Press release
Lochem, 11 August 2022

FORFARMERS 2022 FIRST-HALF RESULTS
Increase underlying EBITDA due to positive results in countries outside of the Netherlands

Financial highlights for first-half of 2022[1]:

• Total Feed[2] volume:	-7.4% to 4.5 million tonnes; due to like-for-like decline in all clusters
of which compound feed:	-7.9% to 3.2 million tonnes; decline in all clusters
• Gross profit:	+18.3% to €257.3 million; higher raw material and energy prices largely passed on in Q2; 1H 2021 depressed by German incident
• Underlying EBITDA:	+5.6% to €43.1 million; higher gross profit and efficiency measures
• Underlying net profit[3]:	-4.5% to €17.1 million; mainly due to increased interest expenses and higher effective tax rate
• Working capital:	increase of by €21.7 million (year-on-year) to €75.0 million due to sharp increase in raw material prices

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

Commenting on the 2022 first-half results ForFarmers CEO Chris Deen said:

"While still in my induction period at ForFarmers it is my privilege to present these better-than-originally-expected first-half results, mainly due to the second quarter results. This is a great achievement by the team amid challenging market conditions due to the war in Ukraine and the consequential further increase in raw material and energy prices. Our total volumes fell, mainly due to a decline in the pig sector in Netherlands/Belgium and the United Kingdom, whereas poultry volumes in Poland grew. The cost increases could only be passed on in the chain in the course of the second quarter. This explains the result improvement versus the first quarter. Finally, the absolute rise in gross profit in the first half-year was higher than the absolute increase in operating expenses. Underlying EBITDA consequently was higher than originally expected.

In the Netherlands, the approach taken in handling the nitrogen crisis is leading to a polarised public debate as well as widespread unrest among livestock farmers. We call on politicians to be more open to a meeting in which everything is open for discussion. Cooperation and innovation are more effective and better than just restructuring. Moreover, prospects are prerequisites for sustainable business practices, in any sector. The agricultural sector has always proven itself in terms of innovation and solution-based thinking. Our cooperation with customers and other partners in the chain is invaluable. In all the conversations I have held in the past few months I have experienced the huge knowledge and pride in the sector in general and this great company in particular.

The tightening of the strategy in light of all the aforementioned developments is in full swing and underpins our confidence in the future. We will make further announcements about this in the fourth quarter.

We are also pleased about the recently announced joint venture between ForFarmers UK and the poultry feed company 2Agriculture in the United Kingdom. The proposed joint venture is subject to regulatory approval in the United Kingdom.

Looking ahead, there are still many uncertainties at present, especially due to the war in Ukraine. In addition, we need to consider a possible new Covid wave and the low water levels in the rivers in the Netherlands. In view of this we consider it unwise to provide any guidance about the expected development of the results in the second half of 2022 or a possible resumption of the share buy-back programme."

Consolidated key figures

For the six months ended 30 June

In millions of euro (unless indicated otherwise)	2022	2021	Total change in %	Currency	Acquisition	Like-for-like[2]
Total Feed volume (x 1.000 tonne)	4,526	4,885	−7.4%		0.4%	−7.8%
Compound feed	3,187	3,459	−7.9%		0.6%	−8.4%
Revenue	1,597.3	1,314.6	21.5%	0.7%	0.3%	20.5%
Gross profit	257.3	217.5	18.3%	0.7%	0.3%	17.3%
Operating expenses	−238.3	−205.2	16.1%	0.5%	0.4%	15.3%
Underlying operating expenses	−233.4	−195.3	19.5%	0.5%	0.3%	18.7%
EBITDA	42.3	38.1	11.0%	0.3%	0.3%	10.4%
Underlying[1] EBITDA	**43.1**	**40.8**	**5.6%**	**0.5%**	**0.2%**	**4.9%**
EBIT	19.1	15.0	27.3%	1.7%	0.0%	25.6%
Underlying EBIT	**24.1**	**22.4**	**7.6%**	**0.1%**	**0.4%**	**7.0%**
Profit attributable to shareholders of the Company	11.1	10.4	6.7%	1.8%	0.0%	5.0%
Underlying profit	17.1	17.9	−4.5%	−0.2%	0.6%	−4.8%
Net cash from operating activities	−8.8	9.1	−196.7%			
Underlying EBITDA / Gross profit	16.8%	18.8%	−10.6%			
ROACE[3] on underlying EBITDA	**16.2%**	**18.5%**				
ROACE[3] on underlying EBIT	8.5%	11.0%				
Basic earnings per share (x €1)	0.12	0.12	0.0%			
Underlying earnings per share (x €1)	0.19	0.19	0.0%			

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 2022 the markets where ForFarmers is active were mainly affected by the following:

Raw material, energy and fuel prices

After the substantial increase in raw material prices at the end of 2021, the first two months of 2022 seemed to see prices stabilise somewhat. The unexpected and dreadful invasion of Ukraine by Russia in late February led to a decline in the availability of raw materials. As a result, raw material prices saw further sharp rises before coming down again in early June to levels that were substantially higher than a year earlier. Partly due to the war in Ukraine and the resultant sanctions imposed on Russia, gas and electricity prices also posted significant further increases from the end of February. For example, average gas and electricity prices in the Netherlands in the first six months of 2022 were 345% and 257% higher, respectively, compared to the same period of 2021.

Fluctuations in raw material, energy and fuel prices are generally passed on to customers.

These price increases have resulted in a sharp rise in inflation in Europe. For instance, consumers in the Netherlands were paying over 11% more for food in June 2022 than a year earlier[4], with prices of meat, fish and dairy products rising the most.

Development of milk, meat and egg prices[5]

At the end of June 2022 average milk prices in Europe[6] were significantly higher than a year earlier and at historically high levels. This was mainly because of the constant slight rise in demand for dairy products while dairy farmers did not increase production. This is principally due to reduced herd sizes, high feed prices, disappointing forage quality and the uncertain future prospects in some countries.

From mid-2021 average pig prices in Europe fell to well below the five-year median. As a result, most pig farmers were unable to produce at a profit. Even though pig prices rose in the second quarter of 2022 to above the year-earlier level, the production profitability ratio for pig farmers remains negative. The pig population in Europe is trending downwards across the board.

On average European broiler prices in the first-half of 2022 were well above the level seen a year earlier. In addition, farmers in Europe placed slightly more new chicks compared to the previous year.

4 *Source: CBS release of 13 July 2022.*
5 *Source: EU DG Agri Dashboards.*
6 *Europe: in this context is defined as also including the United Kingdom home market.*

In the first-half of 2022 the average egg price in Europe was much higher than a year earlier. As a result of the war in Ukraine egg imports from that country fell by more than 50% in the first four months of 2022 compared to the year-earlier period.

Animal diseases

The ban on the import of pigs from Germany imposed by China in late 2020 is still in place. African swine fever was recently detected at a pig farm in Western Germany, not far from the Dutch border, and it would therefore seem unlikely that the import ban will be lifted any time soon. This situation, combined with the pressure on the German swine sector as a result of environmental measures, has prompted more pig farmers to quit.

In late 2021 poultry farmers were faced with new outbreaks of avian flu across Europe. Hygiene protocols were imposed in many places to prevent the spread of animal diseases. In the Netherlands the requirement for poultry to be kept indoors was partially lifted at the end of June 2022 in a number of regions where it was considered responsible to do so. Outbreaks of avian flu are still being reported in Poland.

Financial analysis

The following analysis (year-on-year; hereinafter: YoY) concerns the consolidated results for the first six months of 2022, followed by specific further information on the individual clusters.

The contributions of acquired companies are recognised under 'acquisition effect' for a period of one year from the date of acquisition.

Alternative Performance Measures (APMs)

ForFarmers uses APMs to provide a better insight into the business development and financial performance of the Group. APMs are key metrics which are presented as 'underlying' (i.e. excluding non-recurring items) and are reported at the level of operating expenses, EBITDA, operating profit (EBIT) and profit attributable to shareholders.

Further information on the APMs (1H 2022 and 1H 2021) can be found in note 12 of the 2022 interim report.

At EBITDA level

The €0.1 million (loss) from business combinations and the divestment of assets and interests is associated with a settlement relating to the acquisition of De Hoop Mengvoeders. The one-off restructuring costs (€0.7 million) relate to the implementation of the efficiency plans announced in 2020 in various countries.

In comparison, in the first-half of 1H 2021 the balance of APM items was a loss of € 2.7million.

At EBIT level

The €4.2 million (loss) relates to the amortisation of intangible assets acquired in the past.

In comparison, in the first-half of 1H 2021 the balance of APM items was a loss of €7.4 million.

At net financing result level

The €2.2 million (loss) relates to the annual interest accrual on the put option liability in relation to Tasomix (Poland).

In comparison, in the first-half of 1H 2021 the balance of APM items was a loss of €1.3 million.

For the six months ended 30 June 2022

In millions of euro	IFRS	Impairments	Business Combinations and Divest-ments	Restruc-turing	Other	Total APM items	Underlying excluding APM items
EBITDA[1]	42.3		−0.1	−0.7	–	−0.8	43.1
EBIT	19.1	–	−4.2	−0.7	–	−5.0	24.1
Net finance result			−2.2		–	−2.2	
Tax effect		–	1.0	0.2	–	1.1	
Profit attributable to Shareholders of the Company	11.1	–	−5.5	−0.6	–	−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.*

Notes to the consolidated operating results for the first-half of 2022

The following analysis shows the overall development of the consolidated results and the individual clusters, unless stated otherwise. The consolidated results for the first-half of 2022 include a small acquisition effect as well as a slightly positive currency translation effect due to the appreciation of the British pound and the Polish zloty.

Total Feed volume declined by 7.4% to 4.5 million tonnes. The acquisition effect of De Hoop Mengvoeders and Mühldorfer Pferdefutter, both acquired in February 2021, was minimal. Like-for-like, volume fell by 7.8%. Volume development of Total Feed was virtually the same in the first and second quarters. Total Feed volume declined relatively less rapidly than compound feed volume.

Sales volume of **compound feed**, part of the Total Feed portfolio, declined by 7.9%. Like-for-like, volumes fell by 8.4%. Compound feed volumes were lower particularly in the swine sector, partly due to the contraction of the sector in the Netherlands as a result of the 'warm restructuring scheme', the current low profitability of pig farming in general and the non-renewal of a contract with a large swine customer in the United Kingdom in April 2021. In addition, a large number of pig farmers in Germany quit the industry due to the impact of the ongoing restrictions on the export of pigs from Germany to China.

The ruminant sector and the poultry sector both reported a slight decline in overall volumes. In the Netherlands the volume in the ruminant sector was virtually unchanged. Feed volumes to poultry farmers in Poland saw a sharp increase amid volatile market conditions.

Total revenue rose by 21.5% to €1,597 million, driven by increased raw material, energy and fuel prices largely being passed on, mainly in the second quarter in line with the general trend to pass on increases in the supply chain.

Gross profit continued to rise in the second quarter following a 9.3% increase in the first quarter, resulting in a total increase of 18.3% to €257.3 million in the first-half of 2022. Gross profit was higher in every cluster. Last year gross profit in the comparable period was depressed by around €4 million due to several loss-making contracts in Germany. This explains the remarkably strong growth in gross profit in the Germany/Poland cluster.

However, the consolidated gross profit margin was down slightly at 16.1% from 16.5% despite the increased raw material, energy and fuel prices largely being passed on.

Underlying total operating expenses, including depreciation and amortisation, rose by 19.5% to €233.4 million, mainly as a result of the sharply higher energy and fuel costs. As part of the cost-saving programme[7] the number of FTEs fell by almost 3% (YoY). Despite this, staffing costs rose slightly due to wage indexation. Furthermore, in light of the volatile market conditions €2.4 million was added to the provision for bad debts compared to a very small release of €0.1 million from the provision in the same period last year.

Underlying depreciation[8] increased by €0.7 million to €19.0 million, mainly due to investments in the mills.

Underlying operating profit (EBIT) rose 7.6% to €24.1 million as a result.

Underlying EBITDA rose 5.6% to €43.1 million due to a combination of a strong improvement in Germany/Poland and decreases in the Netherlands/Belgium and United Kingdom clusters.

Underlying net finance costs increased by 69.3% to €2.2 million as a result of the higher debt position, which was mainly due to the increase in working capital and distribution of dividend.

The contribution of the German joint venture HaBeMa (which is reported under share of profit of **participating interests accounted for using the equity method** (after tax)) fell to €1.9 million (1H 2021: €2.3 million) due to fewer transhipment activities.

The **underlying effective tax rate** was 30.8% in the first-half of 2022 (1H 2021: 26.1%). The increased tax rate was mainly the result of higher taxation in the United Kingdom due to the adjustments of prior years.

Underlying profit declined by 4.5% to €17.1 million.

Underlying profit per share was unchanged in the first-half of 2022 at €0.19 due to the effect of the share buy-back programme, which resulted in a 5.6% reduction in the weighted number of shares.

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[7] *The cost-saving programme is aimed at reducing operating expenses in 2021 and 2022 by €7 million (compared to the normalised level of 2020), the full effect of which should become visible in 2023, and based on stable energy and fuel costs.*

[8] *In this context depreciation means including amortisation.*

The number of employees (calculated in full-time equivalents (FTEs)) totalled 2,435 at 30 June 2022, a reduction of 67 FTEs (-2.7%) compared to 30 June 2021 (2,502). At 31 December 2021 the number of FTEs employed by the company equalled 2,444.

Summary consolidated statement of cash flows

For the six months ended 30 June

In millions of euro	2022	2021
Net cash from operating activities	−8.8	9.1
Net cash used in investing activities	−13.4	−36.5
Net cash used in financing activities	−33.6	2.0
Net increase/decrease in cash and cash equivalents	**−55.8**	**−25.4**
Cash and cash equivalents at 1 January[1]	33.8	38.0
Effect of movements in exchange rates on cash held	1.4	0.3
Cash and cash equivalents as at 30 June[1]	**−20.7**	**12.9**

[1] *Net of short-term bank loans.*

Despite the higher profit, **net cash flow from operating activities** declined by €17.9 million to €-8.8 million due to the increase in working capital as a result of the sharply higher raw material prices and increased trade receivables.

The **net cash used in investing activities** decreased by €23.1 million to €13.4 million. De Hoop Mengvoeders (Netherlands) and Mühldorfer Pferdefutter (Germany) were acquired in 2021. The company made no acquisitions in the first-half of 2022 and in addition capital expenditure was lower.

The **net cash used for financing activities** was an expense of €33.6 million (1H 2021: income of €2.0 million) with the increase mainly attributable to the share buy-back programme which took place in the first half of 2022.

Summary consolidated statement of financial position

In millions of euro	30 June 2022	31 December 2021
Total Assets	1,001.7	943.4
Equity	348.8	366.3
Solvency ratio[1]	**34.8%**	**38.8%**
Net working capital	**75.0**	**37.5**
• Current assets[2]	502.3	407.4
• Current liabilities[3]	427.3	369.9
Overdue receivables	10.6%	11.6%
Net Debt / (Cash)[4]	**95.1**	**28.7**
IFRS 16 Lease liabilities	31.8	34.7

[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 decreased by €17.5 million to €348.8 million in the first-half of 2022 (compared to 31 December 2021). The decline was the result of the addition of the profit for the first-half of 2022 (€11.0 million) less the distribution of dividend (€26.3 million) and the expense (€15.5 million) related to the share buy-back programme, and other comprehensive income which was recognised directly in equity (in total a gain of €13.3 million), mainly as a result of revaluations of the pension liability due to higher interest rates.

The **solvency ratio** equalled 34.8% at 30 June 2022 (end-2021: 38.8%).

An amount of €14.5 million was **invested** in the first-half of 2022 (1H 2021: €18.5 million), mainly to maintain and enhance the performance and efficiency of the production facilities. For example, the expansion at Izegem (Belgium), the installation of a bagged goods line in Almelo (the Netherlands) and the implementation of process control systems at various factories.

The **net debt position** (the net balance of long-term and short-term bank loans and other borrowings minus available cash and cash equivalents) was €95.1 million (end-1H 2021: net debt position of €28.7 million). This is the balance of the result of the operating cash flow of €-8.8 million, including the increase in working capital, minus items including the expenses related to the investment programme (€13.4 million), the share buy-back programme (€15.5 million) and the distribution of dividend (€25.1 million).

Net working capital rose to €75.0 million at 30 June 2022 (1H 2021: €37.5 million) and was also higher than at 30 June 2021 (€53.3 million). The increase in working capital compared to the end of June 2021 was due to the sharp rise in raw material prices as a result of the war in Ukraine. The increase compared to end-2021 was attributable to both the higher raw material prices and a slight rise in Days Sales Outstanding.

The percentage of overdue receivables as a percentage of total debt improved to 10.6% at 30 June 2022 (end-1H 2021: 11.6%). This was attributable to the unwavering focus on the collection of receivables.

ROACE[9] based on underlying EBITDA declined from 18.5% to 16.2% as a result of the increase in working capital. ROACE based on underlying EBIT declined from 11.0% to 8.5%.

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[9] *ROACE is defined as underlying EBITDA/EBIT divided by 12-month average capital employed.*

Results per cluster

Netherlands/Belgium

For the six months ended 30 June

In thousands of euro	2022	2021	Δ%
Total Feed volume (in tons)	2,344,423	2,559,874	−8.4%
Revenue	**846,472**	**705,309**	**20.0%**
Gross profit	**144,617**	**128,076**	**12.9%**
Other operating income	56	1,738	−96.8%
Operating expenses	−122,766	−102,739	19.5%
Underlying operating expenses	−120,755	−99,741	21.1%
EBIT	**21,907**	**27,075**	**−19.1%**
Underlying EBIT	**23,918**	**28,363**	**−15.7%**
Add back: depreciation, amortisation and impairment	7,834	8,037	−2.5%
Add back: underlying depreciation, amortisation and impairment	6,222	6,344	−1.9%
EBITDA	**29,741**	**35,112**	**−15.3%**
Underlying EBITDA	**30,146**	**34,707**	**−13.1%**
Underlying EBITDA / Gross profit	20.8%	27.1%	−23.1%
ROACE on underlying EBITDA	**27.2%**	**37.3%**	**−27.2%**
ROACE on underlying EBIT	**21.1%**	**31.1%**	**−32.2%**

Cluster-specific developments

Nitrogen policy and farmer protests

At the beginning of June, the Dutch Minister for Nature and Nitrogen published the guiding choices and regional and other targets aimed at hitting the national nitrogen reduction targets in order to strengthen nature and biodiversity and achieving climate goals. How this will be realised will need to be fleshed out by the provinces in the coming year. Both the approach and the way in which communications were handled has given rise to fierce protests by farmers and led to unrest and uncertainty in the market.

Belgium is also working on a nitrogen policy to sharply reduce nitrogen emissions by buying out farming businesses that emit large quantities of nitrogen close to designated nature areas.

Further details on the results in the Netherlands/ Belgium

In the first-half of 2022 milk production in the Netherlands was lower compared to the previous year. There was a slight drop in sales to dairy farmers. In order to further implement the integrated approach to dairy farming ForFarmers launched Terrascoop, an online programme which builds on the leading position the company already holds in forage in the Netherlands.

The fall in volumes in the swine sector outpaced the contraction in the sector, partly due to a small loss of customers. In line with its ambition in the areas of transparency, cooperation and animal welfare and with a view to increasing the quality of pig meat ForFarmers joined the 'Varken op z'n Best' supply chain concept launched by Van Loon Group. The decline in sales to poultry farmers was partly due to some customers being affected by avian flu. In addition, broiler volumes were depressed by the transition to welfare concepts, which lead to lower compound feed volumes as fewer birds are kept per square metre. The acquisition of De Hoop strengthened ForFarmers' position in the market for welfare concepts.

Sales of organic feed under the Reudink brand rose despite the sudden sharp drop in the availability of sunflower seeds and sunflower seed flakes, an essential ingredient of organic poultry feed, caused by the war in Ukraine. Reudink together with interest representatives managed to obtain a temporary derogation from the EU to use 5% conventional protein sources for pig and poultry feed.

Sales of Pavo (horse feed) were virtually unchanged compared to the previous year.

The increase in gross profit was not sufficient to fully offset the higher energy prices, resulting in a decline in underlying EBITDA. This was also the main reason for the lower ROACE.

Germany/Poland

For the six months ended 30 June

In duizenden euro	2022	2021	Δ%
Total Feed volume (in tons)	1,003,939	1,092,228	–8.1%
Revenue	**397,488**	**306,606**	**29.6%**
Gross profit	**48,635**	**34,022**	**43.0%**
Other operating income	–14	254	–105.5%
Operating expenses	–42,029	–36,871	14.0%
Underlying operating expenses	–40,888	–35,648	14.7%
EBIT	**6,592**	**–2,595**	**–354.0%**
Underlying EBIT	**7,732**	**–1,372**	**–663.6%**
Add back: depreciation, amortisation and impairment	4,371	4,422	–1.2%
Add back: underlying depreciation, amortisation and impairment	3,260	3,286	–0.8%
EBITDA	**10,963**	**1,827**	**500.1%**
Underlying EBITDA	**10,992**	**1,914**	**474.3%**
Underlying EBITDA / Gross profit	22.6%	5.6%	301.7%
ROACE on underlying EBITDA	**12.1%**	**4.7%**	**154.8%**
ROACE on underlying EBIT	**7.7%**	**0.3%**	**2448.1%**

Cluster-specific developments

Many German pig farmers quit the industry given their extremely poor profitability and because of poorer prospects on account of ever-increasing environmental measures.

The dairy sector is seeing growing interest in robotic milking. This is partly because farming businesses are getting bigger, the workload on-farm is increasing and it is currently difficult to find good staff.

Poland is very directly impacted by the war in Ukraine. The country has taken in a large number of Ukrainian refugees. Exports of Ukrainian poultry products have decreased sharply. Polish poultry farmers are therefore seeking to boost their production amid increased demand.

Further details on the results in Germany/Poland

Total Feed volume decreased, mainly due to the situation in the German swine sector, while the introduction of the Ultra and Nova feed concepts in Poland led to a sharp increase in sales to pig farmers. Volumes in the ruminant sector fell as a result of the contraction of the dairy herd in Germany. At the same time the cluster saw an increase in sales to poultry farmers due to Polish poultry farmers increasing the number of chicks placed in order to be able to meet the growing demand for poultry products. They also temporarily stockpiled feed given the uncertainty over the availability of raw materials. Because of the focus on sustainable profitability, it was decided to stop selling straights separately in Germany; this had a slight negative impact on Total Feed volume and a slight positive impact on gross profit.

Gross profit rose substantially based on increased raw material, energy and fuel prices largely being passed on. In addition, YoY comparisons should take into account the one-off negative impact of around €4 million in 2021 from unfavourably priced contracts. Underlying operating expenses rose due to a slight increase in staffing costs despite the reduction in FTEs as well as higher energy and transport costs. However, the sharp rise in gross profit was more than sufficient to offset these increased expenses, resulting in a quintupling of underlying EBITDA. Consequently there was also a considerable improvement in ROACE.

United Kingdom

For the six months ended 30 June

In thousands of euro	2022	2021	Δ%
Total Feed volume (in tons)	1,177,176	1,232,591	−4.5%
Revenue	**378,089**	**321,451**	**17.6%**
Gross profit	**63,765**	**55,186**	**15.5%**
Other operating income	96	813	−88.2%
Operating expenses	−65,317	−58,344	12.0%
Underlying operating expenses	−63,393	−53,335	18.9%
EBIT	**−1,456**	**−2,345**	**−37.9%**
Underlying EBIT	**468**	**1,862**	**−74.9%**
Add back: depreciation, amortisation and impairment	8,691	8,393	3.6%
Add back: underlying depreciation, amortisation and impairment	7,228	6,503	11.1%
EBITDA	**7,235**	**6,048**	**19.6%**
Underlying EBITDA	**7,696**	**8,365**	**−8.0%**
Underlying EBITDA / Gross profit	12.1%	15.2%	−20.4%
ROACE on underlying EBITDA	**11.7%**	**14.1%**	**−17.0%**
ROACE on underlying EBIT	**0.6%**	**3.5%**	**−81.7%**

Cluster-specific developments

Labour shortages in the United Kingdom, partly caused by Brexit and exacerbated by Covid, are being felt throughout the agricultural supply chain, including a shortage of drivers, skilled farm workers and in abattoirs. This particularly impacted pig farmers who were unable to send all of their animals to slaughter and meant that pigs had to be held on farms, with consequent increase in costs and reduction in efficiency of feed conversion. In the poultry sector, layer farmers did not see the higher feed prices being compensated by higher retail prices, resulting in a decline in production. In addition, the aftermath of Covid and Avian Influenza impacted the sector. Generally speaking, feed companies in the United Kingdom saw price competition increase even further, in the wake of increasing energy and commodity prices.

On 1 July 2022 ForFarmers UK announced it had reached agreement with poultry feed company 2Agriculture to create a joint venture to be able to serve a larger number of customers more evenly spread across the various sectors. The transaction is subject to regulatory approval in the UK.

Further details on the results in the United Kingdom

Volumes declined in all sectors. In the ruminant sector, difficulties in fully passing on increased input costs in the supply chain, resulted in a small loss of customers. Sales in the swine sector fell as a result of the loss of a contract with a large pig customer with effect from April 2021. Excluding the loss of this specific client volume development in the pig sector was positive. The drop in volume in the poultry sector is the net result of slight growth in sales to broiler farmers and a decline in volumes in the layer sector, partly due to unprofitable contracts not being extended.

Despite the volume decline gross profit increased due to higher raw material and energy prices largely being passed on to customers. However, as it was not possible to fully pass on the increased energy costs to customers there was a decline in underlying EBITDA and, partly as a result of this, ROACE.

Central and support expenses

For the six months ended 30 June

In duizenden euro	2022	2021	Δ%
Gross profit	323	176	83.5%
Other operating income	–	–	0.0%
Underlying operating expenses	−8,346	−6,607	26.3%
EBIT	−7,914	−7,106	11.4%
Underlying EBIT	−8,021	−6,432	24.7%
Add back: depreciation, amortisation and impairment	2,302	2,221	3.6%
Add back: underlying depreciation, amortisation and impairment	2,301	2,221	3.6%
Underlying EBITDA	−5,720	−4,211	35.8%

Underlying operating expenses of Central and support services are the expenses net of overhead costs allocated to the clusters. In the first six months months of 2022 underlying central operating expenses rose by €1.7 million, with total allocation to the clusters remaining virtually unchanged. The net increase (excluding the change in cost allocation) of €1.6 million is mainly related to the strategy review and the announced intention to merge ForFarmers UK and 2Agriculture.

Sustainability and innovation

Innovation is crucial to making the livestock farming industry more sustainable. ForFarmers focuses on constantly improving feed concepts and feed advice to livestock farmers based on data analysis. The recently introduced Robotic Analysis Programme (RAP) is a good example of this. The ForFarmers robot specialists can use the data presented by the RAP to make analyses at herd level and by lactation rate, as well as at animal level, and use the findings to advise customers, both on-site at the farm and remotely.

Furthermore, in certain feed for poultry farmers in the Netherlands and Germany soya was replaced as an ingredient by processed animal proteins, the use of which was recently allowed again under certain conditions by the EU. This is a great step towards making the feed chain even more sustainable. Similarly, ForFarmers is a member of a consortium of Dutch players in the poultry chain which have formed a public-private partnership to conduct research into the use of insects as a source of protein in poultry diets. More specifically the research is looking at the effect inclusion of insect matter from the black soldier fly in poultry feed has on sustainability, health and well-being parameters of slow-growing broilers.

ForFarmers has set a number of ESG targets and relating KPIs for 2025, which are presented in detail in the annual report 2021.

For the following KPIs, progress is reported on a six-monthly and annual basis:

KPI	1H 2022	1H 2021
GHG Emissions Production (Kg CO_2 per tonne)	11.7	18.7
GHG Emissions Logistics (Kg CO_2 per tonne)	7.9	8.0
LTIs	9	19
Feed Safety Incidents	2	1

In the first-half of 2022 greenhouse gas emissions from the production process were considerably lower than a year earlier. This was attributable to an adjustment of the conversion factors used to calculate CO_2 in the primary process due to a larger share of renewable energy in the energy suppliers' energy mix.

The number of Lost Time Incidents (LTIs) was much smaller in the first-half of 2022 than a year earlier, when icy conditions during the bad winter weather led to more accidents. In addition, the ongoing focus on accident prevention in training courses, communication and everyday practice is creating a steady downward trend in LTIs.

There were two feed safety incidents in the first six months of 2022 compared to a single one in the year-earlier period. Both incidents were discovered during in-house safety checks and were reported to the appropriate authorities.

Subsequent events

On 1 July 2022 ForFarmers announced that ForFarmers UK and poultry feed company 2Agriculture had reached agreement on merging their businesses into a joint venture in order to serve a wider customer base in the United Kingdom. At the same time the joint venture makes for a robust enterprise with improved expertise and presence across the species to successfully meet the changing demands of the entire value chain. In doing so the joint venture will be able to draw on a balanced feed portfolio across the various species, with an expected combined volume of over 3 million tonnes of compound feed per annum. The transaction is subject to regulatory approval in the UK.

General market outlook

Despite efforts to enable the resumption of exports of raw materials from Ukraine, raw material prices are expected to remain volatile and relatively high, just like energy, wage and transport costs. The war in Ukraine is also causing uncertainty about macroeconomic performance and by extension consumer confidence and disposable income.

At the same time the agricultural sector is under growing pressure to become more sustainable, move towards extensive farming and focus less on exports (quantity) and more on quality (well-being concepts). This brings its own challenges but also provides opportunities. Innovation, further improvement of feed conversion ratios and the supply of sustainable feed concepts to reduce the carbon footprint both on-farm and in the supply chain will become increasingly important. Demand for organic feed solutions and advice are also set to increase. ForFarmers has all the attributes to further expand its position amid these trends, both in the conventional markets and in the growing organic market through Reudink.

For the first time since 2018, Europe is experiencing a prolonged period of drought, which is once again causing very low water levels in the rivers in the Netherlands, Belgium and Germany. This means that more vessels are needed to transport goods via inland waterways. Transport companies are charging higher rates for this, while the availability of shipping space has been under pressure for some time due to the pandemic and the war in Ukraine.

Financial outlook for 2022

In view of the uncertainties surrounding macroeconomic developments, the availability (and hence prices) of raw materials, energy and fuel, as well as the uncertain political climate in the Netherlands with regard to the agricultural sector, ForFarmers is refraining from issuing guidance on results in the second-half of 2022.

Review of Build to Grow 2025 strategy

In November 2021 ForFarmers announced its intention to review its Build to Grow 2025 strategy in light of the changes and challenges facing the agricultural sector and to tighten it where necessary. ForFarmers will report on the outcome of this review in the fourth quarter.

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, 10 August 2022

The Executive Board of ForFarmers N.V.
Chris Deen, CEO
Roeland Tjebbes, CFO
Pieter Wolleswinkel, COO

Other information

Audio webcasts

For the media

The Executive Board will expand on the ForFarmers 2022 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 2022 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 the market leader in Europe with annual sales of around 10 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 2021 generated revenue of approximately €2.7 billion. ForFarmers N.V. is listed on Euronext Amsterdam.

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Notifications and disclaimer

Reporting standards

Publication of 2022 interim report

The 2022 interim report (including the condensed consolidated interim financial results) will be available from 11 August 2022 on the ForFarmers website (www.forfarmersgroup.eu).

Reporting standards

The figures in this press release are derived from the unaudited ForFarmers 2022 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

1 November 2022	Q3 2022 trading update
23 February 2023	Publication of 2022 annual results and annual report
13 April 2023	Annual General Meeting of Shareholders
4 May 2023	Q1 2023 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, 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 thousands of euro (before profit appropriation)	Note	30 June 2022	31 December 2021
Assets			
Property, plant and equipment	14	309,893	317,711
Intangible assets and goodwill	15	103,510	107,859
Investment property		641	641
Trade and other receivables	23	4,256	5,307
Equity-accounted investees	16	28,993	28,880
Deferred tax assets		2,868	2,778
Employee benefits		21,750	3,934
Non-current assets		**471,911**	**467,110**
Inventories	17	143,317	116,547
Biological assets		8,100	8,515
Trade and other receivables	23	345,475	273,346
Current tax assets		5,436	9,006
Cash and cash equivalents	23	27,122	68,273
Assets held for sale	18	382	643
Current assets		**529,832**	**476,330**
Total assets		**1,001,743**	**943,440**
Equity			
Share capital		952	952
Share premium		143,554	143,554
Treasury share reserve		−58	−19
Translation reserve		−7,546	−5,223
Hedging reserve		1,211	−480
Other reserves and retained earnings		194,296	209,719
Unappropriated result		11,066	12,031
Equity attributable to shareholders of the Company	19	343,475	360,534
Non-controlling interests		5,292	5,730
Total equity		**348,767**	**366,264**
Liabilities			
Loans and borrowings	23	99,392	87,123
Employee benefits		19,285	23,884
Provisions	22	6,114	6,144
Trade and other payables	23	24,736	28,685
Deferred tax liabilities		21,597	16,921
Non-current liabilities		**171,124**	**162,757**
Bank overdrafts		47,781	34,456
Loans and borrowings		6,811	10,063
Provisions	22	1,473	1,901
Trade and other payables		425,216	367,522
Current tax liabilities		571	477
Current liabilities		**481,852**	**414,419**
Total liabilities		**652,976**	**577,176**
Total equity and liabilities		**1,001,743**	**943,440**

Condensed consolidated statement of profit or loss

For the six months ended 30 June

In thousands of euro	Note	2022	2021
Revenue	8	1,597,272	1,314,576
Cost of raw materials and consumables	9	−1,339,932	−1,097,116
Gross profit		**257,340**	**217,460**
Other operating income		138	2,805
Operating income		**257,478**	**220,265**
Employee benefit expenses		−85,237	−84,894
Depreciation, amortisation and impairment	14, 15	−23,198	−23,073
Net (reversal of) impairment loss on trade receivables		−2,365	105
Other operating expenses		−127,549	−97,374
Operating expenses	10	**−238,349**	**−205,236**
Operating profit		19,129	15,029
Net finance result	6, 11	−4,365	−2,586
Share of profit of equity-accounted investees, net of tax		1,874	2,290
Profit before tax		**16,638**	**14,733**
Income tax expense	13	−5,610	−4,343
Profit for the period		**11,028**	**10,390**
Profit attributable to:			
Shareholders of the Company		11,066	10,410
Non-controlling interests		−38	−20
Profit for the period		**11,028**	**10,390**
Earnings per share in euro[1]			
Basic earnings per share		0.12	0.10
Diluted earnings per share		0.12	0.10

[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 thousands of euro	Note	2022	2021
Profit for the period		11,028	10,390
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	21	18,097	12,185
Equity-accounted investees - share of other comprehensive income		–	–
Related tax		−4,178	−1,551
		13,919	**10,634**
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		−2,698	3,935
Cash flow hedges - effective portion of changes in fair value		2,279	98
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position		–	–
Related tax		−213	−800
		−632	**3,233**
Other comprehensive income, net of tax		13,287	13,867
Total comprehensive income		**24,315**	**24,257**
Total comprehensive income attributable to:			
Shareholders of the Company		24,353	24,277
Non-controlling interests		−38	−20
Total comprehensive income		**24,315**	**24,257**

Condensed consolidated statement of changes in equity

In duizenden 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		952	143,554	−19	−5,223	−480	209,719	12,031	360,534	5,730	366,264
Addition from unappropriated result		–	–	–	–	–	12,031	−12,031	–	–	–
Total comprehensive income											
Profit		–	–	–	–	–	–	11,066	11,066	−38	11,028
Other comprehensive income		–	–	–	−2,323	1,691	13,919	–	13,287	–	13,287
Total comprehensive income		**–**	**–**	**–**	**−2,323**	**1,691**	**13,919**	**11,066**	**24,353**	**−38**	**24,315**
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends		–	–	–	–	–	−25,881	–	−25,881	−400	−26,281
Purchase of own shares		–	–	−39	–	–	−15,474	–	−15,513	–	−15,513
Equity-settled share-based payments	19	–	–	–	–	–	−18	–	−18	–	−18
Total transactions with shareholders of the Company		**–**	**–**	**−39**	**–**	**–**	**−41,373**	**–**	**−41,412**	**−400**	**−41,812**

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

Condensed consolidated statement of changes in equity (continued)

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Subtotal1	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		–	–	–	–	–	–27,605	–	–27,605	–400	–28,005
Purchase of own shares		–	–	–	–	–	7	–	7	–	7
Equity-settled share-based payments		–	–	–	–	–	–10	–	–10	–	–10
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**

[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 thousands of euro	Note	2022	2021
Cash flows from operating activities			
Profit for the year		11,028	10,390
Adjustments for:			
Depreciation	14	17,896	17,299
Amortisation	15	5,302	5,223
Net (reversal of) impairment loss	14	–	551
Change in fair value of biological assets (unrealised)		789	51
Net (reversal of) impairment loss on trade receivables		2,365	−105
Net finance result		4,365	2,586
Share of profit of equity-accounted investees, net of tax		−1,874	−2,290
Gain on sale of property, plant and equipment / investment property		−158	−69
Gain on sale of assets held for sale	9	–	−2,513
Equity-settled share-based payment expenses		231	155
Expenses related to post-employment defined benefit plans		498	459
Expenses related to long term incentive plans		455	500
Income tax expense		5,610	4,343
		46,507	**36,580**
Changes in:			
Inventories & biological assets		−27,164	−1,097
Trade and other receivables		−77,919	−30,266
Trade and other payables		58,399	18,488
Provisions and employee benefits		−6,096	−5,566
Cash generated from operating activities		**−6,273**	**18,139**
Interest paid		−1,251	−580
Income taxes paid		−1,295	−8,436
Net cash from operating activities		**−8,819**	**9,123**
Cash flows from investing activities			
Interest received		260	404
Dividends received from equity-accounted investees		2,173	2,429
Proceeds from sale of property, plant and equipment / investment property		673	1,145
Proceeds from sale of assets held for sale		–	3,054
Acquisition of subsidiaries, net of cash acquired	6	−2,000	−25,035
Acquisition of property, plant and equipment	14	−13,149	−17,157
Acquisition of intangible assets	15	−1,358	−1,340
Net cash used in investing activities		**−13,401**	**−36,500**

Condensed consolidated statement of cash flows (continued)

For the six months ended 30 June

In thousands of euro	Note	2022	2021
Cash flows from financing activities			
Purchase of own shares		−15,512	7
Proceeds from sale of treasury shares relating to employee participation plan	19	242	743
Purchase of treasury shares relating to employee participation plan		−403	−1,030
Lease payments	23	−4,457	−3,831
Proceeds from borrowings	23	44,745	53,000
Repayment of borrowings	23	−32,973	−20,000
Transaction costs related to borrowings		−120	−120
Dividend paid	19	−25,146	−26,810
Net cash used in financing activities		**−33,624**	**1,959**
Net increase/decrease in cash and cash equivalents		−55,844	−25,418
Cash and cash equivalents at 1 January		33,818	38,033
Effect of movements in exchange rates on cash held		1,367	321
Cash and cash equivalents as at 30 June[1]	**25**	**−20,659**	**12,936**

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 2022 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 10 August 2022.

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 2021 ('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 2022, 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 2022 ForFarmers

has not experienced material issues in its core processes due to increased raw material prices and raw material availability. 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 2020	£ 0.8990	zł 4.5597
Rate as at 30 June 2021	£ 0.8581	zł 4.5201
Rate as at 31 December 2021	£ 0.8403	zł 4.5969
Rate as at 30 June 2022	£ 0.8582	zł 4.6904
Average rate	€1,00	€1,00
H1 2021	£ 0.8680	zł 4.5374
H1 2022	£ 0.8424	zł 4.6354

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 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 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	2022	2021
Segment operating profit		**19,129**	**15,029**
Net finance result	11	−4,365	−2,586
Share of profit of equity-accounted investees, net of tax		1,874	2,290
Profit before tax		**16,638**	**14,733**

Reportable segments

For the six months ended 30 June 2022

In thousands of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed revenues	680,252	363,190	294,235	–	1,337,677
Other revenue	141,626	34,115	83,854	–	259,595
External revenues	**821,878**	**397,305**	**378,089**	**–**	**1,597,272**
Inter-segment revenues	24,594	183	–	−24,777	–
Revenue	**846,472**	**397,488**	**378,089**	**−24,777**	**1,597,272**
Gross profit	**144,617**	**48,635**	**63,765**	**323**	**257,340**
Other operating income	56	− 14	96	–	138
Operating expenses	−122,766	−42,029	−65,317	−8,237	−238,349
Operating profit	**21,907**	**6,592**	**−1,456**	**−7,914**	**19,129**
Depreciation, amortisation and impairment	7,834	4,371	8,691	2,302	23,198
EBITDA	**29,741**	**10,963**	**7,235**	**−5,612**	**42,327**
Property, plant and equipment	138,310	66,941	99,265	5,377	309,893
Intangible assets and goodwill	73,866	14,602	8,500	6,542	103,510
Equity-accounted investees	–	27,928	1,065	–	28,993
Other non-current assets	851	9,243	22,174	−2,753	29,515
Non-current assets	**213,027**	**118,714**	**131,004**	**9,166**	**471,911**
Current assets	**327,826**	**205,988**	**140,283**	**−144,265**	**529,832**
Total assets	**540,853**	**324,702**	**271,287**	**−135,099**	**1,001,743**
Equity	−228,392	−56,967	−32,242	−31,166	−348,767
Liabilities	−312,461	−267,735	−239,045	166,265	−652,976
Total equity and liabilities	**−540,853**	**−324,702**	**−271,287**	**135,099**	**−1,001,743**
Working capital	−15,522	68,819	23,216	−1,520	74,993
Capital expenditure[1]	6,659	3,118	1,864	1,549	13,190

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

For the six months ended 30 June 2021

In thousands of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed	574,014	273,224	247,834	–	1,095,072
Other revenue	112,893	32,994	73,617	–	219,504
	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**
At 31 December 2021					
Property, plant and equipment	136,926	68,001	106,519	6,265	317,711
Intangible assets and goodwill	75,461	15,891	10,152	6,355	107,859
Equity-accounted investees	–	27,773	1,107	–	28,880
Other non-current assets	1,463	9,237	4,443	−2,483	12,660
Non-current assets	**213,850**	**120,902**	**122,221**	**10,137**	**467,110**
Current assets	**275,524**	**188,488**	**126,045**	**−113,727**	**476,330**
Total assets	**489,374**	**309,390**	**248,266**	**−103,590**	**943,440**
Equity	−209,613	−52,003	−25,132	−79,516	−366,264
Liabilities	−279,761	−257,387	−223,134	183,106	−577,176
Total equity and liabilities	**−489,374**	**−309,390**	**−248,266**	**103,590**	**−943,440**
Working capital	−28,445	61,407	8,609	−4,071	37,500
For the six months ended 30 June 2021					
Capital expenditure[1]	8,684	4,820	2,992	1,827	18,323

[1] *Verworven immateriële activa en materiële vaste activa*

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 2022

There were no acquisitions in the six months ended 30 June 2022.

Developments previous acquisitions

Acquisition De Hoop Mengvoeders B.V.

On 25 February 2022 first contingent consideration has been paid. The second and final consideration will be paid in 2023 and the liability amounts €5.5 million as at 30 June 2022.

Tasomix Group (Poland)

As at 30 June 2022 the put option liability amounts to €23.7 million (31 December 2021 €22.8 million). The increase of this liability relates to the discounting effect of €1.3 million (which has been recognised in the income statement as a non-operational finance result, refer to Note 12) and a foreign currency translation impact (€0.4 million included in other comprehensive income).

7. Disposals

There were no disposals in the six months ended 30 June 2022 (2021: idem).

8. Gross profit

Gross profit increased by €39.9 compared to the six months ended 30 June 2021. Excluding the foreign currency effect (€1.4 million positive) and net acquisition/divestment effect (€0.7 million positive) gross profit increased with €37.8 million as a result of passing on higher raw material and energy prices.

9. Other operating income

There is almost no other operating income in the six months ended 30 June 2022.

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

10. Operating expenses

The increase in total operating expenses of €33.1 million contains a foreign currency effect of €0.9 million negative and a net acquisition/divestment effect of (€0.7 million negative). Without these effects, the operating expenses go up by €31.5 million mainly due to increased energy and fuel prices, and higher personnel costs as a result of salaries indexation.

11. Net finance result

Net finance result amounts to €4.4 million adverse (30 June 2021: €2.6 million negative) and includes among others €1.3 interest accruals (loss) on the put-option liability relates to acquisitions. The decrease in the net finance result is mainly caused by the higher net debt position as well as rising interest rates in Poland and the United Kingdom in particular.

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.

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 2022

In thousands of euro	IFRS	Impairments	Business Combinations and Divest-ments	Restruc-turing	Other	Total APM items	Underlying excluding APM items
EBITDA[1]	42,327		−62	−725	–	−787	43,114
EBIT	19,129	–	−4,243	−725	–	−4,968	24,097
Net finance result			−2,182		–	−2,182	
Tax effect		–	975	155	–	1,130	
Profit attributable to Shareholders of the Company	11,066	–	−5,450	−570	–	−6,020	17,086
Earnings per share in euro[2]	0.12	–	−0.06	−0.01	–	−0.07	0.19

For the six months ended 30 June 2021

In thousands of euro	IFRS	Impairments	Business Combinations and Divest-ments	Restruc-turing	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[2,3]	0.12	–	–0.02	–0.02	–0.03	–0.07	0.19

[1] *EBITDA is operating profit before depreciation, amortization and impairments.*
[2] *Earnings per share attributable to Shareholders of the Company.*
[3] *Corrected compared to the in H1 2021 reported earnings per share, in line with the correction which was already applied in the AR 2021.*

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

- **Impairments:** none.
- **Business Combinations and Divestments:** €4.2 million (loss) as a result of the amortisation of acquired intangible assets and €2.2 million finance result mainly as a result of an accrual (loss) of the put-option liability regarding the acquisition of Tasomix.
- **Restructering:** €0.7 million restructering costs regarding projects in various countries related to the costs efficiency program.
- **Other:** none.

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

- **Impairments:** €0.6 million regarding assets which are no longer in use.
- **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.
- **Restructering:** €2.2 million restructering costs regarding projects in various countries related to the costs efficiency program.
- **Other:** €3.0 million additions to the provisions as a result of ongoing lawsuits and claims against ForFarmers.

Taking the APM items into account, the underlying effective tax rate for the first six months ended 30 June 2022 would be 30,8% (30 June 2021: 26,1%).

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 2022 is 38.0% (six months ended 30 June 2021: 34.9%). The higher tax rate compared to 2021 is mainly due to a tax adjustment for prior years in the United Kingdom.

As of 30 June 2022 a net current tax asset has been recognised amounting to €4.9 million (31 December 2021: net tax asset of €8.5 million). This decline is a result of prepayments repaid to ForFarmers in previous years in the first half of 2022. This is partially offset by prepayments paid in the current financial year that are higher than the current tax liability due to higher taxable profits realized in the first half of 2022.

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 2022	31 December 2021
Assets		
Property, plant and equipment, owned	279,258	283,953
Right-of-use asset	30,635	33,758
Property, plant and equipment	**309,893**	**317,711**

Movements on property, plant and equipment (owned assets) during the six months ended 30 June 2022 are specified as follows:

In thousands of euro	Note	Total
Cost		
Balance as at 1 January 2022		**601,264**
Acquisitions through business combinations		–
Additions		11,832
Reclassification		–
Reclassification from assets held for sale	18	290
Reclassification from right-of-use asset	14	69
Disposals		–3,013
Effect of movements in exchange rates		–3,800
Balance as at 30 June 2022		**606,642**
Accumulated depreciation and impairment losses		
Balance as at 1 January 2022		**–317,311**
Depreciation		–13,910
(Reversal of) impairment losses on plant and equipment		–
Reclassification from assets held for sale		–
Reclassification from right-of-use asset		–44
Disposals		2,499
Effect of movements in exchange rates		1,382
Balance as at 30 June 2022		**–327,384**
Carrying amounts		
At 1 January 2022		283,953
At 30 June 2022		279,258

The investments amount to €11.8 million (2021: €17.0 million), with mainly expenditures to maintain and enhance the performance and efficiency of the production facilities.

Reclassification from assets held for sales relates to assets reported as held for sale in Poland as at 31 December 2021 and transferred to production in the Netherlands as at 30 June 2022.

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 2022 are specified as follows:

In thousands of euro	Note	Total
Cost		
Balance as at 1 January 2022		46,537
New lease contracts		1,278
Acquisitions through business combinations		–
Lease contracts ended		–2,155
Reclassification to tangible assets, owned		–69
Remeasurement		–10
Effect of movements in exchange rates		–524
Balance as at 30 June 2022		**45,057**
Accumulated depreciation and impairment losses		
Balance as at 1 January 2022		–12,779
Depreciation		–3,985
Lease contracts ended		2,155
Reclassification to tangible assets, owned		44
Effect of movements in exchange rates		143
Balance as at 30 June 2022		**–14,422**
Carrying amounts		
At 1 January 2022		33,758
At 30 June 2022		30,635

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 2022 are specified as follows:

In thousands of euro	Note	Goodwill	Intangible assets	Total
Cost				
Balance as at 1 January 2022		**117,635**	**113,389**	**231,024**
Acquisitions through business combinations		–	–	–
Additions		–	1,358	1,358
Disposals		–	–	–
Effect of movements in exchange rates		–1,175	–1,122	–2,297
Balance as at 30 June 2022		**116,460**	**113,625**	**230,085**
Accumulated amortisation and impairment losses				
Balance as at 1 January 2022		**–59,642**	**–63,523**	**–123,165**
Amortisation		–	–5,302	–5,302
(Reversal of) impairment losses on intangible assets		–	–	–
Disposals		–	–	–
Effect of movements in exchange rates		1,174	718	1,892
Balance as at 30 June 2022		**–58,468**	**–68,107**	**–126,575**
Carrying amounts				
At 1 January 2022		57,993	49,866	107,859
At 30 June 2022		57,992	45,518	103,510

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.

The carrying amount of net assets of ForFarmes is more than its market capitalization as at 30 June 2022. This has led to a goodwill impairment trigger in Q2 2022. The resulting goodwill impairment test did not lead to a goodwill impairment. There are no material changes occurred in the key assumptions, as applied in the annual impairment test in 2021. For detailed impairment test refer to the Annual report 2021.

16. Equity-accounted investees

The amounts under equity-accounted investeeds (€ 29.0 million per 30 juni 2022, respectively € 28.9 million per 31 December 2021) 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 2022 the total of inventories increased by €26.8 million to €143.3 million. The increase is mainly due to high raw material prices.

For the six months ended 30 June 2022 there were no material inventory write-downs recognised in the statement of profit or loss (six months ended 30 June 2021: idem).

18. Assets held for sale

During the six months ended 30 June 2022, specific assets from Poland are transferred to the Netherlands, which were held for sale at year-end 2021.

The assets held for sale as at 30 June 2022 relate to assets in 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 2022 the issued share capital comprised 95,218,821 ordinary shares and 1 priority share, each with a nominal value of €0.01.

Dividend

At the General Meeting of 14 April 2022 the dividend over 2021 was approved at € 0.29 per ordinary share (a dividend of €0.19 and a special dividend of €0.10 per ordinary share). The total dividend amounts to €26.3 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 2022 of €25.1 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

In 2021 ForFarmers annouced a €50 million share buyback programme to repurchase own shares. At 30 June 2022 5.9 million shares were repurchased for a total amount of €23.2 million. ForFarmers intends to cancel all of the shares acquired for the current programme as well as for previous programmes.

During the six months ended 30 June 2022 ForFarmers repurchased 3.9 million shares for a total amount of €15.9 million. From the total number of repurchased shares 117.736 at an amount of €0.4 million have been purchased for employee participation plans.

This share buy-back programme was temporarily suspended on March 15, 2022 due to uncertain market conditions.

20. 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 for shares. This was activated on 29 April 2022 as a result of the AGM's approval for the members of the Executive Team and two senior managers. 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 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 21 April 2022 up to and including 27 April 2022 and amounted to €3.04.

On 14 April 2022 the Group launched a participation plan to the other senior management and other employees respectively. The conditions of this plan are consistent with the participation plans applicable for 2021, 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 21 April 2022 up to and including 27 April 2022 and amounted to €3.04.

The total number of participants of all active employee participation plans comprises 13.2% 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 2022	31 December 2021
Liability for defined benefit obligations		14,517	19,428
Asset for defined benefit obligations		−21,750	−3,934
Net asset / liability for defined benefit obligations		**−7,233**	**15,494**
Liability for other long-term service plans		4,768	4,456
Total		**−2,465**	**19,950**

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

In thousands of euro	Total net defined benefit asset
Balance at 1 January 2022	**15,494**
Included in profit or loss	
Current service cost	498
Interest cost (income)	58
	556
Included in Other Comprehensive Income	
Remeasurement loss (gain)	−18,097
Effect of movements in exchange rates	424
	−17,673
Other	
Employer contributions (to plan assets)	−5,611
	−5,611
Balance as at 30 June 2022	**−7,233**

The remeasurement gain of €18.1 million is mainly reflects actuarial gain due to the greater effect of increased interest rate and changed adjustment in assumption for inflation than decline of return on assets in the United Kingdom for the six months ended 30 June 2022.

22. Provisions

The provisions remained constant. During the six months ended 30 June 2022 ForFarmers did not receive any additional information regarding the legal procedures which the UK Health and Safety Executive started in 2020.

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 2022

		Carrying amount				Fair value			
In thousands of euro	Note	Mandatory at FVTPL - others[1]	Fair value - hedging instruments	Amortized costs	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Commodity future contracts used for hedging (derivatives)		–	470	–	470	–	470	–	470
Fuel swaps used for hedging (derivatives)		–	1,921	–	1,921	–	1,921	–	1,921
		–	**2,391**	**–**	**2,391**	**–**	**2,391**	**–**	**2,391**
Financial assets not measured at fair value									
Equity securities (other investments)		–	–	28	28	–	–	–	–
Trade and other receivables[2]		–	–	347,312	347,312	–	–	–	–
Cash and cash equivalents		–	–	27,122	27,122	–	–	–	–
		–	**–**	**374,462**	**374,462**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value									
Contingent consideration		−7,044	–	–	−7,044	–	–	−7,044	−7,044
Put option liability		−23,687	–	–	−23,687	–	–	−23,687	−23,687
Forward exchange contracts used for hedging (derivatives)		–	–	–	–	–	–	–	–
Fuel swaps used for hedging (derivatives)		–	–	–	–	–	–	–	–
		−30,731	**–**	**–**	**−30,731**	**–**	**–**	**−30,731**	**−30,731**
Financial liabilities not measured at fair value									
Bank overdrafts		–	–	−47,781	−47,781	–	–	–	–
Loans and borrowings		–	–	−74,400	−74,400	–	–	–	–
Lease liabilities		–	–	−31,775	−31,775	–	–	–	–
Trade and other payables[3]		–	–	−419,221	−419,221	–	–	–	–
		–	**–**	**−573,177**	**−573,177**	**–**	**–**	**–**	**–**

[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, commodity future contracts	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 and futures 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)	Gezien de korte termijn van deze instrumenten benadert de boekwaarde de marktwaarde.
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 €95.1 million (31 December 2021: €28.7 million net cash).

During the six months ended 30 June 2022 the cash flow from operating activities was €8.8 million negative and was mainly influenced by the increasing working capital as a result of sharply rising raw material prices. In addition, the net debt increased due to the share buy-back programme and the payment of the dividend.

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 2021 by €351.5 million to €963.8 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 2022.

25. Related parties

During the six months ended 30 June 2022 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

On 1 July 2022, ForFarmers UK and 2Agriculture have come to an agreement to merge their businesses into a joint venture to serve a wider customer base. The joint venture will have a balanced feed portfolio across species, with an expected combined sales volume of more than 3 million tonnes of compound feed per year. At the same time the joint venture makes for a robust business, with improved expertise and presence across species, to successfully meet the changing demands from the entire value chain. The merger agreement is a non-cash transaction.
The share split will be 50.1% for ForFarmers UK and 49.9% for 2Agriculture. ForFarmers will consolidate 2Agriculture fully in the financial results.

27. Standards issued but not yet effective

A number of new standards and amendments to standards is effective for annual periods beginning after 1 January 2022 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, 10 August 2022

Executive Board ForFarmers N.V.
Chris Deen, CEO
Roeland Tjebbes, CFO
Pieter Wolleswinkel, COO

Supervisory Board ForFarmers N.V.
Jan van Nieuwenhuizen, Chairman
Erwin Wunnekink, Vice-Chair
Roger Gerritzen
Vincent Hulshof
Annemieke den Otter
Marijke Folkers – In 't Hout