

## Press Release

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Lochem, 13 August 2020

### ForFarmers 2020 first-half results

*Solid recovery, supported by efficiency measures - despite challenging markets*

#### Highlights for first-half of 2020<sup>1</sup>:

- Total Feed<sup>2</sup> volume: -5.6% to 4.8 million tonnes;  
of which compound feed: -4.9% to 3.4 million tonnes;
- Gross profit: +2.5% to €219.5 million; compared to depressed H1 2019 (purchasing position) and due to improved product mix with focus on specialties;
- Underlying EBITDA<sup>3</sup>: +34.6% to €48.2 million; rise in gross profit and cost savings due to efficiency measures taken;
- Underlying profit: +80.7% to €21.5 million;
- Working capital: (year-on-year) improved by €14.9 million to €76.5 million;
- Net cash flow from operating activities: almost tripled to €14.2 million.

#### Outlook for 2020

Despite expectations of a protracted impact from COVID-19 ForFarmers forecasts that underlying EBITDA and net profit in 2020 will comfortably exceed the weak result in 2019, partly as a result of the efficiency measures taken.

### Commenting on the 2020 first-half results ForFarmers CEO Yoram Knoop said:

“Both for many of our customers and for us, the first half of 2020 was dominated by the global outbreak of the coronavirus and the nitrogen debate in the Netherlands. We are proud that our employees have managed to continue producing and transporting feed without any complications for our customers, despite the COVID-19 measures imposed. The closure of the out-of-home sector impacted on our customers’ sales, in particular in the second quarter. This was reflected in our volume development, especially in the United Kingdom and Poland.

In addition our customers are facing increased pressure to reduce the environmental impact of their business, with this being translated into various measures in the countries where we operate. Particularly in the Netherlands, where the agricultural sector is a global leader in terms of developing sustainable concepts, the discussion surrounding future government measures to reduce nitrogen emissions, is causing turmoil and uncertainty in the sector. In this light there is a growing need for data-backed advice; this is at the heart of our Total Feed approach.

[1] Results for the first half of 2020 are compared to the results for the same period of 2019

[2] ‘Total Feed’ covers the entire ForFarmers product portfolio and consists of compound feed, specialties, co-products (including DML products), seeds and other products (such as forage)

[3] Operating profit excluding depreciation, amortisation and incidental items

The COVID situation has forced us to accelerate the implementation of our efficiency plans, meaning that our target of €10 million in cost savings has almost been reached already. Also as a result of this, we achieved a strong increase in underlying EBITDA despite the difficult market conditions, albeit in comparison to a weaker first half in 2019. This gives us confidence for the future. In addition we are working on next steps to make the organisation more efficient. We will announce the relating plans later this year.

There was a further increase in safety awareness at work, resulting in a 21% reduction in lost time incidents (LTIs). The knowledge, experience and dedication of staff is crucial to the successful rollout of any strategy. On 15 September we will publish our strategy for 2020-2025. With our employees, focus and Total Feed approach, we meet the key requirements to be successful in the challenging markets in which we operate," said ForFarmers CEO Yoram Knoop.

## Consolidated key figures

In millions of euro (unless indicated otherwise)	For the six months ended 30 June			Currency	Acquisition	Like-for-like <sup>(3)</sup>
	2020	2019	Total change in %			
Total Feed volume (x 1.000 ton)	4,793	5,079	-5.6%		0.0%	-5.6%
Compound feed	3,385	3,561	-4.9%		0.0%	-4.9%
Revenue	1,172.7	1,274.4	-8.0%	-0.2%	0.0%	-7.8%
Gross profit	219.5	214.1	2.5%	-0.2%	0.2%	2.5%
Operating expenses	-193.4	-206.3	-6.3%	-0.2%	0.1%	-6.2%
Underlying operating expenses	-192.6	-198.4	-2.9%	-0.2%	0.2%	-2.9%
EBITDA	47.4	33.5	41.5%	-0.3%	0.3%	41.5%
<b>Underlying EBITDA<sup>(1)</sup></b>	<b>48.2</b>	<b>35.8</b>	<b>34.6%</b>	<b>-0.3%</b>	<b>0.3%</b>	<b>34.6%</b>
EBIT	26.7	9.0	196.7%	-0.1%	0.0%	196.8%
Underlying EBIT <sup>(1)</sup>	27.5	16.0	71.9%	-0.1%	0.0%	72.0%
Profit attributable to shareholders of the Company	19.3	9.0	114.4%	-0.5%	0.0%	114.9%
Underlying profit <sup>(1)</sup>	21.5	11.9	80.7%	0.1%	0.0%	80.6%
Net cash from operating activities	14.2	4.8	195.8%			
Underlying EBITDA / Gross profit	22.0%	16.7%	31.7%			
<b>ROACE on underlying EBITDA<sup>(2)</sup></b>	<b>19.3%</b>	<b>15.6%</b>				
ROACE on underlying EBIT <sup>(2)</sup>	11.4%	8.9%				
Basic earnings per share (x €1)	0.20	0.09	122.2%			
Underlying earnings per share (x €1)	0.22	0.12	83.3%			

(1) Underlying means excluding incidental items (see Note 12 regarding the Alternative Performance Measures (APMs)).

(2) ROACE means underlying EBITDA (EBIT) divided by 12-month average capital employed.

(3) Like for like is the change excluding currency impact and acquisitions and divestments.

Note, percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings.

## Alternative Performance Measures and incidental items

Alternative Performance Measures (APMs) are used in order to provide a better insight into ForFarmers' business development and financial performance. APMs are the key metrics which are presented as 'underlying' (i.e. excluding incidental items) and clarified on the level of operating expenses, depreciation, EBIT, EBITDA, finance costs and profit. For further explanation of the APMs please refer to note 12 of the enclosed interim financial statements 2020.

The impact of incidental items on the various key metrics is as follows:

For the six months ended 30 June 2020

In millions of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	Underlying excluding APM items
EBITDA <sup>(1)</sup>	47.4		-0.2	-0.6	-	-0.8	48.2
EBIT	26.7	-	-0.2	-0.6	-	-0.8	27.5
Net finance result			-1.6			-1.6	
Tax effect		-	0.1	0.1	-	0.2	
Profit attributable to Shareholders of the Company	19.3	-	-1.8	-0.5	-	-2.3	21.5
Earnings per share in euro <sup>(2)</sup>	0.20	-	-0.02	0.00	-	-0.02	0.22

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

(2) Earnings per share attributable to Shareholders of the Company.

## Review of the consolidated operating results for the first half of 2020

With both the currency translation effect and the impact of acquisitions having been very small in the first half of 2020 no specific attention is paid to these in the following analyses.

**Total Feed volume** fell by 5.6% to 4.8 million tonnes. Total Feed volumes fell in all clusters and across all sectors. Sales of **compound feed**, part of the Total Feed portfolio, fell by 4.9%, a relatively smaller decline than for Total Feed volume. With the exception of the dairy sector in Germany/Poland, sales fell in all clusters and across all sectors. The decline in compound feed volume in the second quarter was relatively larger (year-on-year) than in the first quarter, largely due to the temporary impact of the COVID-19 measures.

**Revenue** fell by 8.0% (or €101.7 million) to €1,173 million, due to the volume decrease and due to a fall in average raw material prices. Fluctuations in raw material prices are in principle passed on to customers.

**Gross profit** rose by 2.5% (or €5.4 million) to €219.5 million. A better product mix with more specialties contributed to the increase. Gross profit in the first half of 2019 was depressed by an unfavourable purchasing position. The gross profit per tonne of compound feed rose, by 7.9%, despite the challenging markets.

**Underlying total operating expenses**, including depreciation and amortisation, fell by 2.9% (or €5.8 million) to €192.6 million, partly as a result of the efficiency plans implemented. Staffing costs were lower due to the fall in the number of FTEs, with the decline partly offset by the effect of wage indexation. Production costs were also lower, mainly due to the closure of four mills in the second half of 2019 and lower energy costs. Transport costs decreased in line with lower volumes, despite an increase in third-party transport costs. Overhead costs were lower due to the strict cost focus and the net reduction in operating expenses as a result of the COVID-19 measures. A net amount of €0.3 million was added to the provision for bad debts in light of the worsened financial situation faced by some customers as a result of the coronavirus crisis.

**Underlying depreciation and amortisation** rose by €0.9 million to €20.7 million following the investment programme of recent years.

**Underlying operating profit (EBIT)** rose to €27.5 million (H1 2019: €16.0 million).

In millions of euro	For the six months ended 30 June			
	2020	2019	Δ	Δ%
<b>EBITDA</b>	<b>47.4</b>	<b>33.5</b>	<b>13.9</b>	<b>41.5%</b>
Business Combinations and Divestments	0.2	-0.9	1.1	
Restructuring cost	0.6	2.6	-2.0	
Other	-	0.5	-0.5	
<b>Underlying EBITDA</b>	<b>48.2</b>	<b>35.8</b>	<b>12.4</b>	<b>34.6%</b>
FX effect	0.1			
Underlying EBITDA, at constant currencies	48.3	35.8	12.5	34.9%

General remark: percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings.

**Underlying EBITDA** rose 34.6% (or €12.4 million) to €48.2 million resulting in an increase in the underlying EBITDA/gross profit ratio from 16.7% to 22.0%.

The contribution from the Germany transshipment joint venture HaBeMa rose 59.0% to €2.7 million, mainly as a result of growth in trade and production volumes.

**Underlying net finance costs** rose (from €1.3 million to €1.6 million), mainly as a result of a rise in net debt due to, amongst others, the share buy-back programme.

The **underlying effective tax rate** was 26.4% (H1 2019: 25.6%) with the increase mainly due to a change in the tax rate in the United Kingdom.

**Underlying profit** rose 80.7% (or €9.6 million) to €21.5 million.

Underlying profit per share was up 83.3% with the share buy-back programme having a limited impact on the increase.

The number of employees (calculated in full-time equivalents [FTEs]) equalled 2,570 at 30 June 2020. This was 3.5% lower than at 30 June 2019 with the decline mainly due to the closure of four mills in the second half of 2019. The number of FTEs at 30 June 2020 was equal to the number at end-2019, because the decrease in the number of FTEs in Germany and the United Kingdom was offset by the increase in Poland.

### Summary consolidated statement of cash flows

In millions of euro	For the six months ended 30 June	
	2020	2019
Net cash from operating activities	14.2	4.8
Net cash used in investing activities	-17.2	-14.1
Net cash used in financing activities	-12.4	-40.2
Net increase/decrease in cash and cash equivalents	-15.3	-49.4
Cash and cash equivalents at 1 January <sup>(1)</sup>	15.4	38.4
Effect of movements in exchange rates on cash held	1.3	0.7
<b>Cash and cash equivalents as at 30 June<sup>(1)</sup></b>	<b>1.4</b>	<b>-10.3</b>

(1) Net of short term bank overdrafts

The increase in **net cash from operating activities** was mainly due to the improved result for the period, partly offset by the increase in working capital (compared to end-2019).

The €3.1 million increase in **net cash used in investing activities** was mainly the result of the final settlement of the earn-out liability as part of the takeover agreements with Vleuten-Steijn Voeders (in 2016) and Wilde Agriculture (2017) for a total amount of €8.9 million. Maintenance investments were lower (fewer mills).

The decline in **net cash used in financing activities** was the result of the extra debt contracted to finance matters including the share buy-back programme.

## Summary consolidated statement of financial position

In millions of euro	30 June 2020	31 December 2019
Total Assets	831.5	865.5
Equity	378.7	418.4
<b>Solvency ratio<sup>(1)</sup></b>	<b>45.5%</b>	<b>48.3%</b>
<b>Net working capital</b>	<b>76.5</b>	<b>48.7</b>
- Current assets <sup>(2)</sup>	324.1	328.6
- Current liabilities <sup>(3)</sup>	247.6	279.9
Overdue receivables	14.4%	16.1%
<b>Net Debt / (Cash)<sup>(4)</sup></b>	<b>51.0</b>	<b>7.0</b>
IFRS 16 Lease liabilities	23.8	24.1

(1) Solvency ratio is equity divided by total assets.

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

(3) Current liabilities excluding bank overdrafts, loans and borrowings and lease liabilities.

(4) Excluding IFRS 16 Lease liabilities

General remark: additions may lead to small differences due to roundings.

## Capital structure and solvency

**Group equity** decreased by €39.7 million in the first half of 2020 (compared to 31 December 2019) to €378.7 million. The decline was the result of the distribution of dividend (€27.2 million) and €12.7 million for the share buy-back programme in 2020, partly offset by the addition of the profit for the first half of 2020 (€19.5 million). Other comprehensive income was directly recognised in group equity and mainly comprised a remeasurement (-€10.4 million) of the pension liability (in the United Kingdom) and the balance of currency translation differences (-€8.1 million).

The **solvency ratio** decreased from 48.3% at end-2019 to 45.5% at 30 June 2020.

The **net debt position** (the net balance of long and short-term available cash and cash equivalents minus bank loans and other borrowings) was €51.0 million (end-2019: €7.0 million). The increase of the net debt position was the result of the investment programme, dividend distribution, the share buy-back programme, the final settlement of earn-out payments regarding acquisitions as well as the increase in working capital, which was only partly offset by net cash from operating activities.

**Net working capital** fell to €76.5 million, down €14.9 million compared to the situation at 30 June 2019. Compared to end-2019 working capital increased by €27.8 million to €76.5 million at 30 June 2020, mainly due to a higher accounts receivable balance at the Netherlands/Belgium cluster; this was largely attributable to the seasonal effect of fertilizer and seed sales. Despite this there was a decline in the overdue percentage in the Netherlands. For ForFarmers Group, this resulted in the overdue percentage improving from 16.1% at end-2019 to 14.4% at 30 June 2020.

**ROACE<sup>(4)</sup>** rose from 15.6% to 19.3% due to the higher underlying EBITDA in all clusters, which more than offset the increase in capital employed. Capital employed was higher due to the rise in working capital. ROACE based on underlying EBIT rose from 8.9% to 11.4%.

## Results and developments per cluster

### Price developments in the sectors<sup>5</sup>

Prices for dairy, meat and eggs were all at a reasonable to good level at the start of the first quarter of 2020. As a result of the measures imposed in connection with COVID-19, including in particular the shutdown of the out-of-home segment, all prices started to fall from around the start of the second quarter. Price developments for meat, eggs and dairy vary between countries and this is explained further by country.

[4] ROACE is underlying EBITDA divided by 12-month average capital employed

[5] Source: agri-newsdigest@ec.europa.eu; <https://www.zuivelnl.org/marktinformatie/melkprijzen>

## Netherlands/Belgium

In thousands of euro	For the six months ended 30 June		
	2020	2019	Δ%
Total Feed volume (in tons)	2,515,596	2,585,657	-2.7%
<b>Revenue</b>	<b>615,524</b>	<b>657,337</b>	<b>-6.4%</b>
<b>Gross profit</b>	<b>123,253</b>	<b>116,799</b>	<b>5.5%</b>
Other operating income	492	125	293.6%
Operating expenses	-95,934	-99,478	-3.6%
Underlying operating expenses	-95,546	-95,739	-0.2%
<b>EBIT</b>	<b>27,811</b>	<b>17,446</b>	<b>59.4%</b>
<b>Underlying EBIT</b>	<b>28,199</b>	<b>21,185</b>	<b>33.1%</b>
Add back: depreciation, amortisation and impairment	6,602	8,892	-25.8%
Add back: underlying depreciation, amortisation and impairment	6,602	6,330	4.3%
<b>EBITDA</b>	<b>34,413</b>	<b>26,338</b>	<b>30.7%</b>
<b>Underlying EBITDA</b>	<b>34,801</b>	<b>27,515</b>	<b>26.5%</b>
Underlying EBITDA / Gross profit	28.2%	23.6%	19.9%
<b>ROACE on underlying EBITDA</b>	<b>39.1%</b>	<b>35.4%</b>	<b>10.4%</b>

### Market and sector developments

In late April<sup>[6]</sup> the Dutch minister for Agriculture, Nature and Food Quality announced that a total amount of around €5 billion would be made available in the period up to 2030 to restore the environment and for (source) measures to reduce nitrogen deposition. The agricultural measures include extended grazing times for cattle, innovative animal housing, changes in nutrition, and financial schemes for farmers who wish to switch or voluntarily discontinue their business. Together with farming organisations and the Dutch association for the feed industry Nevedi ForFarmers is working intensively to get sustainable solutions on the agenda that do justice to both sustainable future prospects for livestock farmers and a sustainable agricultural sector whilst minimising the environmental impact as much as possible. Economies of scale and focus on knowledge mean that ForFarmers has great innovative strength, which is made available to livestock farmers through the Total Feed approach – good nutrition accompanied by advice and supported by monitoring tools – in order to assist farmers to most effectively respond to these new challenges.

The pig population in the Netherlands shrank as a result of the 'stoppers scheme' that was in force until 1 January 2020. In addition in late 2019 pig farmers were given a month to register for the 'warm restructuring scheme', another subsidy scheme originally set up to reduce odour nuisance in certain livestock-rich areas. It is expected that the scheme will result in a further drop of around 10% in the Dutch pig population from late 2020 into 2021.

Furthermore pig farmers were recently faced with a move by China to impose import blocks – expected to be temporary – on pig meat from certain abattoirs in the Netherlands and Germany due to COVID-19 infections among staff.

Belgium continued to see a lingering effect from the outbreak of swine fever among wild boars last year, as a result of which some countries outside the EU still have an import block in place on pig meat from Belgium. This is affecting pig prices and has resulted in a reduction in the pig population.

[6] Source: <https://www.rijksoverheid.nl/actueel/nieuws/2020/04/24/stikstofaanpak-versterkt-natuur-en-biedt-economisch-perspectief>, among others

Given that no new swine fever cases have been reported for some time now it is expected that the import block will be lifted in the autumn.

The poultry sector in Belgium was affected by factors including the detection of avian flu in the autumn of 2019, as a result of which the placement of new chicks in the coops was postponed.

## Results

Total Feed volume in the Netherlands/Belgium cluster fell by 2.7% to 2.5 million tonnes in the first half of 2020.

Volume declined in the ruminant sector, particularly in the second quarter, because cattle farmers were unable to sell a share of their products to the out-of-home sector due to COVID-19.

Volume in the pig sector was lower due to a decline in the pig population in both Belgium and the Netherlands ('stoppers scheme'). Sales were also impacted by the loss of several customers following the acquisition of Voeders Algoet.

Sales to broiler farmers in the Netherlands increased with the attraction of more customers based on good technical results. Unfortunately the decline in sales in Belgium could not be offset.

The volume decline for compound feed was relatively greater than for Total Feed, with livestock farmers more frequently opting for individual raw materials and co-products amid the uncertainty of the second quarter. For example, with sales to the out-of-home sector no longer possible the resulting large supply of potatoes was used as feed. Thanks to its Total Feed approach ForFarmers was able to translate this situation into an increase in sales of specialties, especially concentrates, to supplement animals' rations. Despite the fact that milk prices declined in the first half of 2020, compound feed volumes in the dairy sector remained stable.

Reudink, which focuses solely on supplying organic farmers, reported a decline in volumes following the loss of a contract for third-party production and increased competition. The sales team of Pavo (horse feed) has been expanded, leading to a considerable volume increase.

Gross profit rose 5.5% despite lower volumes.

Underlying operating expenses declined by 0.2%. Staffing costs remained virtually stable with the increase in expenses due to wage indexation offset by the decline in the number of FTEs as a result of the closure of three mills in the second half of 2019. Volume-related production costs also declined. Improved profitability led to a €2.8 million rise in overhead cost allocation compared to last year.

Underlying EBITDA rose by 26.5% due to the higher gross profit and lower underlying operating expenses. As a result the underlying EBITDA/gross profit ratio rose from 23.6% to 28.2%.

ROACE (as a percentage of underlying EBITDA) rose from 35.4% to 39.1% as a result of the rise in underlying EBITDA, partly offset by the increase in capital employed.

## Germany/Poland

In thousands of euro	For the six months ended 30 June		
	2020	2019	Δ%
Total Feed volume (in tons)	1,056,786	1,102,754	-4.2%
<b>Revenue</b>	<b>278,177</b>	<b>298,770</b>	<b>-6.9%</b>
<b>Gross profit</b>	<b>38,350</b>	<b>36,127</b>	<b>6.2%</b>
Other operating income	48	147	-67.3%
Operating expenses	-36,231	-35,729	1.4%
Underlying operating expenses	-36,109	-34,843	3.6%
<b>EBIT</b>	<b>2,167</b>	<b>545</b>	<b>297.6%</b>
<b>Underlying EBIT</b>	<b>2,289</b>	<b>1,431</b>	<b>60.0%</b>
Add back: depreciation, amortisation and impairment	4,623	4,789	-3.5%
Add back: underlying depreciation, amortisation and impairment	4,623	4,461	3.6%
<b>EBITDA</b>	<b>6,790</b>	<b>5,334</b>	<b>27.3%</b>
<b>Underlying EBITDA</b>	<b>6,912</b>	<b>5,892</b>	<b>17.3%</b>
Underlying EBITDA / Gross profit	18.0%	16.3%	10.5%
<b>ROACE on underlying EBITDA</b>	<b>8.7%</b>	<b>8.0%</b>	<b>8.8%</b>

### Market and sector developments

The broiler sector in Poland was impacted by an import block imposed by certain non-EU countries following the outbreak of avian flu in Poland in H1 2020. This depressed broiler prices. The shutdown of the out-of-home segment due to COVID-19 also led to a fall in broiler sales and prices. Polish poultry farmers therefore delayed placing new chicks in their barns.

In Germany there is a growing emphasis on reducing phosphate and nitrate emissions, particularly by the pig sector.

### Results

Total Feed volume in the Germany/Poland cluster fell 4.2% to 1.1 million tonnes. Despite the challenging market conditions volumes rose in all sectors in Poland. However, the higher sales in Poland were not sufficient to compensate for the decline in volume in Germany. In percentage terms the volume decline for compound feed was smaller than for Total Feed.

Sales of compound feed in the ruminant sector rose due to an increase in market share for dairy farmers in both countries.

Volumes in the pig sector fell, largely due to the impact of phosphate legislation in Germany. Also, collaboration with a number of purchasing groups was terminated in the context of the margin policy.

Despite the volume growth in the poultry sector in Poland the cluster saw a decline in sales to this sector.

Gross profit rose by 6.2% (or €2.2 million) to €38.4 million. The increase was due to higher sales in Poland and an improved product mix in Germany with a stronger focus on specialties.

Underlying operating expenses rose 3.6%, mainly due to increased production at the Pionki factory in Poland. Overhead cost allocation was virtually unchanged compared to last year.

Underlying EBITDA rose 17.3%. The underlying EBITDA/gross profit ratio rose to 18.0% (H1 2019: 16.3%).

ROACE (as a percentage of underlying EBITDA) rose to 8.7% (H1 2019: 8.0%) as a result of the rise in EBITDA, which was partly offset by a slight increase in working capital due to the volume increase in the Pionki region.

## United Kingdom

In thousands of euro	For the six months ended 30 June		
	2020	2019	Δ%
Total Feed volume (in tons)	1,220,424	1,390,213	-12.2%
<b>Revenue</b>	<b>294,805</b>	<b>338,734</b>	<b>-13.0%</b>
<b>Gross profit</b>	<b>57,532</b>	<b>60,885</b>	<b>-5.5%</b>
Other operating income	40	24	66.7%
Operating expenses	-55,826	-62,550	-10.7%
Underlying operating expenses	-55,499	-59,452	-6.6%
<b>EBIT</b>	<b>1,746</b>	<b>-1,641</b>	<b>206.4%</b>
<b>Underlying EBIT</b>	<b>2,061</b>	<b>1,435</b>	<b>43.6%</b>
Add back: depreciation, amortisation and impairment	7,541	9,241	-18.4%
Add back: underlying depreciation, amortisation and impairment	7,541	7,413	1.7%
<b>EBITDA</b>	<b>9,287</b>	<b>7,600</b>	<b>22.2%</b>
<b>Underlying EBITDA</b>	<b>9,602</b>	<b>8,848</b>	<b>8.5%</b>
Underlying EBITDA / Gross profit	16.7%	14.5%	14.8%
<b>ROACE on underlying EBITDA</b>	<b>14.3%</b>	<b>10.8%</b>	<b>32.3%</b>

### Market and sector developments

Demand for dairy products fell due to the shutdown of the out-of-home sector, which led to a fall in the milk price and a subsequent fall in milk production. The out-of-home sector accounts for around 20% of dairy consumption in the United Kingdom. The pig sector weathered the conditions brought on by COVID-19 well and managed to maintain production. Chinese demand for pig meat continued to rise. Demand for eggs also showed continued growth but there was a temporary reduction in demand for poultry meat, especially from the catering sector.

What the market and trading conditions will look like for livestock farmers after Brexit remains uncertain. The sector is making a concerted effort to ensure a smooth supply of raw materials from other countries.

### Results

Total Feed volume fell 12.2% to 1.2 million tonnes. Volumes in the ruminant sector fell, especially in the second quarter. The low milk price led to a reduction in supplementary feeding. Mild spring weather also meant a reduction in supplementary feeding in the sheep sector. Sales in the pig sector were lower on account of a large customer having a smaller number of fattening pigs. The volume in the poultry sector remained stable. The decline

in sales of compound feed was smaller (in percentage terms) than for Total Feed, resulting in a higher margin per tonne. Despite this, gross profit fell 5.5%.

The strict focus on cost control and the implementation of efficiency programmes, including the closure of two factories, resulted in a 6.6% drop in underlying operating expenses. Staffing costs fell owing to the 9% drop in the number of FTEs compared to June 2019. Production and transport costs also fell, on account of the volume development. In light of the worsened financial position of dairy farmers, a larger amount was added to the provision for bad debts compared to last year. Overhead cost allocation was virtually unchanged compared to last year.

Underlying EBITDA rose 8.5% due to lower underlying operating expenses, despite the reduction in volume and gross profit. The underlying EBITDA/gross profit ratio rose from 14.5% to 16.7%. ROACE as a percentage of underlying EBITDA rose from 10.8% in the first half of 2019 to 14.3% in 2020 due to the higher underlying EBITDA and lower capital employed as a result of the goodwill impairment at the end of 2019.

## Central and support expenses

In thousands of euro	For the six months ended 30 June		
	2020	2019	Δ%
<b>Gross profit</b>	<b>375</b>	<b>301</b>	<b>24.6%</b>
Other operating income	-	871	-100.0%
Operating expenses	-5,432	-8,546	-36.4%
Underlying operating expenses	-5,431	-8,395	-35.3%
<b>EBIT</b>	<b>-5,057</b>	<b>-7,374</b>	<b>-31.4%</b>
<b>Underlying EBIT</b>	<b>-5,056</b>	<b>-8,099</b>	<b>-37.6%</b>
Add back: depreciation, amortisation and impairment	1,951	1,601	21.9%
Add back: underlying depreciation, amortisation and impairment	1,951	1,601	21.9%
<b>EBITDA</b>	<b>-3,106</b>	<b>-5,773</b>	<b>-46.2%</b>
<b>Underlying EBITDA</b>	<b>-3,105</b>	<b>-6,498</b>	<b>-52.2%</b>

Underlying operating expenses of the Central and support services consists of the amount in total expenses net of overhead costs allocated to the clusters. Of the €3.0 million decline in underlying central operating expenses €2.8 million was due to higher allocation to the Netherlands/Belgium cluster. Underlying operating expenses excluding allocation were slightly lower than last year. This was partly due to lower consultancy and travel costs.

## Sustainability and innovation

The ForFarmers Nutrition Innovation Centre (NIC) is constantly engaged in developing new nutritional concepts which improve animal health, reduce the emission of phosphate, ammonia and particulates and lead to improved feed conversion, thus contributing to sustainable livestock farming.

Employees of the NIC often collaborate with third parties on research programmes. For example, innovation managers are currently closely involved in a research programme for the sustainable production of feed crops in the Netherlands. The research is being led by Wageningen University & Research (WUR) and conducted in cooperation with various agricultural companies including ForFarmers. The research is aimed at reducing emissions, promoting sustainable soil management, increasing biodiversity, improving quality and usage of forage and enhancing the innovative strength of the agricultural companies. The research programme is a public-private partnership (PPP).

In addition the NIC recently participated in research by the Dutch association for animal nutrition research (VDN), into the amino acid requirement of modern fattening pigs. As part of the research ForFarmers conducted a practical pilot among more than 1,500 fattening pigs in order to analyse their changing nutritional needs. This showed that increasing the lysine content of feed results in improved feed conversion, thus increasing efficiency and reducing nitrogen and phosphorus emissions per kilogram of meat produced. These findings will be applied to ForFarmers' nutrition concepts.

## Subsequent events

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

At the beginning of July ForFarmers was notified by the UK Health and Safety Executive of the initiation of legal proceedings in relation to an accident that happened at the company's Exeter mill in the United Kingdom in October 2017. At present the outcome of the proceedings is uncertain and it is impossible to determine whether and to what extent ForFarmers will be held liable. Reference

is made to Note 22 of the 2020 interim financial statements.

## Outlook

### General developments

A growing number of Western European countries are putting pressure on the agricultural sector to reduce its environmental impact. This may become a barrier to growth of dairy and pig herds in these countries. At the same time it is expected that European dairy farmers will increasingly focus on higher productivity, in light of the slight rise in global demand for dairy products. ForFarmers supports farmers in this by offering feed, advice and monitoring tools, to continuously optimise rations.

It remains uncertain what the impact of any future trade agreements post Brexit will be. However, with the pig and poultry sectors in the United Kingdom having a self-sufficiency rate of around 60%-70%, there are growth opportunities for local livestock farmers.

Outbreaks of animal diseases continue to pose a risk to the agricultural sector. It is expected that the outbreak of avian flu in Poland combined with the impact of COVID-19 measures will result in a temporary reduction in the number of broilers taken in and sold by poultry farmers in Poland, compared to previous years. The outlook for the Polish poultry sector for the medium to long term remains positive.

Geopolitical developments can affect the markets that ForFarmers operates in. The uncertainty surrounding trade relations between the United States and other countries (in particular China) still persists. Volatility in raw material prices and on the currency markets is also expected to continue.

In the Netherlands and Germany raw materials are usually transported to ForFarmers via the waterways. A lack of rain caused a drop in river levels in the spring of 2020. At present water levels are high enough. ForFarmers closely monitors water levels and rain forecasts so that it can swiftly take any necessary action in order to guarantee production and supply of feed to customers.

## Outlook for 2020

It is not unlikely that COVID-19 measures will have to be reimposed, which may once again affect the out-of-home sector and therefore sales of dairy, meat and eggs.

ForFarmers continues to observe measures to safeguard the health of its employees and thus its ability to continue to produce feed and transport it to livestock farmers.

Despite expectations of a protracted impact from COVID-19, ForFarmers forecasts that underlying EBITDA and net profit in 2020 will comfortably exceed the weak result in 2019, partly as a result of the efficiency measures taken.

## Strategy for 2020-2025

ForFarmers will announce its strategy for 2020-2025, including the objectives related to the strategy, on 15 September.

## Investment plans for 2020

Capital expenditure will amount to around €30 million in 2020, with a continued focus on further optimisation of working capital. ForFarmers will also continue its acquisition drive.

## Responsibility statement

The Board of Directors states that to the best of its knowledge the 2020 interim financial statements, which comprise the Company and its subsidiaries (jointly referred to as 'the Group' or 'ForFarmers') and the Group's interest in its joint venture, give a true and fair view of the condensed consolidated statement of financial position, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the notes to the condensed consolidated financial statements, as required under the Dutch Financial Supervision Act (*Wet op het financieel toezicht – Wft*).

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

Lochem, 12 August 2020

Executive Board ForFarmers N.V.

Yoram Knoop, CEO

Roeland Tjebbes, CFO

Adrie van der Ven, COO

## Audio webcasts

### For the media:

Yoram Knoop (CEO), Roeland Tjebbes (CFO) and Pieter Wolleswinkel (COO) will expand on the ForFarmers 2020 half-year results in a conference call today from **08.30 – 09.30 CET**. The conference call (in Dutch) can be followed via live audio webcast by logging onto the corporate website ([www.forfarmersgroup.eu](http://www.forfarmersgroup.eu)). The slides used during the conference call can be downloaded via the corporate website. The audio webcast will remain available on the website afterwards.

### For analysts:

Yoram Knoop (CEO), Roeland Tjebbes (CFO) and Adrie van der Ven (COO) will expand on the ForFarmers 2020 half-year results in a conference call 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](http://www.forfarmersgroup.eu)). The slides used during the conference call can be downloaded via the corporate website. The audio webcast will remain available on the website afterwards.

## Company profile

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

ForFarmers is the market leader in Europe with annual sales of 10.1 million tonnes of animal feed. The organisation operates in the Netherlands, Germany, Belgium, Poland and the United Kingdom. ForFarmers has approximately 2,600 employees. In 2019 revenue amounted to approximately €2.5 billion.

ForFarmers N.V. is listed on Euronext Amsterdam.

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ForFarmers will be publish its Third Quarter 2020 Trading Update on 30 October 2020.

Enclosures:  
Interim financial statements 2020

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### Note to the editor / For additional information:

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Director Investor Relations  
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## Notifications and disclaimer

### REPORTING STANDARDS

#### PUBLICATION 2020 HALF-YEAR REPORT

The 2020 half-year report (incl. interim financial statements) will be available from 13 August 2020 on the ForFarmers website ([www.forfarmersgroup.eu](http://www.forfarmersgroup.eu)).

### REPORTING STANDARDS

The results in this press release are derived from the ForFarmers 2020 interim financial statements, which have not been audited by the external auditor and were drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. General remark: the percentages presented have been calculated based on amounts in millions of euros rounded to the nearest decimal.

### SUPERVISION

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

### Important dates

15-09-2020	Announcement Strategy 2020-2025 (Capital Markets Day)
30-10-2020	Publication third quarter 2019 Trading update
11-03-2021	Publication Annual results
23-04-2021	Annual General Meeting of shareholders
06-05-2021	Publication first quarter 2020 Trading update
13-08-2021	Publication first half-year 2020 results
02-11-2021	Publication third quarter 2020 Trading update

### FORWARD-LOOKING STATEMENTS

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

# INTERIM FINANCIAL STATEMENTS 2020

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Condensed consolidated statement of financial position

In thousands of euro (before profit appropriation)	Note	30 June 2020	31 December 2019
<b>Assets</b>			
Property, plant and equipment	14	281,254	291,358
Intangible assets and goodwill	15	133,526	139,771
Investment property		1,070	1,070
Trade and other receivables	23	7,520	10,462
Equity-accounted investees	16	28,751	27,206
Deferred tax assets		2,436	2,532
<b>Non-current assets</b>		<b>454,557</b>	<b>472,399</b>
Inventories	17	90,965	90,016
Biological assets		6,281	5,931
Trade and other receivables	23	215,302	228,780
Current tax assets	13	11,561	3,860
Cash and cash equivalents	23	51,326	62,761
Assets held for sale	18	1,500	1,737
<b>Current assets</b>		<b>376,935</b>	<b>393,085</b>
<b>Total assets</b>		<b>831,492</b>	<b>865,484</b>
<b>Equity</b>			
Share capital		1,063	1,063
Share premium		143,554	143,554
Treasury share reserve		-108	-86
Translation reserve		-9,630	-1,531
Hedging reserve		-1,258	-479
Other reserves and retained earnings		220,704	252,995
Unappropriated result		19,291	17,705
<b>Equity attributable to shareholders of the Company</b>	19	<b>373,616</b>	<b>413,221</b>
<b>Non-controlling interests</b>		<b>5,074</b>	<b>5,132</b>
<b>Total equity</b>		<b>378,690</b>	<b>418,353</b>
<b>Liabilities</b>			
Loans and borrowings	23	71,468	41,735
Employee benefits	21	38,103	29,852
Provisions	22	2,624	3,015
Trade and other payables	23	27,216	26,664
Deferred tax liabilities		11,159	13,873
<b>Non-current liabilities</b>		<b>150,570</b>	<b>115,139</b>
Bank overdrafts	23	49,938	47,402
Loans and borrowings	23	4,703	4,734
Provisions	22	1,690	2,275
Trade and other payables	23	244,860	276,556
Current tax liabilities	13	1,041	1,025
<b>Current liabilities</b>		<b>302,232</b>	<b>331,992</b>
<b>Total liabilities</b>		<b>452,802</b>	<b>447,131</b>
<b>Total equity and liabilities</b>		<b>831,492</b>	<b>865,484</b>

## Condensed consolidated statement of profit or loss

In thousands of euro	Note	For the six months ended 30 June	
		2020	2019
Revenue		1,172,740	1,274,353
Cost of raw materials and consumables		-953,230	-1,060,241
<b>Gross profit</b>	8	<b>219,510</b>	<b>214,112</b>
Other operating income	9	580	1,167
<b>Operating income</b>		<b>220,090</b>	<b>215,279</b>
Employee benefit expenses		-83,096	-85,897
Depreciation, amortisation and impairment	14, 15	-20,717	-24,523
Net (reversal of) impairment loss on trade receivables		-274	47
Other operating expenses		-89,336	-95,930
<b>Operating expenses</b>	10	<b>-193,423</b>	<b>-206,303</b>
<b>Operating profit</b>		<b>26,667</b>	<b>8,976</b>
Net finance result	6, 11, 12	-3,180	1,300
Share of profit of equity-accounted investees, net of tax	16	2,673	1,681
<b>Profit before tax</b>		<b>26,160</b>	<b>11,957</b>
Income tax expense	13	-6,647	-2,754
<b>Profit for the period</b>		<b>19,513</b>	<b>9,203</b>
<b>Profit attributable to:</b>			
<b>Shareholders of the Company</b>		<b>19,291</b>	<b>8,974</b>
Non-controlling interests		222	229
<b>Profit for the period</b>		<b>19,513</b>	<b>9,203</b>
<b>Earnings per share in euro<sup>(1)</sup></b>			
Basic earnings per share		0.20	0.09
Diluted earnings per share		0.20	0.09

(1) Earnings per share attributable to ordinary equity holders of the company

## Condensed consolidated statement of comprehensive income

In thousands of euro	Note	For the six months ended 30 June	
		2020	2019
<b>Profit for the period</b>		<b>19,513</b>	<b>9,203</b>
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurement of defined benefit liabilities	21	-12,851	-4,644
Equity-accounted investees - share of other comprehensive income		-	-
Related tax		2,433	939
		<b>-10,418</b>	<b>-3,705</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign operations - foreign currency translation differences		-9,251	608
Cash flow hedges - effective portion of changes in fair value		-1,040	421
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position		-	-
Related tax		1,413	-239
		<b>-8,878</b>	<b>790</b>
<b>Other comprehensive income, net of tax</b>		<b>-19,296</b>	<b>-2,915</b>
<b>Total comprehensive income</b>		<b>217</b>	<b>6,288</b>
<b>Total comprehensive income attributable to:</b>			
<b>Shareholders of the Company</b>		<b>-5</b>	<b>6,059</b>
Non-controlling interests		222	229
<b>Total comprehensive income</b>		<b>217</b>	<b>6,288</b>

## Condensed consolidated statement of changes in equity

2020

Attributable to shareholders of the Company

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

2019

Attributable to shareholders of the Company

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2019</b>		<b>1,063</b>	<b>143,554</b>	<b>-61</b>	<b>-6,653</b>	<b>-896</b>	<b>239,990</b>	<b>58,590</b>	<b>435,587</b>	<b>5,166</b>	<b>440,753</b>
Addition from unappropriated result		-	-	-	-	-	58,590	-58,590	-	-	-
<b>Total comprehensive income</b>											
Profit		-	-	-	-	-	-	8,974	8,974	229	9,203
Other comprehensive income		-	-	-	454	336	-3,705	-	-2,915	-	-2,915
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>454</b>	<b>336</b>	<b>-3,705</b>	<b>8,974</b>	<b>6,059</b>	<b>229</b>	<b>6,288</b>
<b>Transactions with shareholders of the Company, recognised directly in equity</b>											
Contributions and distributions											
Dividends	19	-	-	-	-	-	-30,051	-	-30,051	-401	-30,452
Purchase of own shares		-	-	-3	-	-	-2,343	-	-2,346	-	-2,346
Equity-settled share-based payments		-	-	-	-	-	-11	-	-11	-	-11
<b>Total transactions with shareholders of the Company</b>		<b>-</b>	<b>-</b>	<b>-3</b>	<b>-</b>	<b>-</b>	<b>-32,405</b>	<b>-</b>	<b>-32,408</b>	<b>-401</b>	<b>-32,809</b>
Balance as at 30 June 2019		1,063	143,554	-64	-6,199	-560	262,470	8,974	409,238	4,994	414,232

Unaudited

## Condensed consolidated statement of cash flows

In thousands of euro	Note	For the six months ended 30 June	
		2020	2019
<b>Cash flows from operating activities</b>			
Profit for the year		19,513	9,203
Adjustments for:			
Depreciation	14	16,241	15,526
Amortisation	15	4,476	4,280
Net (reversal of) impairment loss	14	-	4,717
Change in fair value of biological assets (unrealised)		-39	2
Net (reversal of) impairment loss on trade receivables		274	-47
Net finance result		3,180	-1,300
Share of profit of equity-accounted investees, net of tax		-2,673	-1,681
Gain on sale of property, plant and equipment / investment property	9	-265	-1,017
Equity-settled share-based payment expenses		159	294
Expenses related to post-employment defined benefit plans		506	483
Expenses related to long term incentive plans		578	656
Income tax expense		6,647	2,754
		<b>48,597</b>	<b>33,870</b>
Changes in:			
Inventories & biological assets		-2,701	6,875
Trade and other receivables		7,827	-2,716
Trade and other payables		-19,493	-12,661
Provisions and employee benefits		-5,775	-4,350
<b>Cash generated from operating activities</b>		<b>28,455</b>	<b>21,018</b>
Interest paid		-761	-1,034
Income taxes paid		-13,465	-15,171
<b>Net cash from operating activities</b>		<b>14,229</b>	<b>4,813</b>
<b>Cash flows from investing activities</b>			
Interest received		560	550
Dividends received from equity-accounted investees		1,752	1,593
Proceeds from sale of property, plant and equipment / investment property	9	846	1,471
Acquisition of subsidiaries, net of cash acquired	6	-8,947	-877
Acquisition of property, plant and equipment	14	-10,950	-16,158
Acquisition of intangible assets	15	-454	-665
<b>Net cash used in investing activities</b>		<b>-17,193</b>	<b>-14,086</b>
<b>Cash flows from financing activities</b>			
Purchase of own shares		-12,704	-2,346
Proceeds from sale of treasury shares relating to employee participation plan		847	1,339
Repurchase of treasury shares relating to employee participation plan		-1,166	-1,805
Lease payments		-3,271	-2,937
Proceeds from borrowings	23	30,000	35,522
Repayment of borrowings	23	-	-40,387
Payments of settlement of derivatives		-	-141
Dividend paid	19	-26,062	-29,408
<b>Net cash used in financing activities</b>		<b>-12,356</b>	<b>-40,163</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>-15,320</b>	<b>-49,436</b>
Cash and cash equivalents at 1 January <sup>(1)</sup>		15,359	38,449
Effect of movements in exchange rates on cash held		1,349	722
<b>Cash and cash equivalents as at 30 June<sup>(1)</sup></b>		<b>1,388</b>	<b>-10,265</b>

(1) Net of current bank overdrafts

NOTES TO THE CONDENSED CONSOLIDATED

# INTERIM FINANCIAL STATEMENTS

## Basis of preparation

### *1. ForFarmers N.V.*

ForFarmers N.V. (the 'Company') is a public limited company domiciled in the Netherlands. The Company's registered office is at Kwinkweerd 12, 7241 CW Lochem. The condensed consolidated interim financial statements ('interim financial statements') for the six months ended 30 June 2020 comprise ForFarmers N.V. and its subsidiaries (jointly the 'Group' or 'ForFarmers') and the Group's interest in its joint venture.

ForFarmers N.V. is an international organisation that offers nutritional solutions for both conventional and organic livestock farms. ForFarmers gives its very best 'For the Future of Farming': for the continuity of farming and for a financially secure sector.

The interim financial statements were authorised for issuance by the Executive Board and Supervisory Board on 12 August 2020.

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 2019 ('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 2020 but they do not have a material effect 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 2020 ForFarmers has not experienced material issues in its core processes as a result of the impact of and the measures regarding COVID-19. The position of ForFarmers in the vital sector underpins continuity in the operational cash flow. 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:

<b>Rate:</b>	<b>€1,00</b>	<b>€1,00</b>
Rate as at 31 December 2018	£ 0.8945	zł 4.3014
Rate as at 30 June 2019	£ 0.8966	zł 4.2496
Rate as at 31 December 2019	£ 0.8508	zł 4.2568
Rate as at 30 June 2020	£ 0.9124	zł 4.4560
<b>Average rate</b>	<b>€1,00</b>	<b>€1,00</b>
H1 2019	£ 0.8736	zł 4.2920
H1 2020	£ 0.8746	zł 4.4119

### 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.

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## Performance for the period

### 4. Reportable segments

#### A. Basis for segmentation

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

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

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

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

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

#### B. Information of reportable segments

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

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

The Group is not reliant on any individual major customers.

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

In thousands of euro	Note	For the six months ended 30 June	
		2020	2019
<b>Segment operating profit</b>		<b>26,667</b>	<b>8,976</b>
Net finance result	11	-3,180	1,300
Share of profit of equity-accounted investees, net of tax		2,673	1,681
<b>Profit before tax</b>		<b>26,160</b>	<b>11,957</b>

## Reportable segments

For the six months ended 30 June 2020

In thousands of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed revenues	481,960	241,996	224,052	-	948,008
Other revenue	118,041	35,938	70,753	-	224,732
<b>External revenues</b>	<b>600,001</b>	<b>277,934</b>	<b>294,805</b>	<b>-</b>	<b>1,172,740</b>
Inter-segment revenues	15,523	243	-	-15,766	-
<b>Revenue</b>	<b>615,524</b>	<b>278,177</b>	<b>294,805</b>	<b>-15,766</b>	<b>1,172,740</b>
<b>Gross profit</b>	<b>123,253</b>	<b>38,350</b>	<b>57,532</b>	<b>375</b>	<b>219,510</b>
Other operating income	492	48	40	-	580
Operating expenses	-95,934	-36,231	-55,826	-5,432	-193,423
<b>Operating profit</b>	<b>27,811</b>	<b>2,167</b>	<b>1,746</b>	<b>-5,057</b>	<b>26,667</b>
Depreciation, amortisation and impairment	6,602	4,623	7,541	1,951	20,717
<b>EBITDA</b>	<b>34,413</b>	<b>6,790</b>	<b>9,287</b>	<b>-3,106</b>	<b>47,384</b>
Property, plant and equipment	117,912	64,061	92,611	6,670	281,254
Intangible assets and goodwill	60,959	53,753	14,064	4,750	133,526
Equity-accounted investees	-	28,751	-	-	28,751
Other non-current assets	2,485	8,293	171	77	11,026
<b>Non-current assets</b>	<b>181,356</b>	<b>154,858</b>	<b>106,846</b>	<b>11,497</b>	<b>454,557</b>
<b>Current assets</b>	<b>206,180</b>	<b>152,945</b>	<b>94,963</b>	<b>-77,153</b>	<b>376,935</b>
<b>Total assets</b>	<b>387,536</b>	<b>307,803</b>	<b>201,809</b>	<b>-65,656</b>	<b>831,492</b>
Equity	-183,358	-85,857	-17,607	-91,868	-378,690
Liabilities	-204,178	-221,946	-184,202	157,524	-452,802
<b>Total equity and liabilities</b>	<b>-387,536</b>	<b>-307,803</b>	<b>-201,809</b>	<b>65,656</b>	<b>-831,492</b>
Working capital	1,557	52,590	18,473	3,857	76,477
Capital expenditure <sup>(1)</sup>	3,575	2,876	4,820	2,049	13,320

For the six months ended 30 June 2019

In thousands of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
Compound feed	509,165	260,147	256,852	-	1,026,164
Other revenue	128,077	38,230	81,882	-	248,189
<b>External revenues</b>	<b>637,242</b>	<b>298,377</b>	<b>338,734</b>	<b>-</b>	<b>1,274,353</b>
Inter-segment revenues	20,095	393	-	-20,488	-
<b>Revenue</b>	<b>657,337</b>	<b>298,770</b>	<b>338,734</b>	<b>-20,488</b>	<b>1,274,353</b>
<b>Gross profit</b>	<b>116,799</b>	<b>36,127</b>	<b>60,885</b>	<b>301</b>	<b>214,112</b>
Other operating income	125	147	24	871	1,167
Operating expenses	-99,478	-35,729	-62,550	-8,546	-206,303
<b>Operating profit</b>	<b>17,446</b>	<b>545</b>	<b>-1,641</b>	<b>-7,374</b>	<b>8,976</b>
Depreciation, amortisation and impairment	8,892	4,789	9,241	1,601	24,523
<b>EBITDA</b>	<b>26,338</b>	<b>5,334</b>	<b>7,600</b>	<b>-5,773</b>	<b>33,499</b>
At 31 December 2019					
Property, plant and equipment	117,870	66,732	99,733	7,023	291,358
Intangible assets and goodwill	61,920	57,317	16,686	3,848	139,771
Equity-accounted investees	-	27,206	-	-	27,206
Other non-current assets	4,115	8,251	693	1,005	14,064
<b>Non-current assets</b>	<b>183,905</b>	<b>159,506</b>	<b>117,112</b>	<b>11,876</b>	<b>472,399</b>
<b>Current assets</b>	<b>206,400</b>	<b>155,535</b>	<b>106,062</b>	<b>-74,912</b>	<b>393,085</b>
<b>Total assets</b>	<b>390,305</b>	<b>315,041</b>	<b>223,174</b>	<b>-63,036</b>	<b>865,484</b>
Equity	-162,312	-84,700	-30,471	-140,870	-418,353
Liabilities	-227,993	-230,341	-192,703	203,906	-447,131
<b>Total equity and liabilities</b>	<b>-390,305</b>	<b>-315,041</b>	<b>-223,174</b>	<b>63,036</b>	<b>-865,484</b>
Working capital	-24,833	48,876	26,316	-1,665	48,694
For the six months ended 30 June 2019					
Capital expenditure <sup>(1)</sup>	6,181	3,279	6,804	1,574	17,838

<sup>(1)</sup> Additions to intangible assets and property, plant and equipment

### 5. Seasonality of operations

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

### 6. Business Combinations

#### Acquisitions 2020

There were no acquisitions in the six months ended 30 June 2020.

#### Developments previous acquisitions

In the six months ended 30 June 2020 the contingent considerations relating to the acquisitions of Wilde Agriculture Ltd and Bowerings Animal Feeds Ltd (both in the United Kingdom) decreased by €0.2 million, due to an increase in the contingent consideration of €0.1 million because the actual results were better than estimated, and a payment of €0.3 million.

#### Acquisition related cash flows

The acquisition related cash flows in the six months ended 30 June 2020 amounting to €8.9 million relate to the settlement of the contingent consideration for the acquisition of Vleuten-Steijn and a payment on the contingent consideration of Wilde Agriculture Ltd.

### 7. Disposals

There were no disposals in the six months ended 30 June 2020 (2019: idem).

### 8. Gross profit

Gross profit increased by €5.4 million compared to the six months ended 30 June 2019. Excluding the negative foreign currency effect (€0.3 million) and net acquisition/divestment effect (€0.3 million positive) gross profit increased by €5.4 million. In the six months ended 30 June 2019 gross profit was still negatively impacted by an unfavourable purchasing position, which was not passed on to customers.

### 9. Other operating income

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

The other operating income in the six months ended 30 June 2019 mainly relates to the divestment of property in the Netherlands (€0.9 million).

### 10. Operating expenses

The decrease in total operating expenses amounting to €12.9 million contains a positive foreign currency effect (€0.3 million) and a net acquisition/divestment effect (€0.3 million negative). Without these effects the operating expenses decreased by €12.9 million. Among others due to a decrease of employee benefit expenses as a result of the closure of mills in 2019, lower energy tariffs and lower volumes.

### 11. Net finance result

Net finance result amounts to €3.2 million negative (30 June 2019 €1.3 million positive) and includes, among others, €1.5 million interest accruals (loss) on the the put-option liability related to acquisitions (refer to Note 12).

### 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 on tangible and intangible assets;
- ii) Business Combinations and Divestments and divestment related expenses, including the unwind of discount/fair value changes on earn-outs and options, dividend relating to non-controlling interests at anticipated acquisitions; iii) Restructuring; and iv) Other, comprising other incidental non-operating items.

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

For the six months ended 30 June 2020

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	Underlying excluding APM items
EBITDA <sup>(1)</sup>	47,384		-215	-611	-	-826	48,210
EBIT	26,667	-	-215	-611	-	-826	27,493
Net finance result			-1,620			-1,620	
Tax effect		-	55	137	-	192	
Profit attributable to Shareholders of the Company	19,291	-	-1,780	-474	-	-2,254	21,545
Earnings per share in euro <sup>(2)</sup>	0.20	-	-0.02	0.00	-	-0.02	0.22

For the six months ended 30 June 2019

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	Underlying excluding APM items
EBITDA <sup>(1)</sup>	33,499		877	-2,625	-510	-2,258	35,757
EBIT	8,976	-4,718	877	-2,625	-510	-6,976	15,952
Net finance result			2,619			2,619	
Tax effect		948	-220	582	162	1,472	
Profit attributable to Shareholders of the Company	8,974	-3,770	3,276	-2,043	-348	-2,885	11,859
Earnings per share in euro <sup>(2)</sup>	0.09	-0.04	0.03	-0.02	0.00	-0.03	0.12

(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 2020 comprise:

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

The Alternative Performance Measures (APM) items before tax in the six months ended 30 June 2019 comprised:

- i. Impairments: €4.7 million based on the decisions to close a feed mill in the United Kingdom, to close a feed mill in the Netherlands and to cease the development of the planned new feed mill in Germany.
- ii. Business Combinations and Divestments: €0.9 million incidental gain on divestment of property in the Netherlands and €2.4 million accrual (loss) and €5.0 million remeasurement (gain) regarding the earn outs and put-option liability of acquisitions. The gain is the result of a lower valuation of the contingent considerations. In particular, the earn-out valuation regarding the Polish activities decreased due to the expected realisation of the agreed 2019 operational targets (i.e. working capital and EBITDA) in 2019 of the new feed mill in Pionki.
- iii. Restructuring: €2.6 million as a result of the closure of a feed mill in the United Kingdom and the closure of two feed mills in the Netherlands, restructuring costs

of the projects in various countries related to the announced costs efficiency program.

- iv. Other: €0.5 million other operating costs related to the decision to cease development of the new mill in Germany.

Taking the APM items into account, the underlying effective tax rate 2020 would be 26.4% (2019: 25.6%). The increase compared to 2019 is mainly due to a change in the tax rate of the United Kingdom.

## 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 2020 is 28.3% (six months ended 30 June 2019: 26.8%). The higher effective tax rate relates to non tax deductible expenses, and an adjustment of the deferred tax rate in the United Kingdom. The non deductible expenses mainly are the non tax deductible interest expenses regarding the earn outs and put-option liability of acquisitions.

As of 30 June 2020 a net current tax asset has been recognised amounting to €10.5 million (31 December 2019: net tax asset of €2.8 million) as a result of advanced payments in the first six months of 2020.

## Assets

### 14. Property, plant and equipment

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

In thousands of euro	30 June 2020	31 December 2019
<b>Assets</b>		
Property, plant and equipment, owned	257,771	267,374
Right-of-use asset	23,483	23,984
<b>Property, plant and equipment</b>	<b>281,254</b>	<b>291,358</b>

Movements on property, plant and equipment (owned assets) during the six months ended 30 June 2020 are specified as follows:

In thousands of euro	Note	Total
<b>Cost</b>		
Balance as at 1 January 2020		547,624
Additions		12,866
Reclassification to intangible assets	15	-1,202
Reclassification from right-of-use asset		138
Disposals		-2,174
Effect of movements in exchange rates		-11,279
<b>Balance as at 30 June 2020</b>		<b>545,973</b>

### Accumulated depreciation and impairment losses

Balance as at 1 January 2020	-280,250
Depreciation	-13,330
Reclassification from right-of-use asset	-48
Disposals	1,752
Effect of movements in exchange rates	3,674
<b>Balance as at 30 June 2020</b>	<b>-288,202</b>

### Carrying amounts

At 1 January 2020	267,374
At 30 June 2020	257,771

The investments equaled €12.9 million (2019: €17.2 million) with mainly expenditures to maintain and enhance the performance and efficiency of the production facilities.

The reclassification to intangible assets relates to software classified as assets under construction.

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 2020 are specified as follows:

In thousands of euro	Note	Total
<b>Cost</b>		
Balance as at 1 January 2020		29,258
New lease contracts		3,482
Lease contracts ended		-1,088
Reclassification to tangible assets, owned		-138
Remeasurement		-354
Effect of movements in exchange rates		-760
<b>Balance as at 30 June 2020</b>		<b>30,400</b>
<b>Accumulated depreciation and impairment losses</b>		
Balance as at 1 January 2020		-5,274
Depreciation		-2,911
Lease contracts ended		1,066
Reclassification to tangible assets, owned		48
Effect of movements in exchange rates		154
<b>Balance as at 30 June 2020</b>		<b>-6,917</b>
<b>Carrying amounts</b>		
At 1 January 2020		23,984
At 30 June 2020		23,483

The new and ended lease contracts mainly relate to lease cars in the Netherlands and the United Kingdom. Furthermore, a new lease contract for an office building in Belgium has been concluded. The remeasurement mainly relates to changes in the (expected) lease term of several building leases in Germany.

### 15. Intangible assets and goodwill

Movements on intangible assets and goodwill during the six months ended 30 June 2020 are specified as follows:

In thousands of euro	Note	Goodwill	Intangible assets	Total
<b>Cost</b>				
Balance as at 1 January 2020		111,917	92,389	204,306
Additions		-	454	454
Reclass from property, plant and equipment	14	-	1,202	1,202
Effect of movements in exchange rates		-3,241	-3,796	-7,037
<b>Balance as at 30 June 2020</b>		<b>108,676</b>	<b>90,249</b>	<b>198,925</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at 1 January 2020		-26,310	-38,225	-64,535
Amortisation		-	-4,476	-4,476
Effect of movements in exchange rates		1,646	1,966	3,612
<b>Balance as at 30 June 2020</b>		<b>-24,664</b>	<b>-40,735</b>	<b>-65,399</b>
<b>Carrying amounts</b>				
At 1 January 2020		85,607	54,164	139,771
At 30 June 2020		84,012	49,514	133,526

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.

During the six months ended on 30 June 2020 ForFarmers has not experienced material issues in its core processes as a result of COVID-19. Despite the fact that market circumstances may change in the coming period due to COVID-19, the position of ForFarmers in the vital sector underpins the long-term growth rates.

For the six months ended 30 June 2020 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 (€28.8 million as per 30 June 2020, respectively €27.2 million as per 31 December 2019) fully relate to HaBeMa Futtermittel Produktions- und Umschlagsgesellschaft GmbH & Co. KG (HaBeMa), the only joint venture in which the Group participates. HaBeMa is one of the Group's suppliers and is principally engaged in trading of raw materials, storage and 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 2020 the total amount of inventories increased by €1.0 million to €91.0 million. During the six months ended 30 June 2020 there were no material inventory write-downs recognised in the statement of profit or loss (six months ended 30 June 2019: idem).

#### **18. Assets held for sale**

During the six months ended 30 June 2020 a number of trucks were sold in Belgium which were previously

classified as assets held for sale. Refer also to note 9.

The assets of two feed mills in the United Kingdom and one feed mill in the Netherlands are classified as assets held for sale. Efforts to sell the assets have started and a sale is expected in the near-term.

## **Equity and liabilities**

#### **19. Equity**

At 30 June 2020, the authorised share capital comprised 106,261,040 ordinary shares and 1 priority share of €0.01 each. At the balance sheet date all shares were issued and fully paid.

#### **Dividend**

At the General Meeting of 24 April 2020 the dividend over 2019 was approved at €0.28 per share. The dividend comprises a regular dividend of €0.19 and a special dividend of €0.09 per share. The total dividend amounts to €26.9 million (including dividend taxes 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 2020 of €26.1 million (including €0.3 million dividend to the minority shareholder of ForFarmers Thesing Mischfutter GmbH & Co. KG). The treasury shares are not entitled to dividend.

#### **Share buy-back programme**

In 2019 ForFarmers announced a €30 million share buy-back programme to repurchase own shares. At 30 June 2020 5.1 million shares were repurchased for a total amount of €31.2 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 2020 ForFarmers repurchased 2.4 million shares for a total amount of €13.9 million. From the total number of repurchased shares 197,266 at an amount of €1.2 million have been purchased for employee participation plans.

## 20. Share-based payment arrangement

On 24 April 2020, the Group launched two employee participation plans. One plan relates to members of the Executive Committee and senior management, the other plan relates to other employees. The conditions of both plans are consistent with the participation plans applicable for 2019 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 29 April - 6 May 2020 and amounted to €6.00.

The total number of participants of all active employee participation plans comprises 15.0% 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	30 June 2020	31 December 2019
Liability for net defined benefit obligations	33,155	25,434
Liability for other long-term service plans	4,948	4,418
<b>Total</b>	<b>38,103</b>	<b>29,852</b>

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

In thousands of euro	Total net defined benefit liability
Balance at 1 January 2020	25,434
<b>Included in profit or loss</b>	
Current service cost	506
Interest cost (income)	173
	<b>679</b>
<b>Included in Other Comprehensive Income</b>	
Remeasurement loss (gain)	12,851
Effect of movements in exchange rates	-660
	<b>12,191</b>
<b>Other</b>	
Employer contributions (to plan assets)	-5,149
	<b>-5,149</b>
<b>Balance as at 30 June 2020</b>	<b>33,155</b>

The remeasurement loss of €12.9 million is mainly caused by actuarial losses due to the decreased interest rate and a changed assumption for inflation in the United Kingdom for the six months ended 30 June 2020.

## 22. Provisions

The decrease of the provisions is mainly due to the usage of the restructuring provision relating to the efficiency programme and the usage of the provision for onerous contracts.

ForFarmers has been notified by the UK Health and Safety Executive that legal proceedings will be forthcoming with regard to an incident at our Exeter Mill in the United Kingdom which occurred in October 2017. At this point in time the outcome of this remains uncertain and it is not possible to determine if and to what extent ForFarmers might be liable. Furthermore, no reliable estimate regarding any potential financial liability, if any, can be given. The financial position of the business and results of operations could be affected materially by the outcome.

Furthermore a civil claim for damages in relation to the aforementioned incident has been filed from an injured party seeking compensation for injuries associated with this incident. ForFarmers is fully insured for this claim.

## Financial instruments

### 23. Financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2020

In thousands of euro	Note	Carrying amount			Fair value				
		Mandatory at FVTPL - others <sup>(1)</sup>	Fair value - hedging instruments	Amortized costs	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>									
Equity securities (other investments)	23	-	-	28	28	-	-	-	-
Trade and other receivables <sup>(2)</sup>	23	-	-	222,794	222,794	-	-	-	-
Cash and cash equivalents	26	-	-	51,326	51,326	-	-	-	-
		-	-	<b>274,148</b>	<b>274,148</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>									
Contingent consideration	33	-897	-	-	-897	-	-	-897	-897
Put option liability	33	-26,970	-	-	-26,970	-	-	-26,970	-26,970
Fuel swaps used for hedging (derivatives)	33	-	-926	-	-926	-	-926	-	-926
		<b>-27,867</b>	<b>-926</b>	-	<b>-28,793</b>	-	<b>-926</b>	<b>-27,867</b>	<b>-28,793</b>
<b>Financial liabilities not measured at fair value</b>									
Bank overdrafts	26	-	-	-49,938	-49,938	-	-	-	-
Loans and borrowings	30	-	-	-49,379	-49,379	-	-	-	-
Lease liabilities		-	-	-23,797	-23,797	-	-	-	-
Trade and other payables <sup>(3)</sup>	32	-	-	-243,283	-243,283	-	-	-	-
		-	-	<b>-366,397</b>	<b>-366,397</b>	-	-	-	-

(1) Fair value through profit and loss

(2) Excluding derivatives and other investments

(3) Excluding contingent considerations and the put option liability

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

#### Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Interest rate swaps and fuel swaps	The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivative financial instruments are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations.
Contingent consideration and put option liability	<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"> <li>• Forecast annual sales volume / EBITDA growth rate.</li> <li>• Forecast receipts gross trade receivables.</li> <li>• Forecast net debt position.</li> <li>• Risk-adjusted discount rate.</li> </ul> <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• the annual sales volume / EBITDA growth rate were higher (lower).</li> <li>• the receipts of the gross trade receivables vary positive (negative) from the standard payment terms.</li> <li>• the actual net debt position varies positive (negative) from anticipated position.</li> <li>• the risk-adjusted discount rate were lower (higher).</li> </ul>

#### 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 €51.0 million (31 December 2019: €7.0). During the six months ended 30 June 2020 the cash flows relating to investments (€11.4 million), the dividend payment (€26.1 million), the share buy-back programme (€12.7 million) and the payments on the contingent considerations (€8.9 million) in total were higher than the cash flow from operating activities.

*Non-current trade and other receivables*

The non-current trade and other receivables decreased by €2.9 million to €7.5 million. This decline is mainly the result of early repayment and a transfer to current trade and other receivables.

*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*

The purchase commitments for raw materials decreased compared to 31 December 2019 by €24.6 million to €425.7 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 2020.

*25. Related parties*

During the six months ended 30 June 2020 there were no material changes in respect of the nature and size of the related parties compared with the last annual financial statements.

*26. Events after the reporting date*

No major events after the reporting date have occurred.

*27. Standards issued but not yet effective*

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 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, 12 August 2020

Executive Board ForFarmers N.V.

Yoram Knoop, CEO

Roeland Tjebbes, CFO

Adrie van der Ven, COO

Supervisory Board ForFarmers N.V.

Cees de Jong, Chairman

Sandra Addink-Berendsen, Vice-Chair

Roger Gerritzen

Vincent Hulshof

Annemieke den Otter

Erwin Wunnekink