

25 November 2019

ASX Release – Company Announcement

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Update on half year results

Nufarm Limited (Nufarm) advises that during the course of reconciling accounts with German customers for the 2019 calendar year it has identified additional sales rebate claims from customers that relate to Nufarm's 2019 financial year.

This matter was immediately investigated with our external auditors. While the investigation is ongoing it is not expected to result in a restatement of FY19 financial statements but will result in an adjustment to FY20 half year earnings. Pending completion of the investigation and negotiation with customers it is estimated the impact on earnings before interest, tax, depreciation and amortisation will be approximately AUD\$9 million.

The company is undertaking an immediate review of internal control processes and procedures and will look to further strengthen these in the light of this matter.

Nufarm also notes that trading conditions have been difficult for FY20 to date and this has resulted in lower earnings in all regions for the first quarter compared to the prior year. In particular, high channel inventories and substantially lower demand in North America has resulted in first quarter earnings before interest, tax, depreciation and amortisation of approximately AUD\$20 million below the corresponding period for this region and it is considered unlikely this will be mitigated in the second quarter.

The majority of Nufarm's first half earnings are generated in the second quarter and while it has become increasingly difficult to forecast the half year results with reasonable confidence, the company expects first half earnings before interest, tax, depreciation and amortisation to be significantly lower than the prior year.

Competition regulatory filings for the proposed sale of the South American business are well advanced and completion of the transaction is expected to occur in the second half of FY20, subject to shareholder approval on 5 December 2019 and competition approvals from South American regulatory bodies.

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