

Anpario

Nature's Answer

Anpario plc
Interim Report 2021



Interim results

Anpario plc (AIM:ANP), the independent manufacturer of natural sustainable animal feed additives for animal health, nutrition and biosecurity is pleased to announce its interim results for the six months to 30 June 2021.

Highlights

Financial highlights

- Sales of £16.0m (2020: £16.2m), excluding currency movements increased by 3% to £16.7m
- 2% increase in adjusted EBITDA¹ to £3.5m (2020: £3.4m)
- 12% increase in profit before tax to £2.7m (2020: £2.4m)
- Diluted adjusted earnings per share down 7% to 10.88p (2020: 11.74p)
- 9% increase in interim dividend to 3.00p (2020: 2.75p) per share
- Cash balances of £14.6m at 30 June 2021 (Dec 2020: £15.8m)

Operational highlights

- Sales growth in Latin America, United States, China and Australasia, despite currency headwinds.
- Strong demand for our unique acid-based eubiotic brand pHorce® to the US swine sector as an anti-viral feed mitigant.
- 29% sales growth in Orego-Stim® benefiting from our aquaculture initiatives and the reduction in use of antibiotic growth promoters (AGP's).
- Feed and raw material hygiene product, Salgard SW, with proven efficacy against gram negative bacteria without safety concerns associated with formaldehyde.
- New European stockholding hub supporting rapid service to European customers post Brexit.

Kate Allum, Chairman, commented:

"In my first statement as Chairman, I would like to thank my predecessor, Peter Lawrence, for his 16 years of service to Anpario and his leadership and guidance of the Board, during which time significant shareholder value has been created.

The Board is pleased to report a good sales and improved profit performance with sales at a similar level to last year and 3% ahead on a constant exchange rate basis. Our strategy of offering more sustainable and environmentally friendly products as an alternative to anti-biotic growth promoters and some of the harsher chemical treatments is gaining traction. This performance should be seen in the context of a very strong comparative period and at a time when the UK's trading relationship changed with the European Union.

It is thanks to the efforts of our staff and other stakeholders across the globe that ensure we continue to supply and support our customers, as well as implementing our business development initiatives delivering organic growth. As with most industries, we have experienced raw material price inflation and some disruption in our supply chain and global shipping routes but our staff have been able to manage these challenges successfully.

We are excited about the changes occurring in our markets where Anpario's environmentally friendly and sustainable solutions are gaining more interest from global producers. The industry is moving away from the use of harmful applications such as formaldehyde and zinc oxide for antimicrobial control in addition to the trend to reduce antibiotic use. Over the past few years our developments have been focused on products which comprise 100% natural and sustainable ingredients which work in synergy with the animal's natural biological processes to boost immunity.

There has been a strong start to the second half of the year and we remain confident of continuing the profitable development of the Group supported by a strong balance sheet and investment in our operations, technology and global sales channels."

Kate Allum, Chairman

¹ Adjusted EBITDA represents operating profit for the year £2.651m (2020: £2.317m) adjusted for: share based payments and associated costs £0.027m (2020: £0.029m); foreign exchange losses £0.175m (2020: £0.055m gain); foreign exchange hedging gains £0.043m (2020: £0.489m loss); and depreciation, amortisation and impairment charges of £0.647m (2020: £0.613m)

Chief Executive Officer's statement

Overview

Group sales for the six months to 30 June 2021 declined by just 1% to £16.0m (2020: £16.2m). However, on a constant exchange rate basis, sales for the period grew by 3% to £16.7m, helped by strong performances in a number of territories and 29% sales growth from our Orego-Stim® range. Latin America experienced significant growth, notably Brazil, and in Chile where commercial trials to the aquaculture market commenced. With the exception of China and Australasia, which both delivered strong growth, most other regions had similar performances to the prior period. South-East Asia continues to be significantly impacted by the COVID-19 pandemic experiencing 31% decline in sales compared to the same period last year.

Gross profit decreased by 5% to £8.1m (2020: £8.5m) for the six months to 30 June 2021 but grew by 3% to £8.8m on a constant exchange rate basis. Gross margins fell from 52.5% to 50.5%, for which there were several contributing factors including currency movements. There has been a significant increase in logistics costs and even though most of these costs are borne by our customers it does impact the gross margin calculation. There has also been some significant raw material price inflation, which we are passing on through sales price increases and from which we expect to benefit in the second half of the year.

The pandemic continues to limit the amount of international travel and marketing events taking place across the industry, although our local sales teams are visiting customers where possible. As such these cost savings and our foreign exchange hedging measures have translated into a 12% improvement in profit before tax to £2.7m (2020: £2.4m) for the period.

Overall, we are very encouraged by the growth in some of our market leading product brands such as Orego-Stim® and pHorce® which are helping producers reduce antibiotic use and mitigate the risk of virus-contaminated feed respectively. Our technical team recently developed Salgard SW, a high strength liquid acid-based eubiotic for feed and raw material hygiene decontamination which is proving to be an effective replacement to formaldehyde, which was recently banned in the European Union and certain other countries around the World.

Operational review

Americas

Overall, the region grew sales by 5% with Latin America delivering growth of 10%, sales in the US were flat, but there were mixed performances across countries within Latin America.

Latin America performance was supported with key contributions from Brazil and Chile. Chile's strong growth was due to the commencement of commercial aquaculture trials using Orego-Stim® in the feed. Brazil's 19% sales growth was driven by Orego-Stim® sales following successful business development with some new customers and an increase in sales of Prefect® to the aquaculture market. Argentina, Ecuador and Mexico disappointed partly due to the pandemic, however, we are expecting an improved second half from Latin America following new business wins with products such as Mastercube®, our natural pellet binder, for aquafeed purposes.

Additionally, we have set up a wholly owned subsidiary in Mexico and secured third party warehousing and logistics services to stock our products. This capability will enable us to respond more quickly to regional distributor demand and target larger end users directly.

US performance was flat at actual exchange rates but excluding currency movements sales grew by 11% and volumes by 26%. Last year our high strength acid-based eubiotic, pHorce®, showed excellent results in a trial undertaken by Pipestone Applied Research (Pipestone) to evaluate the ability of feed additives in mitigating the risk of virus-contaminated feed. Following on from this research our US swine sales team successfully launched the product, which has proved timely, as the industry has had to contend with summer outbreaks of porcine reproductive and respiratory syndrome (PPRS). Where used, pHorce® has managed to protect farms from outbreaks of the virus and is viewed as being a highly effective preventative product.

We have recently appointed a distributor for the West Coast with first orders already received following recent sales visits, and we are in discussions with a potential distributor for Canada. In addition, we have had meetings with senior executives responsible for sustainability at a leading poultry integrator to discuss how Anpario as a company and with its technology can support their sustainability requirements.

Asia

Overall, sales in the region declined by 2%, impacted by a significant decline of 31% across South-East Asia as further lockdowns and the slow rollout of the vaccine impacted economic activity and tourism in the region. South Korea and The Philippines experienced significant declines during the period. However, this period should be compared to a very strong first half in the

previous year and performance has improved from the second half of 2020 which appears to have been the bottom. This weakness in trading, however, is cushioned by strong performances in both China and Australasia.

China delivered very strong sales with growth of 113% as Orego-Stim® is adopted as a replacement for antibiotic growth promoters (AGP's) primarily in piglet feed. We also established a wholly owned subsidiary in New Zealand in addition to our existing distributor channel to enable direct sales to end markets not currently served by our distributor. The Australasia region delivered sales growth of 26% for the period helped by an increase in our mould control product, Mycostat®, in the oilseed crusher segment.

Our customers in the South-East Asian region are experiencing some significant challenges which are also reflected around the world to varying degrees. In addition, to low demand for meat protein due to the COVID-19 pandemic, animal feed costs have increased by at least one third due to raw material price inflation and shipping and logistics issues continue to challenge our export team. We expect these challenges to continue into next year but our local sales teams and stock holding in the region is ensuring we can continue to service our customers effectively.

Notwithstanding these challenges, progress continues to be made with specific initiatives including the appointment of an aquaculture specific distributor in Bangladesh and the adoption of Mastercube®, our natural pellet binder, as a replacement for polymethylolcarbamide (PMC) pellet binders which contain urea formaldehyde and are used widely in aquaculture throughout Asia. Removing PMC from the feed allows for unrestricted export of shrimp to markets where urea formaldehyde is banned. Our Vietnam subsidiary was also established during the period and we have recruited a local sales team for this important market.

The Middle East, Africa and India

Sales in the region declined by 5% compared to the same period last year, however this represents a 26% recovery in revenue from the second half of 2020 which was materially impacted by the COVID-19 pandemic. We are encouraged by this recovery and have been working on some new initiatives including the recent appointment of another distributor in India which has already taken delivery of their first order. There have been some good performances in Pakistan, Yemen and Turkey and we see further growth opportunities in Iraq but are closely managing credit terms.

Europe

Sales in Europe declined by 4% compared to the same period last year affected by some distributors increasing stock in anticipation of Brexit, although normality in order patterns is returning.

Israel showed a very strong performance delivering sales growth of over 200% as our distributor has been able to establish Orego-Stim® as the leading phytogenic brand. We are also seeing increased interest in our products for organic production as the European Union has committed to have 25% of agricultural land under organic farming by 2030. The recent appointment of a combination of two distributors in Switzerland will give us access to both larger customers and small farms through a farm van delivery service, which will give Anpario full coverage of this high value organic led market.

We have been making good progress with our raw material and feed hygiene product, Salgard SW, which is being recognised as the best environmentally friendly alternative to formaldehyde following its recent ban by the European Union and is seeing customers elsewhere look for credible alternatives. We are therefore increasing our liquid bulk storage facilities at Manton Wood to ensure rapid response to demand across Europe. We have also entered into a supply agreement with a global life science ingredients distributor to own brand our acid-based eubiotic technology for enteropathogen control applications in the rendering sector.

Innovation and development

We are excited about the changes occurring in our markets where Anpario's environmentally friendly and sustainable solutions are gaining more interest from global producers. The industry is moving away from the use of harmful applications such as formaldehyde and zinc oxide for antimicrobial control in addition to the trend to reduce antibiotic use. Over the past few years our developments have been focused on products which comprise 100% natural and sustainable ingredients which work in synergy with the animal's natural biological processes to boost immunity. By formulating highly concentrated products, we use less raw materials than many competitor products yet are still able to provide better efficacy and performance that producers value. Our product range is typically in its early life cycle stage and as global regulatory requirements tighten these changes should benefit our sales growth.

It is pleasing to see products like pHorce® not only perform in controlled research trials but also under tough commercial conditions where the farmer can experience the benefits, which has been the case in the US in preventing porcine reproductive and respiratory syndrome virus (PRRS) break on farm through potentially contaminated feed.

More recent trial work is underway in Chile where an aquaculture version of Orego-Stim® included in the feed is being used to control low to moderate levels of sea lice infestation in salmonids, which is proving positive.

Outlook

There has been a strong start to the second half of the year with most regions recovering from the low point in the second half of 2020. Our global sales teams are focused on specific business development initiatives and working arduously, in difficult circumstances, to deliver beneficial solutions to both existing and new customers. Our products are best in class and increasingly being recognised as such.

We are mindful that challenges remain, not least the Covid-19 pandemic which is impacting some of our geographic markets, but also raw material price inflation and global shipping issues. We have taken early action to mitigate some of the impact and backed by the quality and ability of our employees worldwide, we are confident of delivering our growth plans.

Our strong balance sheet enables the Group to invest in its growth initiatives including increasing raw material and stockholding capacity as well as continuing our research and development programmes. We continue to expand our multi-channel capabilities with local subsidiaries and sales teams who have served us exceptionally well during a period when international travel is restricted. These areas remain a priority for investment in addition to undertaking earnings enhancing and complementary acquisitions to accelerate the profitable development of the Group.

Richard Edwards

Chief Executive Officer

15 September 2021

Key performance indicators

Financial

	Note	H1 2021 £000	H1 2020 £000	change	% change
Revenue	3	15,963	16,173	-210	-1%
Gross profit		8,045	8,492	-447	-5%
Gross margin		50.4%	52.5%	-2.1%	
Adjusted EBITDA	6	3,457	3,393	+64	+2%
Profit before tax		2,673	2,378	+295	+12%
Diluted adjusted earnings per share	12	10.88p	11.74p	-0.86	-7%
Interim dividend		3.00p	2.75p	+0.25p	+9%
Cash and cash equivalents		14,601	13,170	+1,431	+11%
Net assets		39,468	36,539	+2,929	+8%

Financial review

Revenue and gross profits

On a constant exchange rate basis, revenue for the period grew by 3% to £16.7m (2020: £16.2m), at actual exchange rates revenue was down 1% to £16.0m. The difference primarily relating to the increase in GBP/USD exchange rate to an average of 1.389 (2020: 1.254), the impact of which on overall profit before tax was reduced through foreign exchange hedging. The sales performance represented a strong recovery from the weaker, COVID impacted, result in H2 2020 with sales 11% higher than this period.

Particularly pleasing was the continued growth in sales in China, up 113%, as well as strong performances in LATAM and Australasia, though market conditions in South-East Asia continued to be difficult and sales declined 31% in the period. Detailed commentary on the performance of the operating segments is available in the Chief Executive Officer's Statement.

On a constant exchange rate basis, gross profit for the six months to 30 June 2021 grew by 3% to £8.8m (2020: £8.5m) and margins were consistent between periods. At actual exchange rates there was a 5% decrease in gross profit to £8.0m (2020: £8.5m) and gross margins fell 210 basis points to 50.4% (2020: 52.5%), full year margins for 2020 were 51.9%.

There are several contributing factors to the decline in margins. The prior year sales benefited from realised foreign exchange gains on sales receipts (£0.2m), whereas a loss was experienced in the current period (£0.1m). As with many businesses in the current market conditions we have experienced challenges in logistics, though to date we have successfully navigated these and been able to continuously supply our customers. In terms of outbound supply, we have seen significant increases in international shipping costs, excluding sales through our subsidiary channels, these costs are largely passed on and invoiced to customers. As such the impact on gross profit is small through the period, however it does affect and reduce the gross margin calculation. In terms of raw material supply, there has disruption to availability which we have responded to through increased working capital, as well as significant price inflation which is being passed on through sales prices increases implemented at the end of the current period.

Administrative expenses

Administrative expenses were 13% lower at £5.4m (2020: £6.2m), most of the decline relating to administrative foreign exchange losses which through our hedging activities were eliminated in the current period whereas the prior period saw costs of £0.5m. Underlying administrative expenses were 4% lower with reductions across most types of expenditure.

Travel and marketing costs were lower, particularly as the first quarter of 2020 had a relatively normal level of expenditure for these types of activity. These costs remain at low levels but are expected to continue to gradually normalise as restrictions due to the pandemic are eased, the timing of which remains uncertain. In the longer-term, overall expenditure will be lower than per-COVID levels as we expect that we will continue to benefit from the speed and cost-efficiencies of new communication technologies.

Legal and professional costs were £0.1m lower as they normalised from higher rates of expenditure in the prior period to support our continued expansion to support local markets.

Foreign exchange

The Group's primary foreign currency exchange rate risk relates to both sales and related receivables denominated in US Dollars, for which there has been significant adverse movement in the period. However, we continue to actively take steps to mitigate the impact of these risks and at the end of the period the Group has recognised a £0.9m financial asset (2020: £0.1m liability) on related hedging contracts. These protect a large portion of the currently forecasted net US Dollar cash flows over the next three years at an average rate of GBP/USD 1.312.

Profitability and earnings per share

Adjusted EBITDA for the period, which excludes the impact of foreign exchange gains and losses, increased by 2% to £3.5m (2020: £3.4m). Profit before tax increased 12% to £2.7m (2020: £2.4m).

Adjusted earnings per share decreased by 7% to 10.88p (2020: 11.74p), this was driven by a higher effective tax rate and a larger number of dilutive shares because of the increased share price.

Taxation

The effective tax rate for the period was 32.4% (2020: 20.1%). Changes to UK corporation tax rates occurred firstly in the prior period with planned reductions to 17% being scrapped, then in the current period on 3 March 2021 the UK government announced an increase to 25%, from 19%, from April 2023. Deferred taxes have been remeasured at these revised rates in both periods and resulted in a deferred tax charge of £0.4m (2020: £0.2m). Excluding these exceptional charges, the underlying effective tax rate for the period was 16.9% (2020: 13.4%).

Cash flow

Operating cash flows before changes in working capital were £3.5m (2020: £3.4m) in the period. Changes in working capital absorbed £3.6m (2020: £2.0m), the most significant factor was an increase in inventory of £1.9m. This partly relates to the continued sales growth in our Subsidiary operations which hold finished goods stock but also further increases in the overall level of product held in these locations that are closer to our customers in light of the global logistics challenges. The other factor being a reduction in Trade and other payables, largely related to the payment in the period of bonuses earned for the prior year performance.

Net cash used in investing activities decreased slightly in the period to £0.5m (2020: £0.6m). Net cash used in financing activities was £0.9m lower than the prior period which saw a £1.0m share buyback programme purchasing 297,346 ordinary shares at a volume weighted average price of 336.31p per share.

Overall, cash and cash equivalents decreased by £1.2m in the period to a balance of £14.6m (Dec 2020: £15.8m). The primary purpose of holding these resources is to fund future acquisitions and we continue to explore suitable opportunities.

Dividend

The Board has approved an interim dividend of 3.00 pence per share (2020: 2.75 pence), an increase of 9%. This dividend, payable on 26 November to shareholders on the register on 12 November, reflects the Board's continued confidence in the Group and its ability to generate cash.

Consolidated statement of comprehensive income

for the six months ended 30 June 2021

		six months to 30 June 2021 £000	six months to 30 June 2020 £000	year ended 31 December 2020 £000
	Note			
Revenue	3	15,963	16,173	30,522
Cost of sales		(7,918)	(7,681)	(14,670)
Gross profit		8,045	8,492	15,852
Administrative expenses		(5,394)	(6,175)	(10,585)
Operating profit		2,651	2,317	5,267
Depreciation and amortisation		647	613	1,233
Adjusting items	4	159	463	104
Adjusted EBITDA	4	3,457	3,393	6,604
Net finance income	5	22	61	83
Profit before tax		2,673	2,378	5,350
Income tax		(867)	(478)	(1,145)
Profit for the period		1,806	1,900	4,205
Items that may be subsequently reclassified to profit or loss:				
Exchange difference on translating foreign operations		(29)	212	(65)
Cashflow hedge movements (net of deferred tax)		68	(307)	68
Total comprehensive income for the period		1,845	1,805	4,208
Basic earnings per share	6	8.84p	9.31p	20.63p
Diluted earnings per share	6	8.20p	9.08p	19.89p
Adjusted earnings per share	6	11.74p	12.04p	21.94p
Diluted adjusted earnings per share	6	10.88p	11.74p	21.15p

Consolidated statement of financial position

as at 30 Jun 2021

	Note	as at 30 June 2021 £000	as at 30 June 2020 £000	as at 31 December 2020 £000
Intangible assets	7	11,349	11,553	11,522
Property, plant and equipment	8	4,247	4,052	4,142
Right of use assets	9	65	145	85
Deferred tax assets		1,175	1,037	987
Derivative financial instruments		489	20	641
Non-current assets		17,325	16,807	17,377
Inventories	10	6,739	5,373	4,902
Trade and other receivables		6,507	6,874	6,053
Derivative financial instruments		419	-	327
Cash and cash equivalents		14,601	13,170	15,820
Current assets		28,266	25,417	27,102
Total assets		45,591	42,224	44,479
Lease liabilities		(42)	(34)	(7)
Derivative financial instruments		-	(152)	-
Deferred tax liabilities		(2,106)	(1,545)	(1,662)
Non-current liabilities		(2,148)	(1,731)	(1,669)
Trade and other payables		(3,709)	(3,565)	(5,007)
Lease liabilities		(27)	(116)	(83)
Derivative financial instruments		(10)	(201)	-
Current income tax liabilities		(229)	(72)	(215)
Current liabilities		(3,975)	(3,954)	(5,305)
Total liabilities		(6,123)	(5,685)	(6,974)
Net assets		39,468	36,539	37,505
Called up share capital		5,433	5,411	5,426
Share premium		11,241	10,996	11,148
Other reserves		(6,449)	(6,729)	(6,506)
Retained earnings		29,243	26,861	27,437
Total equity		39,468	36,539	37,505

Consolidated statement of changes in equity

for the six months ended 30 June 2021

	Called up share capital	Share premium	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 1 Jan 2020	5,394	10,849	(5,650)	24,961	35,554
Profit for the period	-	-	-	1,900	1,900
Currency translation differences	-	-	212	-	212
Cash flow hedge reserve	-	-	(307)	-	(307)
Total comprehensive income for the period	-	-	(95)	1,900	1,805
Issue of share capital	17	147	-	-	164
Purchase of treasury shares	-	-	(1,004)	-	(1,004)
Share-based payment adjustments	-	-	20	-	20
Transactions with owners	17	147	(984)	-	(820)
Balance at 30 Jun 2020	5,411	10,996	(6,729)	26,861	36,539
Profit for the period	-	-	-	2,305	2,305
Currency translation differences	-	-	(277)	-	(277)
Cash flow hedge reserve	-	-	375	-	375
Total comprehensive income for the period	-	-	98	2,305	2,403
Issue of share capital	15	152	-	-	167
Share-based payment adjustments	-	-	26	-	26
Deferred tax regarding share-based payments	-	-	99	-	99
Final dividend relating to 2018	-	-	-	(1,144)	(1,144)
Interim dividend relating to 2019	-	-	-	(585)	(585)
Transactions with owners	15	152	125	(1,729)	(1,437)
Balance at 31 Dec 2020	5,426	11,148	(6,506)	27,437	37,505
Profit for the period	-	-	-	1,806	1,806
Currency translation differences	-	-	(29)	-	(29)
Cash flow hedge reserve	-	-	68	-	68
Total comprehensive income for the year	-	-	39	1,806	1,845
Issue of share capital	7	93	-	-	100
Share-based payment adjustments	-	-	18	-	18
Transactions with owners	7	93	18	-	118
Balance at 30 Jun 2021	5,433	11,241	(6,449)	29,243	39,468

Consolidated statement of cash flows

for the six months ended 30 June 2021

		six months to 30 June 2021 £000	six months to 30 June 2020 £000	year ended 31 December 2020 £000
	Note			
Operating profit for the period		2,651	2,317	5,267
Depreciation, amortisation and impairment	4	647	613	1,233
Loss on disposal of property, plant and equipment	8	-	-	3
Share-based payments		18	20	46
Fair value adjustment to derivatives		156	433	(406)
Operating cash flows before changes in working capital		3,472	3,383	6,143
Increase in inventories		(1,921)	(1,186)	(1,000)
(Increase)/decrease in trade and other receivables		(488)	(1,571)	(636)
(Decrease)/increase in trade and other payables		(1,141)	724	2,233
Changes in working capital		(3,550)	(2,033)	597
Cash generated by operations		(78)	1,350	6,740
Income tax paid		(619)	(529)	(910)
Net cash from operating activities		(697)	821	5,830
Purchases of property, plant and equipment	8	(336)	(270)	(593)
Proceeds from disposal of property, plant and equipment		4	-	-
Payments to acquire intangible assets	7	(191)	(361)	(663)
Interest received	5	24	64	88
Net cash used in investing activities		(499)	(567)	(1,168)
Purchase of treasury shares		-	(1,004)	(1,004)
Proceeds from issuance of shares		100	164	331
Cash payments in relation to lease liabilities		(60)	(60)	(117)
Operating lease interest paid	5	(2)	(3)	(5)
Dividend paid to Company's shareholders		-	-	(1,729)
Net cash from financing activities		38	(903)	(2,524)
Net (decrease)/increase in cash and cash equivalents		(1,158)	(649)	2,138
Effect of exchange rate changes		(61)	(23)	(160)
Cash and cash equivalents at the beginning of the period		15,820	13,842	13,842
Cash and cash equivalents at the end of the period		14,601	13,170	15,820

1. General information

Anpario plc ("the Company") and its Subsidiaries (together "the Group") produce and distribute natural feed additives for animal health, hygiene and nutrition. Anpario plc is a public company traded on the Alternative Investment Market ("AIM") of the London Stock Exchange and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Unit 5 Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS. The presentation currency of the Group is pounds sterling.

2. Basis of preparation

The consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 30 June 2021.

The Group has presented its financial statements in accordance with International Financial Reporting Standards ("IFRSs") in conformity with the Companies Act 2006 applicable to companies reporting under IFRS.

Full details on the basis of the accounting policies used are set out in the Group's financial statements for the year ended 31 December 2020, which are available on the Company's website at www.anpario.com.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 were approved by the Board of Directors on 17 March 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated interim financial information for the period ended 30 June 2021 is neither audited nor reviewed.

3. Operating segments

Management has determined the operating segments based on the information that is reported internally to the Chief Operating Decision Maker, the Board of Directors, to make strategic decisions. The Board considers the business from a geographic perspective and is organised into four geographical operating divisions: Americas, Asia, Europe, Middle-East and Africa (MEA) and Head Office.

All revenues from external customers are derived from the sale of goods and services in the ordinary course of business to the agricultural markets and are measured in a manner consistent with that in the income statement. Inter-segment revenue is charged at prevailing market prices or in accordance with local transfer pricing regulations.

	Americas	Asia	Europe	MEA	Head Office	Total
for the six months ended 30 Jun 2021	£000	£000	£000	£000	£000	£000
Total segmental revenue	4,033	6,111	11,045	1,446	-	22,635
Inter-segment revenue	-	-	(6,672)	-	-	(6,672)
Revenue from external customers	4,033	6,111	4,373	1,446	-	15,963
Depreciation and amortisation	(1)	(30)	(5)	(2)	(609)	(647)
Net finance income	-	-	-	-	22	22
Profit before tax	1,616	1,703	1,654	505	(2,805)	2,673

	Americas	Asia	Europe	MEA	Head Office	Total
for the six months ended 30 Jun 2020	£000	£000	£000	£000	£000	£000
Total segmental revenue	3,841	6,242	9,311	1,519	-	20,913
Inter-segment revenue	-	-	(4,740)	-	-	(4,740)
Revenue from external customers	3,841	6,242	4,571	1,519	-	16,173
Depreciation and amortisation	(2)	(31)	(2)	(2)	(576)	(613)
Net finance income	-	(1)	-	1	61	61
Profit before tax	823	2,413	2,011	422	(3,291)	2,378

	Americas	Asia	Europe	MEA	Head Office	Total
for the year ended 31 Dec 2020	£000	£000	£000	£000	£000	£000
Total segmental revenue	7,384	11,664	16,567	2,668	-	38,283
Inter-segment revenue	-	-	(7,761)	-	-	(7,761)
Revenue from external customers	7,384	11,664	8,806	2,668	-	30,522
Depreciation and amortisation	(3)	(63)	(3)	(4)	(1,160)	(1,233)
Net finance income	-	(1)	-	1	83	83
Profit before tax	1,473	4,100	3,906	828	(4,957)	5,350

4. Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide depth and understanding to the users of the financial statements to allow for further assessment of the underlying performance of the Group.

The Board considers that adjusted EBITDA is the most appropriate profit measure by which users of the financial statements can assess the ongoing performance of the Group. EBITDA is a commonly used measure in which earnings are stated before net finance income, amortisation and depreciation. The Group makes further adjustments to remove items that are non-recurring or are not reflective of the underlying operational performance either due to their nature or the level of volatility.

	six months to 30 June 2021 £000	six months to 30 June 2020 £000	year ended 31 December 2020 £000
Operating profit	2,651	2,317	5,267
Share-based payments	27	29	67
Loss on disposal of property	-	-	-
Foreign exchange losses/(gains)	175	(55)	442
Foreign exchange hedging - Fair value movements	(43)	489	(405)
Total adjustments	159	463	104
Adjusted operating profit	2,810	2,780	5,371
Depreciation and amortisation	647	613	1,233
Adjusted EBITDA	3,457	3,393	6,604

	six months to 30 June 2021 £000	six months to 30 June 2020 £000	year ended 31 December 2020 £000
Adjusted operating profit	2,810	2,780	5,371
Income tax expense	(867)	(478)	(1,145)
Effect of changes to future tax rates	416	159	158
Income tax impact of adjustments	38	(5)	88
Adjusted profit after tax	2,397	2,456	4,472

5. Net finance income

	six months to 30 June 2021 £000	six months to 30 June 2020 £000	year ended 31 December 2020 £000
Interest receivable on short-term bank deposits	24	64	88
Finance income	24	64	88
Lease interest paid	(2)	(3)	(5)
Finance costs	(2)	(3)	(5)
Net finance income	22	61	83

6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	six months to 30 June 2021	six months to 30 June 2020	year ended 31 December 2020
Profit for the year (£000's)	1,806	1,900	4,205
Weighted average number of shares in issue	20,423,732	20,399,790	20,387,477
Number of dilutive shares	1,611,463	522,281	755,047
Weighted average number for diluted earnings per share	22,035,195	20,922,071	21,142,524
Basic earnings per share	8.84p	9.31p	20.63p
Diluted earnings per share	8.20p	9.08p	19.89p

The calculation of the adjusted and diluted adjusted earnings per share is based on the following data:

	Note	six months to 30 June 2021	six months to 30 June 2020	year ended 31 December 2020
Adjusted profit attributable to owners of the Parent (£000's)	4	2,397	2,456	4,472
Weighted average number of shares in issue		20,423,732	20,399,790	20,387,477
Number of dilutive shares		1,611,463	522,281	755,047
Weighted average number for diluted earnings per share		22,035,195	20,922,071	21,142,524
Adjusted earnings per share		11.74p	12.04p	21.94p
Diluted adjusted earnings per share		10.88p	11.74p	21.15p

7. Intangible assets

	Goodwill	Brands	Customer relationships	Patents, trademarks and registrations	Development costs	Software and Licenses	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
As at 1 January 2021	5,960	4,440	786	1,773	559	784	14,302
Additions	-	-	-	63	127	1	191
As at 30 June 2021	5,960	4,440	786	1,836	686	785	14,493
Accumulated amortisation							
As at 1 January 2021	-	731	661	890	-	498	2,780
Charge for the year	-	130	30	137	-	67	364
As at 30 June 2021	-	861	691	1,027	-	565	3,144
Net book value							
As at 1 January 2021	5,960	3,709	125	883	559	286	11,522
As at 30 June 2021	5,960	3,579	95	809	686	220	11,349

8. Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
Cost					
As at 1 January 2021	1,854	3,355	635	479	6,323
Additions	-	78	14	244	336
Transfer of assets in construction	-	284	-	(284)	-
Disposals	-	-	(8)	-	(8)
Foreign exchange	-	-	(1)	-	(1)
As at 30 June 2021	1,854	3,717	640	439	6,650
Accumulated depreciation					
As at 1 January 2021	283	1,473	425	-	2,181
Charge for the year	14	170	41	-	225
Disposals	-	-	(3)	-	(3)
As at 30 June 2021	297	1,643	463	-	2,403
Net book value					
As at 1 January 2021	1,571	1,882	210	479	4,142
As at 30 June 2021	1,557	2,074	177	439	4,247

9. Right-of-use assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 January 2021	321	26	7	354
Additions	28	-	-	28
Modification to lease terms	11	-	-	11
Disposals	-	(26)	(5)	(31)
Foreign exchange	1	-	-	1
As at 30 June 2021	361	-	2	363
Accumulated depreciation				
As at 1 January 2021	239	25	5	269
Charge for the year	56	1	1	58
Modification to lease terms	1	-	-	1
Disposals	-	(26)	(5)	(31)
Foreign exchange	1	-	-	1
As at 30 June 2021	297	-	1	298
Net book value				
As at 1 January 2021	82	1	2	85
As at 30 June 2021	64	-	1	65

10. Inventories

	six months to 30 June 2021 £000	six months to 30 June 2020 £000	year ended 31 December 2020 £000
Raw materials and consumables	1,979	2,178	1,932
Finished goods and goods for resale	4,760	3,195	2,970
Inventory	6,739	5,373	4,902