

ForFarmers 2023 first-half results

Results highlight importance of revised strategy and cost savings

Commenting on the 2023 first-half results ForFarmers CEO Pieter Wolleswinkel said:

“The sharp decline in the result in the first six months of 2023 underlines the importance of the revised strategy, which is decisively being implemented during this transitional year. Price competition increased amid volatile market conditions, putting further pressure on our volumes and thus also on our gross profit. The answer to this challenge lies in implementing the strategy, in which local responsibility with commercial flexibility and a differentiated approach is key. The reorganisation that this requires is being implemented this year. The outcome is a given: fewer management positions and short lines to the customer. Feed quality is paramount in our offering to customers. We use our knowledge of nutrition and are enforcing cost saving programmes to offer competitive selling prices in our local markets. This approach must lead to improved volume and thus gross profit development. We are convinced that in our markets we can contribute to a strong agricultural chain in which sustainability and returns go hand in hand. We are making progress in ESG; we are increasingly working with farmers and chain partners to further reduce our carbon footprint by, for example, using more residual flows and by providing specific advice. Geographically, choices have been made. We expect to finalise the announced sale of the activities in Belgium by the end of the third quarter. An associated impairment charge has already been included in these results. The choices we have made in the Germany/Poland cluster are encouraging, as evidenced by the results, as is our choice for a differentiated approach to the ruminant sector in the United Kingdom. This underpins our confidence that the second half-year will be better than the first half-year, barring unforeseen circumstances. With our strategy and committed employees, we can make a constructive contribution to a sound, sustainable future for our sector and our stakeholders. The recently announced acquisition of Piast in Poland, which expands our position in this growth market, is an example to this end”.

Consolidated key figures

For the six months ended 30 June

In millions of euro (unless indicated otherwise)	2023	2022	Total change in %	Note
Total volume (incl. co-products & others; x 1.000 tonnes)	4,310	4,526	-4.8%	Relatively smaller decline in co-products & other than in compound feed volumes
Of which compound feed (x 1.000 tonnes)	2,995	3,187	-6.0%	Decline in swine sector (price competition); decline in broilers (welfare concepts in NL and avian flu in UK, but growth in PL); increase in ruminant sector (success in UK)
Revenue	1,606.5	1,597.3	0.6%	Due to the use of differentiation
Gross profit	234.8	257.3	-8.7%	Due to price competition resulting in lower volumes, price volatility in raw materials and fertilizer (mainly in NL/BE)
Operating expenses	(241.3)	(238.3)	1.3%	Wage indexation higher than effect decline FTEs, lower production costs (drop in volume and lower energy prices), release from the provision for bad debts
Underlying operating expenses	(226.7)	(233.4)	-2.9%	Excl. incidental losses such as impairment of Belgian activities and restructuring costs (factory closures, reorganisation)
EBITDA	20.4	42.3	-51.8%	Including €6.1 million in incidental losses (see note 12, pages 21, 22)
Underlying² EBITDA	26.5	43.1	-38.5%	Decline in gross profit greater than reduction in underlying business expenses
EBIT	(6.0)	19.1	-131.4%	Including €14.6 million in incidental losses, of which €10.5 million for transition year (see note 12)
Underlying EBIT	8.6	24.1	-64.3%	
Profit / (Loss) attributable to shareholders of the Company	(14.4)	11.1	-229.7%	Including €18.8 million in incidental losses (see note 12)
Underlying profit	4.4	17.1	-74.3%	
Net cash from operating activities	20.9	(8.8)	337.5%	Mainly due to falling raw material prices and a lower receivables position
Underlying EBITDA / Gross profit	11.3%	16.8%	-32.7%	
ROACE ² on underlying EBIT	4.8%	8.5%		
ROACE ² on underlying EBITDA	12.2%	16.2%		
Underlying earnings per share (x €1)	0.05	0.19	-73.7%	

¹ Underlying means excluding non-recurring items (see note 12 of the interim report regarding the Alternative Performance Measures (APMs)).

² ROACE is defined as underlying EBITDA/EBIT divided by 12-month average capital employed.

General note: percentages are presented based on rounded amounts in millions of euros. This may result in slight differences when numbers are added.

Explanatory notes

The results in the first half of 2023 are compared against the good results in the first half of 2022 which were mainly due to a strong second quarter in 2022.

In the first half of 2023 livestock farmers faced:

- Ongoing discussions about additional legislation and regulations, mainly in the area of sustainability;
- Changeable weather conditions, with a wet spring and a dry, hot start to the summer;
- The effects of avian influenza outbreaks, mainly in the United Kingdom, Germany and Belgium;
- Relatively high prices, in particular for meat and eggs, and relatively high feed prices.

Other market conditions:

- Prices of raw materials, energy and fuel started falling at the beginning of 2023 and were lower than a year earlier;
- Fertilizer prices fell sharply due to lower gas prices and a drop in demand;
- Inflation remained high, impacting consumer demand for meat and dairy products;
- This also applied specifically to organic products and horse feed;
- Shrinking herds in Northwest Europe are leading to overcapacity in feed production.

Notes on strategic decisions

First and foremost the launch of Strategy 2025 will result in improved volume and gross profit development. This will be driven by operating locally, closer to the customer, and focusing on a differentiated offering for each product/market combination, enabling more competitive pricing. The decision to sell the compound feed activities in Belgium was a consequence of this strategy.

In addition, the following cost-saving programmes have been implemented in order to achieve a structural reduction in the cost base:

- Downsizing the workforce by 100 FTEs (compared to end-2022); this has already largely been achieved through attrition and job cuts in the United Kingdom and the Netherlands;
- Further reducing the number of management positions;
- Optimising factory utilisation levels by relocating production;
- Making more focused choices with regard to the UK portfolio.

Explanatory notes summary consolidated statement of financial position

Summary consolidated statement of financial position

In millions of euro	30 juni 2023	31 december 2022
Total Assets	912.2	1,020.4
Equity	308.9	344.2
Solvency ratio¹	33.9%	33.7%
Net working capital	30.6	38.6
• Current assets ²	405.5	490.4
• Current liabilities ³	374.9	451.8
Overdue receivables	10.1%	10.6%
Net Debt / (Cash)⁴	86.9	68.6
IFRS 16 Lease liabilities	31.4	29.8

¹ The solvency ratio is defined as equity divided by the balance sheet total.

² Current assets excluding cash and cash equivalents and assets held for sale.

³ Current liabilities excluding overdrafts, loans and lease commitments.

⁴ Excluding lease liabilities under IFRS 16.

General note: Rounding may result in slight differences when numbers are added.

Capital structure and solvency

Group equity

The decline (€35.3 million) is the balance of the loss recognised in the first half of 2023 (€12.8 million), the distribution of dividend (€18.3 million), the cost of the share buyback programme (€0.9 million) and other comprehensive income which was recognised directly in equity (total charge of €3.3 million), mainly due to the net revaluations of the pension liability as a result of the changed market value of the plan assets.

Solvency

Virtually unchanged, partly due to the lower balance sheet total.

Current assets

The decline is mainly attributable to the drop in raw material prices and trade receivables.

Net debt position

The increase (€18.3 million) in the net amount of long-term and short-term bank loans and other borrowings minus available cash and cash equivalents is attributable to the considerable drop in underlying EBITDA, despite a reduction in working capital and lower amounts spent on dividend distribution and the share buy-back programme.

Net working capital

The decline is mainly due to falling raw material prices.

Overdue receivables

The improvement is partly due to higher pig prices making it easier for pig farmers to pay on time.

ROACE

ROACE (based on underlying EBIT) declined from 8.5% to 4.8% as a result of the drop in underlying EBIT.

Results by cluster

Netherlands/Belgium

For the six months ended 30 June

in millions of euro	2023	2022	Δ%
Total volumes (compound feed, co-products and others) (x 1.000 tonnes)	2,196	2,344	-6.3%
Revenue	826.4	846.5	-2.4%
Gross profit	121.1	144.6	-16.3%
Other operating income	0.1	0.1	0.0%
Operating expenses	-124.2	-122.8	1.1%
Underlying operating expenses	-114.6	-120.8	-5.1%
EBIT	-3.0	21.9	-113.7%
Underlying EBIT	6.6	23.9	-72.4%
Add back: depreciation, amortisation and impairment	12.3	7.8	57.7%
Add back: underlying depreciation, amortisation and impairment	6.1	6.2	-1.6%
EBITDA	9.3	29.7	-68.7%
Underlying EBITDA	12.7	30.1	-57.8%
Underlying EBITDA / Gross profit	10.5%	20.8%	-49.6%
ROACE on underlying EBIT	8.7%	21.1%	-58.8%
ROACE on underlying EBITDA	14.4%	27.2%	-46.8%

Cluster-specific developments

- The unrest surrounding the nitrogen policy and the future prospects for livestock farmers continues; ForFarmers contributes to making the sector more sustainable by focusing on innovation. An example is the launch of a fund focused on monetising the use of manure (*Innovatiefonds Mestverwaarding*), which involves ForFarmers company Farmconsult providing dairy farmers with knowledge and advice to help them explore new business models in the area of manure processing.
- Two buy-out schemes came into force in the Netherlands on 3 July, aimed at high nitrogen emitters among others; the actual impact that these will have on the feed market remains to be seen.
- Fewer pigs were slaughtered than a year earlier; there are fewer sows and piglets than a year ago. ForFarmers is addressing this with a differentiated approach which will give us an edge to win back volumes.
- There are a growing number of collaborations in the supply chain aimed at achieving a sustainable transition of the agricultural sector; collaborating in the chain is one of ForFarmers' strategic principles.

Further details on the results in the Netherlands/Belgium

- Volume**
- Decline mainly in the swine sector due to price competition and farmers leaving the industry;
 - Volume development in the Netherlands was relatively stable in the ruminant sector;
 - Growth in the *Beter Leven Kip* concepts: this means fewer broilers per m² and thus fewer animals given the expansion restrictions on poultry farmers in the Netherlands and Belgium;
 - Sales to layer farmers were lower due to feed production in Belgium being discontinued in the second quarter of 2022.
- Gross profit**
- The decline reflects the volatile markets and increased price competition and the resulting lower volumes, as well as the fall in fertilizer prices.
- Underlying operating expenses**
- Small increase in staffing costs due to wage indexation combined with a reduction in the number of FTEs;
 - Production expenses were down due to lower volumes and lower energy costs;
 - Release from the provision for bad debts, mainly due to the effect of the increase in pig prices.
- Underlying EBITDA**
- The savings were not sufficient to offset the effect of the drop in volumes and gross profit.

The substantial increase in the item depreciation, amortisation and impairment is attributable to the impairment charge (€4.7 million) that was taken in view of the announced sale of the compound feed activities in Belgium.

- Reudink & Pavo**
- High inflation is impacting consumer buying behaviour and thus volumes.

Germany/Poland

For the six months ended 30 June

in millions of euro	2023	2022	Δ%
Total volumes (compound feed, co-products and others) (x 1.000 tonnes)	955	1,004	-4.9%
Revenue	410.8	397.5	3.3%
Gross profit	51.7	48.6	6.4%
Other operating income	0.3	-	100.0%
Operating expenses	-44.1	-42.0	5.0%
Underlying operating expenses	-43.1	-40.9	5.4%
EBIT	7.9	6.6	19.7%
Underlying EBIT	9.0	7.7	16.9%
Add back: depreciation, amortisation and impairment	4.5	4.4	2.3%
Add back: underlying depreciation, amortisation and impairment	3.5	3.3	6.1%
EBITDA	12.4	11.0	12.7%
Underlying EBITDA	12.5	11.0	13.6%
Underlying EBITDA / Gross profit	24.2%	22.6%	6.8%
ROACE on underlying EBIT	11.6%	7.7%	51.5%
ROACE on underlying EBITDA	16.2%	12.1%	33.8%

Cluster-specific developments

- Demand for poultry products in Poland normalised somewhat after the sharp increase following the Russian invasion of Ukraine in February 2022.
- Consumer demand for poultry products is growing at the expense of demand for pig products; ForFarmers is responding to this in Germany by increasing its focus on catering to the needs of layer farmers.
- There is growing interest in the use of alternative protein sources in livestock feed; sales of ForFarmers poultry feed containing PAPs (processed animal proteins) are increasing.

Further details on the results in Germany/Poland

- Volume**
- Decline mainly in the swine sector due to both market circumstances and returns-driven management; also some volume decline in the ruminant sector;
 - Strong growth in sales to broiler farmers, partly due to the acquisition of new customers in Poland;
 - Focus on layer farmers in Germany is leading to a stronger market position in a slightly declining market.
- Gross profit**
- Increase due to effective use of differentiation.
- Underlying operating expenses**
- Despite wage inflation, staffing costs were virtually stable due to a reduction in FTEs;
 - Production costs were higher, mainly in Poland and as a result of higher maintenance costs in Germany;
 - Logistics costs increased due to higher contract prices with third parties.
- Underlying EBITDA**
- Increase due to the rise in gross profit being greater than the rise in operating expenses.

United Kingdom

For the six months ended 30 June

in millions of euro	2023	2022	Δ%
Total volumes (compound feed, co-products and others) (x 1.000 tonnes)	1,159	1,177	-1.5%
Revenue	394.3	378.1	4.3%
Gross profit	61.7	63.8	-3.3%
Other operating income	0.1	0.1	0.0%
Operating expenses	-66.3	-65.3	1.5%
Underlying operating expenses	-63.4	-63.4	0.0%
EBIT	-4.5	-1.5	-200.0%
Underlying EBIT	-1.6	0.5	-420.0%
Add back: depreciation, amortisation and impairment	7.4	8.7	-14.9%
Add back: underlying depreciation, amortisation and impairment	6.1	7.2	-15.3%
EBITDA	2.9	7.2	-59.7%
Underlying EBITDA	4.5	7.7	-41.6%
Underlying EBITDA / Gross profit	7.3%	12.1%	-39.6%
ROACE on underlying EBIT	0.2%	0.6%	-67.6%
ROACE on underlying EBITDA	11.0%	11.7%	-5.4%

Cluster-specific developments

- The dairy herd remained virtually stable, as did milk production; this supports ForFarmers' growth ambitions in this segment.
- In the first half of 2023 the pig population was roughly 10% smaller compared to a year earlier; this was mainly due to a decline in the number of sows.
- The free pig market is getting progressively smaller as a growing number of pig farmers join integrations.
- In early 2023 ForFarmers UK and poultry feed manufacturer 2Agriculture decided to abandon the planned merger of their businesses announced in 2022; as a result ForFarmers does not have access to the large section of the poultry market that is already integrated;
- In order to improve returns ForFarmers UK is cutting jobs and has made more focused choices with regard to the UK portfolio.

Further details on the results in the United Kingdom

- Volume**
- Sharp increase in sales to dairy farmers thanks to a successful specialised and differentiated approach;
 - The decline in the swine sector was slightly greater than the decline in the overall market due to the loss of customers to integrations;
 - Poultry volumes declined due to the effects of avian influenza and price competition, and some farmers increasingly opting for home-mixing;
 - Sales of co-products increased in line with the Going Circular policy.
- Gross profit**
- Slight decline as a result of volatile markets and competition.
- Underlying operating expenses**
- Stable operating expenses thanks to a focus on efficiency, lower energy costs, a reduction in the number of FTEs and despite higher staffing expenses as a result of wage indexation.
- Underlying EBITDA**
- Lower due to a decline in gross profit.

Sustainability and innovation

ForFarmers' 'For the Future of Farming' mission underlines the company's full commitment to a sustainable livestock farming sector, both ecologically and economically. As part of its Strategy 2025 ForFarmers is explicitly focused on sustainable solutions which address societal topics such as the use of alternative raw materials, circularity and the further reduction of nitrogen and other emissions. Such ESG (Environmental Social Governance) concepts require chain parties to work together in the various markets. A recent example of this is the establishment of the Public-Private Partnership (PPP) in which ForFarmers collaborates with fellow feed companies, Wageningen University & Research (WUR), food producers including Unilever, Cono Kaasmakers, Nestlé, Vreugdenhil Dairy Foods, and other parties such as Rabobank and Lely. The partnership aims to achieve a 50% reduction in the carbon footprint of milk by 2030.

Furthermore ForFarmers is giving its Going Circular sustainability agenda an extra boost, for example by increasing the use of moist co-products and residual flows from the food industry which are marketed under the recently launched brand name 'CirQlar'.

A detailed description of the Going Circular objectives and related KPIs can be found in the 2022 Annual Report.

The following KPIs are reported on in both the interim and the annual report:

KPI	1H 2023	1H 2022
GHG Emissions Production (Kg CO ₂ per tonne)	12.4	11.7
GHG Emissions Logistics (Kg CO ₂ per tonne)	8.2	7.9
LTIs	12	9

Although energy consumption in the first half of 2023 was lower than in the same period last year, greenhouse gas emissions per tonne were higher due to the conversion factors, particularly for electricity in the Netherlands. This reflects the mix of renewable and other energy purchased, with nuclear power accounting for a larger share of the mix in 2022. In Poland lower gas and coal consumption in the first six months of 2023 had a positive impact on greenhouse gas emissions in the production processes. On an annual basis greenhouse gas emissions have shown a downward trend for several years now.

An example of an initiative undertaken by ForFarmers to reduce greenhouse gas emissions is *Oxe geeft Gas* (Oxe provides gas), which involves working with regional dairy farmers who supply biogas to the company's production site in Deventer.

The number of Lost Time Incidents (LTIs) in the first six months of 2023 was higher than a year earlier. Ongoing reduction in the number of LTIs requires constant attention in the form of training courses, communication and everyday practice, especially among new employees.

Subsequent events

At the end of July ForFarmers announced the acquisition of Polish poultry feed producer Piast. The acquisition will increase the volume of ForFarmers/Tasomix in Poland by 410,000 tonnes and strengthen the company's position, particularly in the broiler sector. Piast focuses mainly on the production of feed for the broiler sector and to a lesser extent on the dairy and swine sectors. Piast employs around 220 people (management, sales and production) at four production sites. The location of Piast's factories relative to the ForFarmers/Tasomix mills will enable the creation of dedicated production lines to increase production efficiency while the wider geographical spread provides opportunities to further grow the customer base. In addition Piast is the owner of two unique feed production technologies which are cost-efficient, can be effectively applied by ForFarmers/Tasomix and moreover are consistent with the ForFarmers' sustainability policy. The acquisition is subject to approval by the Polish competition authority and is expected to be completed in the fourth quarter of 2023.

General market outlook

Macroeconomic and geopolitical conditions remain turbulent. Raw material prices are therefore expected to remain volatile and relatively high, with the same applying to energy, labour and transport costs. Consumer confidence and disposable income will be affected as a result. At the same time there is growing pressure on the agricultural sector to further increase sustainability, to move towards extensive farming and to focus less on quantity (exports) and more on quality (welfare concepts). This poses challenges but also presents various opportunities.

Innovation, further improving feed conversion and providing sustainable feed concepts that reduce the carbon footprint both on-farm and in the chain will become increasingly important. There will also be growing demand for organic feed solutions and advice. ForFarmers has all the attributes to deliver these solutions amid these trends and thus further expand its position, both in conventional markets and in the growing organic market through Reudink.

The strategic choices we have made underpin our confidence that the second half-year will be better than the first half-year, barring unforeseen circumstances.

In control statement

The Executive Board of ForFarmers N.V. hereby affirms that, to the best of its knowledge, the 2022 interim report provides a true and fair view of the condensed consolidated balance sheet, the condensed income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and the notes to the condensed consolidated interim results, as required under the Dutch Financial Supervision Act (Wft).

This press release contains information that qualifies as inside information within the meaning of Article 7 paragraph 1 of the EU Market Abuse Regulation.

Lochem, 9 August 2023

The Executive Board of ForFarmers N.V.

Pieter Wolleswinkel, CEO

Roeland Tjebbes, CFO

Rob Kiers, COO

Other information

Audio webcasts

For the media

The Executive Board will expand on the ForFarmers 2023 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 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

The Executive Board will expand on the ForFarmers 2023 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.

Note to the editor / For further information:

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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 underpins its commitment both to the continuity of farming and to further increasing the sustainability of the agricultural sector. ForFarmers is a prominent player in Europe with annual sales of approximately 9 million tonnes of animal feed and is active in the Netherlands, Belgium, Germany, Poland and the United Kingdom. ForFarmers has around 2,500 employees and in 2022 generated revenue of approximately €3.3 billion. ForFarmers N.V. is listed on Euronext Amsterdam.

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Notifications and disclaimer

Reporting standards

Publication of 2023 interim report

The 2023 interim report (including the condensed consolidated interim financial results) is available on the ForFarmers website (www.forfarmersgroup.eu) as of 10 August 2023.

Reporting standards

The numbers in this press release are derived from the unaudited ForFarmers 2023 interim financial statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

General note: 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 traded on Euronext Amsterdam ForFarmers operates under the supervision of the Dutch Authority for the Financial Markets (AFM) and acts in accordance with the rules applicable to securities-issuing companies.

Important dates

Financial calendar

3 November 2023	Q3 2023 trading update
22 February 2024	Publication of 2023 annual results and annual report
11 April 2024	Annual General Meeting of Shareholders
2 May 2024	Q1 2024 trading update
8 August 2024	2024 Half-year results

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, contain phrases such as "intends to", "expects", "takes into account", "is aimed at", "plans to", "estimates" and/or 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 current expectations include, but are not limited to developments in legislation, technology, taxation, jurisprudence and regulations, share price fluctuations, legal proceedings, 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 most recently published annual report. The forward-looking statements in this press release relate solely to 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.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of financial position

in millions of euro (before result appropriation)	note	30 June 2023	31 December 2022
Assets			
Property, plant and equipment	14	299.6	311.8
Intangible assets and goodwill	15	92.8	105.2
Investment property		0.6	0.6
Trade and other receivables	18	2.5	3.4
Equity-accounted investees	16	33.0	32.0
Deferred tax assets		5.3	2.5
Employee benefits		–	5.8
Non-current assets		433.8	461.3
Inventories	17	110.6	152.1
Biological assets		11.4	6.1
Trade and other receivables	18	281.6	330.7
Current tax assets		1.9	1.5
Cash and cash equivalents		46.9	68.4
Assets held for sale	19	26.0	0.3
Current assets		478.4	559.1
Total assets		912.2	1,020.4
Equity			
Share capital		0.9	0.9
Share premium		143.6	143.6
Treasury share reserve		0.0	0.0
Translation reserve		–5.7	–10.5
Hedging reserve		–1.2	–1.2
Other reserves and retained earnings		175.4	184.3
Unappropriated result		–14.4	18.0
Equity attributable to shareholders of the Company	20	298.6	335.1
Non-controlling interests		10.3	9.1
Total equity		308.9	344.2
Liabilities			
Loans and borrowings		144.5	118.0
Employee benefits	22	18.0	16.7
Provisions		2.8	2.5
Trade and other payables	23	30.7	24.2
Deferred tax liabilities		11.7	14.2
Non-current liabilities		207.7	175.6
Bank overdrafts	24	13.7	42.1
Loans and borrowings		7.0	6.7
Provisions		1.1	1.7
Trade and other payables	23	373.2	449.9
Current tax liabilities		0.6	0.2
Current liabilities		395.6	500.6
Total liabilities		603.3	676.2
Total equity and liabilities		912.2	1,020.4

Condensed consolidated statement of profit or loss

For the six months ended 30 June

in millions of euro	note	2023	2022
Revenue		1,606.5	1,597.3
Cost of raw materials and consumables		-1,371.7	-1,340.0
Gross profit		234.8	257.3
Other operating income	9	0.5	0.2
Operating income		235.3	257.5
Employee benefit expenses	22	-89.9	-85.2
Depreciation, amortisation and impairment	14.15	-26.4	-23.2
Net (reversal of) impairment loss on trade receivables		0.4	-2.4
Other operating expenses		-125.4	-127.6
Operating expenses	10	-241.3	-238.4
Operating profit		-6.0	19.1
Net finance result	6.11	-8.7	-4.4
Share of profit of equity-accounted investees, net of tax	16	2.5	1.9
Profit (loss) before tax		-12.2	16.6
Income tax expense	13	-0.6	-5.6
Profit (loss) for the period		-12.8	11.0
Profit (loss) attributable to:			
Shareholders of the Company		-14.4	11.1
Non-controlling interests		1.6	-0.1
Profit (loss) for the period		-12.8	11.0
Earnings per share in euro¹			
Basic earnings per share		-0.16	0.12
Diluted earnings per share		-0.16	0.12

¹ Earnings per share attributable to the shareholders of the Company.

Condensed consolidated statement of comprehensive income

For the six months ended 30 June

in millions of euro	note	2023	2022
Profit (loss) for the period		-12.8	11.1
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	21	-10.7	18.1
Equity-accounted investees - share of other comprehensive income	16	-	-
Related tax		2.6	-4.2
		-8.1	13.9
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		4.8	-2.7
Cash flow hedges - effective portion of changes in fair value		0.0	2.3
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position		-	-
Related tax		-	-0.2
		4.8	-0.6
Other comprehensive income, net of tax		-3.3	13.3
Total comprehensive income		-16.1	24.4
Total comprehensive income attributable to:			
Shareholders of the Company		-17.7	24.4
Non-controlling interests		1.6	-
Total comprehensive income		-16.1	24.4

Condensed consolidated statement of changes in equity

in millions of euro	note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Subtotal ¹	Non-controlling interest	Total
Balance as at 1 January 2023		0.9	143.6	-0.0	-10.5	-1.2	202.3	-	335.1	9.1	344.2
Addition from unappropriated result		-	-	-	-	-	-	-	-	-	-
Total comprehensive income											
Result		-	-	-	-	-	-	-14.4	-14.4	1.6	-12.8
Other comprehensive income		-	-	-	4.8	-	-8.1	-	-3.3	-	-3.3
Total comprehensive income		-	-	-	4.8	-	-8.1	-14.4	-17.7	1.6	-16.1
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	20	-	-	-	-	-	-17.9	-	-17.9	-0.4	-18.3
Purchase of own shares	20	-	-	-	-	-	-0.9	-	-0.9	-	-0.9
Equity-settled share-based payments		-	-	-	-	-	-0.0	-	-0.0	-	-0.0
Total transactions with shareholders of the Company		-	-	-	-	-	-18.8	-	-18.8	-0.4	-19.2
Balance as at 30 June 2023		0.9	143.6	-0.0	-5.7	-1.2	175.4	-14.4	298.6	10.3	308.9

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

Condensed consolidated statement of changes in equity (continued)

in millions of euro	note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Subtotal ¹	Non-controlling interest	Total
Balance as at 1 January 2022		0.9	143.6	-0.0	-5.2	-0.5	209.7	12.0	360.5	5.7	366.2
Addition from unappropriated result		-	-	-	-	-	12.0	-12.0	-	-	-
Total comprehensive income											
Result		-	-	-	-	-	-	11.1	11.1	-	11.1
Other comprehensive income		-	-	-	-2.3	1.7	13.9	-	13.3	-	13.3
Total comprehensive income		-	-	-	-2.3	1.7	13.9	11.1	24.4	-	24.4
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends		-	-	-	-	-	-25.9	-	-25.9	-0.4	-26.3
Purchase of own shares		-	-	-	-	-	-15.4	-	-15.4	-	-15.4
Equity-settled share-based payments		-	-	-	-	-	-0.0	-	-0.0	-	-0.0
Total transactions with shareholders of the Company		-	-	-	-	-	-41.3	-	-41.3	-0.4	-41.7
Balance as at 30 June 2022		0.9	143.6	-0.0	-7.5	1.2	194.3	11.1	343.6	5.3	348.9

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

Condensed consolidated statement of cash flows

For the six months ended 30 June

in millions of euro	note	2023	2022
Cash flows from operating activities			
Profit (loss) for the year		-12.8	11.0
Adjustments for:			
Depreciation	14	16.9	17.9
Amortisation	15	4.8	5.3
Net (reversal of) impairment loss	15	4.7	-
Change in fair value of biological assets (unrealised)		-1.5	0.8
Net (reversal of) impairment loss on trade receivables		-0.4	2.4
Net finance result	11	8.7	4.4
Share of profit of equity-accounted investees, net of tax		-2.5	-1.9
Gain on sale of property, plant and equipment / investment property		-0.3	-0.2
Gain on sale of assets held for sale		-	-
Equity-settled share-based payment expenses		0.3	0.2
Expenses related to post-employment defined benefit plans		0.4	0.5
Expenses related to long term incentive plans		0.4	0.5
Income tax expense		0.6	5.6
		19.3	46.5
Changes in:			
Inventories & biological assets		39.2	-27.2
Trade and other receivables		49.3	-77.9
Trade and other payables		-75.6	58.4
Provisions and employee benefits		-4.8	-6.1
Cash generated from operating activities		27.4	-6.3
Interest paid		-2.9	-1.2
Income taxes paid		-3.6	-1.3
Net cash from operating activities		20.9	-8.8
Cash flows from investing activities			
Interest received		0.3	0.3
Dividends received from equity-accounted investees		2.1	2.1
Proceeds from sale of property, plant and equipment / investment property		1.7	0.7
Proceeds from sale of assets held for sale		-	-
Acquisition of subsidiaries, net of cash acquired	6	-5.5	-2.0
Acquisition of property, plant and equipment		-13.3	-13.1
Acquisition of intangible assets		-1.1	-1.3
Net cash used in investing activities		-15.8	-13.3
Cash flows from financing activities			
Purchase of own shares		-	-15.5
Proceeds from sale of treasury shares relating to employee participation plan		-	0.2
Purchase of treasury shares relating to employee participation plan		-0.9	-0.4
Lease payments		-4.5	-4.4
Proceeds from borrowings		30.0	44.7
Repayment of borrowings		-5.0	-33.0
Transaction costs related to borrowings		-0.1	-0.1
Payments of settlement of derivatives		-	-
Dividend paid	20	-17.3	-25.1
Net cash used in financing activities		2.2	-33.6
Net increase/decrease in cash and cash equivalents		7.3	-55.7
Cash and cash equivalents at 1 January		26.3	33.8
Effect of movements in exchange rates on cash held		-0.4	1.2
Cash and cash equivalents as at 30 June¹		33.2	-20.7

¹ Net of bank overdrafts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Basis of preparation

1. ForFarmers N.V.

ForFarmers N.V. (hereafter '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 2023 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 9 August 2023.

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 2022 ('last annual financial statements'), which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS, 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 2023. However, they do not have a material impact on the Group's financial statements.

A number of new standards and amendments to standards is effective for annual periods beginning after 1 January 2023 and earlier application is permitted. These amendments do not have a material effect on the Group. Furthermore, the Group has not early adopted any of the forthcoming standards.

Going concern principle

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

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 million, 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 2021	£ 0,8403	zł 4,5969
Rate as at 30 June 2022	£ 0,8582	zł 4,6904
Rate as at 31 December 2022	£ 0,8869	zł 4,6808
Rate as at 30 June 2023	£ 0,8583	zł 4,4388
Average rate	€1.00	€1.00
H1 2022	£ 0,8424	zł 4,6354
H1 2023	£ 0,8764	zł 4,6244

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. The valuation team reports directly to the CFO and 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 possible 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 can 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 it 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, and 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 co-products, seeds and fertilisers. Core activities are production and delivery of feed, logistics and providing Total Feed solutions based on nutritional expertise.

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

B. Information 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. Inter-segment pricing is determined on an arm's length basis.

The Group is not reliant on 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 millions of euro	note	2023	2022
Segment operating profit		-6.0	19.1
Net finance result	11	-8.7	-4.4
Share of profit of equity-accounted investees, net of tax		2.5	1.9
Profit before tax		-12.2	16.6

Reportable segments

For the six months ended 30 June 2023

in millions of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed revenues	628.7	375.1	298.9	-	1,302.7
Other revenue	173.6	34.8	95.4	-	303.8
External revenues	802.3	409.9	394.3	-	1,606.5
Inter-segment revenues	24.1	0.9	-	-25.0	-
Revenue	826.4	410.8	394.3	-25.0	1,606.5
Gross profit	121.1	51.7	61.7	0.3	234.8
Other operating income	0.1	0.3	0.1	-	0.5
Operating expenses	-124.2	-44.1	-66.3	-6.7	-241.3
Operating profit	-3.0	7.9	-4.5	-6.4	-6.0
Depreciation, amortisation and impairment	12.3	4.5	7.4	2.2	26.4
EBITDA	9.3	12.4	2.9	-4.2	20.4
Property, plant and equipment	127.9	72.2	93.9	5.6	299.6
Intangible assets and goodwill	68.5	13.3	5.8	5.2	92.8
Equity-accounted investees	-	31.8	1.2	-	33.0
Other non-current assets	0.5	9.6	2.5	-4.2	8.4
Non-current assets	196.9	126.9	103.4	6.6	433.8
Current assets	294.0	198.8	127.2	-141.6	478.4
Total assets	490.9	325.7	230.6	-135.0	912.2
Equity	-222.2	-64.7	-92.9	70.9	-308.9
Liabilities	-268.7	-261.0	-137.7	64.1	-603.3
Total equity and liabilities	-490.9	-325.7	-230.6	135.0	-912.2
Working capital	-26.4	49.4	13.8	-6.2	30.6
Capital expenditure ¹	6.5	3.5	1.8	1.4	13.2

¹ Additions to intangible assets and property, plant and equipment.

For the six months ended 30 June 2022

in millions of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed	680.3	363.2	294.2	–	1,337.7
Other revenue	141.6	34.1	83.9	–	259.6
External revenues	821.9	397.3	378.1	–	1,597.3
Inter-segment revenues	24.6	0.2	–	–24.8	–
Revenue	846.5	397.5	378.1	–24.8	1,597.3
Gross profit	144.6	48.6	63.8	0.3	257.3
Other operating income	0.1	–	0.1	–	0.2
Operating expenses	–122.8	–42.0	–65.4	–8.2	–238.4
Operating profit	21.9	6.6	–1.5	–7.9	19.1
Depreciation, amortisation and impairment	7.8	4.4	8.7	2.3	23.2
EBITDA	29.7	11.0	7.2	–5.6	42.3
On 31 December 2022					
Property, plant and equipment	141.0	70.6	94.8	5.4	311.8
Intangible assets and goodwill	78.8	13.6	6.9	5.9	105.2
Equity-accounted investees	–	30.8	1.2	–	32.0
Other non-current assets	0.7	9.5	6.1	–4.0	12.3
Non-current assets	220.5	124.5	109.0	7.3	461.3
Current assets	311.7	216.1	151.0	–119.7	559.1
Total assets	532.2	340.6	260.0	–112.4	1,020.4
Equity	–224.3	–64.3	–102.7	47.1	–344.2
Liabilities	–307.9	–276.3	–157.3	65.3	–676.2
Total equity and liabilities	–532.2	–340.6	–260.0	112.4	–1,020.4
Working capital	–18.1	54.6	9.5	–7.2	38.8
For the six months ended 30 June 2022					
Capital expenditure ¹	6.5	3.5	1.8	1.3	13.1

¹ Additions to intangible assets and property, plant and equipment.

5. Seasonality of operations

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

6. Business combinations

Acquisitions 2023

No acquisitions were closed in the six months ended 30 June 2023.

Developments previous acquisitions

Acquisition De Hoop Mengvoeders B.V.

On 14 February 2023 the second and last contingent consideration has been paid, amounting €5.5 million. As at 30 June 2023 no contingent consideration remains.

Tasomix Group (Poland)

As at 30 June 2023 the put option liability amounts to €30.0 million (31 December 2022: €23.2 million). The increase of this liability relates to the discounting effect of €1.6 million and remeasurement effect due to updated assumptions of €3.7 million (both have been recognised in the income statement as a non-operational finance result, refer to Note 12) and a foreign currency translation impact (€1.5 million included in other comprehensive income).

7. Disposals

ForFarmers has announced the sale of the compound feed activities of ForFarmers Belgium to Arvesta in the first half-year of 2023. The current context, in which the agricultural sector is being put under pressure to produce even more sustainably, is leading to more consolidation and cooperation in the chain. Accordingly, ForFarmers and Arvesta entered into discussions about ForFarmers Belgium and closer cooperation in the chain.

By means of the acquisition of ForFarmers Belgium, Arvesta takes over both the approximately 80 employees who produce and sell approximately 420,000 tons of feed and the production site in Izegem in West Flanders. The mill and site in Ingelmunster are also included in the transaction. The sale of co-products, the activities in Belgium of the organic feed producer Reudink and the horse feed producer Pavo are not included in this transaction.

The transaction is subject to approval of the Belgian competition authority. It is expected that the transaction will be finalized in quarter three 2023.

As a result of this intended transaction, in accordance with IFRS 5, the related non-current assets of ForFarmers Belgium are classified as Assets held for Sale and measured against the lower of its carrying amount and fair value less costs to sell. Consequently, an impairment of goodwill amounting to €4.7 million has been recognized in the first half of 2023.

There were no other divestments in the six months ended 30 June 2023 (30 June 2022: ditto).

8. Gross profit

Gross profit declined by €22.5 compared to the six months ended 30 June 2022. Excluding the foreign currency effect (€2.4 million negative) and net acquisition/divestment effect (€0.7 million positive) gross profit declined by €20.8 million as a result of lower sales volumes and margin pressure, due to among others very volatile raw material and fertilizer prices.

9. Other operating income

There is almost no other operating income in the six months ended 30 June 2023 (30 June 2022: ditto).

10. Operating expenses

The increase in total operating expenses of €2.9 million contains a foreign currency effect (€2.5 million negative) and a net acquisition/divestment effect (€0.6 million positive). Without these effects, operating expenses increase by €4.8 million mainly due to higher employee benefit expenses as a result of salary indexation and due to impairment of goodwill Belgium (refer to Note 15). At the same time, in the six months ended 30 June 2023 a gain of €0.4 million is recognized on impairments of trade receivables, being a partial reversal of a provision recognized in 2022 (30 June 2022: €2.4 million loss).

11. Net finance result

The net finance result amounts to €8.7 million negative (30 June 2022: €4.4 million negative) and includes among others €5.3 million (30 June 2022: €1.3 million) interest and remeasurement effect (loss) on the put-option liability related to an acquisition. The net finance result also declined due to the higher net debt position as well as rising interest rates in the EU and the United Kingdom.

12. Alternative performance measures

The Executive Board has defined 'underlying metrics' as performance measures. These metrics exclude the impact of incidental items from the IFRS values. The Executive Board believes these underlying metrics provide a better insight into 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 one-off 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 2023

in millions of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	Underlying excluding APM items
EBITDA ¹	20.4		-0.1	-5.8	-0.2	-6.1	26.5
EBIT	-6.0	-4.7	-3.9	-5.8	-0.2	-14.6	8.6
Net finance result			-5.2		-	-5.2	
Tax effect		-	0.9	0.1	-	1.0	
Profit attributable to Shareholders of the Company	-14.4	-4.7	-8.2	-5.7	-0.2	-18.8	4.4
Earnings per share in euro ²	-0.16	-0.05	-0.09	-0.07	-	-0.21	0.05

For the six months ended 30 June 2022

in millions of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	Underlying excluding APM items
EBITDA ¹	42.3		-0.1	-0.7	-	-0.8	43.1
EBIT	19.1	-	-4.3	-0.7	-	-5.0	24.1
Net finance result			-2.1		-	-2.1	
Tax effect		-	0.9	0.2	-	1.1	
Profit attributable to Shareholders of the Company	11.1	-	-5.5	-0.5	-	-6.0	17.1
Earnings per share in euro ²	0.12	-	-0.06	-0.01	-	-0.07	0.19

¹ EBITDA is operating profit before depreciation, amortization and impairments.

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 2023 comprise:

- i) **Impairments:** €4.7 million as result of impairment of goodwill related to the compound feed activities in Belgium (refer to note 7).
- ii) **Business Combinations and Divestments:** €3.9 million (loss) as a result of the amortisation of acquired intangible assets in the United Kingdom and Netherlands (refer to note 15) and €5.2 million finance result mainly as a result of interest and remeasurement effect (loss) of the put-option liability regarding the acquisition of Tasomix.
- iii) **Restructuring:** €5.8 million restructuring costs regarding projects in various countries due to the costs saving programme.

The Alternative Performance Measures (APM) items before tax in the six months ended 30 June 2022 comprise:

- i) **Impairments:** none.
- ii) **Business Combinations and Divestments:** €4.3 million (loss) as a result of the amortisation of acquired intangible assets and €2.1 million finance result mainly as a result of an accrual (loss) of the put-option liability regarding the acquisition of Tasomix.
- iii) **Restructuring:** €0.7 million restructuring costs regarding projects in various countries related to the costs saving programmes.
- iv) **Other:** none.

Taking the APM items into account, the underlying effective tax rate for the first six months ended 30 June 2023 would be 30.7% (30 June 2022: 30.8%). In the underlying effective tax rate calculation, the adjustments per country are calculated against the annual weighted average corporate income tax rate per country, as expected for the full financial year.

Income taxes

13. Income tax expense

Income tax expense is recognised based on the Executive Board's best estimate of the weighted-average annual income tax rate per country 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 2023 is -3.9% (six months ended 30 June 2022: 38.0%). The lower (and negative) tax rate compared to 2022 is mainly due to non-deductible costs in a loss-situation.

As of 30 June 2023 a net current tax asset has been recognised amounting to €1.3 million (31 December 2022: net tax asset of €1.3 million).

Assets

14. Property, plant and equipment

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

in millions of euro	30 June 2023	31 December 2022
Assets		
Property, plant and equipment, owned	271.2	283.2
Right-of-use asset	28.4	28.6
Property, plant and equipment	299.6	311.8

Movements on property, plant and equipment (owned assets) during the six months ended 30 June 2023 are specified as follows:

in thousands of euro	note	Total
Cost		
Balance as at 1 January 2023		623.6
Additions		12.2
Reclassification to assets held for sale	19	-28.5
Disposals		-7.6
Effect of movements in exchange rates		6.9
Balance as at 30 June 2023		606.6

Accumulated depreciation and impairment losses

Balance as at 1 January 2023		-340.4
Depreciation		-13.0
Reclassification to assets held for sale	19	15.1
Disposals		6.2
Effect of movements in exchange rates		-3.3
Balance as at 30 June 2023		-335.4

Carrying amounts

At 1 January 2023	283.2
At 30 June 2023	271.2

Capital expenditures amount to €12.2 million (2022: €11.8 million), mainly comprising expenditures to maintain and enhance the performance and efficiency of the production facilities.

The reclassification to assets held for sales relates to the planned sale of the compound feed assets Belgium (refer to note 7 and 18).

Movements on right-of-use assets during the six months ended 30 June 2023 are specified as follows:

in millions of euro	note	Total
Cost		
Balance as at 1 January 2023		45.4
New lease contracts		4.2
Lease contracts ended		-2.9
Reclassification to assets held for sale	19	-3.5
Remeasurement		0.7
Effect of movements in exchange rates		1.2
Balance as at 30 June 2023		45.1

Accumulated depreciation and impairment losses

Balance as at 1 January 2023		-16.8
Depreciation		-3.8
Lease contracts ended		2.9
Reclassification to assets held for sale	19	1.8
Effect of movements in exchange rates		-0.8
Balance as at 30 June 2023		-16.7

Carrying amounts

At 1 January 2023	28.6
At 30 June 2023	28.4

The reclassification to assets held for sales relates to the planned sale of the compound feed assets Belgium (refer to note 7 and 18).

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 2023 are specified as follows:

in millions of euro	Note	Goodwill	Intangible assets	Total
Cost				
Balance as at 1 January 2023		119.0	116.3	235.3
Additions		–	0.9	0.9
Reclassification to assets held for sale	19	–1.2	–5.7	–6.9
(Reversal of) impairment losses on intangible assets		–4.7	–	–4.7
Effect of movements in exchange rates		2.7	2.1	4.8
Balance as at 30 June 2023		115.8	113.6	229.4
Accumulated amortisation and impairment losses				
Balance as at 1 January 2023		–57.6	–72.5	–130.1
Amortisation		–	–4.8	–4.8
Reclassification to assets held for sale	19	–	2.4	2.4
Effect of movements in exchange rates		–2.7	–1.4	–4.1
Balance as at 30 June 2023		–60.3	–76.3	–136.6
Carrying amounts				
At 1 January 2023		61.4	43.8	105.2
At 30 June 2023		55.5	37.3	92.8

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

For each cash generating unit, an annual goodwill impairment test is executed in the third quarter. Moreover, with respect to the publication of the interim report and the annual financial statements an assessment is made whether there is a trigger for goodwill impairment. This comprises, among others, assessments of most recent market developments, financial results and management projections.

In the first half year of 2023 ForFarmers announced the divestment of its compound feed activities in Belgium to Arvesta. The planned sale has resulted in a goodwill impairment of €4.7 million as a result of valuation against the lowest of the carrying amount and fair value less costs of disposal.

For the remainder, for the six months ended 30 June 2023 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 investees (€ 33.0 million per 30 June 2023, respectively € 32.0 million per 31 December 2022) 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 legal entity 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 2023 total inventory decreased by €41.5 million to €110.6 million. The decrease is mainly due to declining raw material prices.

For the six months ended 30 June 2023 no material inventory write-downs were recognised in the statement of profit or loss (six months ended 30 June 2022: ditto).

18. Trade and other receivables

As of 30 June 2023, the total amount of trade and other receivables has decreased by €50.0 million to €284.1 million. Of this amount, €281.6 million is short-term (as of 31 December 2022: €330.7 million) and €2.5 million is long-term (as of 31 December 2022: €3.4 million).

This decline is mainly caused by a decrease in trade debtors by €43.1 million, which is a result of lower volumes. Additionally, €6.0 million is reclassified to Assets held for sale related to the intended sale of the compound feed activities Belgium.

19. Assets held for sale

As a result of the announced but not yet closed divestment of the compound feed activities in Belgium (refer to note 7), all related non-current assets are presented as Assets held for Sale as per 30 June 2023. This includes mainly buildings, plant and machinery (previously property, plant and equipment), goodwill, customer relations (previously intangible assets) and current receivables (previously trade and other receivables).

The carrying value of these assets amounts to €25.7 million as per 30 June 2023. This includes an impairment of €4.7 million on goodwill following measurement at fair value minus divestment costs. This impairment is recognized through profit and loss in the first half-year of 2023.

Equity and liabilities

20. Equity

At 30 June 2023 the issued share capital comprised 89,283,817 ordinary shares and 1 priority share (31 December 2022: 95,218,821 ordinary shares and 1 priority share), each with a nominal value of €0.01.

Dividend

At the Annual General Meeting of 13 April 2023 the dividend over 2022 was approved at € 0.20 per ordinary share. The total dividend amounts to €18.3 million (including dividend tax to be paid to the tax authorities), including €0.4 million dividend to the minority shareholder of ForFarmers Thesing Mischfutter GmbH & Co. KG.

In accordance with the dividend policy the payable dividend is offset (if applicable) against outstanding Group trade receivables and receivables 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 2023 of €17.3 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.

Share buy-back programme

On 27 June 2023 ForFarmers announced the cancellation of almost 6 million shares on that day. These shares were bought under the share-buyback programme of at maximum €50 million as announced in 2021. This programme has been prudently terminated in the year 2022.

ForFarmers announced a share-buyback programme in 2023 for the purpose of ForFarmers fulfilling its obligations under the (depository receipts for) share-related incentive schemes and obligations from employee participation plans 2022. It pertains to a maximum of 625,000 shares, for a maximum amount of €3,125,000.

In the first six months of 2023 ForFarmers repurchased a total of 348,228 shares for an amount of €0.9 million. All of these shares are repurchased for (senior) employee participations plans.

21. Share-based payment arrangement

On 14 April 2022 an amendment to the remuneration policy was proposed to the General Meeting of Shareholders, including the payment mechanism for the long-term variable remuneration in the form of (rights to) shares or depositary receipts. This plan has been put in action for the members of the Executive Team. The long-term variable remuneration consists of a conditional grant of (depositary receipts for) ForFarmers shares (Performance Stock Units, PSUs ForFarmers respectively) with the aim of aligning the longer-term interests of the board with the longer-term interests of shareholders. The amount of the long-term variable remuneration depends on the extent to which the objectives have been achieved over a period of three years.

The price of the depositary receipts of the Company, at which they are repurchased for the participants, was determined as the average Euronext closing price in the 5 trading days during the period 18 April 2023 up to and including 24 April 2023 and amounted to €2.91 per share.

For 2023, the Executive Board decided not to offer a new participation plan (employees and senior management).

22. Employee benefits

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

in millions of euro	Note	30 June 2023	31 December 2022
Liability for defined benefit obligations		12.9	12.2
Asset for defined benefit obligations		-	-5.8
Net asset / liability for defined benefit obligations		12.9	6.4
Liability for other long-term service plans		5.1	4.5
Total		18.0	10.9

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

in millions of euro	Total net defined benefit obligation
Balance at 1 January 2023	6.4
Included in profit or loss	
Current service cost	0.4
Interest cost (income)	-0.2
	0.2
Included in Other Comprehensive Income	
Remeasurement loss (gain)	10.7
Effect of movements in exchange rates	-0.3
	10.4
Other	
Employer contributions (to plan assets)	-4.1
	-4.1
Balance as at 30 June 2023	12.9

The remeasurement loss of €10.7 million is mainly a result of updated actuarial assumptions and changed inflation expectations in the United Kingdom for the six months ended 30 June 2023.

23. Trade and other payables

As of 30 June 2023, the trade and other payables amount to €403,9 million, which represents a decrease of €70.2 million compared to 31 December 2022 (€474.1 million). The decline is primarily attributable to a decrease in trade payables by €71.6 million and a reduction in the contingent consideration for acquisitions by €5.5 million (refer to note 6). On the other hand, there is an increase in the put option liability by €6.8 million due to revaluation, currency effects and interest effect (refer to note 6).

Financial instruments

24. 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 2023

in millions of euro	note	Carrying amount				Fair value			
		Mandatory at FVTPL - others ¹	Fair value - hedging instruments	Amortized costs	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Commodity future contracts used for hedging (derivatives)		-	0.2	-	0.2	-	0.2	-	0.2
Interest rate swap (derivative)		-	0.4	-	0.4	-	0.4	-	0.4
		-	0.6	-	0.6	-	0.6	-	0.6
Financial assets not measured at fair value									
Equity securities (other investments)		-	-	-	-	-	-	-	-
Trade and other receivables ²		-	-	283.5	283.5	-	-	-	-
Cash and cash equivalents		-	-	46.9	46.9	-	-	-	-
		-	-	330.4	330.4	-	-	-	-
Financial liabilities measured at fair value									
Contingent consideration		-0.8	-	-	-0.8	-	-	-0.8	-0.8
Put option liability	6	-30.0	-	-	-30.0	-	-	-30.0	-30.0
Forward exchange contracts used for hedging (derivatives)		-	-	-	-	-	-	-	-
Commodity future contracts used for hedging (derivatives)		-0.4	-	-	-0.4	-	-0.4	-	-0.4
Interest rate swap (derivative)		-	-	-	-	-	-	-	-
Fuel swaps used for hedging (derivatives)		-	-1.3	-	-1.3	-	-1.3	-	-1.3
		-31.2	-1.3	-	-32.5	-	-1.7	-30.8	-32.5
Financial liabilities not measured at fair value									
Bank overdrafts		-	-	-13.7	-13.7	-	-	-	-
Loans and borrowings		-	-	-120.1	-120.1	-	-	-	-
Lease liabilities		-	-	-31.4	-31.4	-	-	-	-
Trade and other payables³		-	-	-371.4	-371.4	-	-	-	-
		-	-	-536.6	-536.6	-	-	-	-

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	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, future commodity contracts	The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings and leading trading platforms. 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 and futures models, using present value calculations.
Contingent consideration and put option liability	<p>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.</p> <p>Significant unobservable inputs consists:</p> <ul style="list-style-type: none"> • Forecast annual sales volume / EBITDA growth rate. • Forecast receipts gross trade receivables. • Forecast net debt position. • Risk-adjusted discount rate. <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • 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 position 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 €86.9 million (31 December 2022: €68.6 million net debt).

During the six months ended 30 June 2023 the cash flow from operating activities was €20.9 million positive and was mainly influenced by the decreasing working capital as a result of decreasing raw material prices. The net debt increased due to dividend payment, the share buy-back programme and the capital expenditures in fixed assets.

Exposure to commodity risk

The Group uses derivatives to hedge the risks associated with fuel and raw material prices. As part of these cash flow hedges, maturities relate to realisation dates of hedged items and therefore cash flow hedge accounting is applied. The Group applies fair value hedge accounting as well, for example to hedge the risk of price fluctuations of contracted future purchases.

Other information

25. Commitments and contingencies

The purchase commitments for raw materials decreased compared to 31 December 2022 by €173.9 million to €488.1 million.

The purchase commitments for energy decreased compared to 31 December 2022 by €17.1 million to €38.2 million due to lower energy prices.

The other commitments and contingencies, as disclosed in the last annual financial statements, did not change materially during the six months ended 30 June 2023.

26. Related parties

During the six months ended 30 June 2023 there were no material changes in respect of the nature and size of the related parties compared to the last annual financial statements.

27. Events after the reporting date

On 24 July 2023, ForFarmers/Tasomix came to an agreement with Piast Pasze Sp. z.o.o. ('Piast') to merge their feed activities. The volume of ForFarmers/Tasomix in Poland will consequently increase by 410,000 tonnes. In addition, ForFarmers/Tasomix will strengthen its position in the broiler sector in particular.

One of the strategic objectives of ForFarmers/Tasomix is to expand in the attractive Polish agricultural market. The acquisition of Piast is entirely in line with this objective.

The history of Piast dates back to the 1970s with its original location in Lewkowiec (Central Poland) that mainly focused on broiler and turkey farmers in the free market. Over time, Piast expanded its portfolio of products for pigs and cattle and acquired additional production locations in Plonsk, Golancz and Olesno. There are 220 employees involved in management, sales, and production.

Due to the location of the mills of Piast versus those of ForFarmers/Tasomix, it is possible to create dedicated mills to be able to produce more efficiently. The larger geographical footprint provides opportunities to enlarge the customer base. In addition, Piast owns two unique poultry feed technologies, which are cost efficient, can well be applied at ForFarmers/Tasomix and also fit with the sustainability strategy.

ForFarmers will consolidate Piast fully in the financial results. The transaction is pending the approval of the Polish competition authority. Closing of the transaction is expected to take place in the fourth quarter of 2023.

Lochem, 9 August 2023

Executive Board ForFarmers N.V.

Pieter Wolleswinkel, CEO

Roeland Tjebbes, CFO

Rob Kiers, COO

Supervisory Board ForFarmers N.V.

Jan van Nieuwenhuizen, Chairman

Erwin Wunnekink, Vice-Chair

Marijke Folkers – In 't Hout

Roger Gerritzen

Vincent Hulshof

Annemieke den Otter