	Supply chain, ForFarmers, Customers	3	Take leadership position on reduction CO_2 emissions of feed materials (scope 3 upstream)	Environmental legislation and regulations & Climate change	+
	Use of non-human edible feed materials **(12)**	2.4 12.3	Supply chain, ForFarmers, Customers	4	Take leadership position on % non human edible feed materials in diets	Environmental legislation and regulations & Climate change	+
Feed Production	Reduction in carbon emissions **(1)**	15.5	Supply chain, ForFarmers, Customers	5	Largest mill carbon neutral as proof of concept	Environmental legislation and regulations & Climate change	=
				6	50% renewable energy		+
				7	Energy/fuel reduction per tonne feed: 10% compared to 2020		=
Feed Solutions	Nutrient utilisation optimisation in the total value chain **(10)**	2.4 15.5	ForFarmers Customers	8, 9	Take leadership position on % phosphate and nitrogen efficiency	Environmental legislation and regulations & Climate change	=
People & Society	Food and feed quality and safety **(17)**		Supply chain, ForFarmers, Customers	10	Reduction of 50% of Feed Safety Incidents compared to 2017	Feed safety	-
	Ensure safe and good working conditions **(19)**		Supply chain, ForFarmers Employees, Customers	11	LTI[4] Frequency Rate <0.5 per 100 FTE; 50% reduction in number of LTIs compared to 2019	Health & Safety	+

1 *The Materiality Matrix is presented in the Chapter The dialogue with our stakeholders: the material themes*
2 *Explanation: (+) the results have improved; (=) the results are stable; (-) the results have deteriorated*
3 *Link to KPI*
4 *LTI means Lost Time Incidents*

Governance of Going Circular

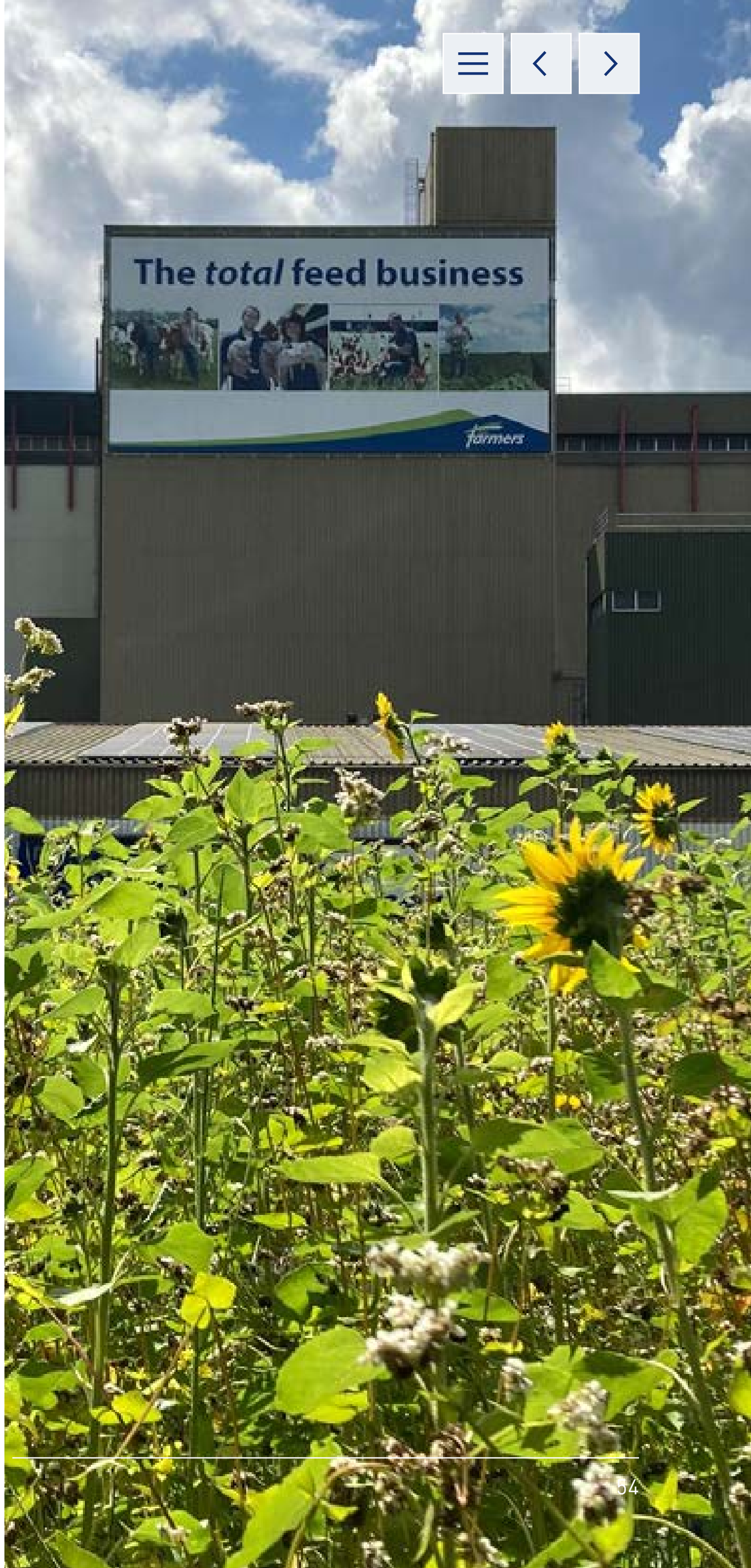
The primary objective of the Build to Grow 2025 strategy is to create long-term value for all ForFarmers stakeholders. The Executive Board is responsible for the strategy, mission and objectives, long-term value creation and continuity of the ForFarmers Group. The operational management of the business as well as the execution of the strategy is the responsibility of the Executive Team, which is set up in line with the principle 'centrally where possible, but especially locally, close to the customer'. How we ensure long-term value creation is described in the relevant chapter, which also explains our corporate governance. For the long-term value creation model, we have divided the various input and output capitals into the themes Social, Sustainable and Economic, similar to the long-known 'people, planet, profit' approach. Our Going Circular agenda forms a key driver of our strategy, as the Future of Farming is closely linked to, and dependent on, sustainability.

Going Circular is 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.

In addition to the formal governance structure, an Ambassadors Network has been established. This is an informal network of internal colleagues who have expressed an interest in sustainability. Through local meetings and several Inspiration Sessions, the Ambassadors Network generates ideas and projects in areas such as biodiversity and energy saving which help to improve our sustainability performance.

EU Taxonomy

In 2021 the EU published the taxonomy for the first two (of six) pillars of climate change adaptation and climate change mitigation. This taxonomy describes what qualifies as economic activities, which could contribute substantially to climate change mitigation or climate change adaptation in the view of the EU. It also mentions whether that economic activity causes no significant harm to any of the other environmental objectives. Our ambitions with regard to sustainability, such as our focus on circularity via the use of non-human-edible moist and liquid feeds, or our continued efforts to reduce energy consumption per tonne of feed are not yet covered under these first two pillars of the EU taxonomy. As a result, the current eligibility of the activities of ForFarmers where it concerns revenues is still relatively low. With respect to capital expenditures and operational expenditures, these fall partly within the EU taxonomy, namely 7.4% of capex, 7.1% of opex and, as mentioned, 0% of revenues in 2021. ForFarmers avoided double-counting in calculating the Taxonomy-eligible capex and opex across economic activities by tracking capex and opex items by their nature. For further details on the EU Taxonomy scope, please refer to the Sustainability Appendix.



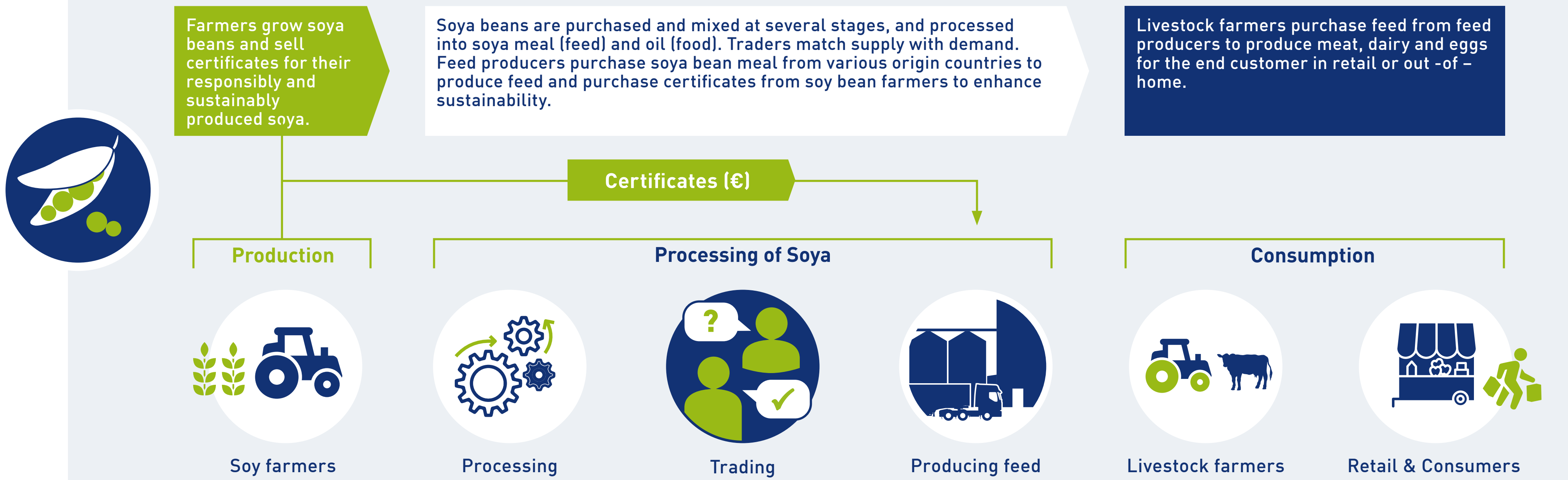
Progress of Going Circular objectives

Progress was again made in 2021 in terms of measuring and reporting. All the countries submitted quarterly updates to the Executive Team on the five audited KPIs, which included future actions to achieve further improvement in the results. In 2021, sustainability and social scrutiny was included in the scope of the company's Enterprise Risk Management (ERM) system. Forecast meetings were held with all of the KPI Business Owners and progress on performance against 2025 objectives was assessed.

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 materials 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 (pe 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*

Physical soya supply chain



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, several KPIs support the Feed Resources theme a indicated earlier.

1. Percentage of responsibly sourced palm oil and soybean meal

We acknowledge the concerns about deforestation and conversion of natural eco systems (such as natural forest, native grasslands, wetlands, swamps, peatlands and savannah) associated with the production of raw materials that are imported into Europe, particularly soy meal and palm oil. We have accordingly maintained the objective for 2025 to responsibly source all soy meal 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.

We acknowledge criticism of the role of certification by some NGOs and a desire to move to segregated physical supply of deforestation and conversion free (DCF) soy meal and palm oil. However, certification provides an effective method of incentivising and rewarding producers in origin countries. It also ensures that verified volumes of commodities have been produced in a responsible manner, particularly in complex supply chains such as soy.
Soy farmers in the US, Argentina and Brazil grow soybeans. ForFarmers uses processed meal, which is the co-product after the oil has been extracted and anti-nutritional factors removed from the beans. At each stage of the soy supply chain process, soy from one farmer is mixed with soy from another, making it very difficult to link the soybean meal that we ultimately 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 several 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 in Europe 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 2021
An updated version of the FEFAC Soy Sourcing Guidelines was published in February. The update was particularly focused on a number of criteria which have been upgraded from 'desired' to 'essential'. In addition, a new 'desired' criterion has been introduced, to support zero deforestation/conversion on top of the existing 'essential' criterion preventing soy being used from illegally deforested land. Currently, twelve schemes have successfully benchmarked against the 2021 FEFAC Guidelines, all of which have complied with the new specific desired criterion on conversion-free soy.
This means they can offer responsibly produced soy grown on land that didn't come at the expense of any (illegal or legal) conversion of natural eco-systems (including natural forests) as from a certain cut-off date (2020 as the latest possibility).

An overview of all the schemes that are compliant with the FEFAC Soy Sourcing Guidelines 2021 is available on the FEFAC/ITC Soy Benchmarking Tool, accessible through FEFAC's webpage on ITC Sustainability Gateway. The Soy Benchmarking Tool also includes a filter system so web users can view which cut-off date the soy schemes include for their conversion-free soy as well as which chain of custody systems. All of the certificates purchased by ForFarmers were from schemes meeting the deforestation and conversion free criteria.

In 2021, 75% of the soy used by ForFarmers was covered by certificates compliant with the FEFAC Soy Sourcing Guidelines. This is in line with previous year and consistent with a trajectory towards the 2025 objective of 100%.
The same is true with palm oil. 70% of the palm oil and derivatives used by ForFarmers was covered by RSPO certificates.

Customers are increasingly making the link between responsible sourcing and carbon foot printing. The carbon footprint of feed is predominantly determined by the production and transportation of the raw materials which are used to manufacture feed, i.e. the Scope 3 emissions.
For example, soy has a higher carbon footprint if it has been grown in countries or regions where land use change through deforestation or conversion has occurred in the last 20 years. ForFarmers is involved in an initiative with the Dutch dairy industry to reduce greenhouse gas (GHG) emissions on-farm. For this, we purchase a number of soy certificates from Brazilian farmers who are able to prove via satellite imagery that no land use change has taken place in the last 20 years. In 2020, this reduced the CO_2 emission/kg milk of ForFarmers' customers by 10% compared to 2019.

These certificates use the Area Mass Balance model, which means that they were purchased from soybean producers working in the same regions from which ForFarmers sources its physical soy meal. Having developed this approach in the Netherlands, it has now been extended to other countries and markets, thereby helping our customers to reduce their carbon footprint.

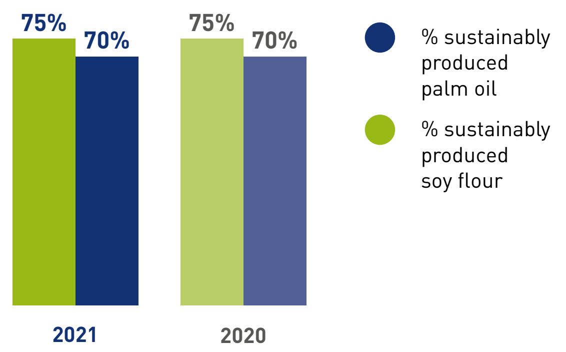
By adopting this initiative, ForFarmers takes the position that the land use change (LUC) element can be removed the carbon footprint calculation which makes soy much more comparable to some of the alternatives.

Feed materials

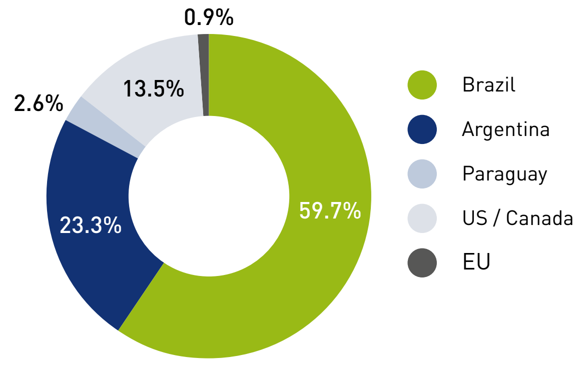
	g CO_2 eq per kg product – excluding LUC[1]	g CO_2 eq per kg product – including LUC
Soy bean meal – Argentina	568	5,327
Soybean meal – Brazil	635	4,285
Rapeseed meal	501	991
Sunflower meal	729	858
Peas	406	406

[1] *Land Use Change*
Source: GFLI

Percentage of purchasing sustainably produced soy and palm oil



Country of origin soy – 2021



We believe in being transparent about our soy supply chain. This includes publishing and informing customers of 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 some regions in Brazil or Argentina.

In 2021, 75% of all soy meal purchased by ForFarmers was covered by certificates as described above. In the most recently available data, ForFarmers was listed as the third largest purchaser of RTRS soy certificates. Certificates purchased by ForFarmers in 2021 covered 95% of the soy purchased from Brazil, Argentina and Paraguay.

Given the interest in our sourcing policies, we organised three webinars to explain why we use soy, where soy comes from and how we ensure it is sourced responsibly. Two webinars were organised for colleagues and one for customers. The objective was to enhance the understanding of the importance of responsibly sourced soy in livestock nutrition.

In addition to sourcing soy responsibly, we continue to investigate alternative protein sources. The use of other sources of protein such as rapeseed and sunflower meal has meant than the percentage of soy used is trending down over the longer-term, albeit this can fluctuate in the short term due to, for example, changes in the overall portfolio mix. Poultry feeds tend to have higher inclusion levels of soy compared to swine and ruminant.

The use of Processed Animal Protein (PAP) in pig and poultry feeds was reauthorised by the European Commission in September 2021. PAPs have the potential to replace soy in certain diets and we are currently investigating in which mills and diets it can be used. Despite the benefit of PAPs as a truly circular feed material, there is some customer resistance to its use. Moreover, specific supply chains have initially excluded their use. We are being proactive with customers in explaining the benefits both in terms of costs and sustainability.

We are also a partner in SUSINCHAIN (insect protein) and MultiStr3am (algae research) projects. The MultiStr3am project has been delayed due the impact of Covid -19 on the installation of the algae bio refinery in Portugal. We expect to be able to start laboratory analysis work in 2022 prior to commencing animal trails. 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.

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. It also includes employment practices that comply with relevant ILO standards.

These include:

- Freely Chosen Employment;
- Freedom of Association and the Right to Collective Bargaining are Respected;
- Working Conditions are Safe and Hygienic;
- Child Labour Shall not be Used;
- Living Wages are Paid;
- Working Hours are Not Excessive;
- No Discrimination is Practised;
- Regular Employment is Provided;
- No Harsh or Inhumane Treatment is Allowed;
- Entitlement to Work and Immigration.

What was done in 2021

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 remaining 15% represent individual farmers and growers who we would deem to be out of scope.

In line with our target, we continue to work with suppliers to encourage them to join Sedex. 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 in scope who do not wish to work on this basis will be phased out or discontinued. In 2021 the percentage of suppliers who were members of Sedex rose from 79% in 2020 to 85%. This was the result of a focus on our suppliers in Poland who were included for the first time in 2020.

Percentage suppliers – members of Sedex

	2021	2020
Total	**85%**	**79%**

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

The emissions associated with our raw material supply chain (referred to as Scope 3 upstream emissions) represent a very high percentage of the environmental footprint of feed delivered to the farm. These emissions arise from the growing of the crop including the use of fuel, fertiliser and crop protection products. The crop is then harvested, stored, processed or dried and then transported to our feed mill.

In some cases such as soy, the impact of land use change (LUC) is also included in the carbon footprint as was indicated earlier. The way in which LUC is accounted for is set out in the Feed for Food Producing Animals Product Environmental Category Rules (PEFCR) which were published in 2018. The PEFCR sets out the agreed methodology for calculating the environmental footprint of 1 tonne compound feed delivered to the farm.

If ingredients for feed are used from land containing native high value eco systems such as forest, which has been cleared to grow crops or produce other commodities, this impact has to be factored into the carbon footprint of the feed material. In order to exclude LUC, evidence is needed to show that the land has not been cleared in the last 20 years. When LUC is included in the carbon footprint of soy from certain origins it can be very significant. That is why we have been purchasing certificates from soy producers who can demonstrate no LUC. The certificates include a statement that the certified farms did not deforest lands for the last 20 years. Because of the impact of LUC on the carbon footprint, information is always provided with and without Land Use Change.

What was done in 2021

ForFarmers uses FeedPrint to calculate the emissions associated with processing raw materials and is 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

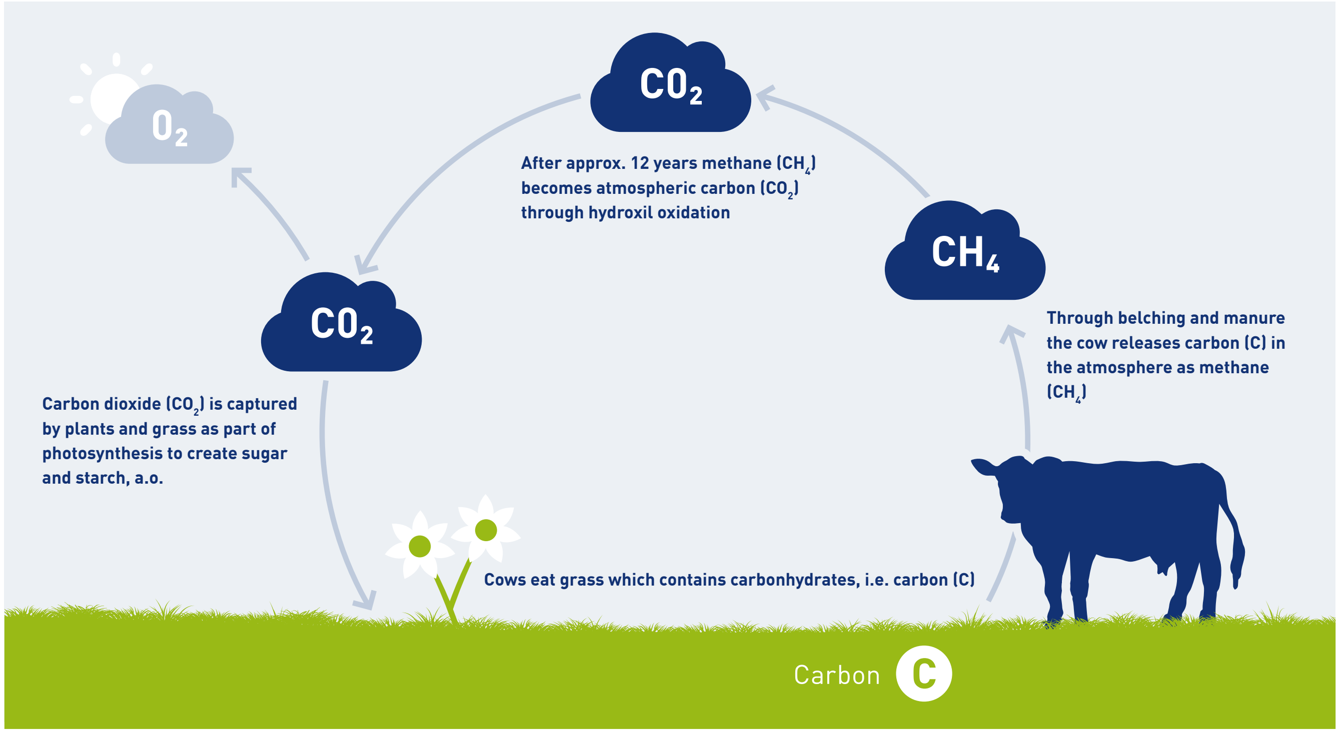
including carbon impact data in their labelling.
Our formulation team now also uses this information to calculate the upstream emissions (scope 3) based on materials being delivered to the feed mill. Where materials are used by ForFarmers which are not yet in FeedPrint (usually micro-ingredients), alternative sources of information for example from Nevedi are used until 100% of the formula is included.

ForFarmers is an active member of the Global Feed LCA Institute (GFLI) which has developed a freely available database of indicative emissions from over 1,000 feed materials. This is increasingly being adopted by Life Cycle Analysis (LCA) software and carbon foot printing tool providers to ensure that the environmental impact of feed and livestock production is calculated accurately and based on a common methodology (via the feed PEFCR) and global reference dataset for feed materials (GFLI).

Our objective for 2025 is to take a leadership position on the reduction of upstream greenhouse gas (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. We report on feed materials we use to produce compound feed in ForFarmers own feed mills. This forms part of ForFarmers overall commitment to reduce CO_2 emissions in line with the requirement of the Paris Agreement.

				2021				2020
	Excluding Land Use Change		Including Land Use Change		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	Kg CO_2 per tonne feed	Total Tonnes CO_2	Kg CO_2 per tonne feed	Total Tonnes CO_2
Netherlands	533	1,530,913	795	2,284,199	546	1,579,825	849	2,458,773
Belgium	548	204,583	850	317,095	583	234,604	1,059	425,959
Germany	571	423,570	854	633,545	596	456,833	944	724,250
Poland	620	381,882	1,357	835,317	627	330,999	1,349	712,662
United Kingdom	560	838,101	617	924,399	557	895,760	1,005	1,615,632
Total	**554**	**3,379,049**	**819**	**4,994,554**	**564**	**3,498,021**	**958**	**5,937,276**

Biogenic carbon cycle



In 2021, there was a 16% reduction in Scope 3 emissions including land use change. This was driven by an increase in the numbers of soy certificates purchased which included the 20 year land use change requirement.

By providing the carbon footprint data of the feed we supply to our customers, they can calculate their own environmental impact. This is increasingly important for our customers. In dairy, ForFarmers' Carbon Calculator tool provides farmers with a carbon footprint figure for their cows' milk. The information takes into account each individual part of the diet including forages, plus the performance of the rumen under this diet (and therefore the cow's methane production), producing a CO_2 value for the complete ration via our Optifeed rationing programme. In Belgium, we have developed a carbon footprint calculator, CO_2 Logic which is being pilot tested with customers.

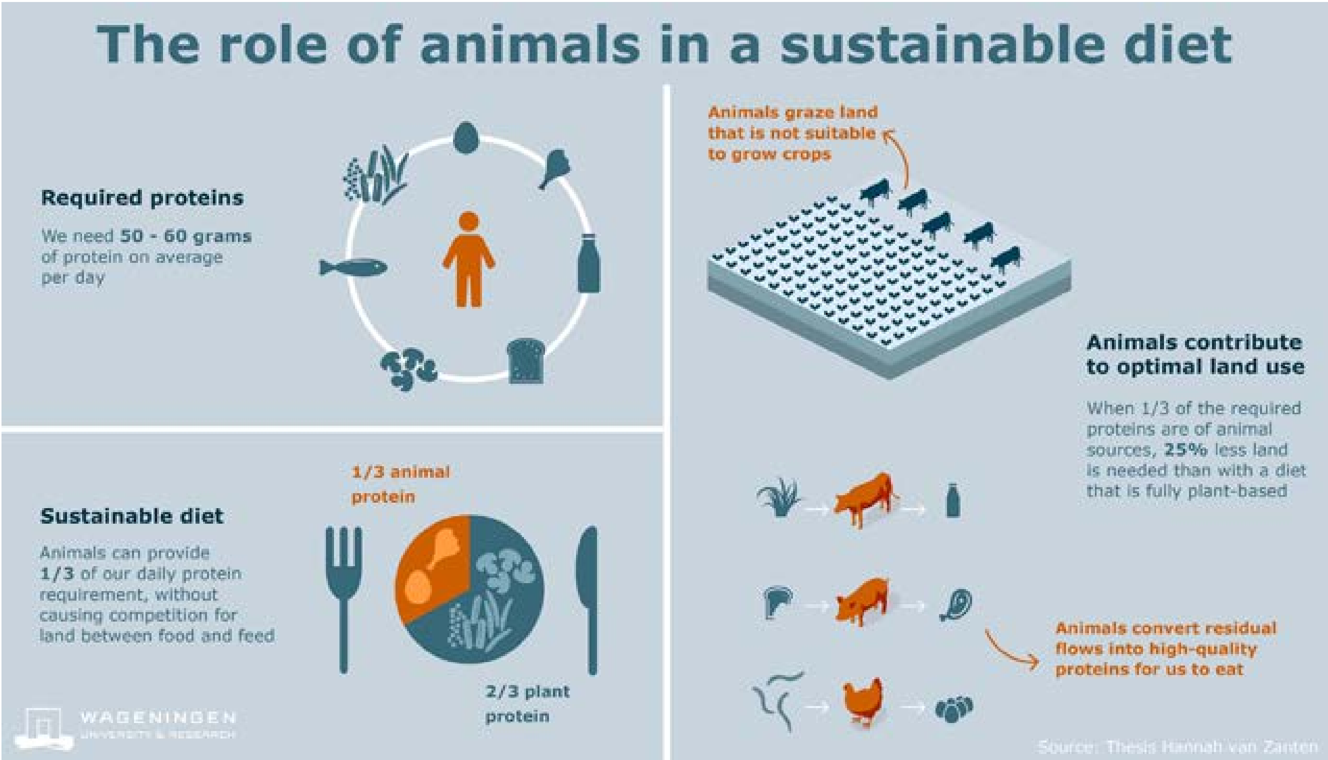
The impact of methane as a GHG and the way the emission is calculated has come under increasing scrutiny. The most recent IPCC Report referred to the current academic discussion on the shorter life cycle of methane produced by ruminants (GWP100 v GWP*). Methane is one of the three main greenhouse gasses along with carbon dioxide and nitrous oxide, which means it has an impact on the environment. Whilst it is also true that although methane is a more potent greenhouse gas than carbon dioxide, it is not as persistent. This entails that it does not stay in the atmosphere for as long, i.e. after 12 years it is broken down into CO_2 and water. Methane produced from ruminants does not have the same effect on global warming as that from industrial sources. Methane is part of a natural "biogenic" cycle, which means that if the number of cows does not change there is no impact on global warming. And even further: if we can reduce methane over time, livestock can contribute to global cooling. The plants they eat absorb CO_2 and if we can help to convert them into milk or beef with less methane production this improves the total balance. This suggests that the Global Warming Potential from methane from ruminants may currently be overestimated. Nonetheless, we continue to assess a number of feed additives and feeding systems which may reduce methane emissions from ruminants.

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

At the very heart of Going Circular is the ability of livestock to utilise co-products from the food, drinks and biofuels sectors and consequently keeping them within the food chain, leading to zero waste. The livestock sector accordingly makes a vital contribution to the circular economy and ecology. Land is needed for food production, housing and infrastructure, but also for leisure activities and flood mitigation. The ability of the feed industry to use co-products reduces the land needed for producing feed materials, specifically for feed for livestock. 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 a leading position in the sourcing and supply of Dry Moist and Liquid feeds which supplies approximately 2.5 million tonnes of feed materials to farmers.

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 used are co-products from the Food & Bioethanol Industry and 3% are former foodstuffs. A useful reference on the type of co-products used in the feed industry has been produced by FEFAC.

A good example of the use of co-products is the partnership between ForFarmers and Sedamyl in the UK. Sedamyl purchases wheat from local farmers, which it processes to make starch for a number of industrial and consumer markets. ForFarmers takes a high protein and energy liquid co-product from this process, marketed as SedaGold, which we supply to livestock farmers.



What was done in 2021

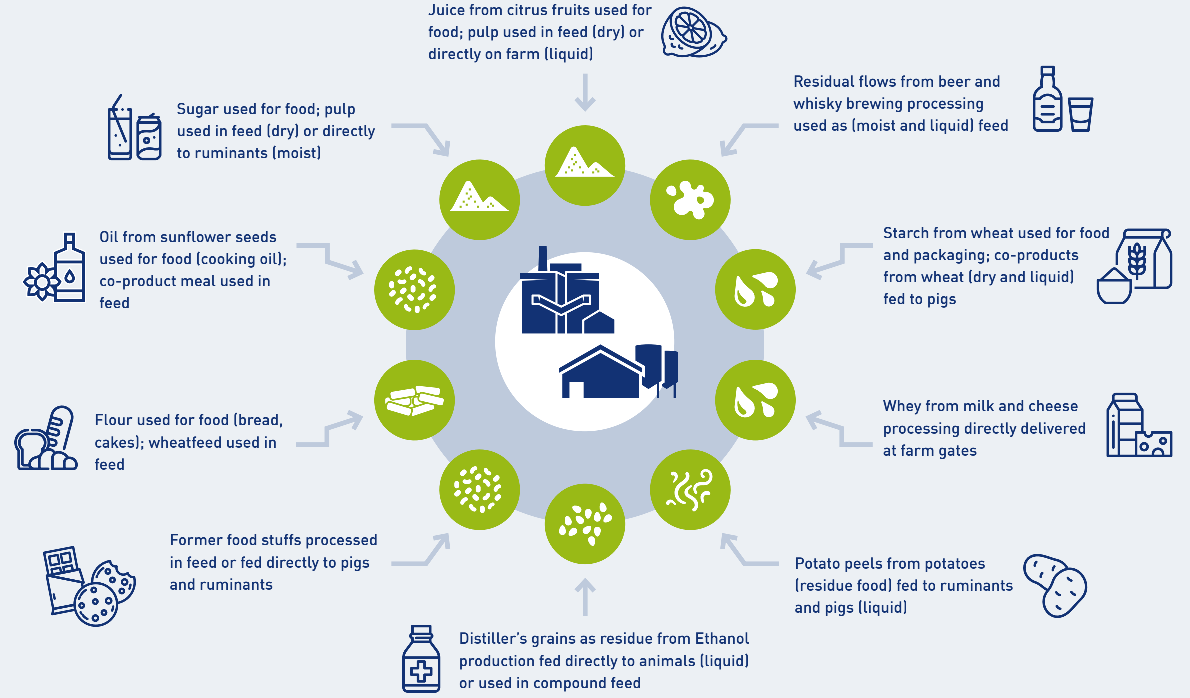
We categorise all of the feed materials and DML products we use in all countries (except Poland where the IT system does not yet facilitate monitoring this) into the groups defined by the FAO, as is shown below:

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

Although we use the FAO definition as reference, this does not cover all the ingredients ForFarmers uses in the production of feed. As can be seen, FAO categorises all grains (cereals) as human edible. However, the use of cereals (e.g. wheat, barley, oats and maize) by the feed industry is more nuanced. Sometimes cereals originally grown for food use were downgraded to feed grade status because food grade requirements were not met. Another example is the use of maize for animal feed which is different to sweet corn consumed by humans. In their own analysis published in June 2021, FEFAC took this into account and concluded that only 4% of the feed materials used in Europe could be classified as food grade (ie truly human edible) .

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. Using the FAO categorisation, ForFarmers has accordingly calculated that in 2021, 64% of feed and DML materials in the Netherlands, Belgium, Germany and the United Kingdom can be classified as non-human edible. This was the same as in 2020. If all of the cereals we use were to be defined as non-human edible, this would increase to 99%.

Going circular in feed resources



Feed Production

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

Although the emissions from our own operations (production and transport) are a relatively small percentage of the total emissions throughout the feed-to-farm chain, they are still significant and we have 100% control over them. The Paris Climate Agreement set a long-term goal to hold global average temperature increase to well below 2°C above preindustrial levels, and moreover to encourage efforts to limit the temperature increase to 1.5°C above pre-industrial levels. In addition, the EU and UK have both set targets to be climate neutral by 2050. As part of the European Green Deal, the European Commission has proposed the European Climate Law. This law goes even further, by setting a more ambitious net GHG emissions reduction target of at least -55% by 2030, compared to 1990 levels. We want to play our role, so we have set a number of Objectives and Ambitions to reduce our own (Scope 1 and 2) GHG Emissions. These all contribute to an ambition to achieve a 75% reduction of CO_2 per tonne of feed by 2030 compared to 2015.

5. Largest mill carbon neutral as proof of concept

We have set an objective to make our largest feed mill, located in Lochem, the Netherlands, carbon neutral by 2025. This serves as a proof of concept. In addition, there are many other projects initiated by the country management teams. In all of our operations, we monitor the GHG emissions of our own operations both per tonne of feed produced and in total. This involves measuring the amount of gas, oil and diesel (scope 1) and electricity (scope 2) used in the production of feed and in logistics by our own vehicle fleet. Published conversion factors are then used to convert primary energy use into CO_2.

There are a number of key indicators to reducing our Scope 1 and 2 GHG emissions:

- Energy reduction per tonne feed produced;
- Own generation of renewable energy;
- Access to renewable energy via the grid and green energy certificates.

The mill in Lochem already benefits from the biomass plant which came on stream in 2019. The plant is fuelled solely by local waste wood, which is supplied by a local cooperative. The plant can supply virtually all the heat to produce steam, which is needed by the Lochem mill to press feed into pellets. This avoids the use of approximately 984,000 cubic metres of natural gas, equivalent to 9,600 MWh 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. Transporting the wood to Lochem therefore also did not lead to much carbon emission. Nor did carbon emission take 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.

What was done in 2021

During the year 2,914 solar panels have been installed on the roofs of the warehouse and office buildings at Lochem. These solar panels are expected to generate 809 MWh per year, enough to provide around 230 households with power for an entire year. The solar panels will make a small but useful contribution to the electricity used at Lochem each year.

We also initiated several energy saving projects in production. Typical examples include improved management of the coolers, optimising the grinding and mixing line, process control adjustments to optimise pelleting and replacement of sieves. These and many other projects contribute to improving energy efficiency.

	2021	2020
Total CO_2	**20.06**	**23.10**

Good progress has been made in 2021 mainly due to the influence of the installation of the solar panels.

6. Renewable Energy

ForFarmers aims to use 50% renewable energy in transport and logistics by 2025. This will be achieved through our own generation of renewable energy or partnerships with local producers. ForFarmers uses electricity and diesel that already includes a proportion of renewable sources. The balance will be sourced through Green Energy Certificates.

What was done in 2021

Discussions are underway with a number of renewable energy producers such a solar parks and biogas installations close to our feed mills, to explore how we can access the output from their facilities (directly or indirectly). Solar panels are installed at a number of locations in the Netherlands, Germany and the UK.
In transport, trials have being conducted using alternative fuels such as liquefied natural gas or compressed natural gas (LNG and CNG) and other options such as hydrotreated vegetable oil HVO are under continual review. The diesel we currently use in all countries (except Poland) includes a legal minimum level of 7% biodiesel.

ForFarmers has provided an expression of support for the Acorn Hydrogen Project in the North East of Scotland. Acorn is an ambitious programme in the UK designed to tackle climate change by dealing with industry and other sectors. It has two key elements: carbon capture and storage (CCS) and the production of hydrogen.

The carbon dioxide is to be captured from industrial sources and stored permanently offshore in the subsurface over 1 kilometre deep. This way the CO_2 is not released into the atmosphere. Apart from that Acorn Hydrogen plans to produce hydrogen by reforming North Sea natural gas, a process which produces clean-burning hydrogen and carbon dioxide.

The CO_2 will be permanently stored via a special system and the hydrogen will be used as a low-carbon fuel. When hydrogen is used as a fuel, it produces heat and water, not carbon dioxide.

The company car fleet comprises over 25% of full electric and hybrid vehicles. A number of sites already have, or are in the process of installing, EC charging points.
In 2021, the % renewable energy used in production and transport increased to 11.48%. In 2021, electricity from the solar panels at Lochem and a number of sites in the UK was added to the scope as was the biodiesel used by the transport fleet.

	2021	2020
Percentage Renewable Energy	11.48%	9.08%

7. Energy and fuel reduction

We achieve energy and fuel reduction by implementing the Energy Savings Matrix combined with the optimisation of our production footprint. The Energy Savings Matrix consists of over 150 projects many of which involve optimising or replacing existing equipment. Insulation is improved (for example for steam pipes and boiler house) and more monitoring and metering is carried out to fine tune the process.

ForFarmers has several environmental certifications: in Germany ForFarmers is ISO 50001 certified and in the UK there are ISO 50001 and 14001 certifications. ISO 50001 supports ForFarmers to use energy more efficiently through the development of an energy management system and ISO 14001 helps ForFarmers to enhance the environmental performance through the development of an environmental management system.

What was done in 2021

We are investigating the potential to save energy by producing different textures of the feed and using new approaches to pelleting. In some cases there has been a switch from pelleted feed to meal which reduces energy consumption. In addition, the mill in Biskupice (Poland) has installed a cogeneration facility which will allow us to move away from using coal. There are many examples of investment in new machinery such as compressors and hammer mills. Some mills have switched from using fuel oils to gas which is a cleaner source of energy to generate steam. Simplification of the product range is an ongoing process where we want to steer on energy consumption by increasing run lengths and reducing the number of change overs.

In logistics there are ongoing projects to improve vehicle planning, utilisation and driving style. Objectives are set for example to reduce vehicle idling time or lower empty miles by back loading raw materials and for drivers to drive more economically. During the year, we outsourced more of our bulk and bag transport. We will work with our outsource partners to ensure we capture their energy use so that this can be included in 2022.

Greenhouse gas (GHG) emissions (Kg of CO_2 per tonne feed)

							2021							2020
						Scope 1	Scope 2						Scope 1	Scope 2
			Productie			Logistics	Production			Productie			Logistics	Production
	Gas	Kerosene	Medium oil	Gasoil	Coal	Diesel	Electricty*	Gas	Kerosene	Medium oil	Gasoil	Coal	Diesel	Electricty*
Netherlands	3.57					5.34	13.91	3.43					5.62	16.85
Belgium	2.12						4.82	2.27						3.83
Germany	3.40					5.43	7.80	3.38					6.30	7.00
Poland	2.29			0.41	6.36	8.55	22.42	2.21			0.52	6.95	8.86	24.51
UK	5.07	1.03		0.13		11.00	15.47	4.92	1.26	0.28	0.22		11.62	14.92
Total	**3.72**	**1.03**	**0.00**	**0.21**	**6.36**	**8.03**	**13.91**	**3.64**	**1.26**	**0.28**	**0.30**	**6.95**	**8.67**	**14.99**

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

GHG emissions (total tonnes of CO_2)

							2021							2020
						Scope 1	Scope 2						Scope 1	Scope 2
			Production			Logistics	Production			Production			Logistics	Production
	Gas	Kerosene	Medium oil	Gasoil	Coal	Diesel	Electricty*	Gas	Kerosene	Medium oil	Gasoil	Coal	Diesel	Electricty*
Netherlands	10,020					5,801	39,051	10,125					6,471	49,741
Belgium	769						1,753	908						1,536
Germany	2,451					2,305	5,627	2,544					2,742	5,260
Poland	1,417			253	3,934	3,849	13,872	1,192			279	3,744	3,616	13,201
UK	7,964	1,613		197		14,069	24,318	8,184	2,103	466	371		17,527	24,802
Total	**22,621**	**1,613**		**451**	**3,934**	**26,024**	**84,622**	**22,953**	**2,103**	**466**	**650**	**3,744**	**30,357**	**94,542**

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

The conversion factors used to translate primary energy use to CO_2 in 2021 can be found in the sustainability appendix.

Energy (fuel and diesel) use

							2021							2020
						Scope 1	Scope 2						Scope 1	Scope 2
			Production			Logistics	Production			Production			Logistiek	Production
	Gas	Kerosene	Medium Oil	Gasoil	Coal	Diesel	Electricity	Gas	Kerosene	Medium Oil	Gasoil	Coal	Diesel	Electricity
('000)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)
Netherlands	55,150					2,345	99,621	55,723					2,451	107,922
Belgium	4,232						8,551	4,568						9,057
Germany	13,491					932	20,098	14,000					1,039	20,792
Poland	7,783			911	12,857	1,556	19,902	6,548			1,003	12,214	1,370	17,720
UK	43,001	6,531		710		5,687	64,505	44,192	8,514	1,740	1,334		6,639	65,789
Total	**123,658**	**6,531**		**1,621**	**12,857**	**10,519**	**212,677**	**125,031**	**8,514**	**1,740**	**2,337**	**12,214**	**11,499**	**221,280**

Energy Use Per Tonne

							2021							2020
						Scope 1	Scope 2						Scope 1	Scope 2
			Production			Logistiek	Production			Production			Logistiek	Production
	Gas	Kerosene	Medium Oil	Gasoil	Coal	Diesel	Electricity	Gas	Kerosene	Medium Oil	Gasoil	Coal	Diesel	Electricity
	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)	(KwH)
Netherlands	19.65					2.16	35.50	18.88					2.13	36.57
Belgium	11.65						23.53	11.40						22.60
Germany	18.69					2.20	27.85	18.62					2.39	27.66
Poland	12.58			1.47	20.78	3.45	32.16	12.16			1.86	22.67	3.35	32.89
UK	27.36	4.15		0.45		4.44	41.04	26.58	5.12	1.05	0.80		4.40	39.56
Total	**20.33**	**4.15**		**0.74**	**20.78**	**3.25**	**34.97**	**19.83**	**5.12**	**1.05**	**1.06**	**22.67**	**3.28**	**35.09**

Overall, GHG emissions per tonne feed were lower in 2021 compared to previous year in both production and logistics. This was a combination of the large number of initiatives to improve efficiency described above and a positive movement in the conversion factors used to convert energy usage to CO_2. This combination of factors can be shown when looking at energy use per tonne. Use of gas increased slightly partly due to some mills converting from fuel oils to gas as described above and the performance of the biomass plant at Lochem during the year. Electricity and diesel use per tonne was lower in 2021 compared to the previous year.

Feed Solutions

ForFarmers wants to ensure a balanced use of resources throughout the supply chain and our mission is to help farmers improve their (technical) returns and at the same time decrease their emissions.

Farmers use many different production systems and have their own technical and financial objectives. ForFarmers Nutritional Innovation Centre carries out extensive research to develop animal-specific concepts to meet market demands. This is achieved through a combination of laboratory analysis and animal feeding trials. Simultaneously, they take into consideration the impact of these concepts on climate, nature and environment. A significant percentage (42%) of all NIC projects can be directly linked to sustainability (animal health and welfare or the environment).

8. & 9. Take leadership position on % phosphate and nitrogen efficiency

We aim not only to reduce GHG emissions, which lead to global warming (mainly CO_2 and methane). We also work side-by-side with our customers to help them reduce the impact of livestock production on air, soil and water quality. We do this primarily by improving the utilisation of key nutrients such as phosphorous and nitrogen.

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 to farmers, 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.

Similar to measuring the phosphate efficiency on-farm, nitrogen efficiency is also 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 is a key topic on the political agenda.

This is due to a 2019 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 2021

Phosphate and nitrogen efficiency results are always one year behind the current year due to the availability of data. Given the data required for the calculation of phosphate and nitrogen efficiency are available and reliable only in the Netherlands, the scope is limited to the Netherlands.

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.

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.

In Dairy we observe a slight improvement in efficiency over the last 3 years. The grass silage in 2019 and 2020 was of different quality versus 2018 due to very dry summer weather. Supplements we provide to correct for this are often coming with higher efficiency.

In Grower/Finisher pigs efficiency was realised both for phosphate and nitrogen. We observe a general improvement in feed conversion ratio, which we account to a combination of ever improving genetic potential of the animals and the very successful Ultra feeds we introduced in 2019. We see that these feeds perform strongly compared to the Agrovision benchmark. For sows we see efficiency slightly going down. Due to higher production levels sows need more gestation feed to recover after the lactation period. Gestation feed has lower digestibility of phosphate and nitrogen compared to lactation feed.
We also still see a trend to feed more fibrous material for animal welfare reasons and the tendency for more by-product feeding in general. Here we face a contradiction in interests: more co-products is good for circularity, but digestibility of phosphate and nitrogen is often less than in traditional ingredients like cereals and soy bean meal.

Broilers reared in conventional fast growing concepts had similar efficiency as before. In the slow growing animal welfare concepts a lot of emphasis has been put on improving feed conversion ratio and this has been successful. This results in a win-win situation, because it sees to a more efficient use of phosphorus and nitrogen and it is good for the profit of the farmer at the same time.

In layers' systems, there was a decrease in phosphate and nitrogen efficiency compared to previous years for a number of reasons. 1) There is a trend towards keeping more brown hens, which are more suitable for high welfare systems but less efficient. 2) The stopping of debeaking, for animal welfare reasons, has resulted in more unrest in the flocks which results in a worse feed conversion ratio. To counteract the unrest, lower density feeds with more fibre are used but these ingredients have a lower digestibility, which means a worse feed conversion rate. 3) Finally, flocks are getting older, which is positive for sustainability longer term. If flocks live longer, less rearing of hens is needed which is positive for total sector phosphate and nitrogen efficiency. However, efficiency slightly decreases per the specific layer cycle. ForFarmers expects that new nutritional insights will continue to meet these requirements and improve performance.

Phosphate efficiency (only for The Netherlands)

	2020		2019	
	%	Number of farms in sample	%	Number of farms in sample
Dairy	39.6%	2,211	39.6%	2,220
Finishers	54.6%	197	54.1%	214
Sows	40.6%	75	41.3%	75
Closed herds (sows and finishers)*	48.2%	46	49.3%	51
Broilers** - regular	62.7%	203	62.9%	238
Broilers** - animal welfare concepts	53.1%	466	52.2%	506
Layers** - regular	15.4%	26	15.7%	10
Layers** - animal welfare concepts	14.0%	10	13.5%	6

* *The results are one year behind the current year due to data availability*

** *For broilers and layers the number of flocks in the sample (instead of farms) are included In layers a new outlier correction was introduced to make data more robust. This method is applied to all reported years, leading to some (small) changes vs. reporting in previous year*

Nitrogen efficiency (only for The Netherlands)

	2020		2019	
	%	Number of farms in sample	%	Number of farms in sample
Dairy	29.8%	2,211	29.6%	2,220
Finishers	42.9%	191	41.4%	215
Sows	38.5%	75	38.8%	76
Closed herds (sows and finishers)*	41.1%	47	36.8%	53
Broilers - regular	61.3%	203	61.5%	240
Broilers - animal welfare concepts	51.6%	467	50.7%	507
Layers - regular	33.4%	26	35.1%	10
Layers - animal welfare concepts	32.0%	10	32.7%	6

* *The results are one year behind the current year due to data availability*

Water

Water usage was not flagged as a material topic by stakeholders in the 2020 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.

In addition to the 9 KPIs which support Going Circular we focus on 2 that relate to People and Society. Lost Time Incidents and Lost Time Incident Frequency Rate are covered in the HR Chapter Developing Talent For the Future of Farming. We also focus on feed safety.

10. Feed Safety Incidents

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. As in the previous year a number of audits by statutory bodies and assurance schemes were conducted virtually. However, this did not compromise either the number or quality of the audits. In some countries, audits are either unannounced or arranged at short notice.

In 2021, 3 feed safety incidents were recorded which was a significant improvement over the previous year and well below the objective set for 2025.

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	
	2021	2020	**2021**	2020	**2021**	2020
Netherlands	0	0	0	2	1	1
Belgium	1	0	0	0	0	0
Germany	0	2	1	1	0	1
Poland	0	0	0	0	0	0
United Kingdom	0	0	0	0	0	1
Total	**1**	**2**	**1**	**3**	**1**	**3**

Financial and operational review 2021, Dividend proposal

Report 2021

Financial highlights 2021[1]:

• **Total Feed[2] volume:**	-0.8% to 9.7 million tonnes; virtually stable in the Netherlands/Belgium and Germany/Poland but down in the United Kingdom
of which compound feed volume:	+0.2% to 6.8 million tonnes; up in Netherlands/Belgium (due to acquisitions) and in Germany/Poland but down in United Kingdom
• **Revenue:**	+13.5% to €2,671 million due to acquisitions and partly passing on higher prices of raw materials
• **Gross profit:**	+0.7% to €436.3 million due to acquisitions; increase limited by impact of high raw material prices and like-for-like volume decline
• **Underlying EBITDA:**	-18.7% to €78.2 million; higher energy costs could not be fully passed on in the chain
• **Underlying net profit[3]:**	-37.4% to €29.0 million
• **Working capital**	€37.5 million (2020: €33.4 million)
• **Cash flow from operating activities:**	-44.2% to €54.7 million; fall due to lower EBITDA and small rise in working capital (compared to fall in 2020)
• **Dividend proposal:**	€0.29 per ordinary share; €0.19 regular dividend equating to 60% distribution and €0.10 special dividend (2020: €0.29)

1 *Results are always compared year-on-year*
2 *Total Feed covers the entire ForFarmers product portfolio and consists of compound feed, specialties, co-products (including DML products), seed and other products (such as forage)*
3 *Net profit: in this context is defined as profit attributable to shareholders in the Company*

Consolidated key figures

In millions of euro (unless indicated otherwise)	2021	2020	Total change in %	Currency	Acquisition	Like-for-like[2]
Total Feed volume (x 1.000 ton)	9,666	9,740	−0.8%		2.5%	−3.2%
Compound feed	6,819	6,804	0.2%		3.4%	−3.2%
Revenue	2,670.5	2,351.9	13.5%	0.7%	4.4%	8.4%
Gross profit	436.3	433.2	0.7%	0.8%	4.5%	−4.5%
Operating expenses	−417.3	−415.4	0.5%	0.6%	3.1%	−3.2%
Underlying operating expenses	−396.6	−372.6	6.4%	0.9%	3.2%	2.4%
EBITDA	72.9	100.3	−27.3%	0.6%	9.0%	−36.8%
Underlying[1] EBITDA	**78.2**	**96.2**	**−18.7%**	**0.5%**	**9.4%**	**−28.6%**
EBIT	22.6	24.2	−6.6%	4.5%	26.4%	−37.5%
Underlying EBIT	**40.7**	**61.6**	**−33.9%**	**0.3%**	**12.2%**	**−46.4%**
Profit attributable to shareholders of the Company	12.0	14.2	−15.5%	6.3%	32.4%	−54.2%
Underlying profit	29.0	46.3	−37.4%	0.2%	12.1%	−49.6%
Net cash from operating activities	54.7	98.1	−44.2%			
Underlying EBITDA/Gross profit	17.9%	22.2%	−19.4%			
ROACE[3] on underlying EBITDA	**16.2%**	**19.4%**				
ROACE[3] on underlying EBIT	8.4%	12.4%				
Basic earnings per share (x €1)	0.13	0.15	−13.3%			
Underlying earnings per share (x €1)	0.32	0.49	−34.7%			

1 *Underlying means excluding incidental items (see note 17 of the financial statements regarding the Alternative Performance Measures (APMs))*
2 *Like-for-like is defined as the change excluding currency effects and acquisitions and divestments*
3 *ROACE means underlying EBITDA (EBIT) divided by 12-month average capital employed*
General note: percentages are presented based on the rounded amounts in millions of euros. This may result in slight differences when numbers are added

General

In 2021 the markets where ForFarmers is active were mainly affected by the following developments:

Raw material prices and energy prices

Raw material prices continued to soar in 2021, on top of the significant rise at the end of 2020. Fluctuations in raw material prices are generally passed on to customers.

While customers in the dairy and poultry sectors did see prices for their end products increase to a greater or lesser extent in 2021, prices for raw materials rose faster. Pig prices fell to extremely low levels. Under these circumstances it was difficult to pass the increases in raw material prices on in full.

In the second half of the year gas prices in particular rose substantially and at an unprecedented rate. Electricity prices also rose sharply, on top of further increases in fuel prices. The higher production and transport costs could not be sufficiently absorbed in the chain. This had a significant impact on ForFarmers' results.

Animal diseases
When African swine flu was detected in Germany at the end of 2020 China immediately imposed a ban on the import of pigs from Germany. The ban lasted for the whole of 2021. Looking for alternative sales channels, German pig farmers increased exports to other countries, mainly in Europe. This put unprecedented pressure on European pig prices, resulting in heavy losses for almost every pig farming business.

Poultry farmers continue to face outbreaks of avian flu as a result of bird migration. In early 2021 avian flu was detected in many European countries, including Poland and the Netherlands. The outbreaks were more or less under control by the summer but at the end of 2021 new outbreaks occurred with a vengeance throughout the whole of Europe. In many places hygiene protocols were activated to prevent the spread of animal diseases.

Covid
In 2021, as in 2020, Covid had a major impact on society in general. Lockdowns affected our home markets in early 2021 but measures were eased in the summer months as the vaccination programmes took effect. However, restrictive measures were reintroduced in some of our home markets at the end of 2021 due to the emergence of new, highly contagious Covid variants. Despite various governments providing financial support to businesses many sectors were hit by the protracted measures and the transmissibility of Covid. The agricultural sector was affected by a shortage of workers in the logistics chain and in slaughter houses. Despite this and despite the Covid measures ForFarmers was able to provide continuity of supply and the best possible service to its customers throughout 2021.

Sustainability
ForFarmers is focused on supporting customers in order to improve their returns while reducing the carbon footprint on site at the farm. To achieve this, the company has set several sustainability objectives, as part of the sustainability agenda Going Circular For the Future of Farming. For example ForFarmers works with the Dutch dairy industry to reduce on-farm greenhouse gas emissions. For this purpose ForFarmers purchases soy certificates from Brazilian farmers who can demonstrate (using satellite images) that no deforestation has taken place on their land in the last 20 years. This has resulted in a 10% reduction in ForFarmers' customers' carbon footprint per kilogram of milk (2020 versus 2019).

In addition, ForFarmers has set itself the goal of using 50% renewable energy by 2025, mainly in the production of feed. Progress has been made with the installation of solar panels on the roofs of buildings at the Lochem site in the Netherlands. In addition ForFarmers will be purchasing biogas from dairy customers in the Netherlands, who will be producing it on-farm using their own manure. ForFarmers will be using the biogas to generate steam in the Deventer factory, replacing around 85% of normal gas usage at the site.

With regard to the European focus on expanding organic agriculture and livestock farming ForFarmers is well positioned with Reudink as a leading feed company for organic livestock farmers. The availability of organic raw materials remains a point of attention for the sector.

Financial analysis
The year-on-year (YoY) analysis focuses on the full-year consolidated results for 2021, 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 insight into the business development and financial performance of the Group. APMs are key metrics which are presented as 'underlying' (i.e. excluding incidental items) and are reported at the level of operating expenses, EBITDA, operating profit (EBIT) and profit attributable to shareholders.

A more detailed explanation of the APMs can be found in note 17 to the 2021.

2021

In millions of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	Underlying excluding APM items
EBITDA [1]	72.9		1.7	−4.0	−3.0	−5.3	78.2
EBIT	22.6	−4.4	−6.7	−3.9	−3.0	−18.1	40.7
Net finance result	–		−2.5		–	−2.5	
Tax effect	–	1.0	1.7	0.9	–	3.6	–
Profit attributable to Shareholders of the Company	12.0	−3.4	−7.5	−3.0	−3.0	−17.0	29.0
Earnings per share in euro [2]	0.13	−0.04	−0.09	−0.03	−0.03	−0.19	0.32

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

At EBITDA level

The €1.7 million (gain) from Business Combinations and Divestments consists mainly of income from the sale of the mills in Blandford (UK) and Zulte (Belgium), a €0.7 million gain from the sale of land, minus the due diligence costs of an acquisition opportunity which was abandoned.

The restructuring costs (€4.0 million) are related to the implementation of the efficiency plans announced in 2020 and the one-off severance payments to members of the Executive Board, as well as the closure of owned warehouses for bagged goods. The other incidental items (€3.0 million) relate to additions to the provisions for ongoing legal cases and claims against ForFarmers.

The balance of APM items in 2021 was a loss of €5.3 million (2020: gain of €4.1 million).

At EBIT level

The €4.4 million impairment relates both to depreciations as a result of the closure of mills in Ingelmunster (Belgium) and Bardenitz (Germany) announced in 2021 and the depreciation of assets no longer in use. In Germany the company invested in expanding the capacity of the mill at Beelitz to enable production to be transferred there from Bardenitz.

The amount of -€6.7 million is the balance of the €1.7 million gain from the sale of the mills and land (as explained under EBITDA level) and the amortisation of acquired intangible assets (-€8.4 million).

The balance of APM items in 2021 was a loss of €18.1 million (2020: loss of €37.4 million).

At net financing result level

The €2.5 million (loss) relates mainly to the revaluation of and annual interest accrued on the put option liability in relation to Tasomix (Poland).

The balance of APM items in 2021 was a loss of €2.5 million (2020: gain of €4.5 million).

Consolidated results 2021

The following analysis shows the overall development of the consolidated results and the individual clusters, unless stated otherwise.

Total Feed volume fell by 0.8% to 9.7 million tonnes, including an acquisition effect of 2.5%. Volumes declined like-for-like by 3.2%. In the Netherlands/Belgium cluster, volumes declined (like-for-like) in all sectors in line with developments in the market. In the Germany/Poland cluster Total Feed volume remained stable as a result of the recovery in the Polish poultry sector in the second half of 2021. Total Feed volumes fell in the United Kingdom in the ruminant and swine sectors while volumes in the poultry sector increased.

Volume of **compound feed**, part of the Total Feed portfolio, rose by 0.2%, mainly as a result of the acquisition of De Hoop Mengvoeders in the Netherlands. Like-for-like volumes declined by 3.2%, mainly as a result of the warm restructuring of the pig farming sector in the Netherlands and the non-renewal of a contract with a large customer in the swine sector in the United Kingdom. Compound feed volumes in the poultry sector increased both in Germany/Poland and in the United Kingdom.

Total revenue rose by 13.5% to €2,671 million, including an acquisition effect of 4.4%. The like-for-like increase in revenue was due to the partial passing on of the sharp increases in raw material prices. Due to the high prices for raw materials, cost of goods sold rose by 16%.

Gross profit nevertheless increased 0.7% to €436.3 million due to the effect of acquisitions (4.5%).
The like-for-like decline in gross profit was mainly driven by the higher prices for raw materials as well as overcapacity in various sectors, partly as a result of Covid. Together with the incident in Germany (unfavourably priced sales contracts) reported in the first half of 2021, this led to margin pressure.

Underlying total operating expenses, including depreciation and amortisation, rose by 6.4% to €396.6 million. The effect of acquisitions was 3.2%. Energy costs rose substantially, especially in the second half of the year. Employee benefit expenses remained virtually stable as wage indexation and the acquisition effect were largely offset by a 2.3% reduction in the number of FTEs (YoY) (like-for-like the reduction was 4.0%). Furthermore, the (like-for-like) volume decline and cost-saving measures impacted operating expenses (like-for-like).

Underlying depreciation[1] increased €2.9 million to €37.5 million, as a result of the acquisitions and increased investments. **Underlying operating profit** (EBIT) equalled €40.7 million (2020: €61.6 million) and **underlying EBITDA** was €78.2 million (2020: €96.2 million).

Underlying net finance expenses increased 17.1% to €3.0.0 million, primarily because of higher interest charges as a result of the increased debt position, mainly due to the acquisition of De Hoop.

The contribution of the German joint venture HaBeMa (which is reported under **share of profit of equity accounted investees (net of tax)**) fell slightly to €3.8 million (2020: €4.1 million) due to normalisation of the transhipment activities.

[1] *In this context depreciation means including amortisation*

The **underlying effective tax rate** in 2021 was 31.9% (2020: 27.7%). The higher tax rate was mainly the result of the announced statutory increase in tax rates in the United Kingdom and the Netherlands.

Underlying profit was €29.0 million (2020: €46.3 million), putting **underlying profit per share** at €0.32 (2020: €0.49).

The number of employees (presented in full-time equivalents (FTEs)) was lower at end-2021 (2,444) than at 31 December 2020 (2,502). The like-for-like decline in the number of employees as a result of the implementation of the efficiency plans equalled 101, clearly greater than the increase in employees as a result of the acquisitions.

Summary consolidated statement of cash flows

In millions of euro	2021	2020
Net cash from operating activities	54.7	98.1
Net cash used in investing activities	–55.6	–28.8
Net cash used in financing activities	–2.5	–47.5
Net increase/decrease in cash and cash equivalents	**–3.5**	**21.8**
Cash and cash equivalents at 1 January [1]	38.0	15.4
Effect of movements in exchange rates on cash held	–0.8	0.9
Cash and cash equivalents as at 31 December [1]	**33.8**	**38.0**

[1] *Net of short term bank overdrafts*

Net cash flow from operating activities declined by €43.4 million to €54.7 million, mainly as a result of the decline in EBITDA and the increase in working capital (compared to a decline in 2020).

Net cash flow for investing activities rose by €26.8 million to €55.6 million, with the increase mainly due to the acquisitions in the Netherlands (De Hoop and Mühldorfer Pferdefutter), in addition to higher capital investments for example in renovating and implementing sustainability measures at mills and factory sites. Furthermore two factories which had already closed were sold in 2021.

Net cash used in financing activities equalled a cash out of €2.5 million (2020: €47.5 million cash out). The amounts for the distribution of dividend and expenditure related to the share buy-back programme in 2021 were comparable to 2020. However in 2021 an amount of €40 million was drawn from the credit facility and used for the acquisitions and other purposes.

Summary consolidated statement of financial position

In millions of euro	31 December 2021	31 December 2020
Total assets	943.4	816.7
Equity	366.3	362.5
Solvency ratio [1]	**38.8%**	**44.4%**
Net working capital	**37.5**	**33.4**
• Current assets [2]	407.4	319.1
• Current liabilities [3]	369.9	285.7
Overdue receivables	11.6%	12.5%
Net debt / (cash) [4]	**28.7**	**–15.8**
IFRS 16 Lease liabilities	34.7	28.0

[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 increased €3.8 million to €366.3 million in 2021 (compared to 31 December 2020). The increase was the result of the addition of the profit for 2021 (€12.5 million) less the distribution of dividend (€28.0 million) and the repurchase of shares in the company (€7.3 million). Other comprehensive income was directly recognised in group equity (in total a gain of €26.5 million) and consisted mainly of revaluations, due to the higher interest rates, mainly of the pension liability in the United Kingdom (€22.1 million) and currency translation differences (€4.2 million).

In 2021 an amount of €39.6 million was invested (2020: €35.8 million), mainly to maintain and enhance the performance and efficiency of the production facilities. For example, the grinding technology at the mill in Heijen (Netherlands) was modernised, capacity was expanded at Beelitz (Germany) and co-generation units were installed at the mills in Biskupice and Pionki (Poland), which will improve their carbon footprint in the future.

The **net debt position** (the net balance of long and short-term bank loans and other borrowings minus available cash and cash equivalents) was €28.7 million at 31 December 2021 (end-2020: net cash position of €15.8 million).

This is the balance of the result of the cash flow from operating activities of €54.7 million, including the increase in working capital, minus items including the expenses related to the investment and acquisition programme (€55.6 million) and the distribution of dividend (€26.8 million).

Net working capital rose to €37.5 million at 31 December 2021 (end-2020: €33.4 million) as a result of increased raw material costs.

Despite the challenging market conditions for our customers caused by the sharp rise in feed prices (because of the higher raw material prices) and the smaller increase in prices for their products, the percentage of overdue receivables improved slightly to 11.6% at 31 December 2021 (end-2020: 12.5%).

ROACE[1] based on underlying EBITDA fell from 19.4% to 16.2%, mainly due to the decline in underlying EBITDA.

ROACE5 based on underlying EBIT fell from 12.4% to 8.4%.

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

Delta comparison core parameters 2021–2020

The table below shows how results were distributed across the first and the second half of 2021 .
It reveals the following:

- In H1 2021 volumes increased as a result of the acquisitions. In H2 2021 volumes decreased both in Total Feed and compound feed, mainly due to the warm restructuring of the swine sector in the Netherlands and the loss of a large customer in the United Kingdom, besides the Covid-impact.
- The like-for-like decline in gross profit in H1- 2021 was partly driven by the unfavourably priced sales contracts in Germany while in H2 gross profit declined like-for-like mainly due to the combination of the volume decline and the increase in raw material costs, which could not sufficiently be passed on in the chain.
- Like-for-like operating expenses were stable in H1-2021 as a result of the cost savings. In H2, operating expenses increased substantially (like-for-like) as a result of the significant increase of energy- and fuel costs.

Core parameters 2021 and year-on-year delta versus 2020 [1]

		2021	2020	Total change in %	Currency	Acquisition	Like-for-like [2]
Total Feed volume (x 1.000 ton)	H1	4,885	4,793	1.9%		2.4%	–0.5%
	H2	4,781	4,947	–3.3%		1.3%	–4.6%
	FY	9,666	9,739	–0.8%		2.5%	–3.2%
Compound feed (x 1.000 ton)	H1	3,459	3,380	2.3%		3.3%	–1.0%
	H2	3,360	3,425	–1.9%		1.8%	–3.7%
	FY	6,819	6,805	0.2%		3.4%	–3.2%
Gross profit	H1	217.5	219.5	–0.9%	0.2%	4.4%	–5.5%
	H2	218.8	213.7	2.4%	1.5%	4.5%	–3.6%
	FY	436.3	433.2	0.7%	0.8%	4.5%	–4.5%
Underlying operating expenses	H1	–195.3	–188.9	3.4%	0.2%	3.4%	–0.2%
	H2	–201.3	–183.8	9.5%	1.7%	3.0%	4.8%
	FY	–396.6	–372.7	6.4%	0.9%	3.2%	2.4%
Underlying EBITDA	H1	40.8	48.2	–15.4%	0.0%	8.5%	–23.9%
	H2	37.4	48.0	–22.1%	1.1%	10.2%	–33.4%
	FY	78.2	96.2	–18.7%	0.5%	9.4%	–28.6%

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

Results per cluster

Netherlands/Belgium

In thousands of euro	2021	2020	Δ%
Total Feed volume (in tons)	5,068,731	5,085,760	–0.3%
Revenue	**1,416,754**	**1,237,337**	**14.5%**
Gross profit	**249,544**	**246,933**	**1.1%**
Other operating income	2,023	4,685	–56.8%
Operating expenses	–209,857	–189,202	10.9%
Underlying operating expenses	–201,160	–186,433	7.9%
EBIT	**41,710**	**62,416**	**–33.2%**
Underlying EBIT	**48,469**	**61,382**	**–21.0%**
Add back: depreciation, amortisation and impairment	19,823	13,349	48.5%
Add back: underlying depreciation, amortisation and impairment	12,824	11,205	14.4%
EBITDA	**61,533**	**75,765**	**–18.8%**
Underlying EBITDA	**61,293**	**72,587**	**–15.6%**
Underlying EBITDA / Gross profit	24.6%	29.4%	–16.4%
ROACE on underlying EBITDA	**29.2%**	**39.3%**	**–25.7%**
ROACE on underlying EBIT	**23.1%**	**33.2%**	**–30.5%**

Market and sector developments

Netherlands

Nitrogen debate

In 2021 the agricultural sector in the Netherlands had to contend with the fact that it took nine months from the general election in March to form a new government. Policy decisions were suspended for the duration of this period, leading to continued uncertainty.

According to the coalition agreement of 15 December 2021 the government is making a cumulative amount of €25 billion available up to 2035 for the realisation of area-based projects for restoration of the natural environment, climate and water. These measures are aimed at a transition to circular agriculture with a good revenue model. Farmers must be enabled to make the necessary changes, with positive future prospects.
The objectives set out in the Nitrogen reduction and nature improvement act are being brought forward from 2035 to 2030. The area-based approach uses extensification, switching, innovation, regularisation and relocation to help accelerate the sustainability process in the agricultural sector, thereby taking account of attrition in the sector.

Warm restructuring of the pig farming sector

The warm restructuring scheme was a subsidy scheme set up by the Dutch government to combat odour nuisance in certain areas with a high density of livestock.
The scheme ended in the summer of 2021. Some 300 pig farmers opted for the subsidy and discontinued their farming businesses. This meant that their pig rights were deleted, as a result of which there are now around 9% fewer pigs in the Netherlands than in 2019, the year the scheme was launched. Most of this reduction happened in 2021.

Poultry sector

The poultry sector is seeing rising demand for welfare concepts to meet the growing consumer demand for products with the 'Beter Leven' quality label.
The associated need for transparency leads to more cooperation in the chain and hence to further and more rapid consolidation. The acquisition in February 2021 of De Hoop Mengvoeders, which mainly focuses on the production of compound feed for broiler farmers, should be seen in this light.

In 2021 poultry farmers had to contend with outbreaks of avian flu at both the beginning and the end of the year.

Belgium

The dairy herd and pig herd in Belgium declined in 2021. In addition farmers were faced with high raw material prices and increased competition from other European countries. As a result dairy farmers increased the use of forage from their own farms in 2021. Despite the ban on the export of pigs from Belgium to non-EU countries being lifted at the start of 2021 because African swine fever had not been detected in the country for some time, Belgian pig farmers were unable to benefit because of the oversupply of pigs in Europe.

ForFarmers will increase the storage capacity of the mill in Izegem and at the same time modernise its facility so that it will be able to take on part of the production from the Ingelmunster production site by the fourth quarter of 2022. The remaining production will be transferred to a mill in the Netherlands.

Netherlands/Belgium results

Total Feed volume fell 0.3% to 5.1 million tonnes. The acquisitions (De Hoop Mengvoerders and Mühldorfer Pferdefutter) contributed 4.7%. The number of customers who left De Hoop as a result of chain integration at third parties was smaller than expected at the time of the takeover. Like-for-like Total Feed volume declined by 5.0%, with volumes lower in all sectors.

Compound feed volume saw a relatively greater like-for-like decline than Total Feed volume. This was primarily due to the contraction of the Belgian market and the warm restructuring of the pig farming sector in the Netherlands, which was largely implemented in the second half of 2021. In addition, more pig farmers changed feed suppliers than the previous year. Volumes in the ruminant sector were lower, in line with the market, with cattle farmers adversely affected by the closure of the hospitality sector. Dairy farmers produced slightly less than the previous year. In the robotic dairy farm segment progress was made with existing customers and further new customers were acquired. Volumes fell in the poultry sector, mainly due to the impact of Covid measures but the sector was also hit by outbreaks of avian flu.

Volumes of organic feed under the Reudink brand continued to grow in 2021, both in the Netherlands (mainly in the poultry sector) and in Belgium. Sales of Pavo (horse feed) rose, both like-for-like and through the acquisition of Mühldorfer Pferdefutter in Germany in February 2021. Pavo was very successful at increasing sales via online channels in 2021.

Gross profit fell €2.6 million (1.1%) due to the contribution from the acquisitions (7.9%). Like-for-like gross profit fell by 6.8%, mainly due to higher raw material prices, lower volumes and changes in the product mix. Gross profit per tonne remained stable.

Underlying operating expenses increased by €14.7 million (7.9%), mainly due to the acquisitions and increased energy costs. The increase in employee benefit expenses was largely offset by the planned like-for-like decline in the number of FTEs. Allocated overhead costs were €2.7 million lower than last year. Underlying EBITDA amounted to €61.3 million (2020: €72.6 million).

Germany/Poland

In thousands of euro	2021	2020	Δ%
Total Feed volume (in tons)	2,175,918	2,175,524	0.0%
Revenue	**645,433**	**562,758**	**14.7%**
Gross profit	**73,531**	**74,811**	**–1.7%**
Other operating income	687	119	477.3%
Operating expenses	–74,409	–106,303	–30.0%
Underlying operating expenses	–71,881	–69,635	3.2%
EBIT	**–191**	**–31,373**	**–99.4%**
Underlying EBIT	**2,450**	**5,295**	**–53.7%**
Add back: depreciation, amortisation and impairment	9,012	43,434	–79.3%
Add back: underlying depreciation, amortisation and impairment	6,619	6,944	–4.7%
EBITDA	**8,821**	**12,061**	**–26.9%**
Underlying EBITDA	**9,069**	**12,239**	**–25.9%**
Underlying EBITDA/Gross profit	12.3%	16.4%	–24.6%
ROACE on underlying EBITDA	**6.3%**	**7.3%**	**–13.3%**
ROACE on underlying EBIT	**1.7%**	**3.2%**	**–45.9%**

Market and sector developments
In late 2020 African swine fever was detected among wild boars in Germany, upon which China immediately imposed an import ban on pigs from Germany. This led to an oversupply of pigs in Europe in 2021 and hence a huge drop in European pig prices.

In the dairy sector there is growing interest in robotic milking. This is partly because farming businesses are getting bigger, which increases the workload on-farm. In the whole of western Europe it is difficult to find good employees for on-farm work. There was a slight decline in milk production compared to the previous year.

Competition was intense in all sectors. The fierce battle for market share led to ForFarmers concluding a number of contracts which, as announced in the first half, turned out to be unprofitable.

Poultry farmers in Germany also had to contend with outbreaks of avian flu.

The poultry market in Poland is a growth market and an export market, in terms of both the integrated chain and the non-integrated segment of the market. In 2021 the sector was affected by Covid-related measures and recurring outbreaks of avian flu. In the second half of the year broiler prices staged a recovery as frozen stocks started to dwindle. This prompted poultry farmers to start restocking their barns with new chicks.

In September 2021 the Polish ministry of Agriculture and Rural Development announced support measures for the pig farming sector in light of the difficult market conditions caused in particular by African swine fever.

Germany/Poland results
Total Feed volume was stable at 2.2 million tonnes. Volume growth in the poultry sector offset the decline in volumes in the cattle and swine sectors. The strategic decision was taken to reduce trade in straights (from the DML product group).

At the same time compound feed volumes, part of the Total Feed portfolio, rose as a result of growth in the poultry sector and stable sales in the ruminant and swine sectors. However in the second half of the year the impact of the dramatically lower pig prices started to show in compound feed volumes, prompting livestock farmers to choose cheaper feed and by-products for price reasons. The increase in volumes in the poultry sector was the result of poultry farmers in Poland focusing on the further recovery of the internal and export market. However, they also had to contend with local restrictions imposed to deal with outbreaks of avian flu. Volumes also rose in the pig sector and dairy sector in Poland.

Gross profit fell by €1.3 million (1.7%), including a negative currency translation effect of -0.7% due to a lower Polish zloty. The decline was mainly concentrated in the first half of the year as a result of the aforementioned underpriced contracts.

Although gross profit improved in the second half of 2021, gross profit per tonne was lower in 2021 compared to 2020.

Underlying operating expenses rose by 3.2%. Employee benefit expenses fell slightly as a result of a small decline in the number of FTEs. Production costs rose, however, as a result of the higher compound feed volumes but mainly because of the higher energy costs which could not be passed on in the chain. Allocated overhead costs were €0.2 million lower than the previous year. As a result underlying EBITDA fell to €9.1 million (2020: €12.2 million), mainly due to the negative margin effect of around €4 million relating to the German incident in the first half of the year.

United Kingdom

In thousands of euro	2021	2020	Δ%
Total Feed volume (in tons)	2,421,281	2,478,337	−2.3%
Revenue	**648,805**	**589,248**	**10.1%**
Gross profit	**112,627**	**110,767**	**1.7%**
Other operating income	973	1,666	−41.6%
Operating expenses	−117,190	−108,118	8.4%
Underlying operating expenses	−110,516	−104,940	5.3%
EBIT	**−3,590**	**4,315**	**−183.2%**
Underlying EBIT	**2,228**	**5,903**	**−62.3%**
Add back: depreciation, amortisation and impairment	16,911	15,124	11.8%
Add back: underlying depreciation, amortisation and impairment	13,542	12,296	10.1%
EBITDA	**13,321**	**19,439**	**−31.5%**
Underlying EBITDA	**15,770**	**18,199**	**−13.3%**
Underlying EBITDA/Gross profit	14.0%	16.4%	−14.8%
ROACE on underlying EBITDA	**13.2%**	**14.0%**	**−5.6%**
ROACE on underlying EBIT	**1.9%**	**4.5%**	**−58.9%**

Market and sector developments

Brexit came into force in early 2021. Since then a new agricultural policy has been introduced, the purpose of which is to enable UK farmers to do business sustainably and profitably without subsidies by 2028, while at the same time encouraging them to improve both the environment and animal welfare and reduce carbon emissions.

The year under review was a challenging one for livestock farmers. Whilst average milk prices were slightly higher than a year earlier, prices for feed rose faster. Logistics tariffs were also higher as a result of a shortage of drivers in the United Kingdom. The dairy herd shrank slightly in 2021 compared to 2020. Some pig farmers decided to stop farming due to poor profitability in 2021. The sector furthermore faced limits on slaughtering capacity, due to a shortage of workers. Poultry farmers saw increased demand from the internal market, but exports of poultry products fell as a result of the import and export complications caused by Brexit.

United Kingdom results

Total Feed volume declined by 2.3% to 2.4 million tonnes. DML volumes rose, mainly due to the ample availability of moist and liquid co-products and the winning of several tenders. There was a decline in compound feed volume, as a result of the decision in the first quarter of 2021 not to extend a contract with a large swine customer after the parties failed to reach agreement on a profitable trading relationship. New customers have been acquired in the meantime. Volumes in the dairy farming sector remained stable compared to the previous year, driven by the upward trend in the second half of the year, partly due to the acquisition of more customers for robotic milking.

Poultry volumes rose as a result of the customers acquired in the broiler sector in late 2020.

Gross profit rose by 1.7% due to a currency translation effect of +3.5%. Part of the increase in energy and diesel prices could be passed on in the supply chain. In addition to the policy of not letting volume take prevalence over margin this resulted in an improvement of the gross margin per tonne, also in local currency.

Underlying operating expenses rose by 5.3%, including a currency translation effect of +3.5%. Employee benefit expenses declined due to a reduction in the number of FTEs. The decline in transport costs was smaller in percentage terms than the decline in volumes; this was the result of external logistics tariffs rising, due to high employee benefit expenses because of the shortage of drivers in the United Kingdom. Production costs rose due to higher energy costs, especially in the second half of the year. Allocated overhead costs were unchanged from last year.

Underlying EBITDA equalled €15.8 million (2020: €18.2 million).

Central and support expenses

In thousands of euro	2021	2020	Δ%
Gross profit	**569**	**665**	**−14.4%**
Other operating income	–	–	0.0%
Underlying operating expenses	−13,036	−11,613	12.3%
EBIT	**−15,323**	**−11,126**	**37.7%**
Underlying EBIT	**−12,465**	**−10,947**	**13.9%**
Add back: depreciation, amortisation and impairment	4,530	4,154	9.1%
Add back: underlying depreciation, amortisation and impairment	4,530	4,154	9.1%
Underlying EBITDA	**−7,935**	**−6,793**	**16.8%**

Underlying operating expenses of Central and support services are the expenses net of overhead costs allocated to the clusters. In 2021, underlying central operating expenses rose by €1.4 million, partly due to a €2.9 million reduction in costs allocated to the clusters. The net decline (excluding the change in cost allocation) was the result of cost control, lower outsourcing costs and a release from the bonus provision. IT expenses were higher as a result of working from home (due to Covid) and expenditure to support digital innovation. Employee benefit expenses rose only slightly because the effect of wage indexation was mitigated by the reduction in the number of FTEs.

Dividend proposal

ForFarmers aims to distribute a dividend, taking into consideration long-term value creation and a healthy financial structure to execute its strategy. The dividend policy of ForFarmers is aimed at paying out between 40% and 60% of the underlying profit after tax. In 2020 the underlying net profit amounted to €29.0 million.

In light of the cash flow and balance sheet position of ForFarmers the company proposes to pay out a dividend of €0.29 per ordinary share (2020: €0.29). This consists of a regular dividend of €0.19, which equates to the distribution of 60% of the underlying net profit, and a special dividend of €0.10 and is based on 93,307,212 ordinary shares outstanding. ForFarmers did not make use of any financial Covid-19 schemes which include conditions that have implications for making distributions.

The annual accounts will be submitted for adoption at the Annual General Meeting of Shareholders on 14 April 2022. The dividend will be made payable on 28 April 2022.

Efficiency plan 2021 & 2022

ForFarmers believes it important to set up and maintain its organisation and processes as well and as efficiently as possible. One of the pillars of the Build to Grow 2025 strategy is Operational Excellence, which comes with a cost-saving target of at least €10 million by 2025 compared to the normalised[1] level of 2020. The first step of this objective is to reduce operating expenses by €7 million in 2021 and 2022, with the full effect of this to be visible in 2023 (compared to the normalised level of 2020). Excluding the effect of higher energy prices the cost savings implemented by ForFarmers in 2021 are on track to achieve the target. Like-for-like (excluding the M&A effect), the number of FTEs fell by 101 to 2,444.

Capital expenditure and investments

ForFarmers continues to invest in systems and process optimisation and expects to invest approximately €35 million in 2022. ForFarmers will also continue to pursue acquisitions in order to leverage economies of scale and knowledge. As of 31 December 2021 the debt/underlying EBITDA ratio was negative 0.37 (2020: negative 0.17). ForFarmers has sufficient financial headroom to realise its growth plans.

Subsequent events

There were no subsequent events.

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

Outlook for sectors and markets

Market developments

The themes which had an impact during 2021 are expected to continue to affect the agricultural sector and hence ForFarmers in 2022. Raw material prices are expected to remain high, as are energy, labour and transport costs. In addition, the transition to more sustainable production of animal proteins, Covid and animal diseases will all continue to present both challenges and opportunities.

Taking these themes into account, in the short term milk production in Europe is expected to increase only slightly in 2022 and prices are expected to remain at a high level amid very solid global demand for dairy products.

The swine sector is expected to continue to suffer from an oversupply in Europe and reduced demand from China and hence pig prices are expected to remain low. Pig farmers in the United Kingdom are likely to export less in view of all the extra customs requirements as a result of Brexit and because Europe already has a surplus of pigs. In addition, they have the possibility to increase sales locally given that the UK is not self-sufficient in pig meat. This also applies to the poultry sector. Due to the increasing demand for poultry products, there is an opportunity for expansion for the poultry sector.

In the other home markets, expectations for the poultry sector for 2022 are also brighter, with the (gradual) reopening of the catering sector expected to lead to increased demand for chicken meat. This is mainly positive for poultry farmers in Poland, which exports a lot of chicken meat. Poultry farmers are however still coping with the outbreak of avian flu in many European countries; how great the impact of this will be in 2022 is still difficult to estimate.

In the Netherlands, ForFarmers' largest home market, the new government's coalition agreement provides for a cumulative amount of €25 billion to be made available to livestock farmers up until 2035 in order to realise a transition to circular agriculture, with the underlying objective being restoration of the natural environment, climate and water. Although reducing the livestock population is not an end in itself, €7.5 billion of the budget is reserved for buying out dairy, poultry and pig farmers. ForFarmers will continue to work with partners in the chain to propose innovative solutions that reduce the impact on the natural environment, climate and water and remove the need for herd reductions.

There are also developments in the field of animal welfare that affect the herd, such as the demand for more welfare concepts in the poultry sector. Welfare concepts give animals a longer life and more space. In many cases this requires expansion of animal housing, which is subject to major legislative hurdles in the Netherlands. Compliance with the Beter Leven quality label requires specialised feed and advice, with ForFarmers/De Hoop being very well placed in this respect.

The impact of the EU Green Deal and the associated climate targets will differ per country. Innovation, further improvement of feed conversion and the provision of sustainable feed concepts to reduce the carbon footprint on-farm and in the supply chain will become increasingly important. Demand for organic feed solutions and advice will also increase. ForFarmers is fully equipped to further expand its leading position amid these trends, both in the traditional markets and in the growing organic market through Reudink.

ForFarmers also expects to be able to further strengthen the position it has built up in the horse market over the years with Pavo.

Financial outlook for 2022

In the early months of 2022 energy prices were substantially higher than in the first quarter of 2021.

Many farmers have yet to see an improvement in market conditions. ForFarmers expects raw material and energy prices to remain high, given the worrying political situation between Russia and Ukraine. The Company therefore expects continued pressure on margin and costs during 2022 and consequently on underlying EBITDA, which will show a substantial decline (YoY) in the first half year of 2022 in particular.

Review of Build to Grow 2025 strategy

In November 2021 ForFarmers announced its intention to review its Build to Grow 2025 strategy in light of the changes and challenges in the agricultural sector, and to tighten it where necessary. The review is underway and ForFarmers will announce more on the subject later this year, after a new CEO has been appointed.

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 of 31 December 2020 and consists 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 2021, ForFarmers held 1,911,609 of its own ordinary shares, meaning that the number of shares outstanding was 93,307,213 on that date.

Share information

In euro	2021	2020
Earnings per share [1]	0.13	0.15
Dividend [2]	0.29	0.29
Number of ordinary shares outstanding (x 1 million) as of 31 December	93.3	95.2
Market capitalisation (€ million) on 31 December [3]	376,9	508.3
Highest price	6.18	6.35
Lowest price	3.47	4.82
Closing price	4.04	5.34

[1] *Earnings per share is calculated based on the weighted average of the number of ordinary shares outstanding. In 2021 this number was 95,091,689 (2020: 95,814,747)*
[2] *Dividend is calculated based on the number of ordinary shares outstanding as at 31 December (2021: 93,307,212; 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[1].

2021 dividend proposal

It will be proposed to the General Meeting of Shareholders of 14 April 2022 that a dividend be distributed of €0.29 per ordinary share with a nominal value of €0.01 (based on 93,307,212 million ordinary shares outstanding), which comprises of a regular dividend of €0.19 related to a pay-out ratio of 60% of the underlying net profit[1] and a special dividend of €0.10 (2020: €0.29). ForFarmers already disclosed its intention to the capital markets to pay out €0.29 per ordinary share in its Q3 Trading Update, which was published on 2 November 2021. This proposal has been approved by the Supervisory Board.

[1] *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*

Closing price per day

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
Kempen Capital Management N.V.	5.27%	8 February 2017

[1] *Based on 106,261,040 issued ordinary shares as at the time of the registration with AFM. On 11 September 2020 ForFarmers cancelled the treasury shares (repurchased through the SBB programmes). As of 11 September 2020 ForFarmers has 95,218,821 issued ordinary shares*

[2] *As of 31 Dec 2021 the capital interest of Coöperatie FromFarmers U.A. is 46.4%, of Stichting Beheer- en Administratiekantoor ForFarmers 8.51% and of ForFarmers N.V. 2.01%, based on 95,218,821 issued ordinary shares*

On 3 January 2022 Kempen Capital Management N.V. registered a fall in the capital interest in ForFarmers to 4.98%.

On 19 January 2022, ForFarmers N.V. registered a capital interest in ForFarmers of 3.01% as a result of the share buy-back programme.

Share buy-back programme

In 2021, the General Meeting of Shareholders authorised the Executive Board to buy back at maximum 10% of its own shares, to fulfil the obligations for the employee participation plans, among other things. Accordingly, 190,000 shares were repurchased in the period 28 April to 20 May 2021 for an average price of €5.42 per share and for a total amount of €1,030,400. The progress of the share buy-back programme was disclosed by means of a weekly press release.

On 2 November 2021 ForFarmers published its Q3 Trading Update, in which the company announced it would follow up with information regarding alternative capital allocation plans. ForFarmers approaches decisions regarding capital allocation along certain lines. The first step is to invest in the ongoing business activities, paying attention to various aspects ranging from returns and maintenance to sustainability. The next step is that in addition, ForFarmers wants to invest in M&A, which is one of the strategic pillars to enhance de organisation. On top of that, in the event the Executive Board deems it opportune to utilise the strong balance sheet for a share buy-back programme, it will make such a proposal taking into consideration the capital allocation requirements for dividend distribution, the strategic programmes and the share price.

On 1 December 2021, ForFarmers announced to start a share buy-back programme of at maximum €50 million, to make the balance sheet more efficient (capital reduction) among other things. The programme started on 2 December, under the authorisation granted by the AGM

to ForFarmers in 2021 to repurchase at maximum 10% of its issued shares and, if granted, the authorisation of the AGM in 2022. Per 31 December 2021, 1,874,046 own shares were repurchased for a total amount of €7,322,020, making the average price per share €3.91.

Specification of shares

ForFarmers held 1,911,609 of its own ordinary shares (treasury shares) as at 31 December 2021. These treasury shares do not have voting rights nor are they entitled to dividend distribution. The number of shares outstanding consequently was 93,307,212 as at 31 December 2021.

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 and the number of shares held by Stichting Beheer- en Administratiekantoor ForFarmers – the ForFarmers Trust Office Foundation – and for which no voting rights have been requested, for which voting instruction can be given. 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 2022 the Cooperative represented the voting rights in relation to 44,224,559 shares held by the Cooperative (directly and indirectly), and could give voting instructions for the 8,111,388 shares which were held by the Trust Office Foundation.
The Cooperative accordingly had a combined voting interest of 55.0% (based on the number of issued ordinary shares) per that date.

The above is clarified in the following table.

Shares/Depositary receipts

	Shares/ depositary receipts	Capital interest	Shares/ depositary receipts	Capital interest
	31 December 2021		31 December 2020	
Total of ordinary shares outstanding	95,218,821	100.00%	95,218,821	100.00%
Held by ForFarmers	1,911,609	2.01%	28,385	0.03%
Number of ordinary shares outstanding	**93,307,212**	**97.99%**	**95,190,436**	**99.97%**
Shares Coöperatie FromFarmers U.A. (Direct)	18,498,469	19.43%	18,498,469	19.43%
Participation accounts of members (Indirect)	25,726,090	27.02%	27,009,131	28.36%
Coöperatie FromFarmers U.A.	**44,224,559**	**46.45%**	**45,507,600**	**47.79%**
Depositary receipts of members	5,726,660	6.01%	5,789,037	6.07%
Depositary receipts in lock-up	917,578	0.96%	827,445	0.87%
Depositary receipts other holders [1]	1,467,150	1.54%	1,519,238	1.60%
Shares Stichting Beheer- en Administratiekantoor ForFarmers	**8,111,388**	**8.51%**	**8,135,720**	**8.54%**
Shareholders (external)	40,971,265	43.03%	41,547,116	43.64%
Total of ordinary shares outstanding	**93,307,212**	**97.99%**	**95,190,436**	**99.97%**

[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 2021 the average daily trading volume was around 180,000 ForFarmers shares (2020: around 130,000).

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 2021 to 31 December 2021 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 again extended its contract with ABN AMRO by one year.

General Meeting of Shareholders

The General Meeting of Shareholders will be held in Laren (Gelderland, the Netherlands) on 14 April 2022 and can be followed by means of a live audio webcast (in Dutch). Further information regarding the AGM is announced by means of a press release and is published on the ForFarmers website.

Financial calendar

24 February 2022	Publication annual results and annual report 2021
14 April 2022	General Meeting of Shareholders
20 April 2022	Ex-dividend date
21 April 2022	Registration date for dividend entitlements
28 April 2022	Dividend Payout date
5 May 2022	Q1 2022 Trading update
11 August 2022	Publication of half-year results 2022
1 November 2022	Q3 2022 Trading update
23 February 2023	Publication annual results and annual report 2022

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

FFARM LISTED EURONEXT

ForFarmers highlights for investors

Good positions in mature home markets, ambition to expand to new markets with growth potential

- Unique access to farm gate as Total Feed solutions provider;
- Strong market positions in majority of home markets;
- Supporting farmers with good feed and good advice to optimise (technical) return on-farm with healthy animals and increasingly lower carbon footprint;
- Ambitious sustainability agenda: Going Circular For the Future of Farming, with specific targets including in the field of reduction GHG emissions, better nitrogen and phosphate efficiency and use of renewable energy;
- Strong position in formulation, innovation and digitalisation;
- M&A: focus on consolidation in existing markets and leveraging synergies;
- EU Green Deal offers opportunities but also threats;
- Aim to create more balance in portfolio between mature markets and growth markets by expanding to carefully selected new growth market to be operational in 7 countries in total by 2025.

Financial profile

- Strong balance sheet and solid recurring free cash flow;
- Dividend distribution (40%-60% of underlying net profit);
- Exposure to price fluctuation of global commodities (raw materials).

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, transparent, accurate and prompt information on developments at ForFarmers.

We do so by making information available in the form of press releases, annual reports, qualitative 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

The investor relations events in which we participated in 2021 were all virtual events. Some conferences were initially organised as physical, face-to-face, events but had to be changed to virtual meetings at the last minute due to the rekindling of Covid infections.

Some conferences were initially organised as physical events, but had to be changed into virtual appointments at the last minute due to rekindling of Covid infections. Despite the fact that virtual meetings are more efficient than physical meetings in terms of time, the desire for physical events is clearly noticeable again. In addition to the 'traditional' conferences, which were mainly taking place as virtual events, there were also an increasing number of interactive webinars, mostly focused on ESG topics. These webinars are organized by banks, but also by ESG rating agencies, accountants and consultancy companies. While these webinars are not platforms where investors and companies can meet one-on-one, they do play a role in the Investor Relations spectrum.

During 2021 we spoke to around 40 investors during 5 conferences. In addition, we spoke to an additional approximately 25 investors during 3 virtual road shows and one-on-one phone conversations. These sessions were mainly conducted by the CFO or the CEO, in all cases accompanied by the Investor Relations director.
The bilateral contacts with Investors were always in accordance with the aforementioned policy.

The chairman of the Supervisory Board also met with some Investors, during which the Investor Relations director was also present.

Topics that were regularly discussed included a) the impact of the increasing environmental measures on the agricultural sector, b) what the Dutch agricultural policy will be in connection with the nitrogen discussion and what effect this will have on ForFarmers in the short term and longer term, c) the M&A policy, d) cost savings and e) capital allocation policy.

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.

Normally, members of the Executive Board of ForFarmers attend meetings of the member council and the annual FromFarmers Cooperative members meeting. These meetings were held both as virtual event and as physical event on location. 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). In 2021, the AGM was again held as 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 2021 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 2021, ForFarmers retained its AA (on a scale of AAA-CCC) rating in the MSCI ESG Ratings assessment. In addition, we again participated in the CDP Climate Change Disclosure programme in 2021 and our score remained D, like in 2020.

Sustainalytics, S&P Global, Corporate Knights and Vigeo-Eiris also assessed ForFarmers' transparency in the field of ESG reporting. The World Benchmarking Alliance ranked ForFarmers 28th in the agricultural products and commodities segment. This puts the company in the top quarter of the segment ranking. WBA considers ForFarmers to be 'a top performer among the companies involved in feed production. The company showcases leading practices in the governance and strategy measurement area and performs above average in the environment and social inclusion areas'.

ForFarmers finished in 38th place of the Transparency Benchmark 2021, initiated by the Dutch Ministry of Economic Affairs and Climate. ForFarmers has risen from place 91 (annual report 2018) to one of the forty organizations with the most transparent reporting on social responsibility for 2020 in the Netherlands. ForFarmers also scores well in the field of taxation. In the VBDO tax transparency benchmark for 2021, ForFarmers holds a shared 10th place (together with AMG, ING, Rabobank, Unilever, Nedap and Vopak). In 2020, ForFarmers was also in 10th place.

How we safeguard long term value

Composition of the Executive Board and the Executive Team

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 reports its local commercial activities in three geographically defined clusters: the Netherlands/Belgium, Germany/Poland and the United Kingdom.

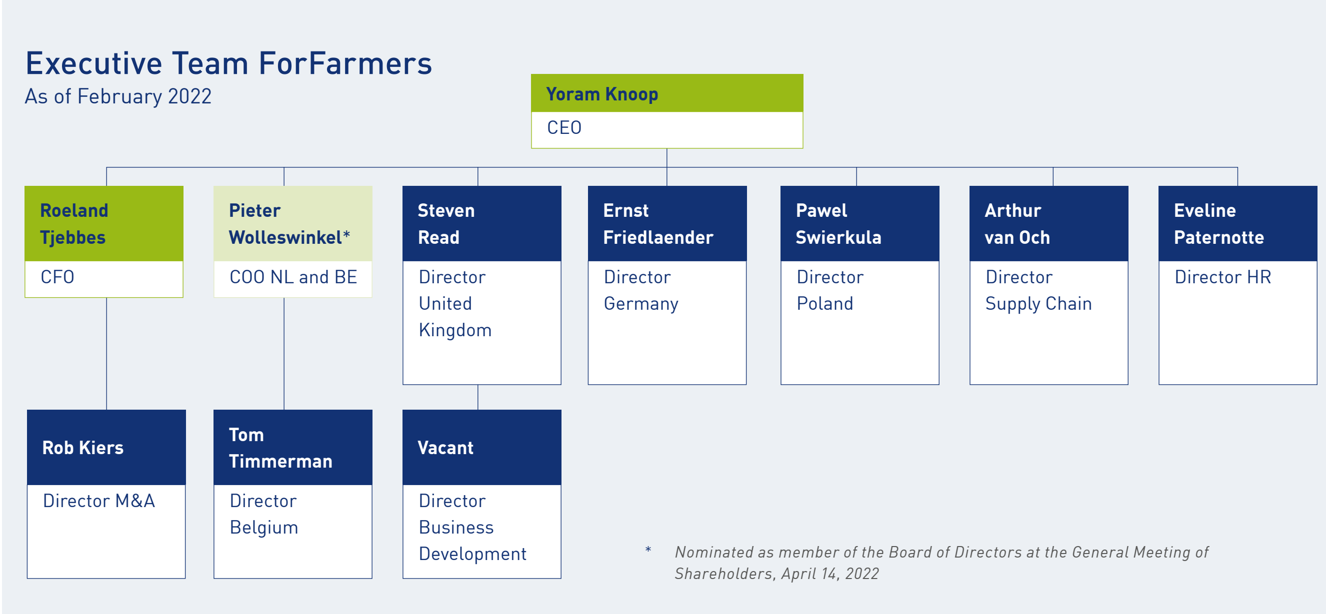
The character of the agricultural sector differs from country to country. Therefore, the organisational structure of ForFarmers is set up according to the principle 'centrally where possible, but above all locally, close to the customer'. This allows ForFarmers to respond quickly and adequately to local commercial opportunities and threats. Each home market is headed up by a Managing Director, who is responsible for the commercial and financial results in the country in question.

Central departments (group functions) support local initiatives to make the most of economies of scale. Standardised processes are used wherever possible. This allows the organization to act as efficiently and effectively as possible.

In principle, the Executive Board consists of three members, namely the CEO, the CFO and the COO. They are jointly responsible for the strategy, the mission and objectives, the long-term value creation, the consolidated results and the continuity of ForFarmers.

They also maintain relationships with external stakeholders, including shareholders, banks, potential investors, agricultural interest groups and other players in the feed and food chain.

The Executive Team, which comprises of the country Managing Directors, the directors for Supply Chain, M&A, Business Development and HR and the members of the Executive Board, is responsible in its entirety for the operational management of the business and the execution of the strategy.



Composition of the Executive Board and the Executive Team

From January until the end of September 2021, the Executive Board was composed of Yoram Knoop (CEO), Roeland Tjebbes (CFO) and Adrie van der Ven (COO). Adrie van der Ven resigned from the Executive Board on 1 October 2021. Pieter Wolleswinkel, COO for the Netherlands/Belgium has been nominated as a new member to the Executive Board, pending approval of the General Meeting of Shareholders of 2022.

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 Team, he is ultimately responsible for all strategic and operational affairs. By virtue of his position, he is a member of the Steering Group of the European Feed Manufacturers' Federation (FEFAC).

Yoram Knoop will step down after the General Meeting of Shareholders in 2022, at the end of his second term.

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, Vion and Hoogwegt Group. In addition, he is a member of the supervisory board of Royal Koopmans.

Executive Team Members

The Executive Team of ForFarmers is composed of the members of the Executive Board and the other Executive Team members.

Ernst Friedlaender is **Managing Director ForFarmers** Germany.

Rob Kiers is **Director M&A**.

Arthur van Och, Director **Supply Chain**, is responsible for Purchasing, Formulation & Quality, Production & Logistics, Continuous Improvement Programs (Operational Excellence), Engineering and Projects, Sustainability and Health & Safety.

Eveline Paternotte, **Group Director HR**, manages the disciplines HR and Corporate Communication.

Steven Read is **Managing Director ForFarmers UK.**

Pawel Swierkula is **Managing Director ForFarmers/Tasomix in** Poland.

Tom Timmerman is **Managing Director ForFarmers Belgium**.

The position of **Director Business Development**, responsible for Marketing, Nutrition and Next Level Innovation is vacant as of February 2022. Steven Read has temporarily also taken on this role.

Pieter Wolleswinkel is **COO of the ForFarmers Netherlands/Belgium cluster.** He has been nominated as a new member to the Executive Board, pending approval of the General Meeting of Shareholders of 2022.

Composition of the Supervisory Board and Committees

During the year under review the Supervisory Board (the Board) was composed of six members. The Annual General Meeting of Shareholders (AGM) of 23 April 2021 appointed Mr Jan van Nieuwenhuizen on the recommendation of the Supervisory Board. In addition, he was appointed Chairman of the Board by Cooperative FromFarmers U.A. The Board is now composed as follows:

Jan van Nieuwenhuizen, Chairman

(1961, Dutch nationality)

A member of the Supervisory Board since 2021 and eligible for reappointment in 2025. Mr Van Nieuwenhuizen holds a degree in law from Leiden University in the Netherlands and a degree in business economics from Freiburg University in Switzerland. He has extensive international management experience including as previous member of the Group Board of Rabobank. Earlier on in his career, Mr van Nieuwenhuizen held management positions at various other banks, including JP Morgan, Morgan Stanley and NIBC. In addition, he has been member of supervisory boards of various companies, including those of FGH Bank and Bouwfonds Property Development. Mr van Nieuwenhuizen is not at present a member on another supervisory board besides the ForFarmers Board.

As at 31 December 2021 Mr Van Nieuwenhuizen 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 stepping down in 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 2021 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 actively involved in his family's agricultural business and is partner at Yeald, a company active in the horticultural sector. Furthermore, he is chairman of the supervisory board at 30mhz. During his career he held various financial and organisational management positions at companies including Syngenta and Unilever and he was chairman of the board of Agro-Polen, a company active in arable and dairy farming in Poland.

As at 31 December 2021 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 2021 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 is CFO of ERIKS N.V. During her career she as held various financial positions at companies including Ordina N.V., Royal VolkerWessels Stevin N.V., Macquarie Capital Advisors (in the United Kingdom) and ING.

As at 31 December 2021 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. He was a member of the Supervisory Board of Royal FrieslandCampina N.V. and a member of the board of Zuivelcoöperatie FrieslandCampina U.A. until 22 September 2021.

As at 31 December 2021 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:

	Jan van Nieuwenhuizen	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	2021	2018	2018	2018	2020	2019
Eligible for reappointment in	2025	–	2022	2022	2024	2023
To retire no later than	2033	2022	2030	2026	2032	2027
Independent	Yes	Yes	No	No	Yes	Yes
Core Commitees (see below)	RC en S&BC	AC and RC	AC and RC	S&AC	AC	S&BC
Knowledge and Experience:						
(Inter)national business experience	✓	✓	✓	✓	✓	✓
International Management experience	✓	–	✓	–	✓	–
Specific agri sector knowledge	✓	✓	✓	✓	–	✓
Financial knowledge	✓	✓	✓	–	✓	✓
M&A experience	✓	–	✓	–	✓	–
Sustainability	✓	✓	✓	✓	✓	✓
Corporate Governance experience	✓	✓	✓	✓	✓	✓

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 slightly from the Dutch Corporate Governance Code (the Code) as explained in more detail in the Corporate Governance section.

The basic principle is used that all but two members of the Supervisory Board are independent in the sense 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. In addition, Mr Jan van Nieuwenhuizen was non-independent at the time of his appointment, as he was a member of the Group Board of Rabobank up to 1 September 2020. ForFarmers maintains an important business relationship with Rabobank. As of 1 September 2021, the Board does consider Jan van Nieuwenhuizen independent in the sense of the Code, because he has not been employed anymore by Rabobank for over a year.

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 the Supervisory Board Regulations. 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 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 2021. The external auditor was present at all of these meetings, as well as the CEO, the CFO, the Group Finance director, the internal auditor and the Corporate Secretary.

The committee, the Executive Board and/or its representatives and the external auditor discussed at length the 2020 annual accounts, the 2020 report of the Executive Board, the 2021 first-half results, the trading updates and the associated press releases, and the internal and external audit plan for 2021. In addition, the progress with respect to integrated reporting over 2021 was discussed. ForFarmers has made progress last year by, amongst others, presenting a more detailed long-term value creation model in the annual report and aligning the reports accordingly. Preparations are made this year to comply with the expected ESG reporting requirements. The committee supports the steps ForFarmers is making in this regard and understands the balanced approach in view of the quality of the reports.
In the context of the financial statements 2020, the committee paid extensive attention to the goodwill impairment test with respect to the activities of Tasomix in Poland, also in light of the effect of animal diseases and Covid-19 measures. Demand for chicken meat fell as a result of the Covid-19 measures, which resulted in Tasomix volumes not meeting the expectations in 2020. Consequently, an impairment proved necessary.

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 accounts receivables and the pressure on business performance. The increasing risk of cyber security was mentioned as an important development as well.
The external auditor has concluded that the findings in the previous Management Letter have been dealt with in the past year by improving processes. The Executive Board has made the remaining items as well as new findings manageable by introducing additional measures.

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, optimisation of business processes was regularly discussed, as part of the

Business Process Optimisation (BPO) project as well as the steps to be made to enforce the necessary changes. In this context, the audit committee specifically asked to provide insight into the intended result for the selected processes and to include what the benefit for, for example, the customer or employee should be.

At the time of the first quarterly update, the audit committee also discussed in depth the situation with a number of contracts which had been priced unfavourably, which had a significant impact on the results. The Internal Auditor has made proposals regarding (process) improvements and these have been implemented by the Board. In the year under review, the Enterprise Risk Management (ERM) framework was evaluated by, among other things, comparing the risks presented by other listed companies. This has led to a tightening of the risks that already fell within the ERM framework and the addition of one specific risk with regard to sustainability and societal pressures. Furthermore, within the ICF framework, a clear separation has been made between different key controls. This is further explained in the chapter Risk Management.

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 and insurance. 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 2022 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 and established that the risks relating to the ForFarmers strategy have been identified and that the control measures aimed at strategic, operational and social, 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), Sandra Addink-Berendsen (member) and Jan van Nieuwenhuizen (member as of 23 April 2021). 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 Team's previously agreed targets and determined the incentives (STI 2021 and LTI 2019-2021). In doing so the Remuneration committee drew on a report of the external auditor with factual findings about the specific items, as agreed, in relation to the calculation of the variable compensation. The Supervisory Board subsequently approved the proposed incentive amounts.

The Remuneration committee met seven times during 2021. The CEO and the Group Director HR were present at five of these meetings. The committee performed various preparatory activities, including preparing the remuneration report and discussing the remuneration of new members of the Executive Team as well as the targets for the short-term (2022) and long-term (2022-2024) variable remuneration plans. The targets were subsequently discussed and approved by the plenary Supervisory Board. The remuneration committee also discussed the remuneration ratios at ForFarmers.
The execution of the remuneration policy in 2021 is disclosed in the remuneration report, which was approved by the Supervisory Board.

Furthermore, the 2021 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. The proposal is included in the remuneration policy that will be submitted to the upcoming AGM.

Remuneration policy

The remuneration policy was adopted by the AGM of 24 April 2020 as regards the parts that concern the Executive Board and on 23 April 2021 for the parts that concern the Board. In the year under review, the Remuneration Committee, with the help of an external advisor, reassessed the remuneration policy. Various elements were reviewed, including the assessment of the composition of the reference group, the market positioning of the total direct remuneration, the performance measures and bandwidths for short- and long-term bonuses, the payout mechanism of the long-term variable remuneration and the guidelines for the ownership of (depositary receipts for) shares. For this purpose, scenario analyses were made in which the proposed remuneration package was compared with the current package. The proposals regarding the remuneration policy relate, among other things, to the aforementioned components. The proposals have been discussed with various stakeholders, including a selection of (major) shareholders, a voting advisory organisation and (a representation of) the works council in the Netherlands, and their feedback was taken into account.
The Remuneration Committee has advised the Board to adjust the remuneration policy. The remuneration policy will be submitted to the AGM of 14 April 2022 for adoption. This contains an overview of proposed changes to the current remuneration policy.

Selection and appointment committee

In 2021 the Selection and appointment committee consisted of Erwin Wunnekink (chairman), Vincent Hulshof (member) and as of 23 April 2021, Jan van Nieuwenhuizen (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 Appointment committee met three times during 2021. The committee drew up an individual profile for the vacancy that will arise in April 2022 in connection with the fact that Ms Sandra Addink-Berendsen will step down. This profile was approved and adopted by the Board. During 2021, the Appointment committee made the necessary preparations and held interviews with candidates as successor to Ms Sandra Addink-Berendsen. During the preparations various aspects were taken into account, including the diversity policy and the right of recommendation that Coöperatie FromFarmers U.A. holds in its position as priority shareholder. Furthermore, the variety of competencies within the Board was an important consideration in the selection procedure.
Mrs M. Folkers-in't Hout was introduced to the Board on the recommendation of Coöperatie FromFarmers U.A. because of her knowledge of and experience in the agricultural sector. The committee is of the opinion that she fits well within the individual profile and has therefore proposed to the Supervisory Board to nominate Mrs M. Folkers – in 't Hout for appointment as a member of the Supervisory Board. The Board has followed up the committee's proposal so that the appointment will be put on the agenda for the AGM that will be held on 14 April 2022.

Furthermore, the Appointment committee prepared the reappointment of Messrs Roger Gerritzen and Vincent Hulshof, as members of the Board. For this, discussions with Vincent Hulshof were conducted by the chairman of the committee together with Jan van Nieuwenhuizen.
The Board proposed to nominate both members for reappointment on the recommendation of Coöperatie FromFarmers and subsequently made the proposal to the AGM to reappoint them as members of the Board.

The Appointment committee and the Board also discussed the succession planning for the Executive Board, the Exeutive team and the Supervisory Board, partly in the light of the rotation schedule and to be able to respond adequately in unforeseen circumstances.

On 25 November 2021, ForFarmers announced that Yoram Knoop, CEO and member of the Executive Board of ForFarmers N.V. will step down after the General Meeting of Shareholders on 14 April 2022, the date on which his current term of office expires. This was decided in joint consultation between Yoram Knoop and the Supervisory Board. The process for finding a new CEO is ongoing.

The selection committee has drawn up a profile for the CEO, taking into account the challenges which ForFarmers is facing and the applicable diversity policy. This profile was approved by the Board and was subsequently discussed with the external executive search agency.

Finally, the chairman conducted appraisal reviews, without the assistance of an external adviser, with the individual members of the Supervisory Board, and discussed the performance of the Supervisory Board as a whole with the Supervisory Board. As regards the performance of the Executive Board and the Executive Team, the committee discussed the outcome of the talks held by the members of the Supervisory Board with each individual member of the Executive Team.

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 law, the Articles of Association and the relevant regulations, which have been established based on the Dutch Corporate Governance Code (the Code)[1]. 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[2] 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, including the execution of the diversity policy. 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 Team and Supervisory Board, as well as the functioning of the General Meeting of Shareholders (AGM). The competencies required for long-term value creation for all stakeholders of ForFarmers were taken into consideration in the composition of both the Executive Board and the Supervisory Board as well as in how both boards function. This if further explained in the chapters Composition of the Executive Board and Composition of the Supervisory Board and Committees.

[1] *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.*

[2] *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.*

Deviations from and/or qualifications of the Code

2.1.7 and 2.1.8 Independence of Supervisory Board members

The Board does not consider members of the Supervisory Board (the 'Board') who are also directors of Coöperatie FromFarmers U.A. (the 'Cooperative'), namely Messrs Vincent Hulshof and Roger Gerritzen, to be independent. This is explained in more detail in the Report of the Supervisory Board. These supervisory board members have been nominated for appointment on the recommendation of the Cooperative, being the holder of the priority share in the capital of ForFarmers. Furthermore, ForFarmers temporarily deviated from this in 2021, as far as the Chairman of the Supervisory Board is concerned. At the time of the (nomination for) appointment, the Chairman was not independent within the meaning of best practice provision 2.1.8 of the Code as he was a member of the executive board of Rabobank Group until 1 September 2020; ForFarmers maintains an important business relationship with Rabobank. Since 1 September 2021, the Supervisory Board considers the Chairman to be independent within the meaning of the Code because as of that date he had not been employed anymore by Rabobank for more than a year.

2.1.9 Independence of the Chairman of the Supervisory Board

ForFarmers temporarily deviated from this provision in 2021 (see notes to 2.1.7. and 2.1.8.).

2.2.2 Term of appointment and reappointment of supervisory board members

In order to guarantee continuity, ForFarmers deviates from this provision with regard to the persons who were members of the Board on 1 January 2017; for those persons, the Company applies the principle that they can be reappointed for a third period of four years. For persons who have been or will be appointedafter the said date, this provision of the Code will be applied.

2.3.4 Composition of committees (Supervisory Board)

ForFarmers reserves the right to deviate from this provision for practical reasons. The regulations of the relevant committees state that at least half of the members of the committees are independent within the meaning of best practice provision 2.1.8. During the year under review, both this provision and the regulations were temporarily deviated from with regard to the Selection and Appointments Committee and the Remuneration Committee, as Mr Jan van Nieuwenhuizen was not considered independent during the period from 23 April 2021 to 1 September 2021 (see explanations to 2.1.7. and 2.1.8.). During the year under review, however, more than half of the Audit Committee consisted of members who are independent as intended above.

4.4.5 Exercise of voting rights

Insofar as no voting rights have been requested with regard to the shares held by the Stichting Beheer- en Administratiekantoor ForFarmers ('Stichting Beheer') and no voting instruction has been given by the Cooperative in accordance with the provisions of Article 8 of the administration conditions, Stichting Beheer will determine the manner in which the voting rights attached to those shares are exercised at its own discretion,on the understanding that it will primarily be guided by the interests of the depositary receipt holders and will take into account the interests of ForFarmers and its affiliated enterprise. Since the listing of the ordinary shares of ForFarmers on Euronext Amsterdam, the Cooperative has the opportunity to give voting instruction as intended above. This partly determines the rights that the Cooperative can exercise as the holder of the priority share in ForFarmers.

4.4.8 Proxy votes

Only depositary receipt holders who are also employees of ForFarmers or members of the Cooperative can request voting rights as stipulated in the administration conditions of Stichting Beheer. Other depositary receipt holders cannot request voting rights but have the option to convert their depositary receipts into shares. Only the Cooperative can give a binding voting instruction for the shares held by Stichting Beheer (and for which shares no voting rights have been requested). Depositary receiptholders cannot give a binding voting instruction. Furthermore, the restrictions as included in the aforementioned administration conditions apply. At the time, this arrangement was included in the administration conditions with a view to the listing of the ordinary shares of ForFarmers on Euronext Amsterdam.

Key aspects of Corporate Governance

Executive Board and Executive Team

The Executive Board is responsible for the management and 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.
How ForFarmers contributes on a social, sustainable and economic level is presented in the long-term value creation model. The strategy was designed with due consideration for aspects identified in best practice provision 1.1.1. i. to vi. of the Code. The Executive Board is accountable to the Board with respect to strategy and management of ForFarmers.

ForFarmers continuously conducts dialogues with stakeholders, with respect to the implementation of the strategy and themes that require more or possibly less attention. The material themes are included in a materiality matrix and are taken into account when determining the strategy.

Given the importance of an efficient implementation of the strategy and optimal reporting lines, the Executive Board works with an Executive Team, which is responsible for the operational management of ForFarmers. As of 1 October 2021, the Executive Team consists of the members of the Executive Board, the COO for the cluster Netherlands/Belgium, the Managing Directors for England, Germany, Poland and Belgium and the directors for supply chain, HR, M&A and business development. Accordingly, there is more focus on the local development of the business in the various countries. Occasionally, members of the Executive Team members who are not members of the Executive Board will provide an explanation at a Supervisory Board meeting on specific topics for which they are responsible.

The Supervisory Board determines the number of members on the Executive Board. In the period under review the Executive Board comprised of three members until 1 October 2021, and subsequently of two members. After two terms of office, Yoram Knoop will step down after the AGM of 14 April 2022. The process to find a new CEO is ongoing. In addition, Pieter Wolleswinkel has been nominated as a member of the Executive Board, for appointment by AGM of 14 April 2022.

The members of the Executive Board have been subject to the retirement schedule below:

Name	Year of latest appointment	Eligible for reappointment in
Knoop, Y.M. (CEO)	2018	–
Tjebbes, R.J. (CFO)	2020	2024

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. The issued share capital of ForFarmers is €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.

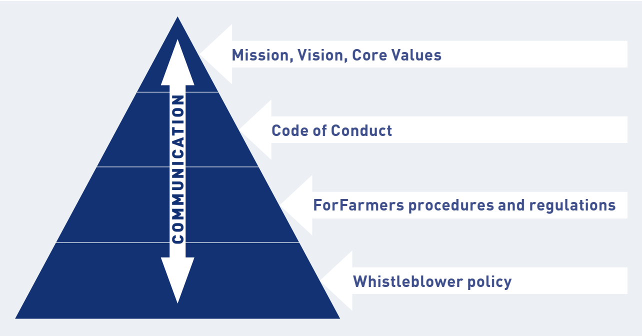
Culture, Code of Conduct and Whistle-blower policy

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 underpin a culture that is aimed at long-term value creation and are ratified by the Supervisory Board. ForFarmers has a Code of Conduct and a Whistle-blower Policy. The values underlying the Code of Conduct are universal, as referred to in, for example, the Universal Declaration of Human Rights and the principles of the UN Global Compact and they relate to People, Planet and Profit. ForFarmers' core values and the Code of Conduct are actively communicated within the organisation. In addition, giving and receiving constructive feedback is encouraged, for example via employee engagement surveys.

Ethical practices, training and awareness

Employees are trained and made aware of business ethics and culture at ForFarmers by means of e-learning modules.

New members of staff follow an e-learning course covering all aspects of the Code of Conduct including topics such as privacy, business communications, personal use of IT resources, equal opportunities and respect for people, preventing harassment (including sexual harassment) and conflicts of interest, health – safety and quality, combating bribery and corruption, preventing insider trading, handling confidential information, assets and intellectual property, disclosure, the appropriate approach to gifts and hospitality, fair competition (antitrust), import and export controls and sanctions and document management. Subsequently, a number of topics from the Code of Conduct are periodically brought to the attention by means of an e-learning module.



Employees can contact a legal business partner or the compliance officer if they have questions or need advice on legal and/or ethical dilemmas.

In the e-learning sessions during 2021, specific attention was devoted to the following topics: fair competition (antitrust), how to deal with gifts and hospitality (including combating bribery and corruption), preventing conflicts of interest and the Whistleblower policy. The e-learning module was specifically made for group/supply chain and sales functions and was based on a few practical examples.

Reports of incidents

Three 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.

Corporate Social Responsibility

ForFarmers provides feed and advice to farmers to support them in achieving optimal returns with an ever lower carbon footprint and sees corporate social responsibility as an integral part of its daily business operations. In this context, ForFarmers has set objectives that contribute to both sustainable, socially accepted livestock farming and society at large. For this, the company regularly conducts dialogues with its stakeholders. These dialogues are key to further tightening the sustainability strategy. The sustainability agenda Going Circular For the Future of Farming s an integral part of the Build to Grow 2025 strategy.

Sustainability Advisory Board

ForFarmers has set up a Sustainability Advisory Board that aims to provide insight into ForFarmers' sustainability results and to receive input from important external stakeholders. The CEO of ForFarmers is the chairman of this advisory board. It also comprises of the Director Supply Chain and the Director Corporate Affairs of ForFarmers, as well as external representatives from the retail, NGOs, the academic world, the agricultural sector and the research world. The Sustainability Advisory Board is supported by a Sustainability Task Force. This working group consists of representatives of the various functional areas within ForFarmers and assesses the progress towards the implementation plan, identifies any gaps and initiates additional actions where necessary.

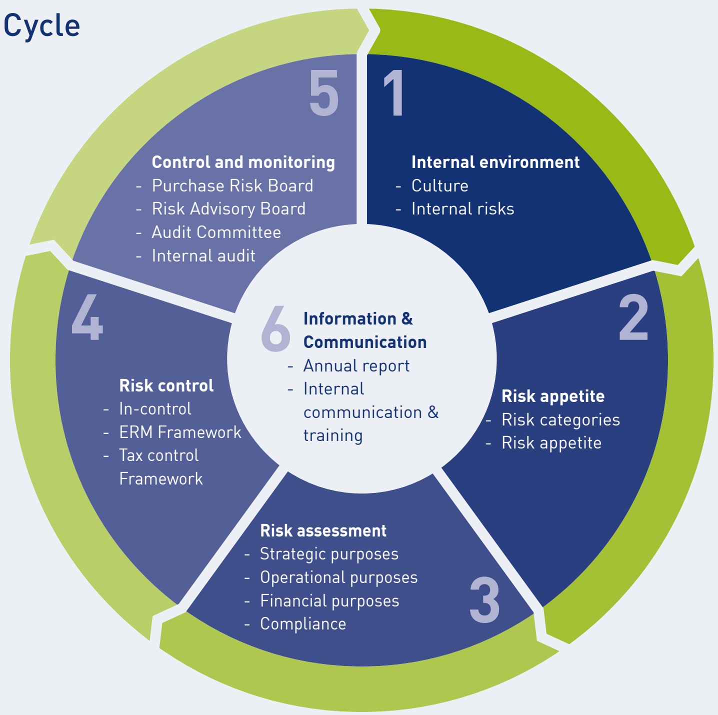
Risk management

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 Team – 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 the annual review of the implementation of the various measures. 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.

Risk management Cycle



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 (who is also responsible for the sustainability agenda), the Managing Director 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.

Finally, ForFarmers has a regular planning and control cycle in order to mitigate financial and commercial risks (including those relating to sustainability). This cycle comprises the monthly reports, the quarterly forecasts for the current year, the quarterly sustainability KPI reports, 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 Board and the local management teams. In addition, the Executive Board discusses ForFarmers' financial performance with the Supervisory Board.

Risk appetite and risk evaluation

The risk profile and risk acceptance are reviewed periodically by the Executive Board 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 and 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 of the identified risks and opportunities are crucial.

Risk appetite with regard to operational business risks:

Risk appetite	Very low	Low	Average	High	Very high
Strategic					
Mergers & Acquisitions (M&A)				■	
Going Circular Sustainability policy			■		
Reputational damage		■			
Size of animal herd and animal diseases		■			
Operational & social					
Health & Safety	■				
Availability, price and origin of raw materials		■	■		
Development energy prices and fuel prices			■		
Feed quality	■				
Business continuity	■				
Cyber-security	■				
Financial					
Currency and interest risks	■				
Credit risks and liquidity risks at contract parties		■			
Liquidity risks	■				
Pension risks		■			
Compliance					
Changes in (environmental) legislation and regulations	■				
Tax	■				

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 doing **mergers and acquisitions**.

The risk appetite with respect to the underlying activities of companies to be acquired is the same as that which applies to ForFarmers, however, such as risks in the field of environmental impact and complying social legislation and other regulations.

As the objectives of **Going Circular** is concerned, the risk appetite is average. The company aims to produce feed in a circular manner, taking into account animal health and the future perspective for livestock farmers. This requires steering a middle course between reality, realism and ambition. Going Circular, the sustainability agenda of ForFarmers and an important part of the Build to Grow strategy, is aimed at reducing the environmental impact of both Forfarmers and the entire value chain.

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, as a socially responsible company, 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, limits apply for the length of the purchasing position per raw material category per business unit. In addition, both on business unit level and on ForFarmers level, 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.

The same principle applies to **energy prices**, such as the electricity and gas required for the production process and diesel for the transport activities. ForFarmers also has an average risk appetite for this price risk, as price fluctuations within acceptable ranges can normally be passed on to customers fully and timely. This has proved not to be possible in a situation where energy prices spike significantly and raw material prices increase at the same time, as was the case in 2021. Moreover, the ability to pass on price fluctuations partly depends on the liquidity position of livestock farmers, which in itself is strongly influenced by the price development for their farm products (meat, dairy and eggs), as well as on the hedging positions with respect to energy prices of the competitors.

ForFarmers has a low risk appetite for the **origin of the raw materials**. ForFarmers has formulated objectives and ambitions as part of its Going Circular sustainability agenda, including on responsible sourcing of raw materials in general and soy and palm oil in particular. This is discussed in more detail in the chapter Going Circular For the Future of Farming.

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.

On top of that, there are the risks that ForFarmers may face as a result of feed fraud and potential contamination of products or cross-contamination of products during the production process.

ForFarmers is very alert to **cybercrime**. With the risk of unauthorised people gaining access to the ForFarmers IT systems through hacking and phishing emails being high, the security of the IT systems is tested and upgraded on an ongoing basis. A mandatory e-learning programme has been introduced to keep employees sufficiently alert to cyber security and their own responsibility herein. In addition, staff are trained to recognise phishing. In 2021 the IT department once again conducted more tests with fake phishing emails than in the previous year. Moreover, a mandatory training has been introduced for employees who failed fake phishing mail tests twice.

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. However, ForFarmers recognizes that cybercrime can come from all directions, some of which are not yet known. Companies like ForFarmers will always be vulnerable to certain attacks.

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.

Credit risks are subject to a low level of risk acceptance. There is always an open (receivable) position at risk given the agreed payment terms with customers, but this is kept as low as possible. For each customer a maximal acceptable amount outstanding is determined, based on his financial strength. The credit risk of larger customers is insured. In addition, overdue payments are followed up directly with customers to further reduce the risk of non-payment.

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 as employer for employees 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 **(local) legislation and regulations**. The ForFarmers Code of Conduct acts as a control measure to combat bribery and corruption, along with the Whistle-blower policy. The underlying values and norms of the Code of Conduct are universal - as also included in, for example, the Universal Declaration of Human Rights and the principles of the UN Global Compact. 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. Moreover, all employees are required to follow a mandatory e-learning training each year on the topic of 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.

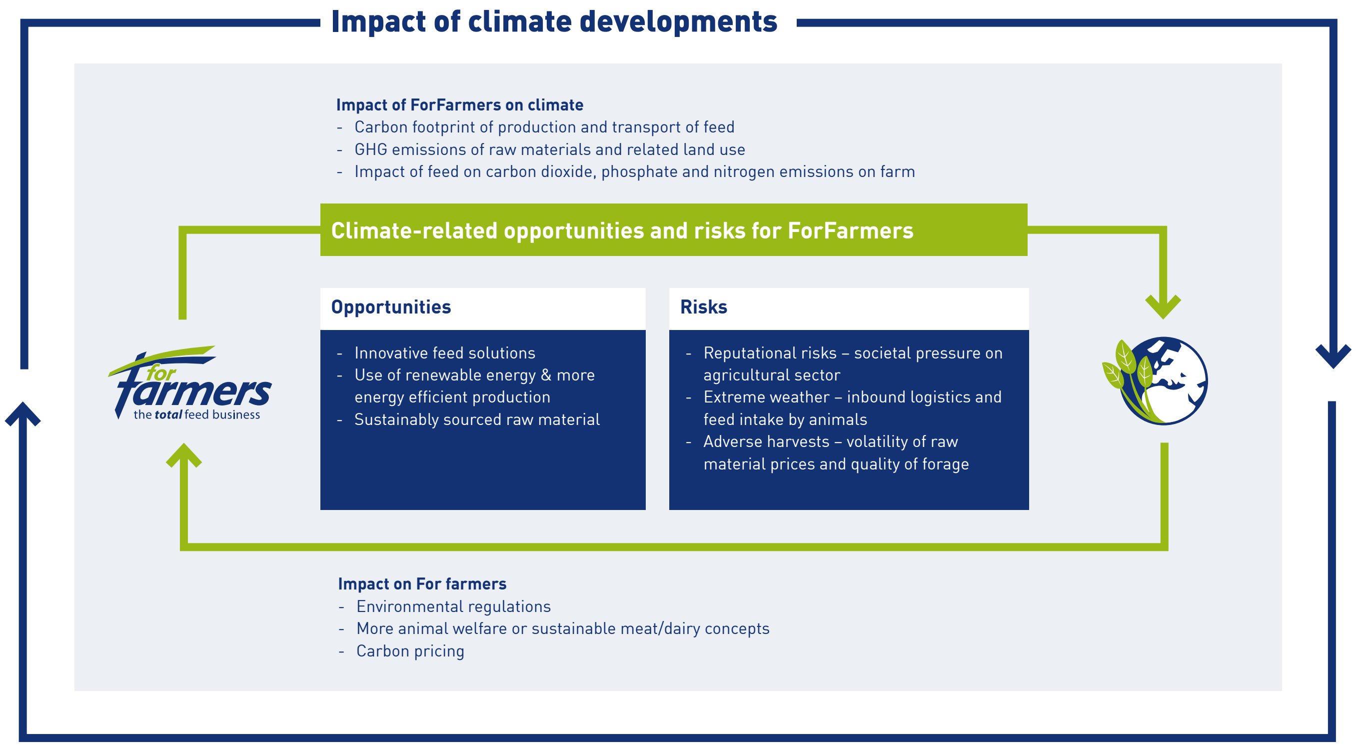
ForFarmers' tax policy is based on the principle that paying tax is part and parcel of social responsibility, which aligns with the core values of ForFarmers. It therefore complies with legislation and regulations relating to tax and pays its taxes on time.

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' mills. This may have a negative impact on ForFarmers' inbound logistics costs in the countries where mills 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.

It is not possible to make a reliable quantitative assessment of the impact of possible climate change on the future results of ForFarmers. This is partly due to the fact that the impact of fluctuating raw material prices also depends on the purchasing positions which ForFarmers has taken in comparison to those of its competitors. The assessment of future climate change has no impact on the 2021 financial statements, however. At the end of 2021, there is no indication that individual assets are at risk of impairment due to insufficient continuity of future economic activity as a result of climate change.

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, reducing nitrogen emissions, which sectors are involved, and which possible measures should be taken have been high on the political agenda in the Netherlands. Given the relatively large share in the emission of nitrogen and ammonia coming from livestock farming in particular, this sector is also required to make a substantial contribution towards lowering emissions. According to the coalition agreement of 15 December 2021 the government is making a cumulative amount of €25 billion available up to 2035 for the realisation of area-based projects for restoration of the natural environment, climate and water. These measures are aimed at a transition to circular agriculture with a good revenue model. Farmers must be enabled to make the necessary changes, with prospects for the future and better social recognition. In this transition, the government expects a non-binding contribution from banks, suppliers, the processing industry and 'retail'. The objectives set out in the Nitrogen reduction and nature improvement act are being brought forward from 2035 to 2030. The area-based approach uses extensification, switching, innovation, regularisation and relocation to help accelerate the sustainability process in the agricultural sector, thereby taking account of attrition in the sector. The government also expresses its intention to draw up a covenant for animal-worthy livestock farming and to strengthen the position of the farmer in the chain.

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 again at the beginning of 2021, while the Belgian poultry sector was still coping with the consequences of the outbreak of avian flu of the year before. Furthermore, already in the third quarter of 2020 an outbreak of African swine fever was reported, in first instance among wild boar in eastern Germany. This resulted in export restrictions on pigs and pig meat from Germany during the entire year 2021. 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 ForFarmers' home markets. 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

At the start of the Covid-19 pandemic in March 2020, ForFarmers took the 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 during 2021, in line with the government-imposed measures. As ForFarmers is part of a sector that is important for food supply it is crucial that the mills can continue to operate and that drivers can continue to deliver the feed. Strict hygiene rules were therefore in force both at the factory sites and when using the bulk trucks. Advisers who normally make on-farm visits were also subject to strict rules in line with the government measures in the various countries. In the course of 2021, the government measures were relaxed in various countries and ultimately phased out.

Brexit
ForFarmers was initially hardly affected by the start of Brexit on 1 January 2021. However, in the summer of 2021 it became clear that there was a significant national shortage of truck drivers and workers in slaughterhouses and other production companies, because (Eastern) European labour migrants had left the UK due to Brexit. This also resulted in logistical challenges for the agricultural sector. ForFarmers managed to continue supplying its customers well. In order to retain the drivers, logistics costs rose slightly, however.

For the time being, it is still uncertain how the new trade relations will develop and what effect this 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 2021 there were no significant changes in the regular control measures compared to 2020. As a result of the BPO initiative further process improvements have been made. In Germany specifically, this was the result of unfavourably priced sales contracts in the first quarter of 2021. Finally, in the third quarter of 2021 the decision was taken to change the management structure by making the country Managing Directors even more responsible for their local operational and commercial result.

The following is an overview of the **main operational business risks and associated control measures** as established by the ForFarmers Executive Board:

The control measures, and where applicable for the Environmental and ESG)-related and other risks and opportunities are shown below.

Risk	Description	Trend	Control measure	Effectiveness
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 of the acquired company to third parties.	→	ForFarmers has an M&A team that collaborates closely with the Executive Board, the Managing Directors, the business unit directors and other relevant key employees. ForFarmers uses consultants for all acquisition processes. ForFarmers conducts thorough due diligence for every acquisition accordingly. 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.	Risk largely mitigated
Reputational damage	ForFarmers 'reputation in particular, or of the animal feed and food sector in general, can be damaged by scandals or as a result of a changing public opinion.	↗	ForFarmers' stakeholders can contact the company via various channels, including customer service desks in each country, the general e-mail address info@forfarmers.eu, via the contact persons disclosed on the website, or via social media. In addition, social media and traditional media are continuously monitored to follow developments with regard to ForFarmers and/or the sector.	Risk partly mitigated
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 transport 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. The Build to Grow 2025 strategy is aimed at, amongst others, creating a better balance between having operations in mature markets and regions and those with more growth potential through a targeted M&A policy. 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.	Limited risk mitigated

Trend → Stable risk ↗ Increasing risk ↘ Decreasing risk

Effectiveness Limited risk mitigated Risk partly mitigated Risk largely mitigated Risk (almost) completed mitigated

Risk	Description	Trend	Control measure	Effectiveness
Operational and social 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 mills, 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 mills, 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, which were continued during the larger part of 2021. These measures were initially focused on who was permitted to be present at the mills, 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.	
Price development, availability and origin 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. In addition, there is a risk with regard to the origin of raw materials, for example with respect to palm oil or soy, in relation to the risk of deforestation of rainforests.	↗	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%. ForFarmers has the objective to source 100% responsible palm oil and soy by 2025, and the ambition to have achieved this for all raw materials by 2030.	
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.	

Risk	Description	Trend	Control measure	Effectiveness
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. Mills 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 and based on a 5-year plan of approach. Besides continuous tests conducted among employees specific access control ("PAM"), continuous cyber-security screening and safety training for production systems have been implemented in 2021. In addition, ForFarmers has two external data centres with back-up process facilities to guarantee business continuity in an emergency.	
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 Board 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 regarding 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 to reduce the overdue payments balance on an ongoing basis. Nevertheless, the risk increased in the second half of 2021 due to the poor financial results of pig farmers and the related increasing payment arrears to feed suppliers. ForFarmers also aims to do business with reliable and financially healthy suppliers (counterparties).	

Risk	Description	Trend	Control measure	Effectiveness
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 recently been extended by one year with four of the banks, and currently has a maturity date at the end of July 2025, with an option to extend again by 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. 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.	↘	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. The old DB schemes in the Netherlands are all insured, so that ForFarmers no longer runs any risk. 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 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 (environmental) 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 as well as HR and social.	→	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. This is laid down in the Tax Policy of ForFarmers, which can be found on the corporate website. 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 (**E**), Social (**S**) and Governance (**G**) (ESG)-related and other risks and opportunities are shown below:

	E	S	G	Trend	Control measures and scenario analyses
Strategic					
Climate: Global warming may have damaging economic and social consequences. In addition, rising prices of CO_2 emissions can have a cost-increasing effect throughout the feed chain, including for ForFarmers.	●			↗	ForFarmers monitors the consequences of climate change, for example in relation to the availability and quality of raw materials. Energy prices are monitored and in principle price fluctuations are passed on to customers. In order to reduce the direct influence of the sector on the climate, targets have been set to reduce GHG emissions, both in ForFarmers' own production and logistics activities and in the supply chain and on-farm, with specific targets for the levels in 2025 and 2030.
Environmental and other legislation and regulations: Growing (political) pressure to reduce the impact of livestock farming on the climate and on nature, including the EU Green Deal measures. 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 its home markets and to work on solutions to reduce the impact of the sector on the environment by using the joint innovative power. 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. In addition, there is increasing interest in the origin of raw materials and whether they have been produced in a sustainable manner.	●	●		↗	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. ForFarmers aims to source 100% of its soy and palm oil responsibly by 2025 and has set the ambition to source all of its raw materials responsibly by 2030. ForFarmers also 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.
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.

Trend → Stable risk ↗ Increasing risk ↘ Decreasing risk

	E	S	G	Trend	Control measures and scenario analyses
Climate: Changes in the climate may have an impact on the availability of raw materials and forage. This can be, for example, due to lower harvests as a result of more frequent extreme precipitation or extreme drought and periods with high temperatures and increased risk of (forest) fires. In addition, extreme water levels in rivers increase the supply costs of raw materials as a result of the need to use transport by road, or due to the risk of flooding of the mills located on rivers.	●			↗	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 as well as risks of flooding due to high 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-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.
Financial					
Investments: Business operations, local production and tax payments stimulate the local economy.		●		→	Local production and use of local as well as international suppliers as well as local employees 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 Build to Grow 2025 strategy and 'Going Circular' sustainability agenda are aimed long-term value creation. The input and output capitals are presented in the three themes Social, Environment and Economy. These capitals are put to use to achieve results that support a healthy and sustainable future for livestock farming and create value for all stakeholders on each theme.
Employees: Increasingly, employees are linking their willingness to work for an employer to ever-higher demands in terms of the employer's sustainability focus.	●	●		→	The Build to Grow 2025 strategy, including the 'Going Circular' sustainability agenda and the ambition to develop talent for future generations of livestock farmers, is attractive to candidates, including young ones.

	E	S	G	Trend	Control measures and scenario analyses
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 further future mandatory guidelines. ForFarmers also participates in surveys and ratings of multiple ESG agencies, has an AA MSCI ESG rating and complies with relevant environmental and ISO certifications (as included in the sustainability appendix).
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 2021, 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, the In-Control Framework (ICF) and the Tax Control Framework (TCF), 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 ERM framework was evaluated in 2021 by comparing which risks other listed companies recognize, for instance. This has led both to a tightening of the risks that already fell within the ERM framework and to an addition of a specific risk regarding Sustainability and Social Pressure. In addition, within the ICF framework, a more distinct separation has been made between important control measures on manual processes with high risk, and more general process control measures where the risk is safeguarded by underlying processes with built-in controls.

The ICF controls are reviewed annually 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 annually 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. Based on these checks, 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 2021

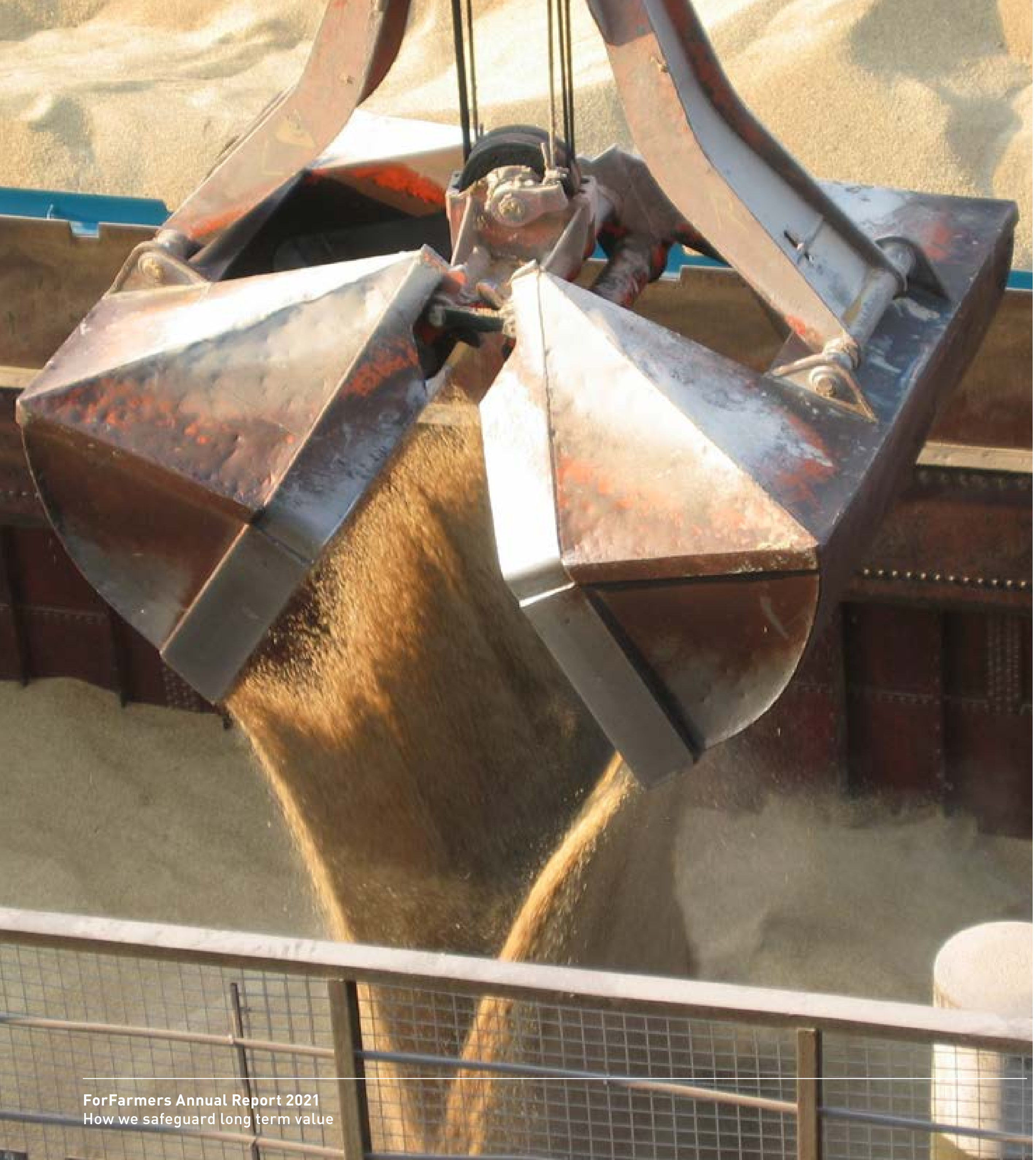
In 2021 the risk management policy worked adequately. Nevertheless, several things did not go well.

The longer than expected ongoing Covid-measures once again had a major impact on business operations.
With regard to the manageable risks, certain measures remained in force to prevent contamination such as working from home and following strict hygiene protocols within the mills and at the logistics departments. Covid-19 related measures were initially relaxed and lifted during 2021 in all of ForFarmers' home markets.
The out-of-home sector in Western Europe was reopened, for example, leading to a recovery of the poultry sector in Poland and consequently to ForFarmers' compound feed volumes in Poland as well. ForFarmers hardly experienced any hindrance in the operational processes due to control measures which were taken. However, due to the overcapacity in the market caused by the reduced demand, margin pressure was felt in most countries and animal species. At the end of 2021, new, restrictive measures were taken in some countries as a result of new outbreaks of Covid, which did not have any additional material influence on the results in 2021.

Prices of raw materials and energy spiked during 2021. These increased prices could not be sufficiently passed on to ForFarmers' customers. This was due to the combination of exceptional competition in the feed sector as a result of the declining volumes, the wide availability of forage as a result of a fertile spring because of the abundant rain, and the fact that farmers were facing financial challenges as the prices for their products only increased slightly. Consequently, the control measures to mitigate the risks of volatility in commodity and energy prices did not work sufficiently.

Market conditions were very competitive, which can mainly be attributed to the impact of the Covid measures. Maintaining and strengthening our market positions under these market conditions came at the expense of the margin in Germany in particular. It became clear in the first quarter of 2021, that a few contracts had been concluded in Germany at prices which proved unfavourable for our margin. Exchanging information on expected raw material prices and accordingly internally coordinating price quotations to be issued to customers proved insufficient to prevent this incident. Since then, procedures have been tightened up and reports have been improved.

In the Netherlands, ForFarmers is the main dealer of CornGold, a co-product produced by a third party from the processing of maize. In the summer of 2021, regular monitoring by ForFarmers showed that two deliveries of CornGold contained too high a level of aflatoxin. Aflatoxin is a toxin that comes from a fungus that can grow on the corn in certain weather conditions. If milk or milk products with a certain level of aflatoxin are consumed, this could potentially be harmful to human health. The supplier of the product was immediately informed of this by ForFarmers, and at the same time the food safety protocols were started immediately. Affected farmers and authorities were informed, deliveries were recalled, and where appropriate contaminated milk was removed. As a result, the consequences for the customers, ForFarmers and the



responsible supplier have been limited. This event has shown on the one hand that the laboratory procedures and crisis protocols are functioning properly, but on the other hand confirmed that there are risks in the direct deliveries of co-products to customers. As a result, the analysis protocols at both suppliers and ForFarmers have been tightened, and contracts with similar suppliers will be reassessed on description of quality conditions and liability.

Finally, the outbreak of animal diseases, including avian influenza in Poland (in 2021) and African swine fever in eastern Germany (in 2020), affected our customers' animals and therefore our activities. In particular, the export restrictions imposed by non-EU countries for pig meat from Germany are depressing pig prices in Germany and elsewhere.

Three notifications were made within the Whistle-blower Scheme (2020: 12) during 2021. These were isolated incidents that, if justified, were discussed and resolved with those involved and did not give rise to external communications.

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 2021 and of the state of affairs of the company and its affiliated enterprise in the 2021 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, 23 February 2022

Executive Board ForFarmers N.V.
Yoram Knoop, CEO
Roeland Tjebbes, CFO

Report of the Supervisory Board

Letter of the chairman of the Supervisory Board

The past year has been an eventful year also for ForFarmers, with extended Covid measures, rising prices for raw materials and energy, animal diseases and in the Netherlands in particular continued uncertainty as to the future of the agricultural sector. The impact hereof has become clearly visible. Our customers have also experienced the increasing pressure on the agricultural sector.

Thanks to ForFarmers' the indefatigable efforts of ForFarmers' employees, delivery to customers continued to take place.

In addition, various initiatives have been started which are aimed at increasing sustainability in the food chain. ForFarmers contributes to this sustainability drive by continuing its efforts on behalf of customers with its Total Feed approach along with further development of the product mix, targeted advice, and support from monitoring tools in order to realise optimum returns with reduced emissions.

Sustainability

The importance of producing animal feed in a sustainable way is becoming clearer all the time. It is no longer just about production but also about how this is done as well as the role of feed within the chain: taking into consideration factors such as energy consumption, climate, the availability and sustainability of raw materials, the health and safety of employees and other stakeholders, and the design of the organisational structure.

ForFarmers has further tightened its sustainability agenda and associated targets in its Build to Grow 2025 strategy. Social developments and the dialogue with various stakeholders formed an important basis for this.
The sustainability targets are aimed at, among other things, reducing the carbon footprint of both the production of feed by ForFarmers and the production of animal proteins by the customers. Progress is discussed with the Sustainability Advisory Board. ForFarmers Supervisory Board member Erwin Wunnekink sits on the board as one of the representatives of the food industry. During the year under review, in my capacity as chairman of the Supervisory Board, I also attended a meeting of the Advisory Board. In the course of the meeting, it became clear to me that the broad input from external stakeholders really does help to gain an insight into the different complex challenges, allowing ForFarmers' various sustainability activities to be monitored for relevance on an ongoing basis. A good example is the increasing use of residual flows from the food industry which are given renewed value as animal feed.
The sustainability objectives and the conclusions of the Sustainability Advisory Board were a topic on the agenda of the December meeting of the Supervisory Board. Possibilities for further cooperation with chain partners were discussed, among other things.

Supervisory Board meetings also regularly focus on the balance between the HR and diversity policy (People), climate and the environment (Planet) and the financial policy (Profit), thereby seeking an integral approach wherever possible in line with the Build to Grow 2025 strategy. This is for example reflected in discussions with the Executive Board about investing in factories and optimising production sites.

Strategy

ForFarmers faced various challenges in 2021, both external and internal. These included the ongoing Covid-19 measures, substantially higher prices for raw materials and energy, animal diseases and a lack of clarity regarding the agricultural policy in the Netherlands.
In addition, ForFarmers concluded a number of unfavourable sales contracts in Germany in the first quarter of the reporting year. All these factors together meant that ForFarmers missed its performance targets in 2021. The Supervisory Board discussed this with the Executive Board and supports the view of the Executive Board that increased focus is needed in the cooperation between the purchasing and sales departments in order to optimise the balance between pricing and margin. In line

with the Business Process Optimisation programme improvement measures have been formulated and implemented for the pricing process in the various countries. Another topic discussed by the Supervisory Board and the Executive Board was the sentiment in the financial markets surrounding the ForFarmers results. ForFarmers is evaluating its strategy, considering the changes and challenges in the sector. Where necessary the strategy will be tightened.

Effective execution of the strategy at regional level in the various countries is crucial. The Executive Board fully recognises this and has implemented the measures necessary to sharpen up the management of the organisation; the operational focus and strategy implementation in the various countries have been shifted more explicitly to the country directors, who are supported in this by the Supply Chain, HR, M&A and Business Development directors.

Safety

In the area of safety the winter weather at the beginning of 2021 resulted in an increase in the number of incidents. However, thanks to awareness campaigns, employees continue to be more alert with respect to working safely. Safety remains an important point of attention within the organization.

It is a joint responsibility to ensure a safe working environment, whereby a lot can be achieved if all employees commit to this. A good example of this is how ForFarmers translated the government Covid measures to the workplace. Employee health was made the top priority and numerous measures were implemented to prevent infection.

Composition of the Supervisory Board and the Executive Board

Since taking up my position as chairman of the Supervisory Board on 23 April 2021 I have come to know ForFarmers as an ambitious organisation with highly committed employees who are proud of the sector and their work. In the first months I followed an introduction programme and met with various functions and departments within ForFarmers. I want to thank my predecessor, Cees de Jong, for the efficient handover and the important contribution which he has made to ForFarmers in particular. In the autumn of 2021, I held an assessment interview with each of the Supervisory Board members. It was clear from these that the cooperation within the Supervisory Board is felt to be open and constructive. Furthermore, the diversity within the Supervisory Board contributes to meticulous decision-making, and the quality of information provision from the Executive Board is sufficient for the proper preparation of meetings.

With the nomination of Marijke Folkers-in't Hout for appointment as member of the supervisory board, a good successor has been found for Sandra Addink, who will step down after three terms at the end of the upcoming AGM. We are particularly grateful to Sandra Addink for her contribution as a supervisory board member in recent years. As Vice-Chairman of the Board, she has played a major role in the development of the company.
Her knowledge and experience has also been of great value in her role as chair of the Audit Committee of the Board.

Adrie van der Ven resigned from the Executive Board as of 1 October 2021 and left ForFarmers with effect from 1 January 2022. He oversaw the company's important step into the Polish growth market, as well as making a major contribution to the establishment of the Build to Grow 2025 strategy. The Supervisory Board thanks him for his efforts and contribution to the organisation.

The Supervisory Board has nominated Pieter Wolleswinkel for appointment to the Executive Board by the Annual General Meeting (AGM) of Shareholders on 14 April 2022. Pieter has extensive knowledge of – and management experience in – the sector and his commercial focus and efforts in the field of sustainability are valuable to ForFarmers.

In closing, Yoram Knoop will step back as CEO and member of the Executive Board after the upcoming AGM. As of his appointment in 2014, Yoram has further developed the organisation to become the leading feed company in Europe. Under his leadership, the step was made to the growth market Poland, bringing more balance in the portfolio by strengthening the position in the poultry sector. He has also made sustainability an inherent part of ForFarmers' strategy.

The Supervisory Board thanks Yoram for his significant dedication and commitment during the past years.
The search process for a new CEO is ongoing.

Word of thanks

During the past year ForFarmers has by no means stood still. Further efficiency drives have been implemented and the company's employees were energetic in their efforts to serve the customers. The uncertainty regarding the future prospects in the agricultural sector will mean continued pressure in the coming years. At the same time, we see opportunities for ForFarmers in making the food chain more sustainable. The agricultural sector will always remain relevant for food supply. ForFarmers will continue to support its customers with sustainable nutrition solutions and will do so with a view to long-term value creation. ForFarmers will continue its constructive dialogue on this matter with the various stakeholders.

On behalf of the Supervisory Board, I hereby wish to express my appreciation for all the employees, customers, shareholders, partners, suppliers and other stakeholders for their efforts on behalf of ForFarmers during the past year. I have every confidence that the organisation is poised to take more new steps with the further implementation of the strategy.

Jan van Nieuwenhuizen
Chairman of the Supervisory Board of ForFarmers N.V.

Report of the Supervisory Board

The past financial year was dominated by the protracted Covid measures, rising prices for both raw materials and energy, animal diseases and the ongoing uncertainty about the future of the agricultural sector in the Netherlands. These challenging market conditions have influenced the implementation of the Build to Grow 2025 strategy, which was announced in September 2020. ForFarmers' results have lagged the objectives, giving rise to various stakeholders expressing their relating concerns.
The Board has regularly discussed this with the Executive Board. In light of the changes and challenges in the sector, ForFarmers is evaluating its strategy and will tighten it up where necessary.

ForFarmers was able to continue to serve its customers well thanks to the efforts of the employees. ForFarmers has also made progress in the field of sustainability and innovation and the company has made two acquisitions that fit well within the strategy. The ongoing Covid measures continued to affect the way meetings were held. However, more physical meetings could take place around the summer months when the measures had been largely lifted. To safeguard the health of everyone involved shareholders could again follow the AGM in April via an audio webcast. 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.

Strategy

With the Build to Grow 2025 strategy ForFarmers is aiming for business process optimisation and operational excellence to maintain maximum production efficiency. In this context, the Company has set itself the objective of growing faster than the market by distinguishing itself on-farm thanks to high-quality feed and good knowledge, which should lead to ForFarmers' associated target to grow the underlying EBITDA (operating result) by 0%-3% annually (like-for-like). This target was not achieved in 2021, despite the efficiency gains and customer-oriented approach. This was partly attributable to external challenges such as protracted Covid measures leading to depressed volumes and substantially higher prices for raw materials and energy, which could not be fully passed on to customers. There were also challenges in the field of margin management in Germany. ForFarmers has accordingly tightened up its procedures in line with its business process optimisation programme. Furthermore, local teams have been strengthened and more focus has been placed on the operational management of the organisation so that the country managing directors can focus more explicitly on the implementation of the strategy at regional level.

During the year under review, ForFarmers took several steps to consolidate and optimise production sites, such as the decision to invest in the expansion of the Beelitz mill in Germany. The Bardenitz mill can accordingly be closed, and its volumes can then be transferred to Beelitz. Likewise, it was decided to close the mill in Ingelmunster (Belgium) in 2022 and to invest in the Izegem mill to achieve better utilization of capacity and improve on logistics planning. The production of poultry feed will be relocated to two mills in the Netherlands. The Board is of the opinion that these optimisations are in line with the strategic plans. Another important part of ForFarmers' strategy is to achieve growth through acquisitions.

Acquisitions

The Board discussed the acquisition strategy and the pipeline of M&A projects extensively with the Executive Board during the year under review, including the plan of approach for acquisitions in (i) existing countries, (ii) new countries within Europe and (iii) new countries outside of Europe. 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. Different criteria apply for acquisition opportunities in new countries, such as specific market developments and country risks being taken into account. Based on selection criteria, a longlist was first drawn up and then a shortlist of companies in countries both within and outside Europe. Subsequently this was used to make an acquisition planning in which clear priorities were set in view of the need to achieve a better balance in the portfolio.

The Board discussed the progress of various projects with the Executive Board in its Board meetings and asked the Executive Board to address the question to what extent a project fits in with ForFarmers' strategy and organisational culture. Attention was also devoted to whether the company has sufficient qualified employees available and the business processes are sufficiently solid, to bring about an acquisition and subsequently be able to integrate it successfully. The Board acknowledges that an acquisition strategy takes time to implement and is of the opinion that ForFarmers has made good progress with the implementation of the M&A planning in the year under review.

The acquisition of De Hoop Mengvoerders was closed at the beginning of 2021 and consequently helped ForFarmers to strengthen its position in the poultry sector in the Netherlands. The integration went smoothly, also thanks to the fact that De Hoop's organizational culture fits well with ForFarmers. Furthermore, at the beginning of 2021, ForFarmers expanded Pavo's (horse feed) market share in Germany through the acquisition of Mühldorfer Pferdefutter. Both acquisitions contributed to the increase in gross profit.

Sustainability

ForFarmers has set clear sustainability targets as part of the Build to Grow 2025 strategy, with Going Circular For the Future of Farming as its slogan. The sustainability targets 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. ForFarmers considers innovation to be key in this and is therefore continuously involved in innovation projects to improve animal health, animal welfare and the environment. For example, the company participated in an initiative by the Dutch dairy industry to reduce greenhouse gas emissions on the farm, by purchasing soy certificates from Brazilian farmers who were able to demonstrate that they have not deforested any land to grow their soybeans in the past 20 years. This has resulted in a significant improvement in the carbon footprint of participating dairy customers of ForFarmers.

The construction of a new transhipment facility located next to railroad connection in Germany is another example of how we aim to reduce the carbon footprint. ForFarmers invests in this together with its joint venture partner in HaBeMa and it will also be funded by a government subsidy. HaBeMa is the trading company that, among other things, provides transhipment services to feed companies. The new facility will lead to a significantly lower carbon footprint of the transhipment activities and a reduction in logistics and transhipment costs per tonne.

The Supervisory Board supports the sustainability initiatives as part of the strategy and is kept informed by the Executive Board of the discussions with the Sustainability Advisory Board. During the Supervisory Board meeting in December, the sustainability objectives and the conclusions of the Sustainability Advisory Board were discussed, including the possibilities for further cooperation with chain partners. The external auditor provided an assurance report on the sustainability KPIs in 2021.

Organisation

ForFarmers employees continued to work according to Covid protocols for a considerable period of time during 2021, to prevent the virus from spreading. The health of employees and safe service to customers were of paramount importance. From the moment the government induced Covid measures were lifted, ForFarmers facilitated a more flexible way of working by supporting partially working from home with digital communication systems. In this respect, finding a balance between the flexibility of working from home and the importance of meeting people on location, such as colleagues and customers was key. It was also in line with the results of the employee engagement survey, which was conducted in the last quarter of 2020. The Executive Board will assess this hybrid way of working during the year to see if it can be introduced as a new standard.

The Executive Board also kept the Supervisory Board regularly informed about the filling of senior management and other relevant positions. For example, the April and 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 Board that ForFarmers can attract and retain qualified employees and attention is paid to diversity at every level within the organisation. The Board therefore welcomes the fact that ForFarmers has set the phased objective to have achieved a male/female ratio of 70%/30% for its senior management positions by 2030. In this context, the Supervisory Board also discussed with the Executive Board the succession plan for Executive Team members and the available management potential 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 few Supervisory board members are always present. As a result of Covid only one (physical) meeting could be held at location, whereas the other two meetings had to be virtual meetings again. The Chairman of the Supervisory Board was present at the physical and during one digital meeting. During the year under review several senior managers held presentations in the meetings of the Supervisory Board or its committees.

Executive Board and Executive Committee

The Supervisory Board has nominated Pieter Wolleswinkel to be appointed by the AGM as a member of the Executive Board on 14 April 2022. Pieter has extensive knowledge of – and managerial experience in – the agricultural sector and his commercial focus and commitment to sustainability are considered an asset to ForFarmers. Adrie van der Ven stepped down as a member of the Executive Board on 1 October 2021 and left ForFarmers on 1 January 2022.

Yoram Knoop will also step down as CEO and member of the Executive Board after the upcoming AGM. Under his leadership, the company has developed into being the leading feed company in Europe. In addition, the step was made into the growth market Poland, bringing the portfolio more into balance by strengthening the poultry sector. Yoram Knoop also made sustainability an integral part of ForFarmers' strategy. The Supervisory Board thanks him for his commitment and dedication over the years. The process for finding a new CEO is ongoing.

With respect to the implementation of the strategy, the Executive Board is supported by the Executive Team, which is organised according to the principle 'centrally where possible, but especially locally, close to the customer'. In addition to the members of the Executive Board, the Executive Team comprises of the COO (Netherlands & Belgium), the Managing Directors of the countries (responsible for the operational management of the local business), the Director Supply Chain (Purchasing, Formulation & Quality, Production & Logistics, Health & Safety, Corporate Affairs and Sustainability), the Director HR (HR and Communication) and as of 1 October 2021 the Director M&A and the Director Business Development (Marketing, Nutrition and Next Level Innovation).
The members of the Executive Team meet regularly to discuss the progress of the implementation of the strategy and the associated financial, commercial and operational objectives.

As in previous years, the Supervisory Board conducted the annual performance reviews. In 2021, these discussions took place with the members of the Executive Board and

the members of the former Executive Committee (prior to the creation of the Executive Team), with all reviews involving two Supervisory Board members speaking to one member of the Executive Committee. In all cases the performance of the entire team 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 Team is functioning well under the leadership of CEO Yoram Knoop and that the operational focus, which he has installed in the Executive Team will contribute to the efficient execution of the strategic plans.

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). The winter conditions at the beginning of 2021 caused an increase in the number of incidents, as safety was concerned. However, thanks to various communication campaigns, the awareness vis-à-vis working safely has increased further. Safety remains an important point of attention. The Supervisory Board continues to support initiatives aimed at further improving safety inside and outside the organisation.

In October 2020, ForFarmers conducted a new employee engagement survey, survey focusing on themes such as job satisfaction, working environment, culture, safety, development, strategy and leadership. The outcome of the survey, which was discussed during the April 2021 Board meeting, showed that the employees are generally highly committed to – and associated with – ForFarmers. There were also some points for improvement, for which actions have been determined. These are aimed at improving aspects such as the culture of the organisation and, for some business units, the work-life balance as well as how to 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.
The Chairman of the Supervisory Board met with the Chairman of the Dutch Works Council during his introduction programme. In addition, members of this Works Council were consulted on the proposed adjustment of the remuneration policy.

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 2020 financial statements and reviewed the 2021 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 2020, the proposal for alternative capital allocation, 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 without Executive Board members being present. The findings of the external auditor are included in the report of the Audit Committee. The Supervisory Board approved the budget for 2022 during its December meeting.

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 2021 financial statements with the Executive Board and the external auditor (KPMG Accountants N.V.) and approved them at its meeting of 23 February 2022. 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 2021 will be submitted for adoption by the AGM on 14 April 2022.

The Supervisory Board and the Executive Board explicitly considered the financial room for making dividend distributions. In light of the cash flow and balance sheet position of ForFarmers the Supervisory Board approved the dividend proposal. ForFarmers did not make use of any financial Covid-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. In addition, this is done by means of the annual HR cycle, e-learning modules, leadership programs and strategy sessions.
The Supervisory Board supports 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.

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. As of 2021 employees are 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 2021, always in the presence of the Executive Board, with most of the meetings being held online until June. 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. For example, during the May meeting ForFarmers' activities in Germany were extensively elaborated on and in the April and November meetings presentations were given on diversity and team development.

Furthermore, The Supervisory Board usually met ahead of the regular meetings for preparation purposes.

In addition, during the year under review five extra online meetings were held. The extra online meeting in March concerned the approval of the financial statements on the eve of their publication, the valuation of the goodwill and of the option and earn-out in relation to Tasomix in Poland in the 2020 financial statements. The agenda of the AGM was also discussed, taking into account measures to prevent Covid from spreading. Progress of the M&A agenda and alternatives to capital allocation within the strategy were discussed during the extra online meeting in September and three meetings in November. Due to the uncertainty regarding potential Covid measures, the planned visit to the ForFarmers organization in Belgium fell through again and has been postponed for the time being. The Supervisory Board also discussed other subjects during the meetings, including the preparation of the AGM and the evaluation of the AGM held on 23 April 2021 and the employee participation plans for 2021.

Besides the regular and extra meetings, the Supervisory Board met eight times in 2021 outside the presence of (representatives of) the Executive Board. Items discussed on these occasions included the focus on the operational management of the organisation, the working practices and remuneration (including the variable component thereof) of the Executive Board and the Executive Team 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]	Jan van Nieuwenhuizen	Sandra Addink -Berendsen	Roger Gerritzen	Vincent Hulshof	Annemieke den Otter	Erwin Wunnekink
SB	6/6 [2]	7/7	7/7	7/7	7/7	7/7
AC		6/6	6/6		6/6	
RC	5/5 [2]	7/7	7/7			
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] *As of 23 April 2021*

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 Coöperatie 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). Finally, the Chairman of the Supervisory Board met with several institutional shareholders during the year under review.

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 2021 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, and that the composition is in line with the Profile of the Supervisory Board. For new vacancies, the Supervisory Board always determines in advance which aspects of diversity must be considered in order to maintain the desired mix in the composition of the Board. The diversity policy and its execution in the year under review is explained in more detail in the Corporate Governance Statement 2021. 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 this context, the Board intends to draw attention to sustainability and innovation more regularly. The Council will take this into account when setting the meeting agenda for 2022.

The composition of the Supervisory Board changed during the year under review. During the AGM of 23 April 2021 Jan van Nieuwenhuizen was appointed a member of the Supervisory Board. As of that date he is also Chairman 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. Accordingly, the Board invited a few specialists from Rabobank to provide a presentation in November 2021 on global developments in the field of animal proteins.

An introduction programme was devised for Jan van Nieuwenhuizen, as newly joined member of the Supervisory Board. The programme provided him with an introduction to for example the ForFarmers strategy, the financial organisation, nutrition & innovation and the commercial organisation.

In conclusion

Market conditions have been challenging for ForFarmers in the past year and it is expected that this will remain the case for the time being. This has led to results being under pressure, which in turn led to concerns being raised by various stakeholders. The Build to Grow 2025 strategy and the sustainability goals it contains will play an increasingly important role in achieving a better balance in the activities. Considering the changes and challenges in the sector, ForFarmers is assessing its strategy and will tighten it up where necessary. ForFarmers will continue to focus on long-term value creation and will continue to discuss this with its various stakeholders. A special word of thanks goes out to all ForFarmers employees who have worked tirelessly to serve the customers well. Finally, we thank the members of the Executive Team for all the efforts they have made in the past year and the other stakeholders, including our customers and shareholders, for the trust they have placed in us.

Lochem, 23 February 2022

The Supervisory Board

Remuneration Report

This remuneration report by the Supervisory Board contains an overview of the implementation of the remuneration policy during the 2021 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 23 April 2021 for the elements pertaining to the Supervisory Board. During the year under review, the Board reassessed the remuneration policy with the help of an external advisor. The results of this assessment are discussed at the end of this report.

Remuneration in 2021

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 in principle indexed based on the (forecast) inflation for the coming year. At the beginning of 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. Examples from the reference group of companies that were part of AMX at the time are Arcadis, IMCD, TKH Group, TomTom and AScX include Heijmans, Brunel, Wessanen and Acomo. 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.

Considering the review of the remuneration policy, the remuneration package was benchmarked again in the year under review, resulting in a proposal for a revision of the policy. This will be submitted to the AGM in 2022 and consequently has no influence on the 2021 remuneration.

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 salaries of the members of the Executive Board were not indexed as of 1 January 2021. The percentages used and the salaries per director in 2021 were as follows.

In euro	Per year	Increase [1]
Yoram Knoop	562,084	0%
Roeland Tjebbes	375,000	0%
Adrie van der Ven [2]	366,190	0%

[1] *Increased as per 1 January 2021 versus 2020*
[2] *Member of the Executive Board until 1 October 2021, out of service as of 31 December 2021*

Variable remuneration of members of the Executive Board

The short-term targets for 2021 and the long-term targets for 2019-2021 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. Furthermore, these objectives do not encourage the taking of inappropriate risks. 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.

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.

Score for financial targets applicable for short term (2021) and long term (2019-2021) with respect to ROACE

Performance	Variable remuneration
< 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

Score for financial targets applicable for the long-term EPS (2019-2021)

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

During the year under review the Supervisory Board dwelled upon the development of 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 external circumstances such as 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 2021 short-term variable remuneration were 60% financial and 40% qualitative. After the performance period, 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 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 salary actually achieved.

Information on 2021 short-term performance[1]

Performance criteria	Yoram Knoop (CEO)		Roeland Tjebbes (CFO)		Adrie van der Ven (COO)[3]	
	Target 60% Max 72%		Target 40% Max 48%		Target 40% Max 48%	
	Target (at target)	Actual	Target (at target)	Actual	Target (at target)	Actual
Underlying net profit[2]	36.0%	0.0%	24.0%	0.0%	10.4%	0.0%
Underlying operating profit cluster					13.6%	13.7%
Implementation of strategy	8.0%	7.2%	5.3%	5.3%	5.3%	4.5%
Operational effectiveness	8.0%	7.2%	5.3%	4.3%	5.3%	4.5%
Team development/ESG	8.0%	7.2%	5.3%	5.3%	5.3%	1.6%
Total short-term '21	**60.0%**	**21.6%**	**40.0%**	**14.9%**	**40.0%**	**24.4%**

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 *Member of the Executive Board until 1 October 2021, out of service as of 31 December 2021*

The allocated variable remuneration percentage based on the underlying net profit of ForFarmers Group (for the entire Executive Board) and the underlying EBITDA of the relevant cluster (for the COO) was determined based on achieved performance compared to the budget for the year, as had been approved by the Supervisory Board prior to the financial year. Adjustments for currency translation effects of foreign operations, unbudgeted mergers & acquisitions and unbudgeted tax effects due to additional changes in tax rates are taken into account. The (individual) qualitative short-term performance criteria were assessed by the Supervisory Board as follows.

Member of the Executive Board	Performance criterion	Assessment performance
Yoram Knoop	**Execution of strategy** **Operational effectiveness** **Team development**	• Successful integration and continuity of De Hoop acquisition • Development of new partnerships in the chain • Development M&A pipeline according to plan • Good progress footprint optimisation • Tightening of organisation structure; set up Executive Team through internal promotions and talent recruitment • More diversity in Executive Team where it concerns gender and nationality
Roeland Tjebbes	**Execution of strategy** **Operational effectiveness** **Team development**	• Strengthening M&A team • Successful integration of De Hoop acquisition regarding reporting and company processes • Good progress on critical Business Process Optimisation (BPO) projects • Cost optimalisation ahead of plan • Team development through follow-up on learning points from the employee engagement survey • More attention for business control
Adrie van der Ven	**Execution of strategy** **Operational effectiveness** **Team development**	• Development of effective partnerships in poultry chain • Progress on margin improvement in Poland • Strengthening management team Poland with new appointments

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 2019-2021.

The achievement of the targets set at the beginning of 2019 for the long-term variable remuneration for 2019-2021 was also assessed by the Supervisory Board after the performance period. 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 2019-2021 long-term performance[1]

Performance criteria	Yoram Knoop (CEO)		Arnout Traas (former CFO)[5]		Adrie van der Ven (COO)[5]		Jan Potijk (former COO)[5]	
	Target 60% Max 72%		Target 40% Max 48%		Target 40% Max 48%		Target 40% Max 48%	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	0.108		0.072		0.072		0.072	
Development of earnings per share[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%	0.0%	8.4%	0.0%	8.4%	0.0%	8.4%	0.0%
Implementation of strategy	9.0%	9.9%	6.0%	6.6%	6.0%	6.6%	6.0%	6.6%
M&A	9.0%	9.9%	6.0%	6.6%	6.0%	6.6%	6.0%	6.6%
Implementation of sustainability policy/ESG	6.0%	7.2%	4.0%	4.8%	4.0%	4.8%	4.0%	4.8%
Total long-term '21	**60.0%**	**27.0%**	**40.0%**	**18.0%**	**40.0%**	**18.0%**	**40.0%**	**18.0%**

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 relate to the period 26 April 2019 to 31 December 2021 (date of appointment to date of retirement from service), date of resignation as member of the Executive Board was 1 October 2021) for Adrie van der Ven, until 26 April 2019 (date out of service) for Jan Potijk and until 24 April 2020 (date out of service) for Arnout Traas*

The (joint) qualitative long-term performance criteria were assessed by the Supervisory Board as follows.

Performance criterion	Assessment performance
Execution of strategy	• Good preparation, launch of strategy and progress on building blocks • Strengthening succession plans for board positions and successful succession for several positions during 2019-2021 • Cost savings through more efficient organisation ahead of plan, significant reduction fte's
M&A	• Two acquisitions made to strengthen position in existing markets • Expansion M&A pipeline for existing and new markets
Execution of sustainability policy	• Progress on integrated reporting • Significant progress and top-ranking MSCI ESG Rating • Good trend reduction on LTIs, improvement of overall safety culture • Reduction of green-house gas emissions • Progress regarding responsible soy purchase and further implementation SEDEX (supplier Code of Conduct)

The financial targets as well as the qualitative targets for the long-term variable remuneration for 2020-2022 and 2021-2023 are the same as for 2019-2021.

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 performance 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 (based on market capitalisation). 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

Over the period 2019-2021, ForFarmers has fallen below position 10 on this scale, so that the realisation is 0%. The variable remuneration rate awarded for EPS and ROACE respectively was determined by the development of after-tax earnings per share (adjusted for repurchased own shares) and the return on average capital employed (ROACE) against a predetermined 3-year average growth target, as approved by the Supervisory Board.

Participation in employee participation plan

The members of the Executive Board have participated in the employee participation plans of 2021 for senior management as follows. Yoram Knoop participated with 6,720 depositary receipts, Roeland Tjebbes with 30,241 depositary receipts and Adrie van der Ven did not participate. Depositary receipts obtained under this scheme in 2021 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 2021 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 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	6,720	222,967	339,039
Roeland Tjebbes	–	–	–	26,041	30,241	–	56,282

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. On 31 December 2021, this target was met by Yoram Knoop but not by Roeland Tjebbes (given the relatively short period to have achieved this as he was appointed as member of the Executive Board on 24 April 2020. Adrie van der Ven has not been a member of the Executive Board since 1 October 2021.

In accordance with the current 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 2021 and the long-term variable remuneration for 2019-2021.

Executive Board remuneration in 2021

	Fixed remuneration		Variable remuneration					
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)								
2021	562,084	648,469	121,410	148,061	18,388	112,417	1,610,829	82%–18%
2020	562,084	49,082	178,545	162,456	36,318	112,417	1,100,902	66%–34%
Roeland Tjebbes (CFO) as from 1 March 2020[4]								
2021	375,000	96,266	56,000	–	18,854	75,000	621,120	88%–12%
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]								
2021	–	–	–	30,364	–	–	30,364	0%–100%
2020	125,210	41,554	31,023	57,381	1,313	3,823	260,302	66%–34%
Adrie van der Ven (COO in office until 01/10/'21, off duty as from 31/12/'21)[5]								
2021	366,190	443,565	89,224	63,321	4,167	12,225	978,692	84%–16%
2020	366,190	78,057	33,750	66,748	6,325	12,014	563,084	81%–19%
Jan Potijk up to and including 26 April 2019[5]								
2021	–	–	–	7,813	–	–	7,813	0%–100%
2020	–	–	–	33,804	–	–	33,804	0%–100%

1 *Concerns employer contributions social securities, use of company cars expenses and pension compensation own arrangement, and for Yoram Knoop and Adrie van der Ven it concerns the severance payment of one time the fixed annual salary as further explained below and for Roeland Tjebbes as compensation for lapsed deferred benefits from his previous job*
2 *Concerns 20% discount due to participation in employee participation plan*
3 *The 2021 short- and 2019-2021 long-term variable remuneration will be payable after the adoption of the Annual Accounts 2021*
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 for Adrie van der Ven relate to the period from 26 April 2019 to 31 December 2021 and for the previous COO until 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 in the most efficient manner 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 and economic 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. In 2021, severance payments were agreed with Messrs Adrie van der Ven and Yoram Knoop, to be paid in 2022.
The severance payment for Mr Adrie van der Ven in the amount of one time the fixed annual salary (per 1 January 2021, i.e. €366,190) was paid within one month after the end of the contract (i.e. in January 2022). The severance payment for Mr Yoram Knoop in the amount of one time the fixed annual salary (per 1 January 2022, i.e. €581,757) will be paid within one month of the end of his contract (i.e. in May 2022). Both remunerations are in line with the contractual agreements and the remuneration policy.

Guaranteed variable remuneration

No guaranteed variable remuneration was granted for 2021.

Compensation for contracts relating to previous jobs

As compensation for lapsed deferred benefits from his previous job, Roeland Tjebbes will be receiving €250,000 (gross), which shall be paid in four annual payments of €62,500 each starting in 2021 and ending in 2024.
This concerns partial compensation for cash bonuses to which he would have been entitled under his contract if he had remained employed by his previous employer.

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 within ForFarmers are based on the ratio between (i) the total annual remuneration of the CEO and (ii) the average annual remuneration of the employees of the company and the group companies whose financial data the company consolidates, whereby:

- the total annual remuneration of the CEO includes all remuneration components (such as fixed remuneration, variable remuneration in cash (bonus), the share-based part of the remuneration (if applicable), social contributions, pension, expenses, etc.), as included in the (consolidated) financial statements on an IFRS basis;
- the average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the (consolidated) financial statements on an IFRS basis) by the average number of FTEs during the financial year; and
- the value of the share-based portion of the remuneration is determined , where applicable, at the time of award in line with the applicable regulations under IFRS.

The average annual remuneration of employees does not take into account the pro rate amount relating to hiring of external employees, provided that they are hired for at least three months during the financial year. If this would be taken into account, the ratio is expected to be slightly lower. 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	2017	2018	2019	2020	2021
CEO	1,383	1,267	979	1,101	1,611
CFO (current) as from 1 March 2020				521	621
COO in office until 01/10/'21, off duty as from 31/12/'21				563	979

Annual change total Executive Board remuneration

In percentage	2017	2018	2019	2020	2021
CEO[1]	7.2%	−8.4%	−22.7%	12.4%	46.3%
CFO (current) as from 1 March 2020				n/a	19.3%
COO in office until 01/10/'21, off duty as from 31/12/'21				n/a	73.8%

Annual change fixed basis Executive Board remuneration

In percentage	2017	2018	2019	2020	2021
CEO[1]	0.4%	18.8%	2.5%	2.5%	0.0%
CFO (current) as from 1 March 2020				n/a	0.0%
COO in office until 01/10/'21, off duty as from 31/12/'21				2.5%	0.0%

[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*

Performance ForFarmers

In thousands of euro (unless indicated otherwise)	2017	2018	2019	2020	2021
Underlying EBITDA[1]	101,446	100,052	88,520	96,232	78,199
Change in % year-on-year		−1.4%	−11.5%	8.7%	−18.7%
Underlying profit[1]	63,365	61,801	42,139	46,266	28,353
Change in % year-on-year		−2.5%	−31.8%	9.8%	−38.7%
Average ForFarmers employees remuneration[2]	65,057	63,851	66,281	65,119	67,893
Change in % year-on-year		−1.9%	3.8%	−1.8%	4.3%
Remuneration CEO/ average remuneration ratio[3]	21.3	19.9	14.8	16.9	14.9

[1] *Please refer to Note 17 of the financial statements concerning Alternative Performance Measures (APMs)*
[2] *Concerns the calculation as described above under "Pay ratios"*
[3] *Excluding the severance payment*

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 23 April 2021 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 2021 the following remuneration payments were made to members of the Supervisory Board:

Supervisory Board remuneration in 2021

	Supervisory Board	Commissions	Other compensation[1]	Total
Jan van Nieuwenhuizen as from 23 April 2021	41,364	8,273	345	49,982
Sandra Addink-Berendsen	46,000	16,000	2,039	64,039
Roger Gerritzen	43,000	14,500	500	58,000
Vincent Hulshof	43,000	6,000	500	49,500
Annemieke den Otter	43,000	7,000	500	50,500
Erwin Wunnekink	43,000	7,500	500	51,000
Cees de Jong up to and including 23 April 2021	20,000	4,000	167	24,167

[1] *Relates to reimbursement for travel and fixed expenses*

Total Supervisory Board remuneration over 5 years

In thousands of euro	2017	2018	2019	2020	2021
Chairman[1]	65	63	77	73	74
Vice-Chairman[2]	57	60	63	64	64
Other members[3]	41	54	54	55	52

[1] *Concerns the remuneration of the current Chairman as of 23 April 2021 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*

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 2021 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[1] of Coöperatie FromFarmers U.A. ('the Cooperative'):

	Depository receipts/ Shares	Participation accounts[1]	Total
Jan van Nieuwenhuizen	–	–	–
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.

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

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 2020 year under review was submitted to the AGM of 23 April 2021 for an advisory vote. This advisory vote was cast as follows:

	Votes	Percentage
For	55,402,540	83,4%
Against	11,057,976	16,6%
Abstain	5,007,589	–

This advisory vote has been taken into account in the review of the remuneration policy. The Supervisory Board was supported by an external advisor and, on the advice of the Remuneration Committee, made a proposal to revise the remuneration policy. The proposal that will be submitted to the AGM of 14 April 2022 includes the following changes with regard to the composition of the reference group, how the total direct remuneration compares to peers, the performance range and the remuneration range of the variable remuneration, the payment mechanism of the long-term variable remuneration and directors' share ownership.

In order to align the longer-term interests of the Executive Board with the longer-term interests of shareholders, the proposed policy includes a long-term variable remuneration in the form of (depositary receipts of) shares. For this, analyses were carried out with regard to aspects including the amount of remuneration in (depositary receipts of) shares, the retention period and the accrual period as part of the total direct remuneration. The outcome of these analyses is that the total direct reward remains positioned around the median of the market.

The proposed changes were discussed with various stakeholders, including a selection of (major) shareholders, a voting advisory organisation and (a representation of) the works council in the Netherlands. The advisory vote with regard to the remuneration report for 2020 and the feedback that emerged from the discussions with stakeholders was taken into account when drawing up the amended remuneration policy. Examples of changes that were made based on feedback from the stakeholder consultation are the cancellation of the possibility to grant a guaranteed variable remuneration and the cancellation of the participation programme for Executive Board members (with a 20% discount on the share price). When reviewing the remuneration policy, the composition of the reference group and the ratio between the fixed and variable remuneration were also considered. The ratio between the fixed and variable remuneration is in line with what is customary for the reference group.

Furthermore, this remuneration report provides additional information about the compensation for the current CFO based on lapsed deferred remuneration from his previous job and provides insight into the Supervisory Board's assessment of the qualitative (short- and long-term) performance criteria. This remuneration report will be submitted to the AGM of 14 April 2022 for an advisory vote. In the remuneration report for the 2022 year under review, it will be outlined how this advisory vote was taken into account.

Lochem, 23 February 2022

The Supervisory Board

Financial statements 2021

Consolidated financial statements

Table of contents

Consolidated statement of financial position

In thousands of euro (before profit appropriation)	Note	31 December 2021	31 December 2020
Assets			
Property, plant and equipment	18	317,711	292,456
Intangible assets and goodwill	19	107,859	96,293
Investment property	20	641	931
Trade and other receivables	22	5,307	6,688
Equity-accounted investees	21	28,880	26,474
Deferred tax assets	16	2,778	5,548
Employee benefits	15	3,934	–
Non-current assets		**467,110**	**428,390**
Inventories	23	116,547	93,764
Biological assets	24	8,515	6,182
Trade and other receivables	22	273,346	215,659
Current tax assets		9,006	3,459
Cash and cash equivalents	25	68,273	68,658
Assets held for sale	26	643	574
Current assets		**476,330**	**388,296**
Total assets		**943,440**	**816,686**

In thousands of euro (before profit appropriation)	Note	31 December 2021	31 December 2020
Equity			
Share capital		952	952
Share premium		143,554	143,554
Treasury share reserve		−19	–
Translation reserve		−5,223	−9,438
Hedging reserve		−480	−621
Other reserves and retained earnings		209,719	208,330
Unappropriated result		12,031	14,154
Equity attributable to shareholders of the Company	27	**360,534**	**356,931**
Non-controlling interests	34	5,730	5,555
Total equity		**366,264**	**362,486**
Liabilities			
Loans and borrowings	29	87,123	44,852
Employee benefits	15	23,884	51,453
Provisions	30	6,144	3,440
Trade and other payables	31	28,685	21,079
Deferred tax liabilities	16	16,921	11,696
Non-current liabilities		162,757	132,520
Bank overdrafts	32	34,456	30,625
Loans and borrowings	29	10,063	5,398
Provisions	30	1,901	1,276
Trade and other payables	31	367,522	283,526
Current tax liabilities		477	855
Current liabilities		**414,419**	**321,680**
Total liabilities		**577,176**	**454,200**
Total equity and liabilities		**943,440**	**816,686**

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	2021	2020
Revenue	8	2,670,517	2,351,855
Cost of raw materials and consumables	9	−2,234,246	−1,918,679
Gross profit		**436,271**	**433,176**
Other operating income	10	3,683	6,470
Operating income		**439,954**	**439,646**
Employee benefit expenses	15	−164,257	−161,910
Depreciation, amortisation and impairment	18, 19	−50,276	−76,061
Net (reversal of) impairment loss on trade receivables	32	−190	−1,169
Other operating expenses	11	−202,625	−176,274
Operating expenses		**−417,348**	**−415,414**
Operating profit		22,606	24,232
Net finance result	6, 12, 17	−5,563	1,900
Share of profit of equity-accounted investees, net of tax	21	3,801	4,101
Profit before tax		**20,844**	**30,233**
Income tax expense	16	−8,375	−15,567
Profit for the period		**12,469**	**14,666**
Profit attributable to:			
Shareholders of the Company		12,031	14,154
Non-controlling interests	34	438	512
Profit for the period		**12,469**	**14,666**
Earnings per share in euro [1]			
Basic earnings per share	13	0.13	0.15
Diluted earnings per share	13	0.13	0.15

[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	2021	2020
Profit for the period		12,469	14,666
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	15, 16	27,884	−26,129
Equity-accounted investees - share of other comprehensive income	16	79	−8
Related tax		−5,825	5,093
		22,138	**−21,044**
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences	16	5,358	−8,827
Cash flow hedges - effective portion of changes in fair value	16	189	−191
Cash flow hedges - reclassified to statement of profit or loss/statement of financial position	16	–	–
Related tax	16	−1,191	969
		4,356	**−8,049**
Other comprehensive income, net of tax		26,494	−29,093
Total comprehensive income		**38,963**	**−14,427**
Total comprehensive income attributable to:			
Shareholders of the Company		38,525	−14,939
Non-controlling interests	34	438	512
Total comprehensive income		**38,963**	**−14,427**

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	Unap-propriated result	Subtotal [1]	Non-controlling interest	Total
Balance as at 1 January 2021		**952**	**143,554**	**–**	**–9,438**	**–621**	**208,330**	**14,154**	**356,931**	**5,555**	**362,486**
Addition from unappropriated result		–	–	–	–	–	14,154	–14,154	–	–	–
Total comprehensive income											
Profit		–	–	–	–	–	–	12,031	12,031	438	12,469
Other comprehensive income		–	–	–	4,215	141	22,138	–	26,494	–	26,494
Total comprehensive income		**–**	**–**	**–**	**4,215**	**141**	**22,138**	**12,031**	**38,525**	**438**	**38,963**
Transactions with shareholders of the Company, recognised directly in equity	27										
Contributions and distributions											
Dividends		–	–	–	–	–	–27,605	–	–27,605	–400	–28,005
Purchase of own shares		–	–	–19	–	–	–7,303	–	–7,322	–	–7,322
Cancellation of own shares	27	–	–	–	–	–	–	–	–	–	–
Equity-settled share-based payments	27	–	–	–	–	–	5	–	5	–	5
Tax movements directly in equity	27	–	–	–	–	–	–	–	–	137	137
Total transactions with shareholders of the Company		**–**	**–**	**–19**	**–**	**–**	**–34,903**	**–**	**–34,922**	**–263**	**–35,185**
Balance as at 31 December 2021		**952**	**143,554**	**–19**	**–5,223**	**–480**	**209,719**	**12,031**	**360,534**	**5,730**	**366,264**

[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 changes in equity

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unap-propriated result	Subtotal [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		–	–	–	–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		–	–	–	–	–	–26,891	–	–26,891	–280	–27,171
Purchase of own shares		–	–	–25	–	–	–14,414	–	–14,439	–	–14,439
Cancellation of own shares		–111	–	111	–	–	–	–	–	–	–
Equity-settled share-based payments	27	–	–	–	–	–	–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**

[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	2021	2020
Cash flows from operating activities			
Profit for the year		12,469	14,666
Adjustments for:			
Depreciation	18	35,209	32,788
Amortisation	19	10,627	9,039
Net (reversal of) impairment loss	18, 19	4,440	34,234
Change in fair value of biological assets (unrealised)	24	136	−10
Net (reversal of) impairment loss on trade receivables	32	190	1,169
Net finance result	12	5,563	−1,900
Share of profit of equity-accounted investees, net of tax	21	−3,801	−4,101
Gain on sale of property, plant and equipment/investment property	10	−698	−716
Gain on sale of assets held for sale	26	−2,020	−5,333
Equity-settled share-based payment expenses	15	244	292
Expenses related to post-employment defined benefit plans	15	1,020	977
Expenses related to long term incentive plans	15	236	822
Income tax expense	16	8,375	15,567
		71,990	**97,494**
Changes in:			
Inventories & biological assets		−21,178	−5,503
Trade and other receivables		−45,261	8,004
Trade and other payables		73,183	21,472
Provisions and employee benefits		−5,788	−6,962
Cash generated from operating activities		**72,946**	**114,505**
Interest paid		−1,361	−1,347
Income taxes paid		−16,906	−15,015
Net cash from operating activities		**54,679**	**98,143**

Consolidated statement of cash flows

In thousands of euro	Note	2021	2020
Cash flows from investing activities			
Interest received		817	1,183
Dividends received from equity-accounted investees	21	2,429	6,752
Proceeds from sale of property, plant and equipment/investment property	10	3,206	1,999
Proceeds from sale of assets held for sale	26	2,565	6,579
Acquisition of subsidiaries, net of cash acquired	6	–25,035	–9,572
Acquisition of property, plant and equipment	18	–36,567	–32,490
Acquisition of intangible assets	19	–3,059	–3,260
Net cash used in investing activities		**–55,644**	**–28,809**
Cash flows from financing activities			
Purchase of own shares	27, 29	–7,322	–14,439
Proceeds from sale of treasury shares relating to employee participation plan	27, 29	743	847
Purchase of treasury shares relating to employee participation plan	27, 29	–1,030	–1,166
Lease payments	29	–7,953	–6,712
Proceeds from borrowings	29	68,000	30,000
Repayment of borrowings	29	–28,000	–30,000
Transaction costs related to borrowings	29	–120	–
Dividend paid	27, 29	–26,810	–26,062
Net cash used in financing activities		**–2,492**	**–47,532**
Net increase/decrease in cash and cash equivalents		–3,457	21,802
Cash and cash equivalents at 1 January		38,033	15,359
Effect of movements in exchange rates on cash held		–759	872
Cash and cash equivalents as at 31 December [1]	25	**33,817**	**38,033**

[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 2021 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 2021, the capital interest and voting rights in the Company is distributed as follows:

	31 December 2021		31 December 2020	
	Capital interest	Voting rights	Capital interest	Voting rights
Held by ForFarmers	2.01%		0.03%	
Shares Coöperatie FromFarmers U.A. (Direct)	19.43%	19.83%	19.43%	19.43%
Participation accounts of members (Indirect)	27.02%	27.57%	28.36%	28.37%
Coöperatie FromFarmers U.A.	**46.45%**	**47.40%**	**47.79%**	**47.80%**
Depositary receipts of members	6.01%	6.14%	6.07%	6.08%
Depositary receipts in lock-up	0.96%	0.98%	0.87%	0.87%
Depositary receipts other holders [1]	1.54%	1.57%	1.60%	1.60%
Shares Stichting Beheer- en Administratiekantoor ForFarmers	**8.51%**	**8.69%**	**8.54%**	**8.55%**
Shareholders (external)	43.03%	43.91%	43.64%	43.65%
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 23 February 2022. The Group's financial statements will be subject to adoption by the Annual General Meeting of Shareholders on 14 April 2022.

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

Impact covid-19

During 2021, the covid-19 pandemic had impact on ForFarmers. The pandemic resulted during 2021 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.

Changes in accounting policies in 2021

In 2021, the following new standards, amendments or interpretations of the International Accounting Standard Board (IASB) came into effect. These have no significant impact on the Total equity as at 31 December 2021, Net result for the 2021 financial year, nor comparative figures of ForFarmers:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Interest rate benchmark reform – phase 2 (amendments to IFRS 7,9,16 and IAS 39)

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
2019	£ 0.8508	zł 4.2568
2020	£ 0.8990	zł 4.5597
2021	£ 0.8403	zł 4.5969

Average rate	€ 1.00	€ 1.00
2020	£ 0.8897	zł 4.4430
2021	£ 0.8596	zł 4.5652

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)

5. Operating segments

A. Basis for 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 Board 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. Information about reportable segments

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

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	2021	2020
Segment operating profit		22,606	24,232
Net finance result	12	−5,563	1,900
Share of profit of equity-accounted investees, net of tax	21	3,801	4,101
Profit before tax		**20,844**	**30,233**

2021

In thousands of euro	The Netherlands/ Belgium	Germany/ Poland	United Kingdom	Group/ eliminations	Consolidated
Compound feed revenues	1,120,605	568,666	516,338	–	2,205,609
Other revenue	256,379	76,062	132,467	–	464,908
External revenues	**1,376,984**	**644,728**	**648,805**	**–**	**2,670,517**
Inter-segment revenues	39,770	705	–	−40,475	–
Revenue	**1,416,754**	**645,433**	**648,805**	**−40,475**	**2,670,517**
Gross profit	249,544	73,531	112,627	569	436,271
Other operating income	2,023	687	973	–	3,683
Operating expenses	−209,857	−74,409	−117,190	−15,892	−417,348
Operating profit	**41,710**	**−191**	**−3,590**	**−15,323**	**22,606**
Depreciation, amortisation and impairment	19,823	9,012	16,911	4,530	50,276
EBITDA	**61,533**	**8,821**	**13,321**	**−10,793**	**72,882**
Property, plant and equipment	136,926	68,001	106,519	6,265	317,711
Intangible assets and goodwill	75,461	15,891	10,152	6,355	107,859
Equity-accounted investees	–	27,773	1,107	–	28,880
Other non-current assets	1,463	9,237	4,443	−2,483	12,660
Non-current assets	**213,850**	**120,902**	**122,221**	**10,137**	**467,110**
Current assets	**275,524**	**188,488**	**126,045**	**−113,727**	**476,330**
Total assets	**489,374**	**309,390**	**248,266**	**−103,590**	**943,440**
Equity	−209,613	−52,003	−25,132	−79,516	−366,264
Liabilities	−279,761	−257,387	−223,134	183,106	−577,176
Total equity and liabilities	**−489,374**	**−309,390**	**−248,266**	**103,590**	**−943,440**
Working capital	−28,445	61,407	8,609	−4,071	37,500
Capital expenditure [1]	18,308	10,142	7,742	4,495	40,687

[1] Additions to intangible assets and property, plant and equipment

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

[1] Additions to intangible assets and property, plant and equipment

6. Business combinations

Acquisitions 2021

During 2021, the following acquisitions took place.

Acquisition De Hoop Mengvoeders B.V.

On 2 February 2021 ForFarmers acquired all shares of De Hoop Mengvoeders 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 €31.1 million, including contingent considerations with a fair value of €6.7 million payable in 2022 and 2023. The contingent considerations fully dependent on specific integration targets. As at 31 December 2021 the contingent considerations increased to €6.9 million due to the effect of discounting.

In addition, the former shareholders of De Hoop can receive an additional consideration of maximum €10.0 million, if certain joint growth targets will be realised in the coming 2 years.

From the date of acquisition, revenue of De Hoop amounted to €100.5 million and the result after tax of €4.9 million. This gain includes local integration costs, the additional amortisation and depreciation on the fair value adjustments of the (intangible) assets, as well as the financial expenses related to the fair value adjustment of the contingent considerations. Acquisition-related costs recognised at the Group (i.e. cost to effect the business combination) are not included in this gain.

The trade and other receivables comprise gross contractual amounts of €5.9 million, which at acquisition date were expected to be fully collectable.

The goodwill concerns the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Netherlands/Belgium reportable segment, since the business activities of De Hoop are integrated within this segment. Possible impairments of goodwill are not deductible for income tax purposes.

If the acquisition had occurred on 1 January 2021 the revenue would amount to €109.2 million and the result after tax to €5.4 million. Herewith, the Group consolidated revenues would have been €2,679 million and the Group consolidated profit €13.0 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

The fair values of the identifiable assets and liabilities of the acquired businesses as at the date of acquisition were:

In thousands of euro

	De Hoop
Acquisition date	2/2/2021
Opening balance	
Property, plant and equipment	9,990
Intangible assets (customer relations, trade name)	7,387
Inventories	2,852
Trade and other receivables	6,846
Cash and cash equivalents	1,976
Assets held for sale	–
Assets	**29,051**
Deferred tax liabilities	1,959
Loans and borrowings	143
Trade and other payables	3,725
Provisions	164
Liabilities	**5,991**
Total identifiable net assets at fair value	**23,060**
Goodwill arising on acquisition	8,051
Purchase consideration	31,111
Acquisition-related costs	**515**

The acquisition-related costs of €0.5 million relate for €0.4 million to 2021 and are recognised in other operating expenses. The remaining €0.1 million has already been accounted for in 2020.

Acquisition Mühldorfer

On 2 February 2021, ForFarmers acquired a specific business unit from Mühldorfer AG that focuses on the production of horse feed. The acquisition price was €4.4 million, including a contingent consideration of €1.3 million, payable between 2022 and 2024. The acquired assets mainly relate to customer relationships. The acquisition is not material to the Group under the disclosure requirements of IFRS 3 (Business Combinations).

Acquisitions 2020

No acquisitions were made during 2020.

Developments previous acquisitions

Tasomix Group (Poland)

The put option liability for the remaining 40%, which has to be paid in PLN, has been valued and amounted to €30.0 million, which represent its fair value at the date of acquisition. As at 31 December 2021 the put option liability amounts to €22.8 million (31 December 2020 €20.7 million). The increase of this liability relates to the discounting effect of €2.5 million, partly compensated by a remeasurement gain amounting to €0.2 million (both recognised in the income statement as a non-operational finance result, refer to Note 12 and a foreign currency translation gain (€0.2 million included in other comprehensive income).

Acquisition related cash flows

In 2021, the cash flows relating to acquisitions amount to € 25.0 million and relate to the acquisition of De Hoop and Mühldorfer (2020: €9.6 million in relation to contingent consideration settlements).

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 2020 and 2021.

8. Revenue

The geographic distribution of the revenue is as follows:

In thousands of euro	2021	2020
The Netherlands	1,052,279	914,573
Germany	562,376	523,635
Belgium	183,043	161,653
Poland	205,743	145,075
United Kingdom	648,814	589,122
Other EU countries	17,525	17,109
Other countries outside the EU	737	688
Total	**2,670,517**	**2,351,855**

The distribution of the revenue per category is as follows:

In thousands of euro	2021	2020
Compound feed	2,205,609	1,908,001
Other revenue	464,908	443,854
Total	**2,670,517**	**2,351,855**

The increase of the revenue by €318.7 million includes a positive currency impact of €16.8 million. Furthermore, the net effect of acquisitions and disposals results in a increase effect on revenue of €104.2 million. This results in a like-for-like increase of €197.7 million. This like-for-like increase was due to higher raw material prices partly offset by the decrease in volumes.

The other revenue mainly relates to the sale of single, moist and liquid feed, other trading products, and services. The increase of €21.1 million is also the result of the aforementioned items.

9. Cost of raw materials and consumables

The increase in the cost of raw materials and consumables by €315.6 million includes a negative currency impact of €13.5 million. The net effect of acquisitions results in an increase of €84.9 million. This results in a like-for-like increase of €217.2 million. This increase is mainly due to an increase in raw material prices, partly offset by a decrease in volumes.

In 2021 the amount provided for obsolete inventories is €12 thousand (2020: €0 thousand). The costs of this allowance are included in the cost of raw materials and consumables.

10. Other operating income

2021

Other operating income 2021 mainly relates to the divestment of property in the Netherlands (€0.8 million), United Kingdom (€0.9 million) and Belgium (€1.2 million).

2020

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

11. Operating expenses

The increase of the total operating expenses amounts to €1.9 million, and contains a increase of €2.3 million caused by a currency impact. The net effect of acquisitions and divestments amounts to €13.0 million. The like-for-like decline of the operating expenses was €13.4 million. The decline in expenses is the total effect of lower volumes, the implementation of the efficiency programme and the absence of a goodwill impairment (2020: Poland impairment), partly offset by the increase in energy costs in 2021.

The engagements performed by KPMG Accountants N.V., other than the audit of the financial statements, consist of the review of selected sustainability indicators and agreed-upon procedures regarding board remuneration and bonus targets.

A. Other operating expenses

In thousands of euro	2021	2020
Energy costs	41,333	27,796
Transport costs	73,748	70,637
Maintenance costs	26,537	25,837
Sales expenses	7,086	6,424
Other	53,921	45,580
Total	**202,625**	**176,274**

The other operating expenses increased by €26.4 million, including a decrease of €1.3 million caused by a currency impact and an increase of €6.8 million caused by the net effect of acquisitions and divestments. The like-for-like decrease therefore amounts to €18.3 million. The increase is caused, among other things, by the additions to the provisions as a result of ongoing lawsuits and claims, the increase in energy prices and costs for the operational excellence program.

The other expenses include costs of temporary personnel and IT licences, together approximately 35% of the total (2020: 41% of the total).

B. Research and development expenses

In 2021 the Group incurred an amount of €6.7 million (2020: €6.3 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
2021			
Audit of the financial statements	665	508	1,173
Other audit engagements	70	39	109
Tax-related advisory services	–	–	–
Other non-audit services	–	–	–
Total	**735**	**547**	**1,282**
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**

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 performed by KPMG Accountants N.V., other than the audit of the financial statements, consist of the review of selected sustainability indicators and agreed-upon procedures regarding board remuneration and bonus targets.

12. Net finance result

In thousands of euro	Note	2021	2020
Interest income		717	1,163
Interest expenses		–1,022	–1,188
Other financial expenses		–1,048	–706
Net interest on loans[1]		**–1,353**	**–731**
Foreign exchange income (expense)		30	–619
Pension interest expenses	15	–542	–280
Interest on lease liabilities		–1,161	–955
Change in fair value instruments		–	–
Net other finance result		**–1,673**	**–1,854**
Underlying net finance result		**–3,026**	**–2,585**
Change in fair value contingent considerations	6, 32	–198	152
Change in fair value put option liability	6, 32	–2,339	4,333
Net non-operational finance result		**–2,537**	**4,485**
Net finance result recognised in profit or loss		**–5,563**	**1,900**

[1] Included in interest coverage ratio calculation, refer to Note 29

Net finance result amounts to €5.6 million adverse (2020: €1.9 million positive) and includes, among others, a non-operational finance result of €2.5 million negative (2020: € 4.5 million positive).

The non-operating financing result includes a gain of €0.2 million as a result of the remeasurement of the put option liability of Poland (2020: €7.4 million). In addition, the regular annual interest accrual on the earn outs (2021: €0.2 million; 2020: nihil) and the put option liability (€2.5 million; 2020: €3.1 million) resulted in an expense of €2.7 million (2020: €3.1 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 (2020: €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 2021 and the translation of monetary items, a gain is recognized (2020: a loss).

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	2021	2020
Profit for the year, attributable to the shareholders of the Company	12,031	14,154

Weighted-average number of shares:

	Note	2021	2020
Shares in issue	27	95,218,822	106,261,041
Effect of treasury shares held (weighted-average during the year)		−127,133	−10,446,294
Weighted average number of shares		**95,091,689**	**95,814,747**

Basis earnings per share:

In euro	2021	2020
Basic earnings per share	0.13	0.15

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 In 2021 and 2020. For further information we refer to note 27.

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 Board 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 13.2% (2020: 15.4%) 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 2021

On 24 April 2021, the Group launched two employee participation plans. One plan relates to members of the Executive Board 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 Board and senior management) on the fair value of the depositary receipt at the grant date, for which additional depositary receipts are provided.

During 2021, 23 employees (of which 5 foreign employees) participated in the participation plan for the Executive Board and senior management and 116 employees (of which 19 foreign employees) participated in the participation plan for other employees.

The number of depositary receipts granted with respect to the 2021 participations plans were as follows:

In numbers	The Netherlands	Foreign countries
Board/senior management	102,007	8,487
Other employees	59,202	6,653

In 2021, 560 granted depositary receipts were cancelled as a result of leavers.

Participation plans 2020 and 2019

In 2020 and 2019 the Group offered two participation plans to the employees. One plan relates to members of the Executive Board and senior management, the other plan relates to other employees. The conditions of both plans are consistent with the participation plans applicable for 2021.

During 2020, 25 employees (of which 7 foreign employees) participated in the participation plan for the Executive Board 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
Board/senior management	95,557	8,148
Other employees	76,819	11,322

In 2021, 1,041 (2020: zero) granted depositary receipts were cancelled as a result of leavers.

During 2019, 27 employees (of which 5 foreign employees) participated in the participation plan for the Executive Board 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
Board/senior management	123,652	12,679
Other employees	92,218	15,394

In 2021, 2,104 (2020: zero) 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 2018

The participation plans 2018 were completed during 2021.

B. Measurement of the fair values

Participation plans 2021

The value of the depositary receipts of the Company, for which the employee (members of the Executive Board, 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 28 April 2021 until 4 May 2021 and amounted to €5.88 per share.

Participation plans 2020

The value of the depositary receipts of the Company, for which the employee (members of the Executive Board, 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 2020 until 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 Board, 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 2019 until 8 May 2019 and amounted to €7.20 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 €215 thousand (2020: €269 thousand) of which €134 thousand was classified as current (2020: €173 thousand).

The cumulative share-based payment reserve relating to the Foreign participation plan amounts to €76 thousand (2019: €71 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 2021	31 December 2020
Liability for defined benefit obligations		19,428	46,705
Asset for defined benefit obligations		−3,934	–
Net liability for defined benefit obligations	15B	**15,494**	**46,705**
Liability for other long-term service plans	15E	4,456	4,748
Total		**19,950**	**51,453**

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.

The net liability related to the defined benefit plans in the Netherlands per 31 December 2021 amounts to €14.948 thousand (31 December 2020: €17,242 thousand).
The decrease in this liability is mainly caused by the increase in the interest rate, whereby the change in the financial assumptions was recognized in other comprehensive income.

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 €58,311 (2021). An insurance company will be administering the obligations under both plans as of 1 January 2016.

From 2021 onwards the collective defined contribution plan has been changed to an individual defined contribution plan, which will be administered by an insurance company.

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 2021 amounts to €289 thousand (31 December 2020: €532 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 2021 amounts to €4,191 thousand (31 December 2020: €4,777 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 previously existed. 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. During 2021 the HST plan merged into the BOCM PAULS plan.

The funding requirements are based on the actuarial calculation framework as out in the funding policy of the plans. 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 asset (2020: liability) related to the defined benefit plans in the United Kingdom per 31 December 2021 amounts to €3,934 thousand (31 December 2020: a liability of €24,154 thousand). The decrease in this liability, which ultimately results in a receivable, is mainly caused by the increase in the return on plan assets (approximately €27,432 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.

	Defined benefit obligation (funded plans)	Fair value of plan assets (funded plans)	Net defined benefit liability (funded plans)	Net defined benefit liability (unfunded plans)	2021 Total net defined benefit liability
Balance at 1 January	322,039	–280,111	41,928	4,777	46,705
Included in profit or loss					
Current service cost	487	–	487	3	490
Past service cost	–	–	–	–	–
Administrative expenses	–	530	530	–	530
Interest cost (income)	4,411	–3,900	511	31	542
	4,898	**–3,370**	**1,528**	**34**	**1,562**
Included in Other Comprehensive Income					
Actuarial loss (gain) arising from:					
demographic assumptions	–191	–	–191	–	–191
financial assumptions	–3,948	–	–3,948	–163	–4,111
experience adjustment	33	–	33	–194	–161
Return on plan assets excluding interest income	–	–23,421	–23,421	–	–23,421
Remeasurement loss (gain)	**–4,106**	**–23,421**	**–27,527**	**–357**	**–27,884**
Effect of movements in exchange rates	14,750	–13,731	1,019	–	1,019
	10,644	**–37,152**	**–26,508**	**–357**	**–26,865**
Other					
Employer contributions (to plan assets)	–	–5,645	–5,645	–	–5,645
Employer direct benefit payments	–	–	–	–263	–263
Benefits paid from plan assets	–10,216	10,216	–	–	–
	–10,216	**4,571**	**–5,645**	**–263**	**–5,908**
Balance as at 31 December	**327,365**	**–316,062**	**11,303**	**4,191**	**15,494**

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)	2020 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**

The remeasurement gain (actuarial loss/gain and return on plan assets) of €27.9 million (2020: loss €26.1 million) after tax amounted to €22.1 million (2020: loss €21.0 million), see Note 16B. The change in the actuarial 'remeasurement result', compared to last year, is mainly due to an increase in the return on plan assets in the United Kingdom (2020: the decrease in discount rate in). For the defined benefit plans in the UK, the fair value of plan assets is higher than the gross liability resulting in a receivable.

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 2021	31 December 2020
Shares	80,419	61,379
Real estate	5,821	3,550
Bonds	138,467	120,903
Cash and other assets	2,732	1,940
Other (insurance contracts)	88,623	92,339
Total	**316,062**	**280,111**

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

	2021	2020
Discount rate	1.08% – 1.80%	0.70% – 1.45%
Future salary growth [1]	–	–
Future pension growth	1.50% – 2.90%	1.50% – 2.40%
Inflation	1.50% – 2.90%	1.50% – 2.40%
Salary increase [2]	2.75%	2.75%

[1] Not applicable
[2] Only applicable for Belgium

Weighted-average assumptions to determine defined benefit cost

	2021	2020
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% – 2.40%	1.50% – 1.85%
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 (2020: AG2020)
- Germany (unfunded plans): RT Heubeck 2018G (2020: ditto)
- Belgium (funded plans): MR/FR-5 (2020: ditto)
- UK (funded plans): CMI Mortality Projects Model 'CMI_2020' (2020: CMI Mortality Projects Model 'CMI_2019)

The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows (expressed as weighted averages):

	2021	2020
Longevity at age 65 for current pensioners		
Males	21.5	21.6
Females	23.9	23.8
Longevity at age 65 for current members aged 40		
Males	23.2	23.4
Females	25.7	25.6

As at 31 December 2021, the weighted-average duration of the defined benefit obligation was 18.2 years (31 December 2020: 18.3 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 €331.6 million (31 December 2020: €326.8 million) by the amounts shown below:

In thousands of euro	31 December 2021	31 December 2020
Decrease of 0.25% to discount rate	16,084	15,191
Increase of 0.25% to discount rate	–13,588	–14,273
Decrease of 0.25% to inflation	–8,784	–8,949
Increase of 0.25% to inflation	10,925	9,464
Increase of 1 year to life expectancy	12,250	11,761

Employer contributions

The Group expects to pay €5.2 million in contributions to its defined benefit plans in 2022 (for 2021 an amount of €5.7 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 the long-term incentive plans.

F. Employee benefit expenses

In thousands of euro	Note	2021	2020
Wages and salaries		136,680	132,643
Social security contributions		18,260	18,958
Post-employment expenses		8,837	9,195
Expenses related to other long-term service plans		236	822
Equity-settled share-based payments	14	244	292
Total		**164,257**	**161,910**

The employee benefit expenses increase by €2.3 million, and includes an increase of €1.5 million due to a currency translation difference and an increase of €3.6 million due to the effect of acquisitions and disposals. The organic decrease is therefore €2.8 million. This decrease is mainly the result of the implementation of the announced efficiency plans.

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	2021	2020
Current service costs	15B	490	453
Past service cost	15A, B	–	–
Administrative expenses	15B	530	524
Expenses related to post-employment defined benefit plans		**1,020**	**977**
Contributions to defined contribution plans		7,817	8,218
Post-employment expenses		**8,837**	**9,195**

The interest charges related to the defined benefit plans amounting to €542 thousand (2020: €280 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 2021

Converted to full-time equivalents

	The Netherlands	Foreign countries	Total
Supply chain	371	928	1,299
Support and management	406	482	888
Other	153	104	257
Balance as at 31 December	**930**	**1,514**	**2,444**

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**

Movement number of employees:

Converted to full-time equivalents

	2021	2020
At 1 January	2,502	2,570
Acquisitions	44	–
Joiners	335	286
Leavers	−437	−354
Balance as at 31 December	**2,444**	**2,502**

The decline by 58 full-time equivalents is mainly caused by the previously announced efficiency plans (like for like decrease 102, 2020: decline 68), partly compensated by the acquisition impact (44 increase).

16. Income taxes

A. Amounts recognised in statement of profit or loss

In thousands of euro	Note	2021	2020
Current tax expense			
Current year		9,199	14,583
Changes prior years	16C	–311	850
Total		**8,888**	**15,433**
Deferred tax expense			
Deferred tax current year		–4,273	–1,219
Changes in tax rate	16C	1,692	2,010
(De)recognition of deferred tax assets		1,378	–7
Changes in estimates related to prior years	16C	690	–650
Total	16D	**–513**	**134**
Total tax expenses		**8,375**	**15,567**

The prior year adjustments in 2021 and in 2020, 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 expense of €379 thousand in 2021 and a expense of €200 thousand in 2020 – refer to note 16C). In 2021, this is mainly due to a change in the deferred tax position in the Netherlands and the United Kingdom and a transfer from current tax to deferred tax in Germany. In 2020, this was mainly caused by a transfer from deferred tax to current tax in the Netherlands and Germany.

In addition, the enacted increase of the deferred tax rate in the United Kingdom and the Netherlands have also an increasing impact in 2021 on the deferred tax expense due to a net deferred tax liability position. The write-down of deferred tax assets in 2021 mainly concerns the Netherlands.

The total tax expense excludes the Group's share of tax expense of the equity-accounted investees of €875 thousand (2020: €951 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	2021 Before tax	2021 Tax benefit (expense)	2021 Net of Tax	2020 Before tax	2020 Tax benefit (expense)	2020 Net of Tax
Items that will never be reclassified to profit or loss						
Remeasurement of defined benefit liabilities	27,884	–5,799	22,085	–26,129	5,090	–21,039
Equity-accounted investees - share of other comprehensive income	79	–26	53	–8	3	–5
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations – foreign currency translation differences	5,358	–1,143	4,215	–8,827	920	–7,907
Cash flow hedges - effective portion of changes in fair value	189	–48	141	–191	49	–142
Cash flow hedges - reclassified to statement of profit or loss/statement of financial position	–	–	–	–	–	–
Total	**33,510**	**–7,016**	**26,494**	**–35,155**	**6,062**	**–29,093**
Current tax benefit (expense)		–874			874	
Deferred tax benefit (expense)		–6,142			5,188	
Total		**–7,016**	**–**	**–**	**6,062**	

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 €1,143 thousand in 2021 (2020: €920 thousand positive).

Refer to note 15 for more information about the unrealized result of €27.9 million related to the remeasurement of defined benefit liabilities.

C. Reconciliation of effective tax rate

In thousands of euro	Note		2021		2020
Profit before tax			**20,844**		**30,233**
Less share of profit of equity-accounted investees, net of tax			−3,801		−4,101
Profit before tax excluded the share of profit of equity-accounted investees, net of tax			17,043		26,132
Income tax using the Dutch domestic tax rate		25.0%	4,261	25.0%	6,533
Effect of tax rates in foreign jurisdictions		1.0%	162	−0.7%	−181
Change in tax rate	16A	9.8%	1,664	7.7%	2,010
Tax effect of:					
Non-deductible expenses/non-taxable income		8.4%	1,428	28.4%	7,412
Tax incentives		−5.3%	−897	−1.5%	−400
(De)recognition of deferred tax assets		8.1%	1,378	0.0%	−7
Prior year adjustments	16A	2.2%	379	0.8%	200
Total		**49.2%**	**8,375**	**59.7%**	**15,567**

2021

The change in tax rate 2021 (€1.7 million impact) mainly relates to the enacted updated deferred tax rates in the Netherlands and the United Kingdom.

The non-deductible expenses and non-taxable income mainly relates to the changes in the valuation of the put option liability in the Netherlands (refer to Note 6 and 17).

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.

D. Movement in deferred tax balances

2021

In thousands of euro	Net balance at 1 January 2021	Recognised in profit or loss	Recognised in OCI	Acquisitions through business combinations/ disposals	Reclass and other[1]	Net balance at 31 December 2021	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	−14,613	1,310	–	−285	−233	−13,821	1,927	−15,748
Right-of-use asset	−6,562	−1,974	–		−266	−8,802	–	−8,802
Intangible assets	−7,552	1,267	–	−1,903	−89	−8,277	7	−8,284
Inventory and biological assets	−49	1	–	–	–	−48	–	−48
Receivables and other assets	377	−239	−269	–	−42	−173	358	−531
Derivatives	19	–	−48	–	–	−29	–	−29
Employee benefits	9,918	−627	−5,825	–	115	3,581	4,554	−973
Lease liabilities	6,680	2,092	–	–	340	9,112	9,112	–
Other non-current provisions and liabilities	59	−59	–	–	–	–	–	–
Other liabilities	3,770	−451	–	78	−90	3,307	3,832	−525
Tax losses and tax credits	1,805	−807	–	–	9	1,007	2,247	−1,240
Offsetting	–	–	–	–	–	–	−19,259	19,259
Deferred tax assets (liabilities)	**−6,148**	**513**	**−6,142**	**−2,110**	**−256**	**−14,143**	**2,778**	**−16,921**

[1] This mainly concerns translation differences on balance sheet items valuated in British pounds and Polish zloty's

In thousands of euro	Net balance at 1 January 2020	Recognised in profit or loss	Recognised in OCI	Acquisitions through business combinations/ disposals	Reclass and other[1]	Net balance at 31 December 2020	Deferred tax assets	Deferred tax liabilities
								2020
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 valued 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 2021, the unrecognised losses therefore amount to €6.2 million (31 December 2020: €5.6 million), with a tax effect of €1.5 million (31 December 2020: €1.1 million). Furthermore, the remeasurement of future tax benefits in 2021 resulted in a write-down of €6.6 million (31 December 2020: nil), with a tax effect of €1.2 million (31 December 2020: nil) in The Netherlands.

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.

	2021	2020
Tax rates		
The Netherlands	25.00%	25.00%
Germany (average)	27.94%	27.85%
Belgium	25.00%	25.00%
Poland	19.00%	19.00%
United Kingdom	19.00%	19.00%

	2021	2020
Effective tax rate		
The Netherlands	34.62%	93.62%
Germany	24.03%	30.60%
Belgium	9.39%	26.84%
Poland	18.40%	17.52%
United Kingdom	–8.59%	25.79%

The above-mentioned effective tax rates deviate from the statutory tax rates mainly due to the impact of the following items:

The Netherlands
The effective tax rate in 2021 is higher than the statutory tax rate, in particular due to the remeasurement of deferred tax assets in relation to future fiscal benefits. Furthermore, due to non-deductible expenses in relation to changes in the fair value of the put option liability and revaluation of the deferred tax liability due to the rate increase in 2022 in the Netherlands.

Based on the enacted Dutch tax law, the Dutch corporate income tax rates will increase from 25% to 25.8%. 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 2021 is lower than the statutory tax rate mainly due to non-deductible expenses whilst there is a loss before tax in 2021 (2020: lower as a result of the finalisation of the corporation tax assessments for prior years).

Belgium
The effective tax rate in 2021 is lower than the statutory tax rate due to non-tax deductible expenses and not recognizing a deferred tax asset in a situation of losses before tax (2020: higher due to non-tax deductible expenses and the finalisation of the corporation tax assessments for prior years).

Poland
The effective tax rate in 2021 is lower than the statutory tax rate due to the finalisation of the corporation tax assessments for prior years (2020: idem).

United Kingdom
The effective tax rate in 2021 is negative, mainly due to the increased deferred tax rate and a net deferred tax liability (2020: higher than the statutory tax rate mainly due to the increased deferred tax rate and a net deferred tax liability).

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 €875 thousand (2020: €951 thousand). Trade taxes ('Gewerbesteuer') applicable to HaBeMa are borne by the entity itself.

Alternative Performance Measures

17. Alternative performance measures

The Executive Board of ForFarmers measures its performance primarily based on non-GAAP performance metrics (as per the tables below) not calculated in accordance with IFRS. These metrics exclude the impact of incidental factors from the IFRS values.

The Executive Board 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.

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	2021 Underlying excluding APM items
EBITDA [1]	72,882		1,732	−3,999	−3,048	−5,315	78,197
EBIT	22,606	−4,418	−6,720	−3,890	−3,048	−18,076	40,682
Net finance result			−2,537		–	−2,537	
Tax effect		982	1,710	933	–	3,625	
Profit attributable to Shareholders of the Company	12,031	−3,436	−7,547	−2,957	−3,048	−16,988	29,019
Earnings per share in euro [2]	0.13	−0.04	−0.09	−0.03	−0.03	−0.19	0.32

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	2020 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

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

The 2021 Alternative Performance Measures (APM) items before tax comprise:

i. Impairments: €4.4 million regarding the impairments as a result of the announced closure of the mills in Ingelmunster (Belgium) and Bardenitz (Germany), as well as assets which are no longer in use.

ii. Business Combinations and Divestments: €1.7 million net EBITDA impact (gain) due to the disposal of a mill in the United Kingdom and a mill in Belgium (€2.1 million gain), €0.7 million regarding the sale of land, in relation to the construction of a new road along the mill in Lochem (the Netherlands) offset by due diligence expenses (€1.1 million) regarding a cancelled possible acquisition.

The net EBIT effect of €6.7 million (loss) consist of the EBITDA gain of €1.7 million and a €8.4 million loss as a result of the amortisation of acquired intangible assets. Furthermore, there is a €2.5 million finance result (loss) mainly as a result of an accrual loss and remeasurement of the put-option liability (€2.3 million) regarding the acquisition of Tasomix.

iii. Restructuring: €3.9 million restructuring costs regarding projects in various countries due to the announced costs efficiency program and the costs in relation to the closure of multiple bagged product warehouses in The Netherlands.

iv. Other: €3.0 million additions to the provisions as a result of ongoing lawsuits and claims against ForFarmers.

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. 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. Restructuring: €1.2 million restructuring 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.

Considering the APM items the underlying effective tax rate 2021 is 31.9% (2020: 27.7%). The higher effective tax rate is mainly the result of the (announced) enacted increase of the British and Dutch tax rates. Furthermore, deferred tax assets are as a result of losses in Belgium not recognised and the underlying effective tax rate is higher due to a remeasurement of future fiscal benefits.

18. Property, plant and equipment

Property, plant and equipment comprise owned assets and right of use assets.

In thousands of euro	31 December 2021	31 December 2020
Assets		
Property, plant and equipment, owned	283,953	264,924
Right-of-use asset	33,758	27,532
Property, plant and equipment	**317,711**	**292,456**

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 2021		211,692	257,756	77,033	11,299	557,780
Acquisitions through business combinations		3,470	5,757	596	–	9,823
Divestments		–	–	–	–	–
Additions		2,648	10,120	2,769	22,091	37,628
Reclassification		2,227	10,021	1,201	−13,449	–
Reclassification to intangible assets	19	–	–	–	–	–
Reclassification to investment property	20	–	–	–	–	–
Reclassification to assets held for sale	26	−252	−305	−53	–	−610
Reclassification from right-of-use asset	18C	–	–	59	–	59
Disposals		−1,381	−4,841	−6,335	–	−12,557
Other movement		–	–	–	–	–
Effect of movements in exchange rates		3,036	3,868	2,073	164	9,141
Balance as at 31 December 2021		**221,440**	**282,376**	**77,343**	**20,105**	**601,264**
Accumulated depreciation and impairment losses						
Balance as at 1 January 2021		−96,199	−154,465	−42,192	–	−292,856
Divestments		–	–	–	–	–
Depreciation		−5,490	−14,128	−8,411	–	−28,029
(Reversal of) impairment losses on plant and equipment		−1,079	−1,775	−244	–	−3,098
Reclassification		–	–	–	–	–
Reclassification to investment property	20	–	–	–	–	–
Reclassification to assets held for sale	26	221	31	50	–	302
Reclassification from right-of-use asset	18C	–	–	−28	–	−28
Disposals		403	4,600	5,046	–	10,049
Other movement		–	–	–	–	–
Effect of movements in exchange rates		−849	−1,769	−1,033	–	−3,651
Balance as at 31 December 2021		**−102,993**	**−167,506**	**−46,812**	**–**	**−317,311**
Carrying amounts						
Balance as at 1 January 2021		115,493	103,291	34,841	11,299	264,924
Balance as at 31 December 2021		118,447	114,870	30,531	20,105	283,953

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		–	–	–	–	–
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
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 1 January 2020		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

The assets acquired through business combinations relate to the acquisition of De Hoop, refer to Note 6 for more information.

The investments in 2021 consist of expenditures to maintain and enhance the performance and efficiency of the production facilities (€34.4 million), investments in trucks (€1.5 million), investments in IT (€1.7 million) and other individual smaller investments.

The reclassification from right-of-use assets relates to lease contracts where the purchase option has been exercised.

The reclassification to assets held for sale relates to assets which are no longer in use.

Of the 2021 additions of €37.6 million (2020: €32.6 million) an amount of €36.6 million (2020: €32.5 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.

B. Impairment loss

The impairment loss in 2021 mainly relates to the closure of the plants in Ingelmunster (Belgium) and Bardenitz (Germany), announced in 2021, as well as the write-down of assets that are no longer in use.

There were no indicators of impairment of property, plant and equipment in 2020.

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 2021		17,510	252	18,575	36,337
New lease contracts		11	77	12,421	12,509
Acquisitions through business combinations		–	–	167	167
Lease contracts ended		–164	–166	–3,271	–3,601
Reclassification to tangible assets, owned	18A	–	–	–59	–59
Remeasurement		7	1	–8	–
Effect of movements in exchange rates		473	13	698	1,184
Balance as at 31 December 2021		**17,837**	**177**	**28,523**	**46,537**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2021		–2,470	–120	–6,215	–8,805
Depreciation		–1,427	–152	–5,601	–7,180
(Reversal of) impairment losses on plant and equipment		–113	–	–	–113
Lease contracts ended		164	166	3,210	3,540
Reclassification to tangible assets, owned	18A	–	–	28	28
Effect of movements in exchange rates		–65	–6	–178	–249
Balance as at 31 December 2021		**–3,911**	**–112**	**–8,756**	**–12,779**
Carrying amounts					
Balance as at 1 January 2021		15,040	132	12,360	27,532
Balance as at 31 December 2021		13,926	65	19,767	33,758

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 1 January 2020		15,232	100	8,652	23,984
Balance as at 31 December 2020		15,040	132	12,360	27,532

The new and ended lease contracts mainly relate to lease cars and trucks in the Netherlands and the United Kingdom. Furthermore, a new lease contract for an office building in Belgium is concluded in 2020.

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 (2020: €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	2021	2020
short-term leases	434	652
low-value assets, excluding short-term leases of low-value assets	93	56
variable lease payments	19,618	18,631
Total	**20,145**	**19,339**

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 variable lease payments relate to the lease payments for trucks and third party production. The increase compared to 2020 is mainly due to the increased use of third-party trucks.

F. Impairment loss right-of-use assets

The impairment loss in 2021 relates to the announced closure of the mill in Bardenitz (Germany).

There were no indicators of impairment of right of use assets in 2020.

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 2021		108,241	70,647	3,314	22,013	729	204,944
Acquisitions through business combinations		8,051	10,731	859	10	–	19,651
Additions		–	–	–	2,243	816	3,059
Reclassification		–	–	–	828	–828	–
Disposals		–	–	–	–83	–	–83
Other movement		–	–	–	10	–	–10
Effect of movements in exchange rates		1,342	2,051	–13	81	2	3,463
Balance as at 31 December 2021		**117,634**	**83,429**	**4,160**	**25,082**	**719**	**231,024**
Accumulated amortisation and impairment losses							
Balance as at 1 January 2021		–58,299	–31,521	–2,521	–16,310	–	–108,651
Amortisation		–	–7,920	–533	–2,174	–	–10,627
Impairment losses on intangible assets		–	–1,229	–	–	–	–1,229
Reclassification		–	–	–	–	–	–
Disposals		–	–	–	83	–	83
Other movement		–	–	–	3	–	3
Effect of movements in exchange rates		–1,343	–1,351	10	–60	–	–2,744
Balance as at 31 December 2021		**–59,642**	**–42,021**	**–3,044**	**–18,458**	**–**	**–123,165**
Carrying amounts							
Balance as at 1 January 2021		49,942	39,126	793	5,703	729	96,293
Balance as at 31 December 2021		57,992	41,408	1,116	6,624	719	107,859

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
Reclass from property, plant and equipment	18A	–	–	–	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
Reclass from property, plant and equipment	18A	–	–	–	–	–	–
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 1 January 2020		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

The acquisitions through business combinations in 2021 consist of acquisition of De Hoop and the activities of Mühldorfer.

The 2021 additions regarding software mainly relate to investments to optimise the IT landscape.

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.

B. Amortisation

The amortisation of customer relations, trademarks and software of €10,627 thousand (2020: €9,039 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 2021	31 December 2020
The Netherlands	43,286	35,880
Belgium	6,404	5,760
Germany	3,738	3,738
Other	4,564	4,564
Total	**57,992**	**49,942**

Result of the goodwill impairment test 2021

The goodwill impairment test 2021 shows that the recoverable amounts exceed the carrying amounts sufficiently for all 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 among others the possible impact of the potential nitrogen measures, the 'exit arrangement' for pig 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 the recoverable amount for the cash generating unit the Netherlands exceeds the carrying amount significantly an impairment is not a realistic scenario.

For all cash-generating units, a reasonable adjustment to the estimate made by management will not lead to a lower recoverable amount than the carrying amount.

Result of the goodwill impairment test 2020

The goodwill impairment test 2020 showed 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 was no need for an impairment with respect to these cash generating units.

Poland

Most recent management-information and projections had shown that the recoverable amount for the cash generating unit Poland would not exceed its carrying amount. Therefore, an impairment of €34.2 million was required, which impaired the carrying amount of goodwill in Poland to zero.

The same assumptions are used for the revaluation of the put option as those used in determining the completion of the goodwill impairment test for the cash-generating unit Poland.

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 2021 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	9.17%	10.41%	9.86%
Terminal value growth rate	0.35%	0.63%	0.63%
Expected Total Feed volume CAGR in the five-year forecasting period	0.50%	2.70%	-0.10%

The key-assumptions used in the calculation of the value in use per cash generating unit in 2020 were as follows:

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 value in use of the cash generating units is determined based on the budget 2021 (2020: budget 2020) and the 4 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 year plans. The assumptions are based on past experience, analyses of the market developments and management projections.

In particular due to the uncertainties among farmers concerning their future prospects due to (possible) stringent environmental legislations and the increased risk of animal diseases in the poultry- and pig sector the terminal value growth rate in the Netherlands and the expected CAGR for Total Feed volumes for the cash generating units Belgium and Germany have been adjusted downwards. The CAGR for total Feed volumes for the Netherlands is higher compared to 2020 due to the acquisition of De Hoop in 2021.

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 and if possible, 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 impairment of customer relationships of €1.2 million relates to the loss of customer relationships, which have been recognized at acquisitions, in the Netherlands and the United Kingdom.

The Group recognised no material impairment on other intangible assets in 2021 and 2020.

20. Investment property

A. Reconciliation of carrying amount

In thousands of euro	2021	2020
Balance at 1 January	931	1,070
Reclassification to/from tangible fixed assets	–	–
Reclassification to assets held for sale	–290	–139
Balance as at 31 December	**641**	**931**
Cost	670	1,142
Accumulated depreciation	–29	–211
Carrying amounts at 31 December	**641**	**931**

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 2021 relates to a feed mill in the Netherlands.

The reclassification to assets held for sale in 2020 relates to a feed mill in Belgium.

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 €0.7 million (31 December 2020: €1.0 million) and has been categorised as a Level 3 fair value based on the information derived from market transactions.

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 2021	31 December 2020
HaBeMa	27,773	25,501
Other	1,107	973
Total	**28,880**	**26,474**

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 the share of profit of equity-accounted investees, net of tax:

In thousands of euro	2021	2020
HaBeMa	3,773	4,101
Other	28	–
Total	**3,801**	**4,101**

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 €875 thousand (2020: €951 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 2021	31 December 2020
Percentage ownership of shares interest	50%	50%
Non-current assets	**50,690**	**52,143**
Cash and cash equivalents	3,228	665
Other current assets	27,587	27,739
Current assets	**30,815**	**28,404**
Loans and borrowings	–5,483	–8,372
Other non-current liabilities	–11,149	–10,469
Non-current liabilities	**–16,632**	**–18,841**
Loans and borrowings	–2,923	–2,757
Other current liabilities	–6,404	–7,947
Current liabilities	**–9,327**	**–10,704**
Net assets (100%)	**55,546**	**51,002**
Group's share of net assets (50%)	27,773	25,501
Carrying amount of interest in joint venture	**27,773**	**25,501**

In thousands of euro	Note	31 December 2021	31 December 2020
Revenue		240,562	243,305
Depreciation and amortisation		–5,888	–6,000
Net finance result		–557	–657
Income tax expense		–1,764	–1,918
Profit (100%)		9,295	10,104
Other comprehensive income (100%)		132	–13
Profit and total comprehensive income (100%)		**9,427**	**10,091**
Profit (50%)		4,648	5,052
Group's share of tax expense of equity-accounted investee	16A	–875	–951
Group's share of profit, net of tax		**3,773**	**4,101**
Other comprehensive income, net of tax (50%)	16B	53	–5
Group's share of profit and total comprehensive income, net of tax		**3,826**	**4,096**
Dividends received by the Group		**2,429**	**6,752**

22. Trade and other receivables

In thousands of euro	Note	31 December 2021	31 December 2020
Trade receivables		228,976	185,156
Related party receivables	36	8,656	3,395
Loans to employees		231	229
Other investments		28	28
Derivatives	31, 32	112	-
Taxes (other than income taxes) and social securities		9,896	4,233
Prepayments		4,579	3,721
Other receivables and accrued income		26,175	25,585
Total		**278,653**	**222,347**
Non-current		5,307	6,688
Current		273,346	215,659
Total		**278,653**	**222,347**

The increase in trade and other receivables is mainly explained by the increased prices of raw materials, besides the acquisition of De Hoop (€6.5 million).

The increase in receivables from related parties is the result of the increase in raw material prices in combination with the increased collaboration in the United Kingdom.

The increase in tax receivables is the result of late settlement of the VAT positions in Germany as well as the phasing of results in the Netherlands compared to last year, resulting in a higher VAT receivable per 31 December 2021.

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 increase in loans to employees is due to the acquisition of De Hoop less repayment by employees in the year on existing loans.

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 32.

23. Inventories

In thousands of euro	31 December 2021	31 December 2020
Raw materials	91,968	74,313
Finished products	14,113	11,736
Other inventories	10,466	7,715
Total	**116,547**	**93,764**

The increase in inventory is mainly explained by higher raw material prices and the acquisition of De Hoop (€2.1 million).

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 increase of this inventory is due to higher raw material prices.

At 31 December 2021, the provision on inventories amounts to €12 thousand (2020: €0 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	2021	2020
Balance at 1 January	6,182	5,931
Purchases of poultry livestock, feed and nurture	40,426	32,406
Sales of poultry livestock	–39,527	–33,589
Change in fair value	1,434	1,434
Balance as at 31 December	**8,515**	**6,182**

As at balance sheet date the poultry livestock comprises of 1,211,853 animals (2020: 1,154,994 animals) with a value of €8.5 million (2020: €6.2 million). The increase is mainly due to the increased price of day-old animals. The poultry livestock relates mainly 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 Board 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	2021	2020
Amounts recognised in statement of profit or loss		
Change in fair value (realised)	1,570	1,424
Change in fair value (unrealised)	–136	10
Total	**1,434**	**1,434**
Amounts recognised in statement of financial position		
Change in fair value (unrealised)	191	241

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: • the number of animals were higher (lower) • the percentage of completion were higher (lower) • the failure rate including mortality was lower (higher)
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%)	

C. Risk management of biological assets

The Group is exposed to the following risks relating to its livestock. These risks and management's strategies to mitigate them are described below.

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 2021	31 December 2020
Deposits	197	524
Current bank accounts	68,076	68,134
Cash and cash equivalents in the statement of financial position	**68,273**	**68,658**
Bank overdrafts	–34,456	–30,625
Cash and cash equivalents in the statement of cash flows	**33,817**	**38,033**

The cash and cash equivalents are at the free disposal of the Group.

26. Assets held for sale

In thousands of euro	2021	2020
Balance at 1 January	574	1,737
Reclassification from property, plant and equipment	308	–
Reclassification from investment property	290	139
Disposals	–545	–1,246
Currency translation adjustment	16	–56
Balance as at 31 December	**643**	**574**

The classification of property plant and equipment into assets held for sale relates to assets that are no longer in use.

In 2021, the assets of one mill in the Netherlands are classified from investment property to assets held for sale.

During 2021 the assets of a mill in Belgium and a mill in the United Kingdom are sold (2020: the assets of a feed mill in the Netherlands and the United Kingdom).

Efforts to sell the other assets have started.

27. Equity

A. Share capital and share premium

In thousands of euro	Ordinary shares (number)		Amount	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Ordinary shares – par value €0.01	95,218,821	95,218,821	144,506	144,506
Priority share – par value €0.01	1	1	–	–
In issue at 31 December – fully paid	**95,218,822**	**95,218,822**	**144,506**	**144,506**

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 2021, 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 23 April 2021, 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 and, if granted, the authorisation of the Annual General Meeting in 2022, ForFarmers started, as of 2 December 2021, to repurchase its own shares for a maximum amount of €50 million. The share-buyback programme will end on 31 December 2023, or as soon as the programme has been completed. Within the current authorisation 190,000 shares have already been repurchased for the implementation of employee participation plans in 2021. The total number of shares in the announced share-buyback programme is consequently at maximum 9,331,882.

In 2021 ForFarmers repurchased 2,064,046 shares (2020: 2,694,865) for a total amount of €8.3 million (2020: €15.6 million). From the total number of repurchased shares, 180,822 shares (2020: 197,266) at an amount of €1.0 million (2020: €1.0 million) have been certified for employee participation plans, bringing the balance of repurchased shares, which are accounted for in the other reserves and retained earnings, to €7.4 million as of 31 December 2021 (2020: €90.1 million at the end of the share buyback programs and €0.1 million as of 31 December 2020 after the cancellation of the repurchased shares).

(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 2022, could exercise the voting right for 47.4% 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 (8.7%), which would give Coöperatie FromFarmers U.A. 56.1% 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.

At 31 December 2021, the Group held, 1,911,609 of the Company's shares.

At 31 December 2020, the Group held 28.385 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	
	2021	2020	2021	2020
Balance at 1 January	28,385	8,573,005	–	86
Repurchase Employee participation plan	190,000	197,266	2	2
Re-issuance Employee participation plan	−180,822	−197,266	−2	−2
Share buyback	1,874,046	2,497,599	19	25
Cancellation own shares	–	−11,042,219	–	−111
Balance as at 31 December	**1,911,609**	**28,385**	**19**	**–**

(ii) Translation reserve
The translation reserve comprises all foreign currency differences arising from the activities of foreign subsidiaries. The decrease in this (negative) reserve as at 31 December 2021 is caused by the revaluation of the pound sterling partly compensated by the devaluation 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 distributed by the Company in the year:

Distributed in the year

In thousands of euro	2021	2020
€0.29 per qualifying ordinary share (2020: €0.28)	27,605	26,891
Total	**27,605**	**26,891**

In accordance with the dividend policy the payable dividend is adjusted for outstanding trade receivables and the receivable from the Coöperatie FromFarmers U.A. (€1.2 million in 2021). As a result the total dividend paid in 2021 amounts to € 26.8 million (including €0.4 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 Board. The dividend is, after the approval of the shareholders meeting, payable on 28 April 2022. The dividends have not been recognised as liabilities and there are no tax consequences.

Proposed over the year

In thousands of euro	Note	2021	2020
€0.29 per qualifying ordinary share (2020: dividend of €0.29)	47	27,059	27,605
Total		**27,059**	**27,605**

The dividend is based on the total number of shares issued at year end of 93,307,212 (2020: 95,190,436). The proposed dividend for the year 2021 of €27,059 thousand consists of a dividend of €17,041 thousand and a special dividend of €9,648 thousand.

The total proposed dividend in 2020 of €27,605 thousand was classified as a regular dividend.

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
2021							
Remeasurement of defined benefit liabilities	15B, 16B	–	–	22,085	22,085	–	22,085
Foreign operations – foreign currency translation differences	16B	4,215	–	–	4,215	–	4,215
Cash flow hedges - effective portion of changes in fair value	16B	–	141	–	141	–	141
Equity-accounted investees - share of other comprehensive income	16B	–	–	53	53	–	53
Total		**4,215**	**141**	**22,138**	**26,494**	**–**	**26,494**

		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**

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 discontinued 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 certified 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.

ForFarmers fully complies with the terms and conditions of the covenants as per 31 December 2021 (2020: ditto).

ForFarmers' net debt to normalised EBITDA ratio at 31 December 2021 and 31 December 2020 are included in the table below:

In thousands of euro	Note	2021	2020
Loans and borrowings	29	62,479	22,268
Lease liabilities	29, 32	34,707	27,982
Bank overdrafts	32	34,456	30,625
Less: cash and cash equivalents	25	–68,273	–68,658
Net debt		**63,369**	**12,217**
Excluding IFRS 16 lease liabilities as per financing agreement		–34,707	–27,982
Net debt as per financing agreement		**28,662**	**–15,765**
Operating profit before depreciation, amortisation and impairment (EBITDA)		72,882	100,293
Excluding impact IFRS 16 as per financing agreement		–7,108	–6,575
Other adjustments as per financing agreement		–	–
Normalised EBITDA		**65,774**	**93,718**
Leverage ratio (net debt to normalised EBITDA ratio)		0.44	–0.17
Interest coverage ratio (normalised EBITDA to net financing interest expense on loans)		48.61	128.21

29. Loans and borrowings

In thousands of euro	Note	31 December 2021	31 December 2020
Unsecured bank loans	29A	59,481	19,291
Lease liabilities		27,642	22,584
Loans from related parties		–	2,977
Total non-current		**87,123**	**44,852**
Lease liabilities		7,065	5,398
Loans from related parties	36F	2,998	–
Total current		**10,063**	**5,398**

The bank loans have no short term repayment obligations as at 31 December 2021 (31 December 2020: idem). For information regarding the financing, please refer to Note 29B.

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 2021	Carrying amount 31 December 2021	Face value 31 December 2020	Carrying amount 31 December 2020
		%					
Unsecured bank loan (floating rate)	EUR	EURIBOR + 0.50%	2025	42,000	41,596	14,000	13,432
Unsecured bank loan (floating rate)	EUR	EURIBOR + 0.50%	2024	18,000	17,885	6,000	5,859
Secured bank loan (floating rate)[1]	EUR			–	–	–	–
Loans from related parties	PLN	3.8%	2021	–	–	2,977	2,977
Total interest-bearing liabilities				**60,000**	**59,481**	**22,977**	**22,268**

[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 €300 million credit facility (multi-currency revolving facility) with an international syndicate of banks, consisting of ABN AMRO, HSBC, ING, KBC and Rabobank. The facility has been extended by four banks with a new duration to 25 July 2025 worth €240 million. One bank did not extend and its duration remains unchanged until 25 July 2024 worth €60 million. ForFarmers and the syndicate of banks are investigating the possibility to replace the current bank by a new bank while maintaining the same conditions. In 2022 there is a possibility to extend the facility for another year.

A total nominal amount of €60.0 million (31 December 2020: €20.0 million) of this facility was used as at 31 December 2021.

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% (2020: idem). The margin depends on the leverage ratio; on the basis of the 2021 ratio the Euro funding amounts to 0.50% (2020: 0.55%).

(ii) Other secured loan facilities

ForFarmers Thesing, Germany, has an unsecured financing agreement with Bremers Landesbank, with a maximum amount of €6.0 million. At the balance sheet date this financing agreement was not used (2020: 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	Unap- propriated result	Non- controlling interest	Total
Balance at 1 January 2021		22,268	27,982	−10,059	208,330	14,154	5,555	
Changes from financing cash flows								
Purchase of own shares	27	–	–	−19	−7,303	–	–	−7,322
Proceeds from sale of treasury shares relating to employee participation plan	27	–	–	–	743	–	–	743
Repurchase of treasury shares relating to employee participation plan	27	–	–	–	−1,030	–	–	−1,030
Lease payments		–	−7,953	–	–	–	–	−7,953
Proceeds from borrowings	29	68,000	–	–	–	–	–	68,000
Redemption bank loan	29	−28,000	–	–	–	–	–	−28,000
Transaction costs related to borrowings		−120	–	–	–	–	–	−120
Dividend paid	27	–	–	–	−26,410	–	−400	−26,810
Total changes from financing cash flows		**39,880**	**−7,953**	**−19**	**−34,000**	**–**	**−400**	**−2,492**
Acquisition of subsidiary		–	169	–	–	–	–	
Changes in fair value		192	–	–	–	–	–	
Effect of movements in exchange rates		–	958	–	–	–	–	
Other changes[1]		−2,859	13,551	4,356	35,389	−2,123	575	
Balance as at 31 December 2021		**59,481**	**34,707**	**−5,722**	**209,719**	**12,031**	**5,730**	

[1] Other changes includes among others non-cash movements and equity-related changes

In thousands of euro	Note	Other loans and borrowings	Lease liabilities	Reserves	Other reserves and retained earnings	Unap-propriated 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		–	−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		–	–	–	–	–	–	–
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**	

[1] Other changes includes among others non-cash movements and equity-related changes

30. Provisions

2021

In thousands of euro	Soil deconta-mination	Demolition costs	Restructuring	Onerous contracts	Other	Total
Balance at 1 January 2021	781	2,376	230	388	941	4,716
Provisions made during the year	–	–	–	999	3,683	4,682
Provisions released during the year	–117	–137	–104	–8	–584	–950
Provisions used during the year	–	–118	–101	–319	–132	–670
Effect of discounting	7	–	–	–	–	7
Other movement	–	–	–	–	–	–
Translation difference	–	151	11	–	98	260
Balance as at 31 December 2021	**671**	**2,272**	**36**	**1,060**	**4,006**	**8,045**
Non-current	671	2,225	–	–	3,248	6,144
Current	–	47	36	1,060	758	1,901
Balance as at 31 December 2021	**671**	**2,272**	**36**	**1,060**	**4,006**	**8,045**

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**

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 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 and the usage of the provision onerous contracts relates to forward sales contracts and a number of loss-making meat contracts.

E. Other

The provisions mainly increase due to ongoing lawsuits and claims against ForFarmers. As the procedures are in an early stage the estimate regarding liability of ForFarmers is uncertain. During 2021 ForFarmers received among other additional information regarding the legal procedures which the UK Health and Safety Executive started in 2020.

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 2021	31 December 2020
Trade payables due to related parties	36	2,933	2,418
Other trade payables		300,828	230,176
Accrued expenses		53,202	45,423
Taxes (other than income taxes) and social securities		8,225	5,840
Contingent considerations	6	8,192	–
Derivatives	32	–	77
Put option liability	6	22,827	20,671
Total		**396,207**	**304,605**
Non-current		28,685	21,079
Current		367,522	283,526
Total		**396,207**	**304,605**

The increase of the contingent considerations relates to the acquisition of De Hoop and Mühldorfer.

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 increase of this liability is mainly the result of the accretion of interest on the liability. For more information, regarding the contingent considerations and the put option liability, refer to Note 6, 17 and 32.

The increase in other trade payables is partly related to the acquisition of De Hoop (€ 1.0 million), nevertheless mainly related to the increase in prices for raw materials. The accrued expenses are, amongst others, related to invoices to be received and accrued personnel expenses. The increase in accrued expenses is mainly related to the increased prices for invoices still to be received in relation to energy and transport. Information about the Group's exposure to relevant currency and liquidity risks is disclosed in Note 32C.

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 2021
		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									
Fuel swaps used for hedging (derivatives)	32	–	112	–	112	–	112	–	112
		–	**112**	**–**	**112**	**–**	**112**	**–**	**112**
Financial assets not measured at fair value									
Equity securities (other investments)	23	–	–	28	28	–	–	–	–
Trade and other receivables[2]	22	–	–	278,513	278,513	–	–	–	–
Cash and cash equivalents	25	–	–	68,273	68,273	–	–	–	–
		–	**–**	**346,814**	**346,814**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value									
Contingent consideration	6, 32	–8,192	–	–	–8,192	–	–	–8,192	–8,192
Put option liability	6, 32	–22,827	–	–	–22,827	–	–	–22,827	–22,827
Forward exchange contracts used for hedging (derivatives)	32	–	–	–	–	–	–	–	–
Fuel swaps used for hedging (derivatives)	32	–	–	–	–	–	–	–	–
		–31,019	**–**	**–**	**–31,019**	**–**	**–**	**–31,019**	**–31,019**
Financial liabilities not measured at fair value									
Bank overdrafts	29	–	–	–34,456	–34,456	–	–	–	–
Loans and borrowings	29	–	–	–62,479	–62,479	–	–	–	–
Lease liabilities	29	–	–	–34,707	–34,707	–	–	–	–
Trade and other payables[3]	31	–	–	–365,188	–365,188	–	–	–	–
		–	**–**	**–496,830**	**–496,830**	**–**	**–**	**–**	**–**

1 Fair value through profit and loss
2 Excluding derivatives and other investments
3 Excluding contingent considerations and the put option liability

In thousands of euro	Note	Carrying amount: Mandatory at FVTPL - others [1]	Fair value - hedging instruments	Amortized costs	Total	Fair value: Level 1	Level 2	Level 3	Total
									31 December 2020
Financial assets measured at fair value									
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

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 2021 individual responsible for more than 1.5% ((2020: 1.9%) of the turnover). For a further explanation of the trade and other receivables reference is made to Note 22.

At 31 December 2021, the allowance for impairment in relation to trade and other receivables was as follows:

In thousands of euro	31 December 2021	31 December 2020
Gross trade and other receivables	289,557	234,636
Allowance for impairment in respect of trade and other receivables	–10,904	–12,289
Total	**278,653**	**222,347**
Non-Current (including loans)	5,307	6,688
Current	273,346	215,659
Total	**278,653**	**222,347**

At 31 December 2021, the ageing of trade and other receivables was as follows:

In thousands of euro	Not impaired accounts	Impaired accounts	Total
Not due	249,616	6,426	256,042
Past due < 30 days	14,754	2,135	16,889
Past due 31 - 60 days	2,906	1,750	4,656
Past due 61 - 90 days	658	1,199	1,857
Past due > 90 days	1,718	8,395	10,113
Gross amount	**269,652**	**19,905**	**289,557**
Allowance for impairment	–	–10,904	–10,904
Total	**269,652**	**9,001**	**278,653**
Overdue receivables	7.4%	67.7%	11.6%

The percentage overdue receivables (total of 11.6%) decreased, in spite of continuing challenging market conditions.

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 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	2021	2020
Balance at 1 January	12,289	15,628
Write-offs during the year	-1,679	-4,292
Releases during the year	-3,051	-2,901
Addition during the year	3,241	4,070
Other movement [1]	-	-46
Translation difference	104	-170
Balance as at 31 December	**10,904**	**12,289**
Non-current	1,148	1,650
Current	9,756	10,639
Balance as at 31 December	**10,904**	**12,289**

1 The other change concerns a change in the presentation of receivables from trade debtors related to acquisitions made in the previous year

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, A+ 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 2021 Non-derivative financial liabilities

In thousands of euro	Note	Carrying amount	Contractual cash flows Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Contingent consideration	6, 32	8,192	8,233	2,536	5,202	495	–
Put option liability	6, 32	22,827	34,046	–	–	34,046	–
Bank overdrafts	29	34,456	34,456	34,456	–	–	–
Bank loans	29	59,482	60,000	–	–	60,000	–
Lease liabilities	29	34,707	46,451	8,254	7,283	13,015	17,899
Debts from related parties	29	2,998	2,998	2,998	–	–	–
Trade payables and other payables[1]	31	362,255	362,349	361,520	829	–	–
Total		**524,917**	**548,533**	**409,764**	**13,314**	**107,556**	**17,899**

[1] Excluding related parties, contingent consideration and the put option liability

The Company has the availability of cash and cash equivalents at 31 December 2021 amounting to €68,273 thousand.

31 December 2020 Non-derivative financial liabilities

In thousands of euro	Note	Carrying amount	Contractual cash flows 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	19,291	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	–	–
Total		**380,008**	**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 availability of cash and cash equivalents at 31 December 2020 amounting to €68,658 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 2021 (31 December 2020: 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 per currency is as follows:

	31 December 2021			31 December 2020		
In thousands	€	£	zł	€	£	zł
Trade and other receivables	146,055	80,757	167,751	117,738	72,735	108,073
Cash and cash equivalents less bank overdrafts	52,717	−3,758	−66,321	55,328	−9,322	−31,580
Unsecured bank loans	−59,482	–	–	−19,291	–	–
Loans from related parties	–	–	−13,783	–	–	−13,575
Lease liabilities	−14,957	−16,528	−372	−16,538	−10,145	−727
Trade and other payables	−251,609	−86,632	−190,781	−193,601	−71,560	−143,191
Net statement of financial position exposure	**−127,276**	**−26,161**	**−103,506**	**−56,364**	**−18,292**	**−81,000**

Net financial position in pound sterling and Polish zloty is used to finance assets in pound sterling and Polish 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 2021	31 December 2020
Fixed-rate instruments		
Financial assets	5,279	6,660
Variable rate instruments		
Financial liabilities	59,482	19,291

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 2021				
Variable-rate instruments	–297	297	–178	178
31 December 2020				
Variable-rate instruments	–96	96	–47	47

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 2021 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 2022, with the corresponding cash settlement also taking place during different moments in 2022.

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.

	2021				Expected cash flows	2020				Expected cash flows
In thousands of euro	Carrying amount	Total	1-6 months	6-12 months	More than one year	Carrying amount	Total	1-6 months	6-12 months	More than one year
Forward exchange contracts used for hedging										
Assets	–	–	–	–	–	–	–	–	–	–
Liabilities	–	–	–	–	–	–	–	–	–	–
Fuel swaps used for hedging										
Assets	112	112	112	–	–	–	–	–	–	–
Liabilities	–	–	–	–	–	–77	–77	–77	–	–
Total	**112**	**112**	**112**	**–**	**–**	**–77**	**–77**	**–77**	**–**	**–**

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.

	2021				Expected impact	2020				Expected impact
In thousands of euro	Carrying amount	Total	1-6 months	6-12 months	More than one year	Carrying amount	Total	1-6 months	6-12 months	More than one year
Forward exchange contracts used for hedging										
Liabilities	–	–	–	–	–	–	–	–	–	–
Fuel swaps used for hedging										
Assets	112	112	112	–	–	–	–	–	–	–
Liabilities	–	–	–	–	–	–77	–77	–77	–	–
Total	**112**	**112**	**112**	**–**	**–**	**–77**	**–77**	**–77**	**–**	**–**

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.	Ingelmunster	100%
Poland		
Tasomix Sp. z o.o[4]	Biskupice Ołoboczne	60%
Tasomix Pasze Sp. z o.o[4]	Pionki	60%

Subsidiaries	Registrated office	Interest[1]
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 2021
[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

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.

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
			31 December 2021
Percentage non-controlling interest	40%	40%	
Non-current assets	172	12,231	12,403
Cash and cash equivalents	–	2,954	2,954
Other current assets	141	18,170	18,311
Current assets	**141**	**21,124**	**21,265**
Loans and borrowings	–	–5,664	–5,664
Other non-current liabilities	–	–1,749	–1,749
Non-current liabilities	**–**	**–7,413**	**–7,413**
Loans and borrowings	–	–382	–382
Other current liabilities	–105	–11,443	–11,548
Current liabilities	**–105**	**–11,825**	**–11,930**
Net assets	**208**	**14,117**	**14,325**
Carrying amount of NCI	83	5,647	5,730
Revenue	–	84,010	84,010
Profit attributable to shareholders of the Company	1	1,095	1,096
OCI	–	–	–
Total comprehensive income	**1**	**1,095**	**1,096**
Profit allocated to NCI	–	438	438
OCI allocated to NCI	–	–	–

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
			2021
Cash flows from operating activities	–5	2,196	2,191
Cash flows from investing activities	–	–795	–795
Cash flows from financing activities	–	–1,610	–1,610
Net increase (decrease) in cash and cash equivalents	**–5**	**–209**	**–214**

The change in cash flows from operating activities compared to previous year is driven by changes in the working capital.

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
			31 December 2020
Percentage non-controlling interest	40%	40%	
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	–	–	–

In thousands of euro	ForFarmers Thesing Mischfutter GmbH	ForFarmers Thesing Mischfutter GmbH & Co KG	Total
			2020
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**

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.

Purchase commitments

The purchase commitments of the Group are as follows:

31 December 2021

In thousands of euro	< 1 year	1 - 5 years	> 5 years	Total
Purchase commitments raw materials	607,960	4,417	–	612,377
Purchase commitments energy (gas/electricity)	27,269	–	–	27,269
Purchase commitments property, plant and equipment	1,370	–	–	1,370
Purchase commitments other	4,530	20	–	4,550
Total	**641,129**	**4,437**	**–**	**645,566**

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**

The Increase in raw material prices resulted in a higher purchase commitment of raw materials as at 31 December 2021 (€612.4 million) compared to prior year (31 December 2020: € 501.2 million). The purchase commitments of raw materials are partly relating to existing sales contracts.

The increased energy commitment is a result of increased energy prices in conjunction with an increased duration of the commitment.

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) Pension Scheme (see Note 15A), the Group has additional related parties and transactions, which are disclosed hereafter. The related party transactions that occurred in 2021 and 2020 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 (2020: 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 8.51% (31 december 2020: 8.54%)) of the ordinary shares in ForFarmers N.V. as per 31 December 2021 and has issued depositary receipts in exchange for these shares. Coöperatie FromFarmers U.A. (hereinafter: de coöperatie) has a direct stake of 19.43% (2020: 19.43%), and an indirect stake of 27.02% (2020: 28.36%)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	2021	2020
Interest income	–	–
Interest expenses	–	–
Receivable from	207	49
Payable to	–	–

B. Executive Board and other key management

As a result of the changed management structure the IAS 24 "Related parties" disclosures consist of 3 members in 2021 (2020: 8). In the financial year remuneration for the Executive Board and other key management that were charged to the Company and its subsidiaries amounts of €3,299 thousand (2020: €5,771 thousand), which can be broken down as follows:

In thousands of euro	2021	2020
Salary costs[1]	1,418	3,048
Performance bonus (short-term)[2]	274	588
Other compensation[3]	1,169	407
Post-employment benefits	203	374
Short-term employee benefits	**3,064**	**4,417**
Performance bonus (long-term)[4]	191	1,277
Participation plan[5]	44	77
Long-term employee benefits	**235**	**1,354**
Total[6]	**3,299**	**5,771**

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, and pension compensation own arrangement. Other compensation include the end of service payments for Y.M. Knoop and A. van der Ven

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 Board and other key management 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 Executive Board, as referred to in article 383 of Book 2 of the Dutch Civil Code

The following table includes the ownership for the Executive Board of the (depositary receipts for) shares at year end.

In numbers	2021	2020
(Depositary receipts of) shares	395,321	543,692

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 €347 thousand (2020: €357 thousand), which can be broken down as follows.

In thousands of euro	2021	2020
Attendance fees	279	279
Commission fees	63	63
Other compensation[1]	5	15
Total[2]	**347**	**357**

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	2021	2020
Sales to	990	743
Purchases from	141	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 2021	31 December 2020
Amounts owed by	20	13
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	2021	2020
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 Board 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	2021	2020
Sales to	1,861	1,780
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 2021	31 December 2020
Amounts owed by	254	97
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 and other participations

The following table provides the total amount of transactions that have been entered into with the joint venture HaBeMa and other participations:

In thousands of euro	2021	2020
Sales to	15,305	–
Purchases from	55,152	49,929

The following table provides the total balances with the joint venture HaBeMa and other participations:

In thousands of euro	31 December 2021	31 December 2020
Amounts owed by	2,400	–
Amounts owed to	2,933	2,418

F. Other

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	2021	2020
Sales to	22,533	15,213
Purchases from	446	461

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 2021	31 December 2020
Amounts owed by	5,775	3,236
Amounts owed to	2,998	2,977

37. Events after the reporting period

No major events after the reporting date have occurred.

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 2021. 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 assets:	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.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

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 Board 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 2021, 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:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Deferred Tax related to Assets and Liabilities arising fro a Single Transaction (Amendments to IAS 12)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual improvements to IFRS Standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

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 2021	31 December 2020
Assets			
Other receivables		81	96
Equity-accounted investees	43	403,818	364,913
Deferred tax assets		–	19
Non-current assets		**403,899**	**365,028**
Other receivables		4,155	1,314
Receivables from group companies	44	22,647	32,994
Current tax assets		1,848	993
Cash and cash equivalents		4,172	703
Current assets		**32,822**	**36,004**
Total assets		**436,721**	**401,032**

In thousands of euro (before profit appropriation)	Note	31 December 2021	31 December 2020
Equity			
Share capital		952	952
Share premium		143,554	143,554
Treasury share reserve		−19	–
Legal translation reserve		−5,223	−9,438
Legal hedging reserve		−480	−621
Other legal reserves		19,026	17,702
Retained earnings		190,693	190,628
Unappropriated result		12,031	14,154
Equity attributable to shareholders of the Company	47	**360,534**	**356,931**
Liabilities			
Provisions	48	–	–
Deferred tax liabilities		29	–
Non-current liabilities		**29**	**–**
Bank overdrafts		–	168
Trade and other payables		140	172
Debts to group companies	44	76,018	43,761
Current tax liabilities		–	–
Current liabilities		76,158	44,101
Total liabilities		**76,187**	**44,101**
Total equity and liabilities		**436,721**	**401,032**

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	2021	2020
Revenue		–	–
Operating income		**–**	**–**
Wages and salaries		–	–
Other operating expenses		−633	−594
Operating expenses		**−633**	**−594**
Operating profit		**−633**	**−594**
Net finance result	49	−62	224
Profit (loss) before tax		**−695**	**−370**
Income tax expense		174	92
Share of profit of equity-accounted investees, net of tax	43	12,552	14,432
Profit for the year		**12,031**	**14,154**

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 2021 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	2021	2020
Carrying value at 1 January		364,913	385,932
Dividend received		–	–6,500
Share in results from participating interest, net of tax		12,552	14,432
Foreign operations – foreign currency translation differences, net of tax		4,215	–7,907
Remeasurement of defined benefit liabilities, net of tax		22,138	–21,044
Other changes		–	–
Carrying value at 31 December		**403,818**	**364,913**

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

2021

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 2021		952	143,554	–	−9,438	−621	17,702	190,628	14,154	356,931
Addition from unappropriated result		–	–	–	–	–	–	14,154	−14,154	–
Total comprehensive income										
Profit		–	–	–	–	–		–	12,031	12,031
Other comprehensive income	16, 27	–	–	–	4,215	141	–	22,138	–	26,494
Total comprehensive income		**–**	**–**	**–**	**4,215**	**141**	**–**	**22,138**	**12,031**	**38,525**
Transactions with shareholders of the Company, recognised directly in equity										
Contributions and distributions										
Dividends	27	–	–	–	–	–	–	−27,605	–	−27,605
Purchase of own shares	27	–	–	−19	–	–	–	−7,303	–	−7,322
Cancellation of own shares	27	–	–	–	–	–	–	–	–	–
Equity-settled share-based payments	14	–	–	–	–	–	–	5	–	5
Transfers		–	–	–	–	–	1,324	−1,324	–	–
Total transactions with shareholders of the Company		**–**	**–**	**−19**	**–**	**–**	**1,324**	**−36,227**	**–**	**−34,922**
Balance as at 31 December 2021		952	143,554	−19	−5,223	−480	19,026	190,693	12,031	360,534

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

Share capital and share premium

In thousands of euro	Ordinary shares (number) 31 December 2021	31 December 2020	Amount 31 December 2021	31 December 2020
Ordinary shares – par value €0.01	95,218,821	95,218,821	144,506	144,506
Priority share – par value €0.01	1	1	–	–
In issue at 31 December – fully paid	**95,218,822**	**95,218,822**	**144,506**	**144,506**

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 2021, the share capital consists of 95,218,821 (31 December 2020: 95,218,821) ordinary shares and 1 (31 December 2020: 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 23 April 2021, 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 and, if granted, the authorisation of the Annual General Meeting in 2022, ForFarmers started, as of 2 December 2021, to repurchase its own shares for a maximum amount of €50 million. The share-buyback programme will end on 31 December 2023, or as soon as the programme has been completed. Within the current authorisation 190,000 shares have already been repurchased for the implementation of employee participation plans in 2021. The total number of shares in the announced share-buyback programme is consequently at maximum 9,331,882.

In 2021 ForFarmers repurchased 2,064,046 shares (2020: 2,694,865) for a total amount of €8.3 million (2020: €15.6 million). From the total number of repurchased shares, 180,822 shares (2020: 197,266) at an amount of €1.0 million (2020: €1.0 million) have been certified for employee participation plans, bringing the balance of repurchased shares, which are accounted for in the other reserves and retained earnings, to €7.4 million as of 31 December 2021 (2020: €90.1 million at the end of the share buyback programs and €0.1 million as of 31 December 2020 after the cancellation of the repurchased shares).

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 exercised.

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.

At 31 December 2021, the Group held 1,911,609 of the Company's shares.

At 31 December 2020, the Group held 28,385 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	
	2021	2020	2021	2020
Balance at 1 January	28,385	8,573,005	–	86
Repurchase Employee participation plan	190,000	197,266	2	2
Re-issuance Employee participation plan	−180,822	−197,266	−2	−2
Share buyback	1,874,046	2,497,599	19	25
Cancellation own shares	–	−11,042,219	–	−111
Balance as at 31 December	**1,911,609**	**28,385**	**19**	**–**

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 2021 is caused by the revaluation of the pound sterling partly compensated by the devaluation 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	2021	per share (€)
Underlying net profit attributable to Shareholders of the Company	29,019	
Pay-out ratio of approximately 60% of the underlying net profit	17,411	0.19
Special dividend	9,648	0.10
Dividend	**27,059**	**0.29**

This results in a proposed dividend distribution of €0.29 per ordinary share (based on 93,307,212 outstanding shares). The proposed dividend contains a dividend of €0.19 and a special dividend of €0.10. The annual accounts will be presented to the Annual General Meeting of 14 April 2022 for adoption. The dividend is payable on 28 April 2022.

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 the Executive Board 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 Board 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	2021	2020
€0.29 per qualifying ordinary share (2020: €0.28)	27,605	26,891
Total	**27,605**	**26,891**

The dividend is based on the total number of shares issued at year end of 93,307,212 (2020: 95,190,436). The treasury shares are not entitled to dividend.

After the respective reporting date, the following dividends were proposed by the Executive Board. 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	2021	2020
€0.29 per qualifying ordinary share (2020: dividend of €0.29)	27,059	27,605
Total	**27,059**	**27,605**

48. Provisions

In thousands of euro	Other	Total
Carrying value at 1 January 2021	–	–
Provisions made during the year	–	–
Releases	–	–
Provisions used during the year	–	–
Reclassification	–	–
Carrying value at 31 December 2021	**–**	**–**

	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	**–**	**–**

During 2020 the provision is transferred to another company within the Group.

49. Net finance result

Net finance result amounts to €62 thousand negative (2020: €224 thousand 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 5.5 employees (2020: 6 employees), who were all partially employed in the Netherlands.

Lochem, 23 February 2022

Executive Board ForFarmers N.V.
Yoram Knoop, CEO
Roeland Tjebbes, CFO

Supervisory Board ForFarmers N.V.
Jan van Nieuwenhuizen, Chairman
Sandra Addink-Berendsen, Vice-Chair
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 2022, could exercise the voting right for 47.4% 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 56.1%. 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.

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 2021 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 2021 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 2021 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 2021 of ForFarmers N.V. ('the Company') based in Lochem. The financial statements include the consolidated financial statements of the Company and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2021;
2. the following consolidated statements for 2021: 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 2021;
2. the company profit and loss account for 2021; 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 the Company 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).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

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 4.0 million
- 0.15% of revenues

Group audit

- Audit coverage of 83% of revenue
- Audit coverage of 86% of total assets

Going concern, Fraud/Noclar and Climate

- Going concern: No significant going concern risks were identified.
- Fraud & Non-compliance with laws and regulations (Noclar): We identified management override of controls and revenue recognition, laid down in the auditing standards, as the presumed fraud risks.
- Climate: ForFarmer's strategy, risk assessment and possible future effects of climate change has been disclosed. We have considered the impact of climate-related risks on our identification and assessment of risks of material misstatement in the financial statements.

Key audit matters

- Accounting for the acquisition of De Hoop Mengvoeders group
- Valuation of trade receivables
- Remeasurement of Tasomix put option liability

Opinion

Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 4.0 million. We changed the benchmark for determining our materiality from normalized profit before tax to revenues as we consider that the group is operating at a profit level such that normalized profit before tax no longer usefully serves as a benchmark for our materiality. We consider revenues as the most appropriate benchmark because it is a stable benchmark. 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 identified during our audit in excess of EUR 0.2 million 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

The Company is at the head of a group of components. The financial information of this group is included in the consolidated financial statements of the Company.

Our group audit mainly focused on group entities that are significant based on their size or their risk relative to the consolidated financial statements. In order to obtain sufficient audit coverage on the relevant financial statement line items, we have also included non-significant components in our group audit scope. None of the remaining components represented more than 5% of total group revenue or total group assets. For these remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatement within these remaining components.

In total, we have selected 14 components where we performed audits of the complete reporting package and/or audit of specific items. For these components we have:

- performed audit procedures ourselves at group level in respect of, amongst others, the valuation of the Tasomix put option liability, the accounting for the acquisition of De Hoop Mengvoeders group, the annual goodwill impairment test, the Dutch tax position which includes the valuation of deferred tax assets and we performed audit of specific items for 2 components;
- made use of the work of local KPMG auditors and 1 non-KPMG auditor for 11 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 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 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 Belgium, Germany and the Netherlands to review specific component auditor documentation. Due to the aforementioned restrictions, this was not practicable for the foreign components and we requested those component auditors to provide us with remote access to audit work papers to perform these evaluations.

By performing the procedures mentioned above at group components, together with the 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

80%	3%	17%
Audit of the complete reporting package	Audit of specific items	Central procedures population remaining

Total revenues

80%	6%	14%
Audit of the complete reporting package	Audit of specific items	Central procedures population remaining

Audit response to going concern – no significant going concern risks identified

The Executive Board has performed its going concern assessment and did not identify significant going concern risks. Therefore, the financial statements are prepared under the going concern assumption. Our main procedures to assess the Executive Board's assessment were:

- we considered whether the Executive Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we inspected the financing agreement for terms of conditions that could lead to significant going concern risks, including the term of the agreement and any covenants;

- we analysed whether the headroom of the ratios included in the financing agreement is sufficient or if it gives rise to the risk of the covenants in the financing agreement being breached;
- we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of the abovementioned procedures did not give reason to perform additional audit procedures on the Executive Board's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapters "Risk Management" and "Corporate Governance" of the annual report, the Executive Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the Company's risk assessment in relation to fraud and non-compliance. Our procedures included, among others, assessing the Company's code of conduct, whistleblowing procedures and inspecting the incidents register. Furthermore, we performed relevant inquiries with the Executive Board, Supervisory Board and other relevant functions, such as Internal Audit and the Legal Counsel. As part of our audit procedures, we:

- assessed other positions held by the Executive Board and Supervisory Board members and paid special attention to procedures and governance in view of possible conflicts of interest;
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have an indirect material effect on the financial statements: feed safety, environmental law, data privacy, employment law, health and safety law.

We, together with our forensics specialists, evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit and responded as follows:

Management override of controls (a presumed risk)

Risk:

- The Executive Board is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as controls related to journal entries.
- We performed a data analysis of high-risk journal entries. 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, including testing of postings back to source information.
- We verified the accuracy of material post-closing entries recorded in the general ledger.

- We evaluated key estimates and judgments for bias by the company's management, including retrospective reviews of prior years' estimates with respect to the valuation of trade receivables and remeasurement of the Tasomix put option liability.
- We assessed the appropriateness of changes compared to prior year in the methods and underlying assumptions used to prepare accounting estimates.
- We incorporated elements of unpredictability in our audit.

Revenue recognition (a presumed risk)

Risk:

- According to auditing standards, there is a presumed risk of fraudulent revenue recognition.
- Based on our evaluation of fraud risk factors, we identified a risk in relation to overstatement of revenues via non-routine journal entries posted in revenue accounts.

Responses:

- We evaluated the design and the implementation of internal controls related to non-routine journal entries posted in revenue accounts.
- We performed data analyses on the revenue accounts to identify non-routine journal entries posted in revenue accounts.
- Where we identified instances of unexpected non-routine journal entries in revenue accounts or other risks through our data analytics, among other things, manual postings on revenue accounts which were not reversed during the year, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We verified the accuracy of material post-closing entries recorded in the general ledger, including entries recorded on revenue related accounts.

Our procedures to address the identified risks of fraud did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to the Executive Board and Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Climate-related risks

The Executive Board is responsible for preparing the financial statements in accordance with the applicable financial reporting framework, including considering whether the implications from climate-related risks and commitments of the company have been appropriately accounted for and disclosed.

The Executive Board has performed its analysis of the impact of climate-related risks on the company's business and operations going forward and implications on its accounting in the current financial statements. In chapter "Risk Management" of the annual report, the Executive Board concluded that currently, for the short-term, no material climate risks have been identified.

The evaluation of the effectiveness of the Company's strategy against internal or external goals set is not in scope of our audit of the financial statements. As part of our audit we consider potential effects of climate-related risks on the accounts and disclosures as at 31 December 2021, including estimates and judgements in the current year's financial statements to determine whether the financial statements are free from material misstatements. This includes discussion of the company's strategy in relation to climate change with the Executive Board and inspecting minutes and external communications for significant climate related commitments, strategies and plans made by the Executive Board.

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.

Compared to last year, the key audit matter with respect to the valuation of goodwill is not included, as there are no cash-generating units with goodwill for which a reasonable change in the assumptions underlying the cash flow forecast are expected to result in the carrying value exceeding the recoverable amount of the cash-generating unit and therefore we no longer consider goodwill to be a significant estimate. Furthermore, compared to last year, the key audit matter with respect to the accounting for the acquisition of De Hoop Mengvoeders group has been added as the accounting for this acquisition is significant to our audit considering the judgement applied.

Accounting for the acquisition of De Hoop Mengvoeders group

Description

On 2 February 2021, ForFarmers acquired all shares of De Hoop Mengvoeders group for a total consideration of EUR 31.1 million, including contingent considerations with a fair value of EUR 6.7 million.

The company fully consolidates De Hoop Mengvoeders group as of the acquisition date as mentioned in the disclosure in note 6 of the financial statements 2021.

We consider the accounting for this acquisition to be significant to our audit, considering the judgment in determining the fair value of the acquired property, plant and equipment, identifying and determining the fair value of intangible fixed assets and the measurement of the earn-out agreements included in the share purchase agreement.

Our response

We have, among other things, evaluated the design and implementation of the internal controls related to the purchase price allocation, read the share purchase agreement, examined the accounting considerations, assessed the consideration paid and traced payments to bank statements.

We assessed the identification and the valuation of the identifiable assets and liabilities, including any fair value adjustments, and assessed and challenged significant valuation assumptions, such as the discount rates and the terminal growth rates.

In doing so, we have included a valuation specialist in our team to assist with the audit of the identification and valuation of the assets and liabilities acquired – including the valuation of the contingent considerations.

We assessed the adequacy of the disclosure in note 6 of the financial statements 2021.

Our observation

We consider management's key assumptions and estimates used to determine the fair values of assets and liabilities acquired and contingent consideration to be within the reasonable range.

We assessed that the disclosures in note 6 to the financial statements 2021 are adequate.

Valuation of trade receivables

Description

Trade receivables (third party) of EUR 237.6 million (2020: EUR 188.6 million) are significant to our audit, considering the valuation of trade receivables includes estimates of the company based on business characteristics, specific trade debtor risks and local facts and circumstances, and the fact that these represent approximately 25% of the balance sheet total.

The valuation allowance amounts to EUR 9.8 million (2020: EUR 10.6 million) and represents 4% of trade receivables (2020: 5%).

Our response
We have evaluated the design and implementation of the internal controls regarding valuation of trade receivables and evaluated the reasonableness of the valuation of the receivables, among other things, 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 the assumptions applied in determining the provision in accordance with IFRS 9, among other things by analysing the ageing, by evaluating the expected credit loss model, retrospective testing 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 2021 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 company for the valuation of trade receivables to be reasonable.

We assessed the disclosures in note 22 and 32 to the financial statements 2021 to be adequate.

Remeasurement of Tasomix put option liability

Description
As part of the acquisition accounting for Tasomix in 2018, the company recognized a put option liability for the remaining 40% of the shares of Tasomix of EUR 30.0 million at acquisition date.

The company 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 judgments and assumptions involved, which are affected by the forecasted EBITDA and the forecasted net debt of Tasomix, the discount rate and the exercise date.

The fair value remeasurement in 2021 resulted in an adjustment with a net effect of EUR 2.1 million (increase). As per 31 December 2021, the put option liability amounts to EUR 22.8 million. The fair value adjustment is recorded in the net finance costs in the income statement and has been disclosed in note 6, 12, 17 and 32 of the financial statements.

Our response
We have evaluated the design and implementation of the internal controls related to the remeasurement of the put option liability. We challenged the applied model and management's key assumptions included in the fair value remeasurement for the put option liability, through performing, among other procedures, a retrospective review, a verification of the consistency with the data included in the management's latest mid-term plan for Poland and by comparing the data used to external and historical data, such as external market growth expectations and by analysing sensitivities in the company's valuation model.

We assessed the adequacy of the disclosures in note 6, 12, 17 and 32 to the financial statements 2021.

Our observation
We consider management's key assumptions and estimates used to determine the put option liability to be within the reasonable range.

We assessed that the disclosures in note 6, 12, 17 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 for the Executive Board's report and other information.

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 the auditor of the Company since 2014. We were re-engaged by the General Meeting of Shareholders as auditor of the Company on 23 April 2021 for the year 2021.

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.

European Single Electronic Format (ESEF)
The Company has prepared its Annual Report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the Annual Report prepared in the XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by the Company, has been prepared in all material respects in accordance with the RTS on ESEF.

The Executive Board is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby the Executive Board combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the Annual Report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether these are in accordance with the RTS on ESEF.

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 it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Executive Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

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, 23 February 2022

KPMG Accountants N.V.
T. van der Heijden RA

Appendix: Description of our responsibilities for the audit of the financial statements

KPMG Accountants N.V., a Dutch limited liability company registered with the trade register in the Netherlands under number 33263683, is a member firm of the global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 the 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

Sustainability assurance report of the independent auditor

KPMG

To: the Executive Board and Supervisory Board of ForFarmers N.V.

Our conclusion

We have reviewed a selected number of sustainability indicators in the Annual Report 2021 ('the Annual Report') for the year 2021 of ForFarmers N.V. ('the Company') based in Lochem.

Based on the procedures performed nothing has come to our attention that causes us to believe that the selected sustainability indicators are not prepared, in all material respects, in accordance with the reporting criteria as included in the sections 'Developing talent For the Future of Farming' and 'Going Circular For the Future of Farming' of the Annual Report.

The sustainability indicators in scope ('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 equivalents
- Percentage 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 of non-compliance with regulations and voluntary codes

The sustainability indicators are disclosed in the Annual 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 the Company 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. The Company 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 'Developing talent For the Future of Farming' and 'Going Circular For the Future of Farming' of the Annual Report.

Materiality
Based on our professional judgement we determined materiality levels for each sustainability indicator. 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
The Company is at the head of a group of components. The sustainability indicators incorporate the consolidated information of the full group.

Our group review procedures consisted of both review procedures 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 is responsible for the preparation of the sustainability indicators in accordance with the reporting criteria as included in the sections 'Developing talent For the Future of Farming' and 'Going Circular For the Future of Farming' of the Annual Report.

The Executive Board is also responsible for such internal control as it 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 the Company.

Auditor's responsibilities for the review of the sustainability indicators
Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The procedures performed in this context consisted primarily of making inquiries with employees of the entity and determining the plausibility of the information included in the sustainability information. Therefore, these procedures differ in nature, timing and extent as compared to reasonable assurance engagements. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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 examination included among others:

- 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 Zwolle (the Netherlands) and Portbury (United Kingdom) 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, 23 February 2022

KPMG Accountants N.V.
T. van der Heijden RA

Overview financial history

Consolidated statement of financial position

In millions of euro	2021	2020	2019	2018	2017
Property, plant and equipment	317.7	292.5	291.4	261.6	205.9
Intangible assets and goodwill	107.9	96.3	139.8	168.0	96.2
Other fixed assets	41.5	39.6	41.3	41.8	37.1
Non-current assets	**467.1**	**428.4**	**472.4**	**471.4**	**339.3**
Current assets	476.3	388.3	393.1	402.3	448.0
Total assets	**943.4**	**816.7**	**865.5**	**873.7**	**787.3**
Equity	360.5	356.9	413.2	435.6	405.3
Non-controlling interests	5.7	5.6	5.1	5.2	4.6
Total equity	**366.3**	**362.5**	**418.4**	**440.8**	**409.9**
Non-current liabilities	162.8	132.5	115.1	142.5	111.9
Current liabilities	414.4	321.7	332.0	290.5	265.5
Total equity and liabilities	**943.4**	**816.7**	**865.5**	**873.7**	**787.3**
Average capital employed	484.0	496.4	547.0	434.5	417.0
Net debt	28.7	−15.8	7.0	17.1	−67.1
Solvency ratio[1]	38.8%	44.4%	48.3%	50.4%	52.1%
Equity as a percentage of total liabilities	63.5%	79.8%	93.6%	101.8%	108.6%
ROACE on underlying EBITDA[2]	16.2%	19.4%	16.2%	23.0%	24.3%
ROACE on underlying EBIT[2]	8.4%	12.4%	10.2%	17.6%	19.1%

[1] Solvency ratio is equity divided by total assets
[2] ROACE means underlying EBIT(DA) divided by 12-month average capital employed

Consolidated statement of profit or loss

In millions of euro	2021	2020	2019	2018	2017
Revenue	2,670.5	2,351.9	2,463.1	2,404.7	2,218.7
Gross profit	436.3	433.2	440.7	443.4	419.8
Operating profit	22.6	24.2	14.2	75.9	74.0
Net finance result	–5.6	1.9	10.7	–4.4	–2.4
Profit before tax	20.8	30.2	27.6	74.5	75.5
Profit for the year	12.5	14.7	18.0	59.2	59.3
Profit attributable to shareholders of the Company	**12.0**	**14.2**	**17.7**	**58.6**	**58.6**
Compound feed (in million tonnes)	6.82	6.80	7.08	6.95	6.67
DML (in million tonnes)	2.55	2.62	2.71	78	2.57
Fertilizer (in million tonnes)	0.14	0.15	0.14	0.14	0.17
Other (in million tonnes)	0.16	0.17	0.15	0.15	0.14
Volume Total Feed (x million tonnes)	**9.67**	**9.74**	**10.10**	**10.02**	**9.55**
Number of employees at year-end (in fte's)	2,444	2,502	2,570	2,654	2,325
Underlying EBITDA[1]	78.2	96.2	88.5	100.1	101.4
Underlying EBITDA as % of revenue	2.9%	4.1%	3.6%	4.2%	4.6%
Underlying EBITDA as % of gross profit	17.9%	22.2%	20.1%	22.6%	24.2%
Underlying EBIT[1]	40.7	61.6	55.7	76.8	79.7
Underlying EBIT as % of revenue	1.5%	2.6%	2.3%	3.0%	3.4%
Underlying profit[1, 2]	29.0	46.3	42.1	61.8	63.4
Underlying profit per share[1, 2]	0.32	0.49	0.43	0.62	0.61
Dividend (€ million)	27.1	27.6	27.4	30.1	30.2
Dividend per share (€)[3]	0.29	0.29	0.28	0.30	0.30
Impact of acquisitions and divestments on revenue	4.4%	0.0%	4.7%	3.6%	2.9%
Impact of acquisitions and divestments on gross profit	4.5%	0.1%	3.9%	2.3%	0.9%
Impact of acquisitions and divestments on operating profit (EBIT)	26.4%	0.0%	1.2%	–3.2%	4.3%
Impact of acquisitions and divestments on operating profit before depreciation (EBITDA)	9.0%	0.1%	5.1%	0.6%	3.7%

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

Non-financial indicators

	Target by 2025	2021	2020	2019	2018	2017
Social						
Number of employees (FTE)		2,444	2,502	2,570	2,654	2,325
Gender Diversity (total) (% female)		22%	21%	20%	19%	18%
Gender Diversity (new hires) (% female)		24%	29%	26%	23%	25%
Retention rate (% of FTE at 1 January)		83%	86%	81%	84%	87%
Lost Time Incidents (LTI) (#) [1]	<18	28	24	36	59	47
LTI Frequency Rate (per 200,000 hours worked) [1]	<0.5	1.1	0.87			
Investment training & Development (expenses in €k)		1,237	1,283	1,867	2,238	1,477
Internal promotions into senior management (#)		2	2	2	1,0	
Cumulative participation rate in open share participation plans		13%	15%	18%	19%	24%
Absentee rate (% of total FTE)		3.4%	3.0%	2.5%	3.2%	3.3%
Environmental						
Greenhouse gas emissions Production scope 1+2 (kg CO_2/T) [1]		18.6	19.7	18.3	20.7	21.1
Greenhouse gas emissions Logistics scope 1 (kg CO_2/T) [1]		8.0	8.7	8.5	8.3	8.3
Greenhouse gas emissions per tonne scope 1+2 change (y-o-y, %)		−6%	6%	−8%	−1%	
Greenhouse gas emissions Raw Materials scope 3 incl land use change (kg CO_2/T)		819	958			
Energy usage Production (kWh per tonne)	<52.97	58.75	58.86			
Energy usage Logistics (kWh per tonne)	<2.95	3.25	3.28			
Renewable energy (% of total energy usage)	50%	11.5%	9.1%			
Suppliers signing Sedex code (% of total suppliers)	85%	85%	79%	83%	80%	70%
Sustainable palm oil purchases (%) [1]	100%	70%	70%	70%	70%	75%
Sustainable soy bean meal purchases (%) [1]	100%	75%	75%	75%	75%	75%
Phosphate efficiency dairy NL (%) [1]			39.6%	39.6%	38.4%	38.4%
Phosphate efficiency Finishers NL (%) [1]			54.6%	54.1%	54.6%	54.0%
Phosphate efficiency broilers regular NL (%) [1]			62.7%	62.9%	64.5%	63.7%
Phosphate efficiency broilers animal welfare concepts NL (%) [1]			53.1%	52.2%	49.3%	48.9%
Nitrogen efficiency dairy NL (%)			29.8%	29.6%	29.4%	

Non-financial indicators

	Target by 2025	2021	2020	2019	2018	2017
Nitrogen efficiency Finishers NL (%)			42.9%	41.4%	41.9%	
Nitrogen efficiency broilers regular NL (%)			61.3%	61.5%	61.3%	
Nitrogen efficiency broilers animal welfare concepts NL (%)			51.6%	50.7%	52.0%	
Feed material not suited for human consumption (% of total) [2]		64%	64%			
Sustainable innovation (% of total innovation projects)		42%	39%			
Number of feed safety incidents (#) [1]	13	3	8	9	16	26

[1] Reviewed by independent auditor
[2] The Netherlands, Belgium and Germany

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.
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.
BPO	Business Process Optimisation is part of the strategic pillar Optimal Business Operations of the Build to Grow 2025 strategy. The aim is to enhance customer experience in a (cost)efficient way by harmonising and standardising the way of working across departments.
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

Carbon capture	Capturing carbon dioxide.
CEO	Chief Executive Officer of ForFarmers N.V.
CFO	Chief Financial Officer of ForFarmers N.V.
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 (Cooperative) 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.
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.
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 Team	ForFarmers' Executive Team is composed of three members of the Executive Board, the five country managing directors, and the three directors for M&A, Supply Chain and HR.
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) way 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 representative 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 representative 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.
GWP	Global Warming Potential is the internationally used designation for the extent to which a greenhouse gas can contribute to global warming.
GWP100 v GWP	The extent to which a greenhouse gas can contribute to global warming in a 100-year period of 1 kg of gas compared to 1 kg of CO_2.

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).
'Kringlooplandbouw' or Circular Farming	Circular farming is a form of sustainable farming in which the cycle of substances is closed. The available resources are used in the most efficient way possible whereby the outflow and inflow of resources are optimally balanced.
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 itself. Often used in relation to sustainability.
Materiality matrix	A manner (matrix) in which the importance of Corporate Social Responsibility (including sustainability) issues is 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.
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 making our products more sustainable as well as 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 livestock 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)

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.
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.
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	Stichting Administratiekantoor ForFarmers houdt aandelen in het kapitaal van de Vennootschap en heeft onder andere ten doel het tegen toekenning van certificaten ten titel van beheer verkrijgen en administreren van aandelen en het uitoefenen van het daaraan verbonden stemrecht en andere zeggenschapsrechten.
participates in meetings as an observer.	Deze Stichting is opgericht om de identiteit, strategie, onafhankelijkheid en continuïteit te waarborgen van de onderneming die door de Vennootschap wordt gedreven. Stichting Continuïteit ForFarmers is volledig autonoom met een onafhankelijk bestuur.
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 soybean. 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 fundamentally 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.
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 one of 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.
Wellfare concept	Livestock concepts with extra focus on animal welfare.

Colophon

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Realisation Annual Report:

ForFarmers N.V.
Domani B.V., the Netherlands
Off the Grid B.V., the Netherlands
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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.

Third-party market data

Statements regarding market share, including the group's competitive position, contained in this annual report are based on outside sources including governmental reports and statistics, broker research reports and specialised research institutes, in combination with management estimates.