Press release

Lochem, 13 August 2021

ForFarmers 2021 first-half results

Financial highlights for first-half of 2021[1]:

• Total Feed[2] Volume:	+1.9% to 4.9 million tonnes; acquisition effect outweighs slight like-for-like (l-f-l) decline;
of which compound feed:	+2.2% to 3.5 million tonnes; growth (l-f-l) in cluster Germany/Poland and acquisition effect compensates for decline (l-f-l) in cluster Netherlands/Belgium and United Kingdom;
• Gross profit:	-0.9% to €217.5 million as a result of increased competition due to Covid and volume decline (l-f-l)
• Underlying EBITDA:	-15.4% to €40.8 million despite contribution from acquisitions due to lower gross profit and higher energy and fuel costs; no currency translation effect
• Underlying net profit[3]:	-26.6% to €17.9 million
• Working capital:	(year-on-year) improvement by €23.2 million to €53.3 million
• Cash flow from operating activities:	-35.9% to €9.1 million; driven by lower EBITDA

Commenting on the 2021 first-half results, ForFarmers CEO Yoram Knoop said: "The results in the first-half of 2021 were disappointing. There was an abnormally fierce battle for market share between feed producers, resulting in margin pressure. This was mainly attributable to the generally dire liquidity situation of our customers. The prolonged Covid measures delayed price recovery for their products, whilst at the same time feed prices rose as a result of the sharp increase in raw material prices.
In addition, we lost around €4 million in our underlying EBITDA due to the incident in Germany where we had priced a number of contracts wrongly, as reported in our Q1 trading update. Our volumes increased as a result of the acquisitions of De Hoop Mengvoeders and Mühldorfer Pferdefutter, both at the beginning of this year. Like-for-like, we saw volumes decline just a little. In the first half of this year we realised savings, as part of the efficiency programme to save a total of €7 million during this and the coming year. Mainly due to margin pressure and the incident in Germany we realised a lower underlying EBITDA than a year earlier. How long the current margin pressure will continue, largely depends on the diligence of the sector in fully passing on the rapidly increased costs of mainly raw materials and energy, to customers. Against this backdrop, we expect the underlying EBITDA in the second half-year 2021 (including acquisitions) to be more or less in line with the underlying EBITDA in 2H 2020.
The integration of the two acquisitions is progressing according to plan and the results achieved so far have been better than expected. Within ForFarmers we focus foremost on increasing our market share by delivering good products and advice for a fair price, enabling both our customers and ourselves to increase returns. We aim to do this more efficiently all the time. We are due to launch innovations, which will enhance our customer proposition.
Our sector has great innovative strength and at present this is crucial in the Netherlands in particular, given that it provides the solution to the nitrogen crisis. By making it possible for the sector to innovate in terms of feed concepts and barn facilities, it is no longer necessary to focus on reducing livestock numbers in order to restore nature and kick-start the construction sector. It is by preserving – and not destroying – our world-leading sector, in terms of high-quality production with an ever lower environmental footprint, that we can contribute to greater global sustainability.
Finally, I am pleased that the Supervisory Board nominated our colleague Pieter Wolleswinkel as a member of the Executive Board, as announced this morning."

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

Consolidated key figures

In millions of euro (unless indicated otherwise)	For the six months ended 30 June 2021	2020	Total change in %	Currency	Acquisition	Like-for-like (3)
Total Feed volume (x 1.000 ton)	4,885	4,793	1.9%		2.4%	-0.5%
Compound feed	3,459	3,385	2.2%		3.3%	-1.1%
Revenue	1,314.6	1,172.7	12.1%	0.0%	4.4%	7.7%
Gross profit	217.5	219.5	-0.9%	0.1%	4.4%	-5.4%
Operating expenses	-205.2	-193.4	6.1%	0.1%	3.6%	2.4%
Underlying operating expenses	-195.3	-188.9	3.6%	0.1%	3.4%	0.1%
EBITDA	38.1	47.4	-19.6%	0.0%	8.6%	-28.2%
Underlying (1) EBITDA	*40.8*	*48.2*	*-15.4%*	*0.0%*	*8.5%*	-23.9%
EBIT	15.0	26.7	-43.8%	0.0%	10.5%	-54.3%
Underlying EBIT (2)	22.4	31.2	-28.2%	-0.1%	10.6%	-38.7%
Profit attributable to shareholders of the Company	10.4	19.3	-46.1%	0.2%	9.3%	-55.6%
Underlying profit (2)	17.9	24.4	-26.6%	-0.1%	9.0%	-35.5%
Net cash from operating activities	9.1	14.2	-35.9%			
Underlying EBITDA / Gross profit	18.8%	22.0%	-14.5%			
ROACE on underlying EBITDA	*18.5%*	*19.3%*				
ROACE (4) on underlying EBIT	11.0%	12.8%				
Basic earnings per share (x €1)	0.10	0.20	-50.0%			
Underlying earnings per share (x €1)	0.17	0.25	-32.0%			

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

General

In the first-half of 2021, the markets where ForFarmers is active were mainly affected by:

Covid

Contrary to expectations, governments imposed new strict measures in late 2020 in light of the risk of contagion with a new Covid variant. The hospitality, events, sports and culture sectors were once again closed down. In addition, a curfew was introduced in various countries. Similar measures applied to a greater or lesser extent throughout the first half of the year and had a greater impact than in the first-half of 2020, when Covid-related measures were introduced at the end of the first quarter. The extension of the lockdown had a significant impact on many sectors despite the provision of financial support packages to businesses in various countries.
In the agricultural sector it meant that demand for dairy products, meat and eggs remained under pressure and this could not be compensated by additional demand for these products in the retail channel. Cattle, calf and poultry farmers in particular saw a decline in sales and as a result an initial drop in prices. Against this backdrop, they in many cases decided to restock their barns with fewer new animals. The second quarter of 2021 saw the return of a better balance between supply and demand, with dairy and meat prices generally recovering.
Despite the strict Covid measures ForFarmers was once again able to continue to supply its customers without any problems.

Animal diseases

After the major outbreak of African swine fever in China in late 2018, the Chinese pig population grew in 2020. As a result of new outbreaks of the disease in the first-half of 2021, the recovery of the pig herd slowed down somewhat. Despite the fact that local pig prices in China were lower than the prices for imported pigs, the demand for European pork meat from China was stronger than a year earlier. The demand for European pig meat from other Asian countries also remained high.
At the end of 2020, however, infections were also found among wild boars in eastern Germany, resulting in restrictions on exports from Germany to non-EU countries, including China.

Poultry farmers were also confronted with animal diseases. Cases of the contagious variant of avian influenza have been regularly detected in Poland since the beginning of last year. In other European countries, including the

Netherlands, avian influenza was detected since the end of 2020. The Dutch government imposed a ban on keeping poultry outdoors and this was only lifted very recently. Important steps have been taken over the years in terms of drafting hygiene protocols and collaborating within the sector to prevent the spread of animal diseases.

Raw material, energy and fuel prices

Raw material prices skyrocketed in the second half of 2020. Although the price of certain raw materials showed some decline in the second quarter of 2021, average prices were substantially higher than in the first six months of 2020. Fluctuations in raw material prices are generally passed on to customers. It is not always possible to do so in time or in full, however.

Energy and fuel prices were also higher than in the first-half of last year. Energy prices increased due to a rise in the oil price as well as CO_2 prices. The higher costs affected both on-farm businesses and ForFarmers.

Alternative performance measures (APMs)

ForFarmers uses APMs to provide a better perspective into the Group's business development and financial performance. 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.

It was decided in 2020 to also eliminate amortisation of acquired intangible assets in the APMs. For comparison purposes the relative APMs for the first half of 2020 have been adjusted, both on consolidated level and in the clusters.

The APMs are further explained in note 12 of the 2021 half-year report. The impact of the incidental items on the profit and loss account is presented and explained for the four defined categories below.

For the six months ended 30 June 2021 *In millions of euro*	IFRS	Impairments	Business Combinations and Divestments	Re-structuring	Other	Total APM items	Underlying excluding APM items
EBITDA (1)	38.1		2.5	-2.2	-3.0	-2.7	40.8
EBIT	15.0	-0.6	-1.7	-2.2	-3.0	-7.4	22.4
Net finance result	-		-1.3		-	-1.3	
Tax effect	-	0.1	0.5	0.5	-	1.2	-
Profit attributable to Shareholders of the Company	10.4	-0.4	-2.4	-1.6	-3.0	-7.5	17.9
Earnings per share in euro (2)	0.10	-	-0.02	-0.02	-0.03	-0.07	0.17

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

At EBITDA level

The €2.5 million gain from business combinations and the divestment of assets and interests consists mainly of income from the sale of the mills in Blandford (UK) and Zulte (Belgium). The incidental restructuring costs (€2.2 million) are related to the implementation of the efficiency plans as announced in 2020. The remaining incidental items (€3.0 million) relate to additions to the provisions for ongoing legal cases and claims against ForFarmers.

In comparison, in the first-half of 2020 the balance of APM items was a loss of €0.8 million.

At EBIT level

€0.6 million impairment relates to assets which are no longer in use. The amount of -€1.7 million is the balance of the €2.5 million gain from sale of the mills (as explained under EBITDA level) and the amortisation of acquired intangible assets (-€4.2 million).

In comparison, in the first-half of 2020 the balance of APM items was a loss of €0.8 million.

At net financing result level

€1.3 million (loss) relates to annual interest accrued on the put option liability in relation to Tasomix (Poland).

In comparison, in the first-half of 2020 the balance of APM items was a loss of €1.6 million.

For more information on this topic, please see Note 6 and Note 17 of the 2020 financial statements.

Notes on consolidated operating results first half-year 2021

The following analysis shows the overall development of the consolidated results and the individual clusters, unless stated otherwise. There was virtually no currency translation effect in the consolidated results for the first-half of 2021.

Total Feed volume rose with 1.9% to 4.9 million tonnes, including an acquisition effect of 2.4%. Volumes declined like-for-like by 0.5%. In the cluster Netherlands/Belgium, like-for-like volume development of Total Feed was under pressure in all sectors although, generally speaking, the volume decline in the second quarter was less pronounced than in the first quarter. In the cluster Germany/Poland Total Feed volume rose (l-f-l) in all sectors, partly due to poultry farmers in Poland cautiously starting to restock their barns with new chicks. In addition, volumes in Germany increased as a result of the long-term contracts which were favourably priced for some customers, as reported in the first quarter of 2021. Total Feed sales rose in the United Kingdom, with the increase wholly driven by growth in the poultry sector.

Compound feed volume, part of the Total Feed portfolio, rose relatively more (2.2%) than Total Feed volume. Like-for-like, volumes declined by 1.1%. More compound feed was sold in all sectors in cluster Germany/Poland and in the poultry sector in the United Kingdom, while the other sectors and clusters saw volumes decline.

Revenue rose by 12.1% to €1,315 million, including an acquisition effect of 4.4%. The like-for-like revenue increase was due to the sharply higher raw material prices. In the agricultural sector it is generally customary to pass fluctuations in raw material prices on to customers.

Gross profit fell by 0.9% to €217.5 million. The acquisition effect was 4.4%. The like-for-like decline in gross profit was mainly driven by the temporary increase in overcapacity in the market as a result of the Covid measures. The resulting like-for-like volume decline in the Netherlands/Belgium and United Kingdom clusters and the incident in Germany led to margin pressure.

Underlying total operating expenses, including depreciation and amortisation, rose by 3.6% to €195.3 million. The effect of acquisitions was 3.4%. Like-for-like expenses were virtually stable due to the slight volume decline (l-f-l) and the cost-saving measures under the efficiency plans. Employee expenses increased in the first six months of 2021 due to wage indexation and the acquisition effect. However, the increase was largely offset by a 2.6% reduction in the number of FTEs (year-on-year). Other operating expenses rose due to the sharp increase in energy and fuel prices, which could not be fully passed on to customers.

Underlying depreciation[4] increased by €1.3 million to €18.4 million, mainly as a result of the acquisitions.

Underlying operating profit (EBIT) declined with 28.2% to €22.4 million as a result of the decline in gross profit and increase in operating expenses.

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

	For the six months ended 30 June			
In millions of euro	2021	2020	Δ	Δ%
EBITDA	38.1	47.4	-9.3	-19.6%
Business Combinations and Divestments	-2.5	0.2	-2.7	-
Restructuring cost	2.2	0.6	1.6	-
Other	3.0	-	3.0	-
Underlying EBITDA	40.8	48.2	-7.4	-15.4%
FX effect	-			
Underlying EBITDA, at constant currencies	40.8	48.2	-7.4	-15.4%

Underlying EBITDA fell by 15.4% to €40.8 million, despite a positive acquisition effect of 8.5%. There was no currency translation effect. Like-for-like, underlying EBITDA fell (-23.9%) in all clusters.

The underlying EBITDA/gross profit fell to 18.8% in the first-half of 2021, compared to 22.0% a year earlier.

[4] *in this context depreciation means including amortisation*

Underlying net finance expenses declined with 17.3% to €1.3 million, mainly because of lower interest charges as a result of the lower debt position.

The contribution from the German joint venture HaBeMa, which is reported under share of profit of equity-accounted investees (net of tax) fell slightly to €2.3 million (1H 2020: €2.7 million) due to normalisation of the transhipment activities.

The underlying effective tax rate in the first-half of 2021 was 26.1% (1H 2020: 25.9%).

Underlying profit fell by 26.6% to €17.9 million.

Underlying earnings per share fell by 32.0% in 2021 to €0.17.

The number of employees (calculated in full-time equivalents (FTEs)) was lower at 30 June 2021 (2,502) than at 30 June 2020 (2,569). The number was unchanged, however, compared to 31 December 2020 (2,502), given that the decline in the number of employees following the implementation of the efficiency plans was offset by the increase in employees as a result of the acquisitions.

Summary consolidated statement of cash flows

In millions of euro	For the six months ended 30 June 2021	2020
Net cash from operating activities	9.1	14.2
Net cash used in investing activities	-36.5	-17.2
Net cash used in financing activities	2.0	-12.4
Net increase/decrease in cash and cash equivalents	**-25.4**	**-15.3**
Cash and cash equivalents at 1 January(1)	38.0	15.4
Effect of movements in exchange rates on cash held	0.3	1.3
Cash and cash equivalents as at 30 June(1)	**12.9**	**1.4**

(1) Net of short term bank overdrafts

Net cash flow from operating activities declined by €5.1 million to €9.1 million, mainly as a result of the fall in profit.

The net cash used in investing activities increased by €19.3 million to €36.5 million, mainly as a result of the acquisitions in the Netherlands and Germany. In addition, capital investments were higher. Furthermore, two mills were sold (in the United Kingdom and Belgium) in the first-half of 2021.

The net cash used in relation to financing activities amounted to a receipt of €2.0 million (1H 2020: an expense of €12.4 million). The difference was mainly attributable to the share buy-back programme in the first-half of 2020.

Summary consolidated statement of financial position

In millions of euro	30 June 2021	31 December 2020
Total Assets	872.1	816.7
Equity	358.7	362.5
Solvency ratio (1)	**41.1%**	**44.4%**
Net working capital	**53.3**	**33.4**
- Current assets (2)	367.1	319.1
- Current liabilities (3)	313.8	285.7
Overdue receivables	13.6%	12.5%
Net Debt / (Cash) (4)	**42.4**	**-15.8**
IFRS 16 Lease liabilities	28.6	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 decreased by €3.8 million to €358.7 million in the first-half of 2021 (compared to 31 December 2020). The decline was the result of the addition of the profit for the first-half of 2021 (€10.4 million) minus the distribution of dividend (€28.0 million). Other comprehensive income, which was directly recognised in group equity (in total a gain of €13.9 million) consisted mainly of remeasurement, due to the higher interest rates, of the pension liability in the United Kingdom (€12.2 million) and currency translation differences (€3.9 million) and other items.

The Solvency ratio was 41.1% at 30 June 2021 (end 2020: 44.4%).

In the first-half of 2021, €18.5 million was invested (1H 2020: €11.4 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 CO_2 footprint. Furthermore, we are investing in a new transhipment facility at Drentwede, Germany.

The net debt position (the net balance of long and short-term bank loans and other borrowings minus available cash and cash equivalents) was €42.4 million (end 2020: net cash position of €15.8 million). This is the balance of the result of the operating cash flow of €9.1 million, including the increase of working capital, minus items including the expenses related to the investment programme (€36.5 million) and dividend payment (€26.8 million).

Net working capital rose to €53.3 million per 30 June 2021 (end-2020: €33.4 million), but remained below the level of 30 June 2020 (€76.5 million). The increase in working capital compared to end-2020 occurred mainly in cluster Netherlands/Belgium due to the normal seasonal effect of fertiliser and seed sales in the first half of the year. Working capital also rose as a result of higher accounts receivable in Germany and Belgium, and following the acquisitions in the cluster Netherlands/Belgium.

The challenging market conditions combined with the sharp rise in feed prices (due to the higher raw material prices) resulted in a slight deterioration of the percentage of the total amount of outstanding overdue receivables to 13.6% as of 30 June 2021 (end-2020: 12.5%).

ROACE[5] fell from 19.3% to 18.5%, mainly due to the decline in underlying EBITDA. ROACE based on underlying EBIT fell from 12.8% to 11.0%.

[5] *ROACE is defined as underlying EBITDA divided by 12-month average capital employed*

Results per cluster

Netherlands/Belgium

In thousands of euro	For the six months ended 30 June 2021	2020	Δ%
Total Feed volume (in tons)	2,559,874	2,515,596	1.8%
Revenue	705,309	615,524	14.6%
Gross profit	128,076	123,253	3.9%
Other operating income	1,738	492	253.3%
Operating expenses	-102,739	-95,934	7.1%
Underlying operating expenses	-99,741	-94,467	5.6%
EBIT	27,075	27,811	-2.6%
Underlying EBIT	28,363	29,278	-3.1%
Add back: depreciation, amortisation and impairment	8,037	6,602	21.7%
Add back: underlying depreciation, amortisation and impairment	6,344	5,523	14.9%
EBITDA	35,112	34,413	2.0%
Underlying EBITDA	34,707	34,801	-0.3%
Underlying EBITDA / Gross profit	27.1%	28.2%	-4.0%
ROACE on underlying EBITDA	37.3%	39.1%	-4.6%

Price developments in the various sectors

The Netherlands

In the first-half of 2021 Dutch dairy farmers produced less milk compared to the previous year as a result of the high feed costs. On average milk prices were slightly higher in the first half of the year compared to a year earlier, when the price of milk fell sharply as a result of the Covid measures imposed in the second quarter. Milk prices rose again in the second quarter of this year due to increased demand in the global market.

Pig farmers received substantially less for their products than in the first-half of 2020. Despite a declining number of pigs, pig prices fell later in 2020, partly due to a temporary export ban on pigs to (primarily) China due to Covid. This export ban has now been lifted. There is, however, still a ban on exporting pigs from Germany to non-EU countries because of the detection of African swine fever in Germany. In recent months this led to more German pigs being sold in Europe and hence pressure on prices.

Broiler prices fell in 2020 due to the loss of sales to the hospitality sector. Prices rose again in the first-half of 2021, partly due to the dwindling of frozen stocks due to a reduction in supply. At the same time, however, feed prices also rose, with the increase linked to rising raw material prices. In addition, poultry farmers had to contend with an outbreak of avian influenza, prompting them to restock their barns with fewer new chicks. Demand for welfare concepts continues to grow. This is boosting cooperation in the chain and hence leading to larger and faster consolidation. The February 2021 acquisition of De Hoop Mengvoeders, which mainly focuses on the production of compound feed for broiler farmers, should be seen in this light.

Belgium

Price developments for the products of Belgian livestock farmers were roughly the same as in the Netherlands. Belgium has been free of African swine fever since early 2021 and pig farmers are once again allowed to export to non-EU countries.

Market and sector developments

Nitrogen debate in the Netherlands

No new government has been formed since the general elections held in March 2021. It therefore remains unclear how and to what extent the source measures for livestock farmers, which were determined in 2020 in relation to the nitrogen issue, will be implemented. Together with other players in the food supply chain, ForFarmers continues to stress that the solution to the nitrogen controversy lies in innovating feed concepts and barn facilities. This innovation will contribute substantially to reducing nitrogen emissions and at the same time provide viable future prospects for livestock farmers while doing justice to one of the most sustainable agricultural sectors in the world.

Buy-out scheme and warm restructuring of the pig farming sector in the Netherlands
At the end of 2019 pig farmers could register to be considered for the 'warm restructuring scheme', a government subsidy scheme set up to combat odour nuisance in certain areas with a high density of livestock. Of the 502 pig farmers who applied, 430 met the requirements for the subsidy and ultimately 278 decided to discontinue their pig farms. Their pig rights were consequently deleted, as a result of which there are now 6.7% fewer pigs in the Netherlands than in 2019[6].

Results Netherlands/Belgium

Total Feed volume rose by 1.8% to 2.6 million tonne. The contribution from De Hoop Mengvoeders was 4.5%. The number of customers who left as a result of supply chain integration at third parties was smaller than expected at the time of the takeover. Like-for-like, Total Feed volume declined by 2.8%, with volumes lower in all sectors. The decline in volume (l-f-l) in the second quarter was smaller in percentage terms than in the first quarter.
Compound feed volume saw a relatively greater decline (l-f-l) than Total Feed volume given that DML volumes remained virtually stable.

Volumes in the ruminant sector were lower, in line with the market. Although milk prices rose in the first half of the year, prices for raw materials and feed rose faster. As a result dairy farmers used more forage. The closure of the hospitality sector could still be felt in the cattle farming segment. The number of pigs in the Netherlands fell (year-on-year) as a result of the warm restructuring scheme. The poultry sector was also still affected by the impact of the Covid measures as well as the presence of avian influenza.

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. Pavo (horse feed) volumes rose, like-for-like as well as through the acquisition of Mühldorfer Pferdefutter in Germany in February 2021.

Gross profit rose by €4.8 million (3.9%), due to the contribution from the acquisitions and a better product mix with more specialties. The acquisition effect was 7.9%. Like-for-like, gross profit fell by 3.8% mainly due to lower volumes.

Underlying operating expenses rose by €5.3 million (5.6%), mainly due to the acquisitions. The increase in employee expenses was largely offset by a like-for-like decline in the number of FTEs in line with the efficiency plans. Allocated overhead costs were €0.3 million lower than last year.

Underlying EBITDA fell by 0.3% and the underlying EBITDA/gross profit ratio fell from 28.2% (1H 2020) to 27.1% in the first-half of 2021.

ROACE (based on EBITDA) fell from 39.1% in the first-half of 2020 to 37.3% in the first-half of 2021 as a result of the lower underlying EBITDA.

[6] Source: Ministry of Agriculture, Nature and Food Quality; letter of 30 June 2021, update on subsidy scheme for the restructuring of pig farms

Germany/Poland

In thousands of euro	For the six months ended 30 June 2021	2020	Δ%
Total Feed volume (in tons)	1,092,228	1,056,786	3.4%
Revenue	306,606	278,177	10.2%
Gross profit	34,022	38,350	-11.3%
Other operating income	254	48	429.2%
Operating expenses	-36,871	-36,231	1.8%
Underlying operating expenses	-35,648	-34,937	2.0%
EBIT	-2,595	2,167	-219.8%
Underlying EBIT	-1,372	3,461	-139.6%
Add back: depreciation, amortisation and impairment	4,422	4,623	-4.3%
Add back: underlying depreciation, amortisation and impairment	3,286	3,451	-4.8%
EBITDA	1,827	6,790	-73.1%
Underlying EBITDA	1,914	6,912	-72.3%
Underlying EBITDA / Gross profit	5.6%	18.0%	-68.8%
ROACE on underlying EBITDA	4.7%	8.7%	-45.7%

Market and sector developments

Pig farmers in *Germany* were faced with a reduction in slaughtering capacity due to the temporary closure of abattoirs after employees contracted Covid. They were also hampered by the discovery of African swine fever among wild boars, which resulted in a ban on exports to non-EU countries. Both these factors put pressure on pig prices. In July 2021 the first cases of swine fever were detected on commercial farms.
Dairy farmers were paid less for their milk in the first quarter than a year earlier. The price of their product started to rise from April but feed prices rose faster. Competition in the market was fierce. By and large the same applied to poultry farmers, who were furthermore confronted with an outbreak of avian influenza in northern Germany.

Broiler farmers in *Poland* cautiously started restocking their barns with new chicks in the first-half of 2021 due to broiler prices rising as frozen stocks dwindled. The poultry sector is still facing outbreaks of avian influenza, which is mainly being detected among wild birds, geese and turkeys.

Results Germany/Poland

Total Feed volume rose by 3.4% to 1.1 million tonnes, driven by growth in all sectors. Compound feed volume rose more than Total Feed volume (in terms of percentage). DML volumes rose sharply in the ruminant sector in Germany in particular. Livestock farmers opted for cheaper co-products in light of the relatively low milk prices combined with the high cost of feed. Volumes in the swine sector in Germany in particular grew as a result of the favourable pricing of a number of contracts. Poultry farmers in Poland focused on the cautious recovery in the export and other markets. This resulted in higher feed volumes and improved capacity utilisation at the Pionki mill.

Gross profit fell by €4.3 million (11.3%), including a currency translation effect of -0.8% due to a lower Polish zloty. Margins were under pressure in Germany in particular as a result of the aforementioned contracts that were priced too low.

Underlying operating expenses rose by 2.0%. Employee expenses remained stable. The number of FTEs fell due to the implementation of the efficiency plans. Production costs rose as a result of the higher volumes amongst other things. Allocated overhead costs were €0.1 million higher than last year.

Underlying EBITDA fell by 72.3% (€5.0 million) to €1.9 million, mainly due to the negative margin effect of the incorrectly priced contracts (approximately €4 million as announced earlier).

The underlying EBITDA/gross profit ratio of the cluster fell to 5.6% (1H 2020: 18.0%).

ROACE (based on underlying EBITDA) fell to 4.7% (1H 2020: 8.7%) as a result of the lower underlying EBITDA, despite a slight fall in capital employed due to an improvement in working capital in this cluster.

United Kingdom

In thousands of euro	For the six months ended 30 June 2021	2020	Δ%
Total Feed volume (in tons)	1,232,591	1,220,424	1.0%
Revenue	321,451	294,805	9.0%
Gross profit	55,186	57,532	-4.1%
Other operating income	813	40	1932.5%
Operating expenses	-58,344	-55,826	4.5%
Underlying operating expenses	-53,335	-54,071	-1.4%
EBIT	-2,345	1,746	-234.3%
Underlying EBIT	1,862	3,501	-46.8%
Add back: depreciation, amortisation and impairment	8,393	7,541	11.3%
Add back: underlying depreciation, amortisation and impairment	6,503	6,101	6.6%
EBITDA	6,048	9,287	-34.9%
Underlying EBITDA	8,365	9,602	-12.9%
Underlying EBITDA / Gross profit	15.2%	16.7%	-9.2%
ROACE on underlying EBITDA	14.1%	14.3%	-1.7%

Market and sector developments

Brexit came into force at the beginning of 2021. With not all bilateral trade agreements having been finalised yet, farmers remain reluctant to expand. Furthermore, a new agricultural policy was introduced at the start of the year. The aim of the policy 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.

In the first six months of 2021 milk production recovered to pre-pandemic levels. Average milk prices in the United Kingdom were higher than a year earlier but lower than in the EU. Feed prices rose sharply, as in the EU. Livestock farmers therefore primarily opted to use their own grass and single feed, and less compound feed. Exports of British pigs to China declined in the first half of the year, resulting in a fall in pig prices and renewed financial challenges for pig farmers. Competition for volume has risen sharply. Poultry farmers saw production increase again in the first half of the year compared to a year earlier.

Results United Kingdom

Total Feed volume rose by 1.0% to 1.2 million tonne. DML volumes rose, mainly due to the ample availability of moist and liquid co-products. There was a slight decline in compound feed volume.

Volumes in the dairy farming sector decreased. The volume recovery in the second quarter was not sufficient to compensate for the fall in the first quarter.

Volumes in the swine sector fell due to the non-renewal of a longstanding contract with a large pig customer in April as a result of increased price competition. The loss of volume was partly offset by the acquisition of new customers. Poultry volumes rose, driven by the customers gained in the broiler sector in 2H 2020.

Gross profit fell by 4.1%, including a translation currency effect of +0.8%. This was mainly the result of pressure on margins in a highly competitive market and lower compound feed volumes.

Underlying operating expenses fell by 1.4%. Employee expenses declined due to a reduction in the number of FTEs. Transport costs fell on the back of lower volumes, while production costs rose due to higher energy prices. Other expenses were lower than last year due to Covid-related travel restrictions. Allocated overhead costs were €0.3 million higher than last year.

Underling EBITDA fell by 12.9%. The lower gross profit could not be offset by the reduction in costs due to the implementation of the efficiency plans.

The underlying EBITDA/gross profit ratio was 15.2% (1H 2020:16.7%).

ROACE (based on underlying EBITDA) fell from 14.3% in the first-half of 2020 to 14.1% in de first-half of 2021, mainly as a result of the decline in capital employed due to an improvement in working capital.

Central and support expenses

In thousands of euro	For the six months ended 30 June 2021	2020	Δ%
Gross profit	176	375	-53.1%
Other operating income	-	-	0.0%
Underlying operating expenses	-6,607	-5,431	21.7%
EBIT	-7,106	-5,057	40.5%
Underlying EBIT	-6,432	-5,056	27.2%
Add back: depreciation, amortisation and impairment	2,221	1,951	13.8%
Add back: underlying depreciation, amortisation and impairment	2,221	1,951	13.8%
Underlying EBITDA	-4,211	-3,105	35.6%

Underlying operating expenses of Central and support services are the expenses net of overhead costs allocated to the clusters. In the first six months of 2021 the underlying central operating expenses rose by €1.2 million, but total allocation to the clusters remained virtually the same. The increase was mainly due to expenses related to the Business Process Optimisation programme, which was launched in the second half of 2020 as part of the strategy Build to Grow 2025. In addition, IT expenses were higher due to, for example, the improvements made in the IT infrastructure in light of working from home (due to Covid) and in support of digital innovation. M&A costs were higher. There was a limited rise in employee expenses due to a reduction in the number of FTEs as a result of the implementation of the efficiency plans. This largely offset the upward pressure on expenses as a result of wage indexation.

Sustainability and innovation

Both the agricultural and the food sector face the challenge of feeding the growing global population while at the same time reducing the impact of food production on the climate and on the environment. Safe and sustainable production of animal feed – and thus food – can only be achieved through innovation. This is what ForFarmers does and for which a number of objectives have been set, which include reducing CO_2 emissions per tonne of feed produced.
In the first six months of 2021 progress was made, for example on projects aimed at reducing the carbon footprint of feed ingredients, given that this significantly affects the footprint of meat, milk and egg production on-farm. ForFarmers recently took part in an initiative by the Dutch dairy industry aimed at reducing greenhouse gas emissions on-farm. For this purpose ForFarmers purchased soy certificates from Brazilian farmers who could demonstrate that they had not deforested any land in the last 20 years in order to cultivate their soy. This resulted in a significant improvement in the footprint of participating dairy customers of ForFarmers.

Furthermore, the Nutrition Innovation Centre (NIC) of ForFarmers is involved in projects to find alternative protein substitutes for soy in feed. ForFarmers is therefore pleased that the European Commission is poised to conditionally lift the ban on the use of meat-and-bone meal (processed animal protein) as a protein ingredient in animal feed. This can contribute both to reducing the carbon footprint of feed ingredients and increasing the use (as a percentage of volume) of ingredients in feed which are unsuitable for human consumption.

In the first-half the 2021 energy consumption per tonne remained reasonably stable despite the l-f-l decline in volume as a result of the ongoing focus on realising the set sustainability goals.

Subsequent events

There were no significant subsequent events after the balance sheet date.

Outlook and market developments

Market developments

The EU Green Deal, and more specifically the 'Farm to Fork' approach pursued by the EU, is being felt to a greater or lesser degree in the countries where ForFarmers operates. Although this is EU policy, how it is implemented in the various countries is determined locally with all the resulting consequences. The agricultural sector – and livestock farming in particular – is primarily facing increasing pressure to reduce its impact on the environment. It is expected that this will lead to the reduction of herd sizes in certain countries. The focus on quality and welfare concepts is increasing. The growth in welfare concepts is expected to result in a drop in the number of broilers and at the same time in an increase in demand for more specific feed. Another aspect of the EU Green Deal is to invest more in expanding organic livestock farming. ForFarmers is active in developing welfare concepts and holds a leading position in the organic sector through Reudink.

It is uncertain whether Covid measures may be reintroduced in the near future and what the impact of these may be.
Looking at the longer term, it is expected that dairy production in Europe will continue to grow slightly, that the poultry sector will expand and that the beef sector and the swine sector will shrink. Global demand for milk, meat and eggs continues to grow. Northwest European producers in particular, i.e. those who have the lowest relative carbon footprint, face growing sustainability and environmental measures and sustainability requirements. This creates an uneven international playing field and is not conducive to realising an improvement in the global climate and environment.

Efficiency plan 2021 & 2022

ForFarmers believes it is important to ensure that the organisation and processes are optimised and efficient, and that they stay that way. One of the pillars of the Build to Grow 2025 strategy is Operational Excellence. This is linked to a cost-savings target of at least €10 million in 2025 compared to the normalised level of 2020[7].

The first step of this objective is to reduce operating costs by €7 million in 2021 and 2022, with the full effect of this being visible in 2023. In order to achieve this, various projects have been launched, including the optimisation of business processes. In the first quarter of 2021 the decision was taken to close the mill in Bardenitz (Germany). Progress has also been made in reducing the number of FTEs (including the effect of acquisitions at end-June 2021: 2,502, compared to 2,569 at end-June 2020).

Capital expenditure and investments

ForFarmers continues to invest in systems and process optimisation and expects 2021 capex to amount to around €35 million. In the first-half of 2021 investments included adapting or expanding production lines in the Netherlands and the United Kingdom. In addition, the capacity of the mill at Beelitz (Germany) was expanded in light of the closure of the mill at Bardenitz. The construction of the new transhipment facility in Drentwede (Germany), in which ForFarmers is investing together with joint venture partner HaBeMa, is proceeding according to plan. The transhipment facility is being built next to a railway connection, which will help reduce the carbon footprint of the transhipment activities and lower the logistical and transhipment costs per tonne.

ForFarmers continues to target acquisitions. In the first six months of the year important steps were taken to fill the pipeline of potential acquisition candidates.

At 30 June 2021 the debt/12-month underlying EBITDA ratio was 0.48 (end-2020: negative 0.17). ForFarmers has sufficient financial headroom to realise its growth objectives.

Financial objectives

As part of the strategy Build to Grow ForFarmers has set the following objectives for 2025:

- Underlying EBITDA in 2025 of in between €125 million and €135 million[8] , both by means of like-for-like growth and through acquisitions;
- Annual like-for-like improvement of underlying EBITDA of 0%-3% (as of 2020) in challenging home countries;
- At least €10 million operating cost savings in 2025 (compared to normalised level of 2020).

With the Covid measures remaining in place for longer than expected[9] and the uncertainty as to how long the current margin pressure in the markets will continue, we expect the underlying EBITDA in the second half-year 2021 (including acquisitions) to be more or less in line with the underlying EBITDA in 2H 2020.

ForFarmers remains positive with regard to the realisation of its long-term integrated objectives, including the financial objectives for 2025, which include achieving an underlying EBITDA of between €125 million and €135 million through a combination of l-f-l growth and acquisitions.

[7] Normalised means net of one-off Covid effects
[8] At constant currencies
9 Refers to the base scenario used in determining the objectives as part of the Build to Grow 2025 strategy. The base scenario included assumptions such as: 1) a short-term impact of Covid-19 (no second wave), 2) the impact of nitrogen regulations and the warm restructuring of the pig farming sector in the Netherlands, 3) the effects of the outbreak of African swine fever in Poland but not in Germany and no effect of an avian influenza outbreak

Responsibility statement

The Board of Directors states that to the best of its knowledge the 2021 interim financial statements, which comprise the Company and its subsidiaries (jointly referred to as 'the Group' or 'ForFarmers') and the Group's interest in its joint venture, give a true and fair view of the condensed consolidated statement of financial position, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the notes to the condensed consolidated financial statements, as required under the Dutch Financial Supervision Act *(Wet op het financieel toezicht – Wft)*.

This press release contains information that qualifies or may qualify as inside information within the meaning of Article 7 (1) of the EU Market Abuse Regulation.

Lochem, 13 August 2021
Executive Board ForFarmers N.V.
Yoram Knoop, CEO
Roeland Tjebbes, CFO
Adrie van der Ven, COO

Other information

Audio webcasts

For the media
CEO Yoram Knoop and CFO Roeland Tjebbes will expand on the ForFarmers 2021 first-half results today from 08.30-09.30 CET. The conference call (in Dutch) can be followed via live audio webcast by logging onto the corporate website (www.forfarmersgroup.eu). The slides used during the call can be downloaded from the corporate website. The audio webcast will remain available on the website afterwards.

For analysts
CEO Yoram Knoop and CFO Roeland Tjebbes will expand on the ForFarmers 2021 first-half results today from 10.00-11.00 CET. The conference call (in English) can be followed via live audio webcast by logging onto the corporate website (www.forfarmersgroup.eu). The slides used during the call can be downloaded from the corporate website. The audio webcast will remain available on the website afterwards.

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Company profile (About ForFarmers)

ForFarmers N.V. is an international organisation that provides complete innovative feed solutions to the livestock farming industry. With its 'For the Future of Farming' mission ForFarmers is committed to the continuity of farming and to further increasing the sustainability of the agricultural sector.

ForFarmers is the market leader in Europe with annual sales of around 10 million tonnes of animal feed. The company is active in the Netherlands, Belgium, Germany, Poland and the United Kingdom. ForFarmers has approximately 2,500 employees. In 2020 revenue amounted to approximately €2.4 billion. ForFarmers N.V. is listed on Euronext Amsterdam.

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Notifications and disclaimer

Reporting Standards

Publication of HALF-YEAR 2021 report

The 2021 half-year report (including condensed consolidated interim financial results) will be available from 13 August 2021 on the ForFarmers website (www.forfarmersgroup.eu).

Reporting standards

The results in this press release are derived from the ForFarmers 2021 interim financial statements, which have not been audited by the external auditor and were drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. General remark: the percentages presented have been calculated based on amounts in millions of euros rounded to the nearest decimal.

Supervision

Given that its shares are freely tradable on EURONEXT Amsterdam ForFarmers operates under the supervision of the Financial Markets Authority (AFM) and the company acts in accordance with the rules applicable to securities-issuing companies.

Important dates

Financial calendar

13 August 2021	Publication of half-year results 2021
2 November 2021	Q3 2021 Trading update
24 February 2022	Publication annual results and annual report 2021
14 April 2022	General Meeting of Shareholders
5 May 2022	Q1 2022 Trading update
11 August 2022	Publication of half-year results 2022
1 November 2022	Q3 2022 Trading update

Forward-looking statements

This press release contains forward-looking statements, for example relating to ForFarmers' legal obligations in terms of capital and liquidity positions in certain specified scenarios. In addition forward-looking statements may, without limitation, include phrases such as "intends to", "expects", "takes into account", "is aimed at", ''plans to", "estimates" and words of a similar meaning. These statements pertain to or may affect matters in the future, such as ForFarmers' future financial results, business plans and current strategies. Forward-looking statements are subject to a number of risks and uncertainties, which may lead to material differences between the actual results and performance and the expected future results or performance as implicitly or explicitly contained in the forward-looking statements. Factors that may result in, or contribute to, deviations from the current expectations include, but are not limited to: developments in legislation, technology, jurisprudence and regulations, share price fluctuations, legal procedures, investigations by regulatory bodies, the competitive landscape and general economic conditions. These and other factors, risks and uncertainties that may affect any forward-looking statements or the actual results of ForFarmers are discussed in the last published annual report. The forward-looking statements in this press release relate solely to l statements as of the date of this document and ForFarmers accepts no obligation or responsibility whatsoever to update the forward-looking statements contained in this release, regardless of whether these pertain to new information, future events or otherwise, unless ForFarmers is legally obliged to do so.

INTERIM FINANCIAL STATEMENTS 2021

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of financial position

In thousands of euro (before profit appropriation)	Note	30 June 2021	31 December 2020
Assets			
Property, plant and equipment	14	308,614	292,456
Intangible assets and goodwill	15	112,326	96,293
Investment property		931	931
Trade and other receivables	23	6,427	6,688
Equity-accounted investees	16	26,950	26,474
Deferred tax assets		3,587	5,548
Non-current assets		458,835	428,390
Inventories	17	99,944	93,764
Biological assets		4,917	6,182
Trade and other receivables	23	256,005	215,659
Current tax assets		6,277	3,459
Cash and cash equivalents	23	45,857	68,658
Assets held for sale	18	266	574
Current assets		413,266	388,296
Total assets		872,101	816,686
Equity			
Share capital		952	952
Share premium		143,554	143,554
Treasury share reserve		-	-
Translation reserve		-6,278	-9,438
Hedging reserve		-548	-621
Other reserves and retained earnings		205,510	208,330
Unappropriated result		10,410	14,154
Equity attributable to shareholders of the Company	19	353,600	356,931
Non-controlling interests		5,135	5,555
Total equity		358,735	362,486
Liabilities			
Loans and borrowings	23	75,240	44,852
Employee benefits	21	35,899	51,453
Provisions	22	6,467	3,440
Trade and other payables	23	27,973	21,079
Deferred tax liabilities		12,256	11,696
Non-current liabilities		157,835	132,520
Bank overdrafts	23	32,921	30,625
Loans and borrowings	23	8,771	5,398
Provisions	22	1,502	1,276
Trade and other payables	23	309,894	283,526
Current tax liabilities		2,443	855
Current liabilities		355,531	321,680
Total liabilities		513,366	454,200
Total equity and liabilities		872,101	816,686

Condensed consolidated statement of profit or loss

In thousands of euro	Note	For the six months ended 30 June 2021	2020
Revenue		1,314,576	1,172,740
Cost of raw materials and consumables		-1,097,116	-953,230
Gross profit	8	**217,460**	**219,510**
Other operating income	9	2,805	580
Operating income		**220,265**	**220,090**
Employee benefit expenses		-84,894	-83,096
Depreciation, amortisation and impairment	14,15	-23,073	-20,717
Net (reversal of) impairment loss on trade receivables		105	-274
Other operating expenses		-97,374	-89,336
Operating expenses	10	**-205,236**	**-193,423**
Operating profit		**15,029**	**26,667**
Net finance result	6,11	-2,586	-3,180
Share of profit of equity-accounted investees, net of tax		2,290	2,673
Profit before tax		**14,733**	**26,160**
Income tax expense	13	-4,343	-6,647
Profit for the period		**10,390**	**19,513**
Profit attributable to:			
Shareholders of the Company		10,410	19,291
Non-controlling interests		-20	222
Profit for the period		**10,390**	**19,513**
Earnings per share in euro (1)			
Basic earnings per share		0.10	0.20
Diluted earnings per share		0.10	0.20

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

Condensed consolidated statement of comprehensive income

In thousands of euro	Note	For the six months ended 30 June 2021	2020
Profit for the period		10,390	19,513
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	21	12,185	-12,851
Equity-accounted investees - share of other comprehensive income		-	-
Related tax		-1,551	2,433
		10,634	-10,418
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		3,935	-9,251
Cash flow hedges - effective portion of changes in fair value		98	-1,040
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position		-	-
Related tax		-800	1,413
		3,233	-8,878
Other comprehensive income, net of tax		13,867	-19,296
Total comprehensive income		24,257	217
Total comprehensive income attributable to:			
Shareholders of the Company		24,277	-5
Non-controlling interests		-20	222
Total comprehensive income		24,257	217

Condensed 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	Sub-total [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		-	-	-	-	-	-	10,410	10,410	-20	10,390
Other comprehensive income		-	-	-	3,160	73	10,634	-	13,867	-	13,867
Total comprehensive income		-	-	-	3,160	73	10,634	10,410	24,277	-20	24,257
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	19	-	-	-	-	-	-27,605	-	-27,605	-400	-28,005
Purchase of own shares	19	-	-	-	-	-	7	-	7	-	7
Cancellation of own shares		-	-	-	-	-	-	-	-	-	-
Equity-settled share-based payments		-	-	-	-	-	-10	-	-10	-	-10
Tax movements directly in equity		-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders of the Company		-	-	-	-	-	-27,608	-	-27,608	-400	-28,008
Balance as at 30 June 2021		952	143,554	-	-6,278	-548	205,510	10,410	353,600	5,135	358,735

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unap-propriated result	Sub-total [1]	Non-controlling interest	Total
Balance as at 1 January 2020		1,063	143,554	-86	-1,531	-479	252,995	17,705	413,221	5,132	418,353
Addition from unappropriated result		-	-	-	-	-	17,705	-17,705	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	19,291	19,291	222	19,513
Other comprehensive income		-	-	-	-8,099	-779	-10,418	-	-19,296	-	-19,296
Total comprehensive income		-	-	-	-8,099	-779	-10,418	19,291	-5	222	217
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	19	-	-	-	-	-	-26,891	-	-26,891	-280	-27,171
Purchase of own shares	19	-	-	-22	-	-	-12,648	-	-12,670	-	-12,670
Equity-settled share-based payments		-	-	-	-	-	-39	-	-39	-	-39
Tax movements directly in equity		-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders of the Company		-	-	-22	-	-	-39,578	-	-39,600	-280	-39,880
Balance as at 30 June 2020		1,063	143,554	-108	-9,630	-1,258	220,704	19,291	373,616	5,074	378,690

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

Condensed consolidated statement of cash flows

In thousands of euro	Note	For the six months ended 30 June 2021	2020
Cash flows from operating activities			
Profit for the year		10,390	19,513
Adjustments for:			
Depreciation	14	17,299	16,241
Amortisation	15	5,223	4,476
Net (reversal of) impairment loss	14	551	-
Change in fair value of biological assets (unrealised)		51	-39
Net (reversal of) impairment loss on trade receivables		-105	274
Net finance result		2,586	3,180
Share of profit of equity-accounted investees, net of tax		-2,290	-2,673
Gain on sale of property, plant and equipment / investment property		-69	-265
Gain on sale of assets held for sale	9	-2,513	-
Equity-settled share-based payment expenses		155	159
Expenses related to post-employment defined benefit plans		459	506
Expenses related to long term incentive plans		500	578
Income tax expense		4,343	6,647
		36,580	48,597
Changes in:			
Inventories & biological assets		-1,097	-2,701
Trade and other receivables		-30,266	7,827
Trade and other payables		18,488	-19,493
Provisions and employee benefits		-5,566	-5,775
Cash generated from operating activities		18,139	28,455
Interest paid		-580	-761
Income taxes paid		-8,436	-13,465
Net cash from operating activities		9,123	14,229
Cash flows from investing activities			
Interest received		404	560
Dividends received from equity-accounted investees		2,429	1,752
Proceeds from sale of property, plant and equipment / investment property		1,145	846
Proceeds from sale of assets held for sale		3,054	-
Acquisition of subsidiaries, net of cash acquired	6	-25,035	-8,947
Acquisition of property, plant and equipment	14	-17,157	-10,950
Acquisition of intangible assets	15	-1,340	-454
Net cash used in investing activities		-36,500	-17,193
Cash flows from financing activities			
Purchase of own shares		7	-12,704
Proceeds from sale of treasury shares relating to employee participation plan	19	743	847
Repurchase of treasury shares relating to employee participation plan		-1,030	-1,166
Lease payments	23	-3,831	-3,271
Proceeds from borrowings	23	53,000	30,000
Repayment of borrowings	23	-20,000	-
Transaction costs related to borrowings		-120	-
Dividend paid	19	-26,810	-26,062
Net cash used in financing activities		1,959	-12,356
Net increase/decrease in cash and cash equivalents		-25,418	-15,320
Cash and cash equivalents at 1 January		38,033	15,359
Effect of movements in exchange rates on cash held		321	1,349
Cash and cash equivalents as at 30 June(1)	25	12,936	1,388

(1) Net of bank overdrafts

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Basis of preparation

1. ForFarmers N.V.

ForFarmers N.V. (thereafter 'the Company') is a public limited company domiciled in the Netherlands. The Company's registered office is at Kwinkweerd 12, 7241 CW Lochem. The condensed consolidated interim financial statements ('interim financial statements') for the six months ended 30 June 2021 comprise ForFarmers N.V. and its subsidiaries (jointly the 'Group' or 'ForFarmers') and the Group's interest in its joint venture and equity accounted investees.

ForFarmers N.V. is an international organisation that offers nutritional solutions for both conventional and organic livestock farms.

ForFarmers is registered in the Chamber of Commerce under number 081.59.661.

The interim financial statements were authorised for issuance by the Executive Board and Supervisory Board on 12 August 2021.

The interim financial statements in this report have not been audited.

2. Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'), which were 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 interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

A number of changes to existing standards are effective from 1 January 2021, but they do not have a material impact on the Group's financial statements.

For explanatory notes on the standards issued but not yet effective reference is made to Note 27.

Going concern principle

The interim financial statements were prepared in accordance with the going concern principle.

During the six months ended 30 June 2021 ForFarmers has not experienced material issues in its core processes as a result of the impact of and the measures regarding Covid-19. In addition ForFarmers has a strong balance sheet and solid financial position with sufficient cash and headroom in its credit facilities.

Comparative information

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

Functional and presentation currency

These interim 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 the euro, Pound sterling, and Polish zloty. Most of the subsidiaries' transactions, and resulting balance occur in their local and functional currency.

The following exchange rates have been applied:

Rate:	€1.00	€1.00
Rate as at 31 December 2019	£ 0.8508	zł 4.2568
Rate as at 30 June 2020	£ 0.9124	zł 4.4560
Rate as at 31 December 2020	£ 0.8990	zł 4.5597
Rate as at 30 June 2021	£ 0.8581	zł 4.5201
Average rate	€1.00	€1.00
H1 2020	£ 0.8746	zł 4.4119
H1 2021	£ 0.8680	zł 4.5374

3. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainties with respect to estimates were the same as those applied to the last annual financial statements.

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.

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 overseeing 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.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. 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 market to 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 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.

Performance for the period

4. Reportable 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, young animal feed and specialities, raw materials and coproducts, seeds and fertilisers. Core activities are production and delivery of feed, logistics and providing Total Feed solutions based on nutritional expertise.

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

B. Information of reportable segments

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

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

The Group is not reliant on any individual major customers.

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

		For the six months ended 30 June	
In thousands of euro	Note	2021	2020
Segment operating profit		15,029	26,667
Net finance result	11	-2,586	-3,180
Share of profit of equity-accounted investees, net of tax		2,290	2,673
Profit before tax		14,733	26,160

Reportable segments

For the six months ended 30 June 2021

In thousands of euro	the Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed revenues	574,014	273,224	247,834	-	1,095,072
Other revenue	112,893	32,994	73,617	-	219,504
External revenues	686,907	306,218	321,451	-	1,314,576
Inter-segment revenues	18,402	388	-	-18,790	-
Revenue	705,309	306,606	321,451	-18,790	1,314,576
Gross profit	128,076	34,022	55,186	176	217,460
Other operating income	1,738	254	813	-	2,805
Operating expenses	-102,739	-36,871	-58,344	-7,282	-205,236
Operating profit	27,075	-2,595	-2,345	-7,106	15,029
Depreciation, amortisation and impairment	8,037	4,422	8,392	2,222	23,073
EBITDA	35,112	1,827	6,047	-4,884	38,102
Property, plant and equipment	136,752	67,212	98,399	6,251	308,614
Intangible assets and goodwill	77,898	17,198	11,399	5,831	112,326
Equity-accounted investees	-	25,895	1,055	-	26,950
Other non-current assets	2,760	9,049	180	-1,044	10,945
Non-current assets	217,410	119,354	111,033	11,038	458,835
Current assets	232,784	159,196	109,506	-88,220	413,266
Total assets	450,194	278,550	220,539	-77,182	872,101
Equity	-203,303	-51,613	-15,690	-88,129	-358,735
Liabilities	-246,891	-226,937	-204,849	165,311	-513,366
Total equity and liabilities	-450,194	-278,550	-220,539	77,182	-872,101
Working capital	-4,180	55,261	8,123	-5,902	53,302
Capital expenditure (1)	8,684	4,820	2,992	1,827	18,323

For the six months ended 30 June 2020

In thousands of euro	the Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed	481,960	241,996	224,052	-	948,008
Other revenue	118,041	35,938	70,753	-	224,732
	600,001	277,934	294,805	-	1,172,740
Inter-segment revenues	15,523	243	-	-15,766	-
Revenue	615,524	278,177	294,805	-15,766	1,172,740
Gross profit	123,253	38,350	57,532	375	219,510
Other operating income	492	48	40	-	580
Operating expenses	-95,934	-36,231	-55,826	-5,432	-193,423
Operating profit	27,811	2,167	1,746	-5,057	26,667
Depreciation, amortisation and impairment	6,602	4,623	7,541	1,951	20,717
EBITDA	34,413	6,790	9,287	-3,106	47,384
At 31 December 2020					
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
For the six months ended 30 June 2020					
Capital expenditure (1)	3,575	2,876	4,820	2,049	13,320

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

5. Seasonality of operations

There is no significant seasonal pattern when comparing the first with the second half of the year.

6. Business combinations

Acquisitions 2021

During the six months ended 30 June 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 30 June 2021 the contingent considerations increased to €6.8 million due to the effect of discounting.

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

From the date of, revenue of De Hoop amounted to €50.8 million and the result after tax of €2.2 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 €59.5 million and the result after tax to €2.7 million for the period ending on 30 June 2021. Herewith, the Group consolidated revenues would have been €1,323 million and the Group consolidated profit €10.7 million for the period ending 30 June 2021. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

The provisional 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 the six months ended 30 June 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. 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).

Developments previous acquisitions

Tasomix Group (Poland)

The put option liability, which has to be paid in PLN, has been valued and amounts to €29,956 thousand, which represent its fair value at the date of acquisition. As at 30 June 2021 the put option liability amounts to €22,078 thousand (31 December 2020 €20,671 thousand). The increase of this liability relates to the discounting effect of €1,221 thousand (which has been recognised in the income statement as a non-operational finance result, refer to Note 12) and a foreign currency translation impact (€186 thousand included in other comprehensive income).

Acquisition related cash flows

The acquisition related cash flows in the six months ended 30 June 2021 amounting to €25.0 million relate to the acquisitions of De Hoop and Mühldorfer.

7. Disposals

There were no disposals in the six months ended 30 June 2021 (2020: idem).

8. Gross profit

Gross profit declined by €2.1 compared to the six months ended 30 June 2020. Excluding the foreign currency effect (€0.1 million positive) and net acquisition/divestment effect (€9.7 million positive) gross profit declined with €11.9 million as a result of lower volumes and margin pressure in several countries.

9. Other operating income

During the six months ended 30 June 2021 the other operating income mainly relates to the divestment of property in the United Kingdom (€0.8 million) and Belgium (€1.7 million).

The other operating income in the six months ended 30 June 2020 mainly relates to the sale of trucks in Belgium, resulting in a gain of €0.2 million.

10. Operating expenses

The increase in total operating expenses of €11.8 million contains a foreign currency effect of €0.1 million negative and a net acquisition/divestment effect of (€7.0 million negative). Without these effects the operating expenses go up by €4.7 million mainly due to additions to the provisions as a result of ongoing lawsuits and claims against ForFarmers (see note 22 for more information), increased prices for energy and costs for the launched BPO programme.

11. Net finance result

Net finance result amounts to €2.6 million adverse (30 June 2020: €3.2 million negative) and includes among others €1.2 interest accruals (loss) on the put-option liability relates to acquisitions.

12. Alternative performance measures

The Executive Committee has defined 'underlying metrics' as performance measures. These metrics exclude the impact of incidental factors from the IFRS values. The Executive Committee believes these underlying measures provide a better perspective of ForFarmers' business development and performance, as they exclude the impact of significant incidental items, which are considered to be non-recurring, and are not directly related to the operational performance of ForFarmers. The underlying metrics are reported at the level of operating expenses, EBITDA, EBIT and profit attributable to Shareholders of the Company.

Four types of adjustments are distinguished:

i) Impairments of tangible and intangible fixed assets; ii) Business combinations and Disposal of assets and interests and divestment related items, including amortisation of acquired intangible assets, the discounted/fair value changes on earn-out arrangements and options, and dividends relating to plans and options, and dividends relating to minority interests in anticipated acquisitions; iii) Restructuring; and iv) Other, consisting of other non-recurring non-operating effects.
non-recurring non-operating effects.

The Group's definition of underlying metrics may not be comparable with similarly titled performance measures and disclosures by other companies.

For the six months ended 30 June 2021

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Re-structuring	Other	Total APM items	Underlying excluding APM items
EBITDA (1)	38,102		2,513	-2,168	-3,018	-2,673	40,775
EBIT	15,029	-551	-1,655	-2,168	-3,018	-7,392	22,421
Net finance result			-1,297			-1,297	
Tax effect		111	531	536	-	1,178	
Profit attributable to Shareholders of the Company	10,410	-440	-2,421	-1,632	-3,018	-7,511	17,921
Earnings per share in euro (2)	0.10	-	-0.02	-0.02	-0.03	-0.07	0.17

For the six months ended 30 June 2020

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Re-structuring	Other	Total APM items	Underlying excluding APM items
EBITDA (1)	47,384		-215	-611		-826	48,210
EBIT	26,667		-3,906	-611		-4,517	31,184
Net finance result			-1,620			-1,620	
Tax effect			892	137		1,029	
Profit attributable to Shareholders of the Company	19,291		-4,634	-474		-5,108	24,399
Earnings per share in euro (2)	0.20		-0.05	-		-0.05	0.25

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

The Alternative Performance Measures (APM) items before tax in the six months ended 30 June 2021 comprise:

i) Impairments: €0.6 million regarding assets which are no longer in use.
ii) Business Combinations and Divestments: €2.5 million (gain) due to the disposal of a mill in the United Kingdom and one mill in Belgium, and €4.2 million (loss) as a result of the amortisation of acquired intangible assets (net EBIT impact €1.7 million (loss)). Furthermore, €1.3 million finance result mainly as a result of an accrual (loss) of the put-option liability regarding the acquisition of Tasomix.
iii) Restructering: €2.2 million restructering costs regarding projects in various countries related to the costs efficiency program.
iv) Other: €3.0 million additions to the provisions as a result of ongoing lawsuits and claims against ForFarmers.

The Alternative Performance Measures (APM) items before tax in the six months ended 30 June 2020 comprise:

i) Impairments: Nil in the the six months ended 30 June 2020.
ii) Business Combinations and Divestments: €1.6 million finance result as a result of an accrual (loss) of the put-option liability regarding the acquisition of Tasomix, an increase of the contingent consideration of Wilde Agriculture Ltd and €0.2 million as a result of the final settlement of Vleuten-Steijn with the former owners. Furthermore, €3.7 million (loss) as a result of the amortisation of acquired intangible assets.
iii) Restructering €0.6 million restructering costs regarding projects in various countries related to the announced costs efficiency program.
iv) Other: Nil in the the six months ended 30 June 2020.

Taking the APM items into account, the underlying effective tax rate for the first six months ended 30 June 2021 would be 26,1% (30 June 2020: 25,9%).

Income taxes

13. Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income (excluding the share of the result participation accounted for based on the equity method, after taxes) of the interim reporting period.

The Group's consolidated effective tax rate for the six months ended 30 June 2021 is 34.9% (six months ended 30 June 2020: 28.3%). The higher effective tax rates compared to 2020 is mainly the result of an adjustment to the deferred tax rate in the United Kingdom.

As of 30 June 2021 a net current tax asset has been recognised amounting to €3.8 million (31 December 2020: net tax asset of €2.6 million) as a result of prepayments in the first half of the year exceeding the current tax liability based on realised taxable profits in the six months ended 30 June 2021.

Assets

14. Property, pland and equipment

Property, plant and equipment includes owned assets as well as right-of-use assets.

In thousands of euro	30 June 2021	31 December 2020
Assets		
Property, plant and equipment, owned	280,615	264,924
Right-of-use asset	27,999	27,532
Property, plant and equipment	**308,614**	**292,456**

Movements on property, plant and equipment (owned assets) during the six months ended 30 June 2021 are specified as follows:

In thousands of euro	Note	Total
Cost		
Balance as at 1 January 2021		557,780
Acquisitions through business combinations		9,823
Additions		16,983
Reclassification		-
Reclassification to assets held for sale	18	-405
Reclassification from right-of-use asset	14	43
Disposals		-8,816
Effect of movements in exchange rates		6,847
Balance as at 30 June 2021		**582,255**
Accumulated depreciation and impairment losses		
Balance as at 1 January 2021		-292,856
Depreciation		-13,974
(Reversal of) impairment losses on plant and equipment		-110
Reclassification to assets held for sale		186
Reclassification from right-of-use asset		-20
Disposals		7,741
Effect of movements in exchange rates		-2,607
Balance as at 30 June 2021		**-301,640**
Carrying amounts		
At 1 January 2021		264,924
At 30 June 2021		280,615

The assets acquired through business combinations relate to the assets of De Hoop. Refer to note 6 Business combinations for more information.

The investments amount to €17.0 million (2020: €12.9 million), with mainly expenditures to maintain and enhance the performance and efficiency of the production facilities.

Reclassification to assets held for sale consist of assets in Poland that have been replaced and are available for sale.

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

Movements on right-of-use assets during the six months ended 30 June 2021 are specified as follows:

In thousands of euro	Note	Total
Cost		
Balance as at 1 January 2021		36,337
New lease contracts		2,981
Acquisitions through business combinations		167
Lease contracts ended		-1,480
Reclassification to tangible assets, owned		-43
Remeasurement		130
Effect of movements in exchange rates		687
Balance as at 30 June 2021		**38,779**
Accumulated depreciation and impairment losses		
Balance as at 1 January 2021		-8,805
Depreciation		-3,325
Lease contracts ended		1,480
Reclassification to tangible assets, owned		20
Effect of movements in exchange rates		-150
Balance as at 30 June 2021		**-10,780**
Carrying amounts		
At 1 January 2021		27,532
At 30 June 2021		27,999

The new and ended lease contracts mainly relate to lease cars in the Netherlands and the United Kingdom.

15. Intangible assets and goodwill

Movements on intangible assets and goodwill during the six months ended 30 June 2021 are specified as follows:

In thousands of euro	Note	Goodwill	Intangible assets	Total
Cost				
Balance as at 1 January 2021		108,240	96,704	204,944
Acquisitions through business combinations		8,051	11,600	19,651
Additions		-	1,340	1,340
Disposals		-	-103	-103
Effect of movements in exchange rates		1,392	1,728	3,120
Balance as at 30 June 2021		117,683	111,269	228,952
Accumulated amortisation and impairment losses				
Balance as at 1 January 2021		-58,299	-50,352	-108,651
Amortisation		-	-5,223	-5,223
Impairment losses on intangible assets		-	-441	-441
Disposals		-	103	103
Effect of movements in exchange rates		-1,392	-1,022	-2,414
Balance as at 30 June 2021		-59,691	-56,935	-116,626
Carrying amounts				
At 1 January 2021		49,941	46,352	96,293
At 30 June 2021		57,992	54,334	112,326

The increase in intangible assets mainly relates to the acquisition of De Hoop and activities of Mühldorfer. Refer to note 6 Business combinations for more information.

The additions mainly relate to acquired software to support business and processes.

For each cash generating unit, the goodwill is tested annually for impairment in the third quarter. Moreover, for the publication of half-year figures and the annual report 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 six months ended 30 June 2021 no triggers for goodwill impairment were identified in the key assumptions, as applied in the annual impairment test.

16. Equity-accounted investees

The amounts under equity-accounted investeeds (€ 27.0 million per 30 juni 2021, respectively € 26.5 million per 31 december 2020) mainly relate to HaBeMa Futtermittel Produktions- und Umschlagsgesellschaft GmbH & Co. KG (HaBeMa), a 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 transshipment, 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 and consistent with the last annual financial statements, 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.

17. Inventory

At 30 June 2021 the total of inventories increased by €6.2 million to €99.9 million. The increase is mainly due to an acquisition effect of €2.4 million and increasing raw material prices.

For the six months ended 30 June 2021 there were no material inventory write-downs recognised in the statement of profit or loss (six months ended 30 June 2020: idem).

18. Assets held for sale

During the six months ended 30 June 2021, the assets of one mill in the United Kingdom and one mill in Belgium are sold, which were held for sale at year-end.

The assets held for sale as at 30 June 2021 relate to assets in Poland and the Netherlands. Efforts to sell the assets have started and a sale is expected in the near future.

Equity and liabilities

19. Equity

At 30 June 2021 the authorised share capital comprised 95,218,821 ordinary shares and 1 prioiruty share of €0.01 each. At balance sheet date all shares were issued and fully paid

Dividend

At the General Meeting of 23 April 2021 the dividend over 2020 was approved at € 0.29 per ordinary share. The total dividend amounts to €28.0 million (including dividend tax to be paid to the tax authorities).

In accordance with the dividend policy the payable dividend is offset (if applicable) with outstanding Group trade receivables and the receivable from the Coöperatie FromFarmers U.A. This results in an actual payment of dividend (including dividend tax to be paid to the tax authorities) in 2021 of €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.

20. Share-based payment arrangement

On 23 april 2021 the Group launched two employee participation plans. One plan relates to members of the Executive Committee and senior management, the other plan relates to other employees. The conditions of both plans are consistent with the participation plans applicable for 2020, which have been disclosed in the notes of the last annual financial statements.

The value of the depositary receipts of the Company, for which the employee could buy their depositary receipts, was determined as the average Euronext closing price in the 5 trading days during the period 28 April 2021 up to and including 4 May 2021 and amounted to €5.58.

The total number of participants of all active employee participation plans comprises 13,3% of the total number of the Group's employees.

21. Employee benefits

Consistent with the last annual financial statements, separate employee benefit plans are applicable in the various countries where the Group operates.

In thousands of euro	Note	30 June 2021	31 December 2020
Liability for net defined benefit obligations		30,768	46,705
Liability for other long-term service plans		5,131	4,748
Total		35,899	51,453

The following table shows a reconciliation from the opening balance to the closing balances for the net defined benefit liability and its components.

In thousands of euro	Total net defined benefit liability
Balance at 1 January 2021	46,705
Included in profit or loss	
Current service cost	458
Interest cost (income)	270
	727
Included in Other Comprehensive Income	
Remeasurement loss (gain)	-12,185
Effect of movements in exchange rates	991
	-11,194
Other	
Employer contributions (to plan assets)	-5,471
	-5,471
Balance as at 30 June 2021	30,768

The remeasurement gain of €12.2 million is mainly caused by actuarial gain due to the increased interest rate and a changed assumption for inflation in the United Kingdom for the six months ended 30 June 2021.

22. Provisions

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 the six months ended 30 June 2021 ForFarmers received among other additional information regarding the legal procedures which the UK Health and Safety Executive started in 2020.

Financial instruments

23. Financial instruments

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.

30 June 2021

					Carrying amount	Fair value level			
In thousands of euro	Note	Mandatory at FVTPL - others (1)	Fair value - hedging instruments	Amortized costs	Total	1	2	3	Total
Financial assets measured at fair value									
Fuel swaps used for hedging (derivatives)		-	20	-	20	-	20	-	20
		-	20	-	20	-	20	-	20
Financial assets not measured at fair value									
Equity securities (other investments)		-	-	28	28	-	-	-	-
Trade and other receivables (2)		-	-	262,384	262,384	-	-	-	-
Cash and cash equivalents		-	-	45,857	45,857	-	-	-	-
		-	-	308,269	308,269	-	-	-	-
Financial liabilities measured at fair value									
Contingent consideration		-8,071	-	-	-8,071	-	-	-8,071	-8,071
Put option liability		-22,078	-	-	-22,078	-	-	-22,078	-22,078
Forward exchange contracts used for hedging (derivatives)		-	-	-	-	-	-	-	-
Fuel swaps used for hedging (derivatives)		-	-	-	-	-	-	-	-
		-30,149	-	-	-30,149	-	-	-30,149	-30,149
Financial liabilities not measured at fair value									
Bank overdrafts		-	-	-32,921	-32,921	-	-	-	-
Loans and borrowings		-	-	-55,375	-55,375	-	-	-	-
Lease liabilities		-	-	-28,636	-28,636	-	-	-	-
Trade and other payables (3)		-	-	-307,718	-307,718	-	-	-	-
		-	-	-424,650	-424,650	-	-	-	-

(1) Fair value through profit and loss
(2) Excluding derivatives and other investments
(3) Excluding contingent considerations and the put option liability

The following table show the valuation technique used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

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.

Net debt

The net debt position increased to €42.4 million (31 December 2020: €15.8 million net cash).

During the six months ended 30 June 2021 the cash flows relating to the dividend payment (€26.8 million), the payments for the acquisition of De Hoop and the activities from Mühldorfer (€25.0) and investments (€18.5 million) in total were higher than the cash flow from operating activities (€9.1 million).

Exposure to commodity risk

The Group uses derivatives to hedge the risks associated with fuel prices. In the frame of these cash flow hedges, maturities relate to realisation dates of hedged items and therefore cash flow hedge accounting is applied.

Other information

24. Commitments and contingencies

Due to increased raw material prices the purchase commitments for raw materials increased compared to 31 december 2020 by €142.3 million to €643.5 million. The other commitments and contingencies, as disclosed in the last annual financial statements, did not change materially during the six months ended 30 June 2021.

25. Related parties

During the six months ended 30 June 2021 there were no material changes in respect of the nature and size of the related parties compared with the last annual financial statements.

26. Events after the reporting date

No major events after the reporting date have occured.

27. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. These changes do not have a material effect on the Group. Furthermore, the Group has not early adopted any of the forthcoming standards.

Lochem, 13 August 2021

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

Supervisory Board ForFarmers N.V.
Jan van Nieuwenhuizen, Chairman
Sandra Addink-Berendsen, Vice-Chair
Roger Gerritzen
Vincent Hulshof
Annemieke den Otter
Erwin Wunnekink