

18 May 2023

The Manager
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ELECTRONIC LODGEMENT

Dear Sir/Madam

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2023

In accordance with the listing rules, the following documents are attached for immediate release to the market:

- Appendix 4D
- Directors' Report
- Operating and Financial Review
- Half Year Financial Statements

Nufarm will conduct an investor briefing on the 2023 half year results at 10am AEST today. The briefing will be audio webcast live at <https://webcast.openbriefing.com/nuf-hyr-2023/>

This announcement has been released simultaneously to the New Zealand Stock Exchange.

Authorised for lodgement by



Kate Hall
Group General Counsel and Company Secretary
Nufarm Limited

Interim financial report incorporating Appendix 4D

Nufarm Limited and its controlled entities
For the six months ended 31 March 2023, under Listing Rule 4.2A



 **Nufarm**
Grow a better tomorrow

Appendix 4D

Nufarm Limited
ABN 37 091 323 312

INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 MARCH 2023

This statement includes the consolidated results for Nufarm Limited group for the 6 months ended 31 March 2023 compared with the 6 months ended 31 March 2022.

1. Results for announcement to the market

| Trading results | 6 months ended 31 March 2023 \$000 | 6 months ended 31 March 2022 \$000 | Movement | |
|--|--|--|-----------|--------|
| | | | \$000 | % |
| Revenue from ordinary activities | 1,954,578 | 2,165,553 | (210,975) | (9.7)% |
| Profit/(loss) from ordinary activities after tax attributable to members | | | | |
| - before material items | 142,310 | 133,178 | 9,132 | 6.9% |
| - after material items | 149,042 | 98,717 | 50,325 | 51.0% |

2. Dividends and distributions

| Dividends to shareholders | Interim dividend 31 March 2023 | Interim dividend (prior year) 31 March 2022 | Full year dividend (prior year) 30 September 2022 |
|---------------------------------------|-----------------------------------|---|---|
| Amount per security | 5 cents | 4 cents | 6 cents |
| Franked amount per security at 30% | nil | nil | nil |
| Amount per security of foreign source | 5 cents | 4 cents | 6 cents |
| Dividend | | | |
| Date payable | 9 June 2023 | 17 June 2022 | 9 December 2022 |
| Record date for entitlement | 26 May 2023 | 27 May 2022 | 25 November 2022 |

The dividend reinvestment plan (DRP) will be made available to shareholders for the interim dividend. Directors have determined that the issue price will be calculated on the volume weighted average price of the company's ordinary shares on the ASX over the 10-day period commencing on 22 May 2023 and ending on 2 June 2023. The last election date for shareholders who are not yet participants in the DRP, is Monday, 29 May 2023.

| Nufarm Step-up securities distribution | Distribution rate (%) | Total amount (\$000) |
|--|--------------------------|-------------------------|
| 15 April 2021 | 4.01 | 5,013 |
| 15 October 2021 | 4.00 | 5,029 |
| 15 April 2022 | 3.97 | 4,963 |
| 17 October 2022 | 4.86 | 6,055 |
| 17 April 2023 (distributed subsequent to the 6 months ended 31 March 2023) | 7.37 | 9,227 |

3. Other summary data

| Metric | 31 March 2023 | 31 March 2022 |
|--|---------------|---------------|
| Net tangible assets per ordinary share | A\$2.95 | A\$2.61 |
| Staff employed | 2,969 | 2,737 |

4. Entities where control was lost during the period

| Entities | Date |
|----------------------|--------------------------------|
| Nufarm Africa SARLAU | 29 th November 2022 |

5. Details of equity accounted investees

| Entity | 31 March 2023 | 31 March 2022 |
|---------------------------------|---------------|---------------|
| Seedtech Pty Ltd | 25.00% | 25.00% |
| Leshan Nong Fu Trading Co., Ltd | 35.00% | 35.00% |
| Crop.zone GmbH | 14.77% | 11.56% |

6. Commentary

Additional Appendix 4D disclosure requirements and further information including commentary on significant features of the operating performance, results of segments, trends in performance and other factors affecting the results for the current period are contained in the interim financial report for the 6 months ended 31 March 2023. The condensed consolidated financial statements contained within the interim financial report for the 6 months ended 31 March 2023, on which this report is based, have been reviewed by KPMG.

Directors' Report

In accordance with a resolution of the Board of Directors (the Board), the directors present their report on the consolidated entity (Nufarm Limited) consisting of Nufarm Limited and the entities it controlled at the end of or during the 6 months ended 31 March 2023.

Directors

Directors who held office during the 6 months ended 31 March 2023 and until the date of this report are as follows:

| Director | Period of directorship |
|--------------------|--|
| John Gillam | Chair since 24 September 2020, director since 31 July 2020 |
| Gordon Davis | Director since 31 May 2011 |
| Peter Margin | Director since 3 October 2011 |
| Marie McDonald | Director since 22 March 2017 |
| Lynne Saint | Director since 18 December 2020 |
| David Jones | Director since 23 June 2021 |
| Alexandra Gartmann | Director since 23 September 2022 |
| Greg A Hunt | Managing Director since 5 May 2015 and Chief Executive Officer since February 2015 |

Results and review of operations

Information on the operations and the results of those operations for Nufarm Limited during the 6 months ended 31 March 2023 is set out on pages 5 to 11 as the Operating and Financial Review, accompanying this Directors' report.

Events subsequent to reporting date

On 17 April 2023 a distribution was paid by Nufarm Finance (NZ) on the Nufarm Step-Up Securities. The distribution rate was 7.37% resulting in a gross distribution of \$9.227 million.

An interim dividend of five cents per share, totalling \$19.0 million, was declared on 18 May 2023 and will be paid on 9 June 2023 (2022: four cents per share).

Auditors' independence declaration

A copy of the Auditors' independence declaration is on page 4 and forms part of this report.

Rounding of amounts

Nufarm Limited is a company of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and issued pursuant to section 341(1) of the *Corporations Act 2001*. As a result, amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made on 18 May 2023 in accordance with a resolution of the Directors.



John Gillam
Chair
18 May 2023



Greg Hunt
Managing Director and Chief Executive Officer
18 May 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nufarm Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Nufarm Limited for the half-year ended 31 March 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



KPMG

A handwritten signature in black ink, appearing to read 'Chris Sargent'.

Chris Sargent
Partner

Melbourne
18 May 2023

Operating and Financial Review

Group results

This Operating and Financial Review includes financial information based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and reviewed by KPMG. Non-IFRS measures including underlying EBIT and underlying EBITDA are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to review. All amounts are in Australian dollars unless otherwise specified.

| Summary financial results | | | |
|--|---------------------------------|---------------------------------|----------|
| | 6 months ended 31 March 2023 | 6 months ended 31 March 2022 | Change |
| | \$000 | \$000 | % |
| Revenue | 1,954,578 | 2,165,553 | (10)% |
| Revenue excluding Corporate revenue | 1,954,578 | 1,982,147 | (1)% |
| Gross profit | 613,440 | 573,491 | 7 % |
| Gross profit margin | 31.4 % | 26.5% | 490 bps |
| Gross profit margin excluding Corporate revenue | 31.4 % | 28.9% | 245 bps |
| Underlying gross profit | 609,175 | 593,532 | 3 % |
| Underlying gross profit margin | 31.2 % | 27.4% | 376 bps |
| Underlying gross profit margin excluding Corporate revenue | 31.2 % | 29.9% | 122 bps |
| Underlying SG&A | (364,172) | (357,798) | (2)% |
| Research and development expenses | (20,840) | (17,115) | (22)% |
| Underlying EBITDA | 315,977 | 329,773 | (4)% |
| Underlying EBIT | 227,890 | 221,684 | 3 % |
| Operating profit / (loss) | 235,131 | 184,659 | 27 % |
| Underlying net external interest | (32,330) | (28,189) | (15)% |
| Foreign exchange gains / (losses) | (3,557) | (1,669) | large |
| Underlying net financing costs | (35,887) | (29,858) | (20)% |
| Net financing costs | (35,887) | (55,630) | 35 % |
| Underlying net profit / (loss) after tax | 142,310 | 133,178 | 7 % |
| Underlying effective tax rate | 25.9 % | 30.6% | (469)bps |
| Net profit / (loss) after tax | 149,042 | 98,717 | 51 % |
| Statutory effective tax rate | 25.2 % | 23.5% | 170 bps |
| Basic earnings per share - excluding material items (cents) | 36.2 | 34.1 | 2 cps |
| Basic earnings per share (cents) | 38.0 | 25.0 | 13 cps |
| Total dividend per share declared in respect of period (cents) | 5.0 | 4.0 | 1 cps |

Earnings

Favourable seasonal conditions and relatively high grain prices generated strong demand for Nufarm crop protection products and seed technologies. This was somewhat offset by softening demand following record high prices achieved in the first half of FY22 due to supply uncertainty. This resulted in revenue reducing 10% to \$2.0 billion relative to the comparative period while operating profit increased by 27% to \$235 million.

Non-operating corporate revenue (representing sales to Sumitomo Chemical Company Ltd under supply agreements following the South American operations divestment) ceased during the prior year. Excluding this corporate revenue, revenue declined 1% to \$2.0 billion.

Gross profit for the period was \$613 million, which included material items of \$4 million. Excluding the impacts of the material items and non-operating corporate revenue, underlying gross profit margin increased to 31.2% relative to the prior comparative period of 29.9%.

Net profit after tax increased 51% to \$149 million. This movement helped to lift basic earnings per share to 38 cents. Excluding material items, basic earnings per share rose 2 cents per share to 36 cents.

Underlying EBITDA of \$316 million decreased by \$14 million, representing a decline of 4% for the period. The underlying gross profit increase was offset by growth in expenditures for seed technologies to support its growth trajectory. Further increases in underlying selling, general and administration costs (underlying SG&A) were largely due

to increases in freight and warehousing expenditure associated with increased inventory volumes and travel expenditure. Research and development expenditure increased by \$4 million as compared to the prior comparative period.

Depreciation and amortisation expense of \$88 million was \$20 million lower than the prior comparative period primarily driven by regulatory phase-outs in Europe and delayed capex spend.

Underlying net external interest increased by \$4 million to \$32 million largely reflecting benefits of the refinancing of the high yield bond during the first half of the prior year, offset by increases in base rates and debt levels.

Net foreign exchange losses were \$4 million. This outcome reflects the group's targeted foreign currency exposure risk mitigation program to assist in the management of foreign exchange risk.

The statutory effective tax rate was 25.2%. Excluding material items, the underlying effective tax rate is 25.9%.

Underlying net profit after tax increased 7% to \$142 million.

Cash flow

| Cash flow results | 6 months ended 31 March 2023 \$000 | 6 months ended 31 March 2022 \$000 | Change % |
|--|--|--|-------------|
| Underlying net operating cash flow | (557,592) | (60,735) | large |
| Net operating cash flow - material items | (926) | (4,283) | (78.4)% |
| Total net operating cash flow | (558,518) | (65,018) | large |
| Underlying net investing cash flow | (104,488) | (61,663) | 69.5 % |
| Net investing cash flow - material items | - | - | n/a |
| Total net investing cash flow | (104,488) | (61,663) | 69.5 % |
| Total underlying net operating and investing cash flow | (662,080) | (122,398) | large |
| Total net operating and investing cash flow | (663,006) | (126,681) | large |

The group's total net operating and investing cash flow for the 6 months ended 31 March 2023 was a cash outflow of \$663 million.

Underlying net operating cash flow was a \$558 million outflow. Operating cash flow generation is highly correlated with changes in Net Working Capital and underlying EBITDA.

The Net Working Capital movement is a significant factor in driving 1H23 operating cash flow outcomes. This reflects the seasonality in working capital which results in net cash consumption in the first half of the financial year and net cash generation in the second half of the financial year and the group taking the decision to make a strategic inventory investment towards the end of financial year 2022 together with higher than normal receivable collections in 2H22. Net cash outflow from investing activities increased 69% with the majority of the increase due to investment in plant and equipment and further development of our intellectual property. The group allocated an additional \$16 million for strategic investments including the acquisition of the Sonic crop spraying equipment business and an additional investment in Enko.

Balance Sheet Management

| Financial position | As at 31 March 2023 \$000 | As at 31 March 2022 \$000 | Change % |
|---|---------------------------------|---------------------------------|-------------|
| Net debt | 1,040,157 | 493,577 | large |
| Net working capital | 1,706,744 | 1,140,288 | 49.7 % |
| ANWC/sales excluding external corporate (%) | 33.2% | 29.8% | 338 bps |
| ANWC/sales (%) | 33.2% | 27.4% | 583 bps |
| Leverage - (includes lease liabilities) | 2.4 | 1.1 | large |
| Gearing % | 30.8% | 18.9% | 1,190 bps |
| ROFE - total group | 8.3 % | 9.5 % | (124)bps |

Net debt has increased 111% to \$1 billion. The Average net working capital to sales (ANWC/sales (%)) ratio of 33.2% remained below the target range of between 35-40%. The increase in working capital reflects increases in receivables due to normal seasonality in sales together with higher than normal collections in 2H22 and seasonal inventory purchases to ensure supply to our customers and phasing of sales between 1H23 and 2H23, particularly in North America. Management continues to manage working capital via a range of actions and considerations including demand forecasts, customer terms, supplier negotiations and effective stock management.

Statutory core leverage was 2.4x at 31 March 2023 which was an increase on the prior comparative period with the increase in working capital impacting debt levels.

Return on funds employed (ROFE) decreased to 8.3%, with the improvement in underlying EBIT being offset by higher funds employed reflecting the increase in working capital.

Capital Management

In FY21, we completed a review of our capital structure and capital management principles with the aim of maintaining a robust and durable capital structure and clear guidelines for the application of free cashflow generated from business operations.

Our financing arrangements aim to ensure we have the required financial resilience to withstand adverse trading cycles without experiencing undue balance sheet stress.

During the half, it was announced that Nufarm has entered into a five-year A\$800 million revolving Asset Based Lending credit facility (the ABL Facility) secured against trade receivables and inventory located in Australia, the United States and Canada. A smaller A\$150 million Liquidity Facility (the Liquidity Facility) has also been established to sit alongside the ABL Facility to assist in the ongoing funding of Nufarm's working capital requirements. Concurrently, the existing syndicated bank facility (SFA) and group receivables securitisation facility were both wound up with amounts drawn under those existing facilities settled via proceeds obtained under the new facilities.

Complementing the US\$350 million Senior Unsecured Notes which were issued in January 2022 and due in January 2030, the ABL Facility will deliver considerable benefits to Nufarm's capital structure, transitioning Nufarm to a covenant-lite financing structure and extending the duration of the group's debt maturity profile. An ABL facility provides a less restrictive and more flexible financial covenant regime.

Nufarm's new working capital debt facilities are important components underpinning a flexible and durable capital structure that will provide greater financial resilience across operating cycles and variable trading conditions. The extended term of the group's working capital debt facilities demonstrates confidence by relationship lenders in Nufarm's strong balance sheet position, strategic direction and future growth aspirations.

Dividend

As part of our review of the capital management framework, the Board has adopted a dividend policy to align dividend payments to free cash flow generation, subject to the balance sheet meeting our target leverage range of 1.5x – 2.0x and there being insufficient growth opportunities. Nufarm's dividend policy ensures appropriate focus on cash generation, especially net working capital management, and greater focus on maintaining an appropriate capital structure for the group.

In considering the application of this policy any reference to free cash flow should be assessed through an appropriate historical and forecast cycle, to take into consideration fluctuations in net working capital and planned investment. Similarly, target leverage is considered on an annualised basis.

The Board has determined to pay an unfranked interim dividend of 5 cents per share. The interim dividend will be paid on 9 June 2023 to the holders of all fully paid shares in the company as at the close of business on 26 May 2023. The dividend reinvestment plan (DRP) will be made available to shareholders for the interim dividend. Directors have determined that the issue price will be calculated on the volume weighted average price of the company's ordinary shares on the ASX over the 10-day period commencing on 22 May 2023 and ending on 2 June 2023. The last election date for shareholders who are not yet participants in the DRP, is 29 May 2023.

Review of operations

Nufarm's business has two main reporting segments, crop protection and seed technologies. Crop protection is focused on major agricultural markets in Asia Pacific (APAC), Europe and North America. Seed technologies operates in more than 30 countries across the globe.

Revenue - Underlying

| | 6 months ended 31 March 2023 | 6 months ended 31 March 2022 | | |
|------------------------------|---------------------------------|---------------------------------|------------------|--------------|
| (\$000s) | \$000 | \$000 | Change \$'000 | Change % |
| Crop protection | | | | |
| APAC | 546,076 | 580,713 | (34,637) | (6)% |
| North America | 678,861 | 718,550 | (39,689) | (6)% |
| Europe | 498,255 | 497,985 | 270 | 0% |
| Total Crop protection | 1,723,192 | 1,797,248 | (74,056) | (4)% |
| Seed Technologies - global | 231,386 | 184,899 | 46,487 | 25% |
| Corporate | - | 183,406 | (183,406) | (100)% |
| Nufarm Group | 1,954,578 | 2,165,553 | (210,975) | (10)% |

EBITDA - Underlying

| | 6 months ended 31 March 2023 | 6 months ended 31 March 2022 | | |
|------------------------------|---------------------------------|---------------------------------|-----------------|-------------|
| (\$000s) | \$000 | \$000 | Change \$'000 | Change % |
| Crop protection | | | | |
| APAC | 71,030 | 98,784 | (27,754) | (28)% |
| North America | 85,526 | 93,405 | (7,879) | (8)% |
| Europe | 125,532 | 118,188 | 7,344 | 6% |
| Total Crop protection | 282,088 | 310,377 | (28,289) | (9)% |
| Seed Technologies - global | 61,848 | 46,024 | 15,824 | 34% |
| Corporate | (27,959) | (26,628) | (1,331) | 5% |
| Nufarm Group | 315,977 | 329,773 | (13,796) | (4)% |

EBIT - Underlying

| | 6 months ended 31 March 2023 | 6 months ended 31 March 2022 | | |
|------------------------------|---------------------------------|---------------------------------|----------------|-------------|
| (\$000s) | \$000 | \$000 | Change \$'000 | Change % |
| Crop protection | | | | |
| APAC | 63,903 | 90,180 | (26,277) | (29)% |
| North America | 69,343 | 78,145 | (8,802) | (11)% |
| Europe | 81,344 | 50,467 | 30,878 | 61% |
| Total Crop protection | 214,590 | 218,792 | (4,201) | (2)% |
| Seed Technologies - global | 41,772 | 29,957 | 11,815 | 39% |
| Corporate | (28,472) | (27,065) | (1,407) | 5% |
| Nufarm Group | 227,890 | 221,684 | 6,207 | 3% |

APAC

Revenue of \$546 million decreased 6% relative to the prior comparative period with a change in the supply and demand dynamics from a prior period environment of supply constraints leading to higher pricing and demand, to a current period environment of available supply and price uncertainty.

Despite this, the segment has delivered continued momentum from successful product launches and a favourable product mix delivering higher margin percentages.

Overall, the segment delivered a strong result for the half despite the softening in pricing of certain key molecules.

North America

Revenue of \$679 million decreased 6% relative to the prior comparative period, driven by lower demand for foundational products. Demand for other, higher margin, products remained high, and the favourable product mix enabled the segment to mitigate the impacts of the lower demand for foundational products. The change in supply dynamics from the prior corresponding period has resulted in customer buying patterns shifting to a just-in-time or in-season approach, resulting in reduced demand for lower margin foundational products for the period. Operating costs have increased primarily due to inflationary effects as well as increases in warehousing costs due to increased inventory levels, partially offset by outbound freight cost favourability accompanying the lower sales volumes.

Overall, the segment has delivered underlying EBITDA of \$86 million, which is 8% below the prior comparative period.

Europe

Revenue of \$498 million was in line with the prior comparative period. Working together with growers and channel partners, sales performance has been strong in our core crop segments with supply constraints easing, despite dry conditions through southern European markets and the impact of the phasing out of specific products compared to the prior corresponding period. Revenue growth has been achieved despite €17m lost from sales of products which were phased out in FY22.

Operating costs are consistent with the prior comparative period, with increases due to inflationary pressures on wages, energy and supply chain costs, offset by a reduction in depreciation and amortisation following regulatory phase outs completed in FY22 and delayed capex spend.

Overall, the segment has performed strongly with EBITDA of \$126 million, up 6% vs the prior comparative period.

Seed Technologies

The Seed Technologies segment deals in the sale of seeds and seed treatment products, together with the sale of oil products into aquaculture and bioenergy markets, and the licensing of certain seed technology intellectual property. Revenue of \$231 million increased 25% relative to prior comparative period. Increased revenue from seed sales reflected stronger demand for hybrid canola varieties in Australia, South America and Canada; sorghum in Brazil, USA and other international markets; and sunflower in key global markets.

Underlying EBITDA of \$62 million was up 34% on the prior comparative period. The strong segment result represents broad based growth across the seed technology platforms.

In February 2022, we entered into a strategic ten-year offtake and market development agreement with bp that will see bp, or its affiliates, purchase Nuseed Carinata Oil that it plans to process or sell into growing markets. In January 2023, seed technologies delivered its first shipment of carinata grain to be processed prior to delivery of carinata oil to bp under this agreement. The agreement enables our patented hybrid carinata to be used as a sustainable lower-carbon feedstock in the production of emissions reducing fuels of the future. It also supports significant expansion and the generation of high economic returns on investment in respect of our carinata assets and its continued development.

In April 2023, the Norwegian Scientific Committee for Food and Environment recommended allowing Seed Technologies' patented Omega3 Canola to be used as part of the feedstock mix for the Norwegian aquaculture market. Public consultations on the subject have closed with final recommendations expected within calendar year 2023. The Norwegian aquaculture market represents the largest in the world and therefore this presents a significant opportunity.

Outlook

Assuming normal seasonal conditions and on a constant currency basis, Nufarm is continuing to plan for modest underlying EBITDA growth in FY23.

The outlook for grain prices remains positive and improved seasonal conditions in most key grain producing regions continues to support strong demand for seed and crop protection products.

The elevated inventory position at 31 March 2023 is expected to unwind in 2H23. Leverage is anticipated to return to within or below the targeted range of 1.5 – 2.0 times net debt to underlying EBITDA in 2H23. Active ingredient pricing volatility has eased into 1H23 however higher manufacturer inventories may lead to some margin pressure in 2H23. New product introductions, improved product mix and a higher contribution from Seed Technologies will provide an offset. There continues to be uncertainty and volatility in relation to the broader global political and macroeconomic environment. These uncertainties have the potential to quickly change market dynamics and increase the competitive environment across all regions.

Material items

Individually material items are those items where their nature, including the expected frequency of the events giving rise to them, and/or amount is considered material to the consolidated financial report. Such items included within the group's profit for the period are detailed below.

Transactions related to Russia and Ukraine

During the 6 months ended 31 March 2023, the group has continued to assess the recoverability of assets, primarily receivables and inventories, in respect of the group's operations in Russia and Ukraine. The group was able to recover certain outstanding receivables which had not been previously anticipated during the 6 months ended 31 March 2023 and has continued to operate in Ukraine to support growers in this country. In balancing these factors, together with the continued operational risks due to the ongoing war between Russia and Ukraine, the group reversed a pre-tax expense of \$7.2 million of previously recognised expenses pertaining to receivables and inventories.

During the 6 months ended 31 March 2022, the group assessed the recoverability of assets, primarily trade receivables and inventories, in respect of the group's operations in Russia and Ukraine and has recognised a pre-tax expense of \$38.1 million following this assessment.

Deferred tax adjustments

During the prior corresponding period, the group recognised previously unrecognised tax losses as a result of improved financial performance and outlook for the group.

Debt refinancing costs

During the prior corresponding period the group refinanced its high yield bond and incurred costs related to early redemption call premium and accelerated amortisation of deferred debt establishment transaction costs.

Transactions related to South American business disposal – onerous contract provision reversal

During the period ended 31 July 2020 the group entered into a supply agreement contract signed as part of the disposal of the South American business that subsequently became onerous, as disclosed in material items for that period. During the 6 months ended 31 March 2022 market conditions in relation to the terms of the contract have improved. During the prior corresponding period the group has assessed that the full provision will no longer be required and it has therefore been reversed. The contract has expired as at March 2022.

IFRS and Non-IFRS financial information

Nufarm results are reported under International Financial Reporting Standards (IFRS) including underlying EBIT and underlying EBITDA which are used to measure segment performance. This release also includes certain non-IFRS measures including underlying net profit after tax and Gross profit margin. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to review.

The following notes explain the terms used throughout the operating and financial review:

- (1) Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is underlying EBIT before depreciation and amortisation. We believe that underlying EBIT and underlying EBITDA provide useful information, but should not be considered as an indication of, or an alternative to, profit / (loss) for the period as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.
- (2) Underlying EBITDA is used to reflect the underlying performance of Nufarm's operations. Underlying EBITDA is reconciled to operating profit below.

| Operating profit reconciliation | | | | |
|--|---------------------------------|---------------------------------|--------|--|
| | 6 months ended 31 March 2023 | 6 months ended 31 March 2022 | Change | |
| | \$000 | \$000 | % | |
| Underlying EBITDA | 315,977 | 329,773 | (4)% | |
| add Depreciation and amortisation excluding material items | (88,087) | (108,089) | (19)% | |
| Underlying EBIT | 227,890 | 221,684 | 3% | |
| Material items impacting operating profit | 7,241 | (37,025) | (120)% | |
| Operating profit | 235,131 | 184,659 | 27% | |

- (3) Non-IFRS measures are defined as follows:

| Term | Definition |
|--|---|
| Gross profit margin | Gross profit as a percentage of revenue |
| Underlying gross profit | Gross profit less material items |
| Underlying gross profit margin | Underlying gross profit as a percentage of revenue |
| Underlying SG&A | Sales, marketing and distribution expenses plus General and administrative expenses less material items |
| Underlying EBIT | Earnings before net financing costs, taxation less material items |
| Underlying EBITDA | Underlying EBIT before depreciation and amortisation less material items |
| Underlying net external interest | Financial income, plus interest expense – external, plus interest expense - amortisation of debt establishment transaction costs, plus lease liability – interest expense, less material items. |
| Underlying net financing costs | Net financing costs less material items |
| Underlying net profit after tax | Profit/(loss) for the period attributable to the equity holders of Nufarm Limited less material items |
| Underlying income tax benefit/(expense) | Income tax benefit/(expense) excluding material items |
| Underlying effective tax rate | Underlying income tax benefit/(expense) divided by underlying net profit after tax |
| Net debt | Current loans and borrowings, plus non-current loans and borrowings, plus cash and cash equivalents |
| Net working capital | Current trade and other receivables, plus inventories less current trade and other payables |
| Average net working capital | Net working capital measured at each month end as an average |
| ANWC/sales (%) | Average net working capital as a percentage of rolling 12 months revenue |
| ANWC/sales excluding external corporate (%) | Average net working capital as a percentage of rolling 12 months revenue excluding non-operating corporate revenue |
| Leverage | Net debt / rolling 12 months underlying EBITDA |
| Interest coverage ratio | Rolling 12 months underlying EBITDA / rolling 12 months net external interest |
| Gearing % | Net debt / (net debt plus equity) |
| Return on funds employed (ROFE) | 12 months rolling underlying EBIT divided by the average of opening and closing funds employed (total equity plus net debt) |
| Underlying net operating cash flow | Net cash from operating activities excluding material items cash flows |
| Underlying net investing cash flow | Net cash from investing activities excluding material items cash flows |

Condensed consolidated statement of profit or loss and other comprehensive income

For the 6 months ended 31 March 2023

| | Note | Consolidated | |
|--|------|--|--|
| | | 6 months ended 31 Mar 2023 \$000 | 6 months ended 31 Mar 2022 \$000 |
| Revenue | 5 | 1,954,578 | 2,165,553 |
| Cost of sales | | (1,341,138) | (1,592,062) |
| Gross profit | | 613,440 | 573,491 |
| Other income | | 4,166 | 3,184 |
| Sales, marketing and distribution expenses | | (258,774) | (263,009) |
| General and administrative expenses | | (102,422) | (111,773) |
| Research and development expenses | | (20,840) | (17,115) |
| Share of net profits/(losses) of equity accounted investees | 10 | (439) | (119) |
| Operating profits/(losses) | | 235,131 | 184,659 |
| Financial income | | 1,725 | 1,042 |
| Financial expenses excluding foreign exchange gains/(losses) | | (34,055) | (55,003) |
| Net foreign exchange gains/(losses) | | (3,557) | (1,669) |
| Net financial expenses | | (37,612) | (56,672) |
| Net financing costs | 9 | (35,887) | (55,630) |
| Profit/(loss) before income tax | | 199,244 | 129,029 |
| Income tax (expense)/benefit | | (50,202) | (30,312) |
| Profit/(loss) for the period | | 149,042 | 98,717 |
| Attributable to: | | | |
| Equity holders of the group | | 149,042 | 98,717 |

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Condensed consolidated statement of profit or loss and other comprehensive income

For the 6 months ended 31 March 2023

| | Note | Consolidated | |
|--|------|--|--|
| | | 6 months ended 31 Mar 2023 \$000 | 6 months ended 31 Mar 2022 \$000 |
| Profit/(loss) for the period | | 149,042 | 98,717 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss, net of income tax:</i> | | | |
| Foreign exchange translation differences for foreign operations | | 66,769 | (98,932) |
| Effective portion of changes in fair value of cash flow hedges | | (228) | (500) |
| Effective portion of changes in fair value of net investment hedges | | - | 6,293 |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Actuarial gains/(losses) on defined benefit plans | | 1,430 | 12,633 |
| Gains/(losses) due to changes in fair value of other investments | | (1,188) | (142) |
| Income tax on share based payment transactions | | 50 | 797 |
| Other comprehensive profit/(loss) for the period, net of income tax | | 66,833 | (79,851) |
| Total comprehensive profit/(loss) for the period | | 215,875 | 18,866 |
| Attributable to: | | | |
| Equity holders of the group | | 215,875 | 18,866 |
| Earnings per share | | | |
| Basic earnings/(loss) per share | 15 | 38.0 | 25.0 |
| Diluted earnings/(loss) per share | 15 | 37.6 | 24.9 |

The amounts recognised directly in equity are disclosed net of tax.

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Condensed consolidated balance sheet

As at 31 March 2023

| | Note | Consolidated | | |
|---|------|----------------------|----------------------|----------------------|
| | | 31 Mar 2023 \$000 | 30 Sep 2022 \$000 | 31 Mar 2022 \$000 |
| Current assets | | | | |
| Cash and cash equivalents | 13 | 347,641 | 585,702 | 460,726 |
| Trade and other receivables | | 1,185,177 | 550,251 | 1,245,635 |
| Inventories | | 1,787,850 | 1,602,457 | 1,181,850 |
| Current tax assets | | 7,454 | 19,251 | 11,157 |
| Assets held for sale | 7 | 8,998 | 3,438 | 3,438 |
| Total current assets | | 3,337,120 | 2,761,099 | 2,902,806 |
| Non-current assets | | | | |
| Trade and other receivables | | 3,382 | 3,778 | 1,103 |
| Investments in equity accounted investees | 10 | 6,294 | 6,462 | 5,305 |
| Other investments | | 60,858 | 54,850 | 4,101 |
| Deferred tax assets | | 179,811 | 164,801 | 165,450 |
| Property, plant and equipment | | 509,130 | 475,331 | 426,344 |
| Intangible assets | | 1,217,767 | 1,192,777 | 1,131,758 |
| Total non-current assets | | 1,977,242 | 1,897,999 | 1,734,061 |
| TOTAL ASSETS | | 5,314,362 | 4,659,098 | 4,636,867 |
| Current liabilities | | | | |
| Trade and other payables | | 1,266,283 | 1,290,012 | 1,287,197 |
| Loans and borrowings | 13 | 94,122 | 269,169 | 365,156 |
| Employee benefits | | 31,320 | 30,595 | 29,303 |
| Current tax payable | | 32,096 | 10,773 | 20,607 |
| Provisions | | 5,985 | 6,878 | 8,187 |
| Total current liabilities | | 1,429,806 | 1,607,427 | 1,710,450 |
| Non-current liabilities | | | | |
| Payables | | 35,908 | 28,827 | 5,428 |
| Loans and borrowings | 13 | 1,293,676 | 662,701 | 589,147 |
| Deferred tax liabilities | | 151,910 | 146,141 | 137,071 |
| Employee benefits | | 61,347 | 61,281 | 70,560 |
| Total non-current liabilities | | 1,542,841 | 898,950 | 802,206 |
| TOTAL LIABILITIES | | 2,972,647 | 2,506,377 | 2,512,656 |
| NET ASSETS | | 2,341,715 | 2,152,721 | 2,124,211 |
| Equity | | | | |
| Share capital | | 1,839,037 | 1,837,228 | 1,836,461 |
| Reserves | | 106,744 | 42,751 | 4,720 |
| Retained earnings | | 149,002 | 25,810 | 36,098 |
| Equity attributable to equity holders of the group | | 2,094,783 | 1,905,789 | 1,877,279 |
| Other securities | | 246,932 | 246,932 | 246,932 |
| TOTAL EQUITY | | 2,341,715 | 2,152,721 | 2,124,211 |

The condensed consolidated balance sheet is to be read in conjunction with the attached notes.

Condensed consolidated statement of cash flows

For the 6 months ended 31 March 2023

| | Note | Consolidated | |
|---|------|------------------|------------------|
| | | 6 months ended | 6 months ended |
| | | 31 Mar 2023 | 31 Mar 2022 |
| | | \$000 | \$000 |
| Cash flows from operating activities | | | |
| Profit/(loss) for the period - after tax | | 149,042 | 98,717 |
| Adjustments for: | | | |
| Tax expense/(benefit) | | 50,202 | 30,312 |
| Net finance expense | | 32,330 | 53,961 |
| Depreciation and amortisation | | 88,087 | 111,900 |
| Other | | 637 | 362 |
| <i>Movements in working capital items:</i> | | | |
| (Increase)/decrease in receivables | | (634,531) | (433,595) |
| (Increase)/decrease in inventories | | (185,393) | (205,688) |
| Increase/(decrease) in payables | | (28,954) | 354,012 |
| Exchange rate change on foreign controlled entities working capital items | | 15,237 | (18,133) |
| Cash generated from/(used in) operations | | (513,343) | (8,152) |
| Interest received | | 1,725 | 1,042 |
| Interest paid | | (29,974) | (39,954) |
| Taxes paid | | (16,926) | (17,954) |
| Net operating cash flows | | (558,518) | (65,018) |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 142 | 360 |
| Payments for plant and equipment | 11 | (50,190) | (26,785) |
| Payments for other investments, associates or joint ventures | | (7,730) | (1,781) |
| Purchase of a business, net of cash acquired | | (7,790) | - |
| Payments for acquired intangibles and major product development expenditure | 12 | (38,920) | (33,457) |
| Net investing cash flows | | (104,488) | (61,663) |
| Cash flows from financing activities | | | |
| Debt establishment transaction costs | | (17,475) | (10,726) |
| Proceeds from borrowings | | 791,405 | 262,639 |
| Repayment of borrowings including redemption costs | | (313,942) | (331,453) |
| Lease liability payments | | (12,624) | (10,332) |
| Distribution to other securities holders | 14 | (6,055) | (5,029) |
| Dividends paid | 14 | (22,483) | (15,195) |
| Net financing cash flows | | 418,826 | (110,096) |
| Net increase/(decrease) in cash and cash equivalents | | (244,180) | (236,777) |
| Cash at the beginning of the period | | 585,702 | 724,215 |
| Exchange rate fluctuations on foreign cash balances | | 6,119 | (26,712) |
| Cash and cash equivalents at period end date | 13 | 347,641 | 460,726 |

The condensed consolidated statement of cash flows is to be read in conjunction with the attached notes.

Condensed consolidated statement of changes in equity

For the 6 months ended 31 March 2023

| | Attributable to equity holders of the group | | | | | | Other securities \$000 | Total equity \$000 |
|--|---|------------------------------|---------------------------------|------------------------|----------------------------|----------------|---------------------------|-----------------------|
| | Share capital \$000 | Translation reserve \$000 | Capital profit reserve \$000 | Other reserve \$000 | Retained earnings \$000 | Total \$000 | | |
| Consolidated | | | | | | | | |
| Balance at 1 October 2021 | 1,835,888 | 61,161 | 33,627 | 204 | (56,349) | 1,874,531 | 246,932 | 2,121,463 |
| Profit/(loss) for the period from continuing operations | - | - | - | - | 98,717 | 98,717 | - | 98,717 |
| Other comprehensive income | | | | | | | | |
| Actuarial gains/(losses) on defined benefit plans | - | - | - | - | 12,633 | 12,633 | - | 12,633 |
| Foreign exchange translation differences | - | (98,932) | - | - | - | (98,932) | - | (98,932) |
| Gains/(losses) on cash flow hedges taken to equity | - | - | - | (500) | - | (500) | - | (500) |
| Gains/(losses) on net investment hedges taken to equity | - | - | - | 6,293 | - | 6,293 | - | 6,293 |
| Gains/(losses) due to changes in fair value of other investments | - | - | - | (142) | - | (142) | - | (142) |
| Income tax on share based payment transactions | - | - | - | 797 | - | 797 | - | 797 |
| Total comprehensive income/(loss) for the period | - | (98,932) | - | 6,448 | 111,350 | 18,866 | - | 18,866 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Employee share award entitlements and share issuances | 573 | - | - | 2,212 | - | 2,785 | - | 2,785 |
| Dividends paid to shareholders | - | - | - | - | (15,195) | (15,195) | - | (15,195) |
| Dividend reinvestment plan | - | - | - | - | - | - | - | - |
| Distributions to other security holders | - | - | - | - | (3,708) | (3,708) | - | (3,708) |
| Balance at 31 March 2022 | 1,836,461 | (37,771) | 33,627 | 8,864 | 36,098 | 1,877,279 | 246,932 | 2,124,211 |
| Balance at 1 October 2022 | 1,837,228 | (6,335) | 33,627 | 15,459 | 25,810 | 1,905,789 | 246,932 | 2,152,721 |
| Profit/(loss) for the period from continuing operations | - | - | - | - | 149,042 | 149,042 | - | 149,042 |
| Other comprehensive income | | | | | | | | |
| Actuarial gains/(losses) on defined benefit plans | - | - | - | - | 1,430 | 1,430 | - | 1,430 |
| Foreign exchange translation differences | - | 66,769 | - | - | - | 66,769 | - | 66,769 |
| Gains/(losses) on cash flow hedges taken to equity | - | - | - | (228) | - | (228) | - | (228) |
| Gains/(losses) on net investment hedges taken to equity | - | - | - | - | - | - | - | - |
| Gains/(losses) due to changes in fair value of other investments | - | - | - | (1,188) | - | (1,188) | - | (1,188) |
| Income tax on share based payment transactions | - | - | - | 50 | - | 50 | - | 50 |
| Total comprehensive income/(loss) for the period | - | 66,769 | - | (1,366) | 150,472 | 215,875 | - | 215,875 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Employee share award entitlements and share issuances | 1,809 | - | - | (1,410) | - | 399 | - | 399 |
| Dividends paid to shareholders | - | - | - | - | (22,483) | (22,483) | - | (22,483) |
| Dividend reinvestment plan | - | - | - | - | (337) | (337) | - | (337) |
| Distributions to other security holders | - | - | - | - | (4,460) | (4,460) | - | (4,460) |
| Balance at 31 March 2023 | 1,839,037 | 60,434 | 33,627 | 12,683 | 149,002 | 2,094,783 | 246,932 | 2,341,715 |

The amounts recognised directly in equity are disclosed net of tax.

The condensed consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Condensed notes to the consolidated interim financial statements

1 Reporting entity

Nufarm Limited (the 'company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the company as at and for the 6 months ended 31 March 2023 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities') and the group's interest in associates and jointly controlled entities.

The annual consolidated financial statements of the group as at and for the period ended 30 September 2022 are available from the company's registered office at 103-105 Pipe Road, Laverton North, Australia or at <http://www.nufarm.com/investor-centre/>

2 Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting, the Corporations Act 2001 and IAS 134 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the period ended 30 September 2022.

Changes to significant accounting policies are described in note 3.

These condensed consolidated interim financial statements were approved by the Board of Directors on 18 May 2023.

(b) Rounding of amounts

Amounts in these financial statements have, unless otherwise indicated, been rounded to the nearest thousand dollars.

3 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the group's consolidated financial statements as at and for the year ended 30 September 2022. A number of new standards were effective from 1 October 2022 but they do not have a material effect on the group's financial statements.

(a) Impact of new accounting standards and interpretation and changes in accounting policies

(i) *New and amended accounting standards and interpretations adopted from 1 October 2022*

A number of new interpretations and amendments apply for the first time during the 6 months ended 31 March 2023 however do not have a material impact on the financial statements of the company. The company has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective

(ii) *New and revised Australian Accounting Standards and Interpretations on issue but not yet effective*

There are no standards that are not yet effective that would be expected to have a material impact on the group in the current or future reporting periods.

Condensed notes to the consolidated interim financial statements

4 Estimates and judgements

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, except as noted below, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period ended 30 September 2022.

(a) Russia and Ukraine conflict

The group has carefully considered the effect of the Russian and Ukrainian conflict in preparing its condensed consolidated interim financial statements for the 6 months ended 31 March 2023. Where applicable, the group has incorporated judgements, estimates and assumptions specific to the impact of the conflict in determining the amounts recognised. This was done based on conditions existing at balance sheet date, recognising that an element of uncertainty still exists.

5 Operating segments

Segment information is presented in respect of the group's key operating segments. The operating segments are based on the group's management and internal reporting structure.

Operating segments

The group operates predominantly along two business lines, being crop protection and seed technologies.

The crop protection business deals in the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease. It is managed by major geographic segments, being Australia, New Zealand and Asia (together "APAC"), Europe and North America.

The seed technologies business deals in the sale of seeds and seed treatment products, together with the sale of oil products into aquaculture and bioenergy markets, and the licensing of certain seed technology intellectual property. The seed technologies business is managed on a worldwide basis.

Information regarding the results of each operating segment is included below. Performance is measured based on underlying EBITDA, as defined on following page, as included in the internal management reports that are reviewed by the group's CEO. Underlying EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment. Segment revenue is based on the geographic location of customers.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The non-operating corporate segment comprises mainly corporate expenses, and unallocated interest-bearing loans, borrowings and corporate assets. From April 2020, the non-operating corporate segment revenue represents revenue earned on delivering products under a two year supply agreement with Sumitomo Chemical Company Ltd as the purchaser of the group's South American business, that was divested in April 2020.

Condensed notes to the consolidated interim financial statements

5 Operating segments (continued)

| 6 months ended 31 Mar 2023 Operating Segments | Crop protection | | | Total \$000 | Seed Technologies Global \$000 | Non Operating Corporate \$000 | Group Total \$000 |
|---|-----------------|-----------------|---------------------------|----------------|---|--|-------------------------|
| | APAC \$000 | Europe \$000 | North America \$000 | | | | |
| Revenue | | | | | | | |
| Total segment revenue | 546,076 | 498,255 | 678,861 | 1,723,192 | 231,386 | - | 1,954,578 |
| Results | | | | | | | |
| Underlying EBITDA ^(a) | 71,030 | 125,532 | 85,526 | 282,088 | 61,848 | (27,959) | 315,977 |
| Depreciation & amortisation excluding material items | (7,127) | (44,188) | (16,183) | (67,498) | (20,076) | (513) | (88,087) |
| Underlying EBIT ^(a) | 63,903 | 81,344 | 69,343 | 214,590 | 41,772 | (28,472) | 227,890 |
| Material items included in operating profit (refer note 6) | | | | | | | 7,241 |
| Material items included in net financing costs (refer note 6) | | | | | | | - |
| Total material items (refer note 6) | | | | | | | 7,241 |
| Net financing costs (excluding material items) | | | | | | | (35,887) |
| Profit/(loss) before tax | | | | | | | 199,244 |

| 6 months ended 31 Mar 2022 Operating Segments | Crop protection | | | Total \$000 | Seed Technologies Global \$000 | Non Operating Corporate \$000 | Group Total \$000 |
|---|-----------------|-----------------|---------------------------|----------------|---|--|-------------------------|
| | APAC \$000 | Europe \$000 | North America \$000 | | | | |
| Revenue | | | | | | | |
| Total segment revenue | 580,713 | 497,985 | 718,550 | 1,797,248 | 184,899 | 183,406 | 2,165,553 |
| Results | | | | | | | |
| Underlying EBITDA (a) | 98,784 | 118,188 | 93,405 | 310,377 | 46,024 | (26,628) | 329,773 |
| Depreciation & amortisation excluding material items | (8,604) | (67,721) | (15,260) | (91,585) | (16,067) | (437) | (108,089) |
| Underlying EBIT (a) | 90,180 | 50,467 | 78,145 | 218,792 | 29,957 | (27,065) | 221,684 |
| Material items included in operating profit (refer note 6) | | | | | | | (37,025) |
| Material items included in net financing costs (refer note 6) | | | | | | | (25,772) |
| Total material items (refer note 6) | | | | | | | (62,797) |
| Net financing costs (excluding material items) | | | | | | | (29,858) |
| Profit/(loss) before tax | | | | | | | 129,029 |

(a) Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is Underlying EBIT, before depreciation, amortisation and material items.

| As at 31 Mar 2023 Operating Segments | Crop protection | | | Total \$000 | Seed Technologies Global \$000 | Non Operating Corporate \$000 | Group Total \$000 |
|--|-----------------|------------------|---------------------------|------------------|---|--|-------------------------|
| | APAC \$000 | Europe \$000 | North America \$000 | | | | |
| Assets | | | | | | | |
| Segment assets | 839,703 | 1,661,322 | 1,569,773 | 4,070,798 | 778,195 | 389,219 | 5,238,212 |
| Assets held for sale | 8,998 | - | - | 8,998 | - | - | 8,998 |
| Equity accounted & other investments | 1,871 | 3,641 | - | 5,512 | 1,168 | 60,472 | 67,152 |
| Total assets | 850,572 | 1,664,963 | 1,569,773 | 4,085,308 | 779,363 | 449,691 | 5,314,362 |
| Liabilities | | | | | | | |
| Segment liabilities | 516,756 | 342,672 | 351,596 | 1,211,024 | 142,196 | 1,619,427 | 2,972,647 |
| Total liabilities | 516,756 | 342,672 | 351,596 | 1,211,024 | 142,196 | 1,619,427 | 2,972,647 |

| As at 30 Sep 2022 Operating Segments | Crop protection | | | Total \$000 | Seed Technologies Global \$000 | Non Operating Corporate \$000 | Group Total \$000 |
|--|-----------------|------------------|---------------------------|------------------|---|--|-------------------------|
| | APAC \$000 | Europe \$000 | North America \$000 | | | | |
| Assets | | | | | | | |
| Segment assets | 745,488 | 1,273,606 | 1,320,015 | 3,339,109 | 618,741 | 636,498 | 4,594,348 |
| Assets held for sale | 3,438 | - | - | 3,438 | - | - | 3,438 |
| Equity accounted & other investments | 2,165 | 3,514 | - | 5,679 | 1,188 | 54,445 | 61,312 |
| Total assets | 751,091 | 1,277,120 | 1,320,015 | 3,348,226 | 619,929 | 690,943 | 4,659,098 |
| Liabilities | | | | | | | |
| Segment liabilities | 683,743 | 246,898 | 375,211 | 1,305,852 | 68,131 | 1,132,394 | 2,506,377 |
| Total liabilities | 683,743 | 246,898 | 375,211 | 1,305,852 | 68,131 | 1,132,394 | 2,506,377 |

| As at 31 Mar 2022 Operating Segments | Crop protection | | | Total \$000 | Seed Technologies Global \$000 | Non Operating Corporate \$000 | Group Total \$000 |
|--|-----------------|------------------|---------------------------|------------------|---|--|-------------------------|
| | APAC \$000 | Europe \$000 | North America \$000 | | | | |
| Assets | | | | | | | |
| Segment assets | 714,261 | 1,387,861 | 1,208,509 | 3,310,631 | 607,309 | 706,083 | 4,624,023 |
| Assets held for sale | 3,438 | - | - | 3,438 | - | - | 3,438 |
| Equity accounted & other investments | 1,992 | 2,674 | - | 4,666 | 995 | 3,745 | 9,406 |
| Total assets | 719,691 | 1,390,535 | 1,208,509 | 3,318,735 | 608,304 | 709,828 | 4,636,867 |
| Liabilities | | | | | | | |
| Segment liabilities | 326,167 | 274,207 | 315,472 | 915,846 | 97,576 | 1,499,234 | 2,512,656 |
| Total liabilities | 326,167 | 274,207 | 315,472 | 915,846 | 97,576 | 1,499,234 | 2,512,656 |

Condensed notes to the consolidated interim financial statements

5 Operating segments (continued)

Geographical information - revenue by location of customer

| | Revenue | |
|------------------------------|--|--|
| | 6 months ended 31 Mar 2023 \$000 | 6 months ended 31 Mar 2022 \$000 |
| United States of America | 551,752 | 604,812 |
| Australia | 457,795 | 417,962 |
| Rest of world ^(b) | 945,031 | 1,142,779 |
| Total | 1,954,578 | 2,165,553 |

(b) Other than Australia and the United States of America sales to other countries are individually less than 10% of the group's total continuing revenues.

6 Individually material income and expense items

Individually material items are those items where their nature, including the expected frequency of the events giving rise to them, and/or amount is considered material to the condensed consolidated interim financial statements. Such items included within the group's profit for the period are detailed below.

| | Consolidated | | Consolidated | |
|--|---|---|---|---|
| | 6 months ended 31 Mar 2023 \$000 pre-tax | 6 months ended 31 Mar 2023 \$000 after-tax | 6 months ended 31 Mar 2022 \$000 pre-tax | 6 months ended 31 Mar 2022 \$000 after-tax |
| <i>Material items by category:</i> | | | | |
| Deferred tax asset recognition | - | - | - | 20,119 |
| Debt refinancing costs | - | - | (25,772) | (18,767) |
| Transactions related to South American business disposal | - | - | 1,080 | 1,080 |
| Transactions related to Russia and Ukraine | 7,241 | 6,732 | (38,105) | (36,893) |
| Total | 7,241 | 6,732 | (62,797) | (34,461) |

31 March 2023 Material items

Transactions related to Russia and Ukraine

During the 6 months ended 31 March 2023, the group has continued to assess the recoverability of assets, primarily trade receivables and inventories, in respect of the group's operations in Russia and Ukraine. The group was able to recover certain outstanding receivables which had not been previously anticipated during the 6 months ended 31 March 2023, and has continued to operate in Ukraine to support growers in this country. In balancing these factors, together with the continued operational risks due to the ongoing war between Russia and Ukraine, the group reversed a pre-tax expense of \$7.241 million of previously recognised expenses pertaining to receivables and inventories.

31 March 2022 Material items

Deferred tax adjustments

Recognition of previously unrecognised tax losses as a result of improved financial performance and outlook for the group.

Debt refinancing costs

During the period the group refinanced its high yield bond and incurred costs related to early redemption call premium and accelerated amortisation of deferred debt establishment transaction costs.

Transactions related to South American business disposal – onerous contract provision reversal

During the period ended 31 July 2020 the group entered into a supply agreement contract signed as part of the disposal of the South American business that subsequently became onerous, as disclosed in material items for that period. During the 6 months ended 31 March 2022 market conditions in relation to the terms of the contract have improved. The group has assessed that the provision will no longer be required and it has therefore been fully reversed. The contract has expired as at March 2022.

Transactions related to Russia and Ukraine

During the 6 months ended 31 March 2022, the group has assessed the recoverability of assets, primarily trade receivables and inventories, in respect of the group's operations in Russia and Ukraine and has recognised a pre tax expense of \$38.1 million following this assessment.

Condensed notes to the consolidated interim financial statements

6 Items of material income and expense (continued)

Material items are classified by function as follows:

| 6 months ended 31 March 2023 \$000 | Cost of sales | Selling, marketing and distribution expense | General & administrative expense | Net financing costs | Total Pre-tax |
|--|---------------|--|--|------------------------|------------------|
| High yield bond refinancing | - | - | - | - | - |
| Transactions related to South American business disposal | - | - | - | - | - |
| Transactions related to Russia and Ukraine | 4,265 | - | 2,976 | - | 7,241 |
| Total material items | 4,265 | - | 2,976 | - | 7,241 |
| Total material items included in operating profit | 4,265 | - | 2,976 | - | 7,241 |

| 6 months ended 31 March 2022 \$000 | Cost of sales | Selling, marketing and distribution expense | General & administrative expense | Net financing costs | Total Pre-tax |
|--|-----------------|--|--|------------------------|------------------|
| High yield bond refinancing | - | - | - | (25,772) | (25,772) |
| Transactions related to South American business disposal | - | - | 1,080 | - | 1,080 |
| Transactions related to Russia and Ukraine | (20,041) | - | (18,064) | - | (38,105) |
| Total material items | (20,041) | - | (16,984) | (25,772) | (62,797) |
| Total material items included in operating profit | (20,041) | - | (16,984) | - | (37,025) |

Material items impacting cash flows are as follows:

6 months ended 31 March 2023

| | Underlying \$000 | Material items \$000 | Total group \$000 |
|--|---------------------|----------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net operating cash flows | (557,592) | (926) | (558,518) |
| Cash flows from investing activities | | | |
| Net investing cash flows | (104,488) | - | (104,488) |
| Cash flows from financing activities | | | |
| Net financing cash flows | 418,826 | - | 418,826 |
| Net operating, investing and financing cash flows | (243,254) | (926) | (244,180) |

6 months ended 31 March 2022

| | Underlying \$000 | Material items \$000 | Total group \$000 |
|--|---------------------|----------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net operating cash flows | (60,735) | (4,283) | (65,018) |
| Cash flows from investing activities | | | |
| Net investing cash flows | (61,663) | - | (61,663) |
| Cash flows from financing activities | | | |
| Net financing cash flows | (91,108) | (18,988) | (110,096) |
| Net operating, investing and financing cash flows | (213,506) | (23,271) | (236,777) |

Condensed notes to the consolidated interim financial statements

7 Assets held for sale

During the period ended 31 July 2020 the group announced a group wide performance improvement program, relating to asset rationalisation and organisational restructuring. As part of this program, the manufacturing operations of the Raymond Road site in Laverton Australia, forming part of the APAC segment, were closed. During the 6 months ended 31 March 2022 the group approved the sale of the Raymond Road site and entered into a sales agreement. The timing of the settlement has been extended in accordance with the terms of the agreement, but is still expected to be settled within the next 12 months from 31 March 2023.

| | As at 31 Mar 2023 \$000 | As at 30 Sep 2022 \$000 | As at 31 Mar 2022 \$000 |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Land and buildings | 8,998 | 3,438 | 3,438 |
| Total assets held for sale | 8,998 | 3,438 | 3,438 |

8 Business combinations and acquisition of non-controlling interests

On 8 November 2022, the group announced that it had entered into an agreement to purchase Sonic Boomsprays (Sonic) a Western Australian owned and operated sprayer manufacturer. The acquisition of Sonic follows the expansion of Croplands' Adelaide manufacturing site and will mean the company has additional capacity and operating efficiencies to meet the needs of growers across Australia.

The acquisition included a cash consideration of \$4.8 million paid on the acquisition date. Since acquisition date, Sonic has contributed \$0.378 million to the group's operating profit.

| | Preliminary acquisition fair value \$000 |
|--|---|
| Acquiree's net assets at acquisition date | |
| Net identifiable assets and liabilities | 3,205 |
| Goodwill on acquisition | 1,595 |
| Cash consideration paid | 4,800 |
| Total consideration | 4,800 |

Total goodwill of \$1.595 million from the business combination is attributable mainly to the synergies expected to be achieved from integrating Sonic into the group's existing business.

9 Finance income and expense

| | 6 months ended 31 Mar 2023 \$000 | 6 months ended 31 Mar 2022 \$000 |
|---|--|--|
| Other financial income | 1,725 | 1,042 |
| Financial income | 1,725 | 1,042 |
| Interest expense - external | (28,046) | (24,043) |
| Interest expense - amortisation of debt establishment transaction costs | (2,265) | (8,097) |
| Debt redemption costs | - | (18,988) |
| Lease liability - interest expense | (3,744) | (3,875) |
| Net foreign exchange gains/(losses) | (3,557) | (1,669) |
| Net financial expenses | (37,612) | (56,672) |
| Net financing costs | (35,887) | (55,630) |

Condensed notes to the consolidated interim financial statements

10 Investments accounted for using the equity method

The group accounts for investments in associates and joint ventures using the equity method. The group had the following individually immaterial associates and joint ventures during the period:

| | Nature of relationship | Country | Balance date of associate | Ownership and voting interest | | |
|---------------------------------|------------------------------|-----------|---------------------------|-------------------------------|-------------------|-------------------|
| | | | | As at 31 Mar 2023 | As at 30 Sep 2022 | As at 31 Mar 2022 |
| Seedtech Pty Ltd | Associate ⁽¹⁾ | Australia | 31 December | 25.00% | 25.00% | 25.00% |
| Leshan Nong Fu Trading Co., Ltd | Joint Venture ⁽²⁾ | China | 31 December | 35.00% | 35.00% | 35.00% |
| Crop.zone GmbH | Associate ⁽³⁾ | Germany | 31 December | 14.77% | 14.77% | 11.56% |

| | Carrying amount | | | Share of profit/(loss) | | |
|---------------------------------|-------------------|-------------------|-------------------|----------------------------|-----------------------------|----------------------------|
| | As at 31 Mar 2023 | As at 30 Sep 2022 | As at 31 Mar 2022 | 6 months ended 31 Mar 2023 | 12 months ended 30 Sep 2022 | 6 months ended 31 Mar 2022 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Seedtech Pty Ltd | 808 | 808 | 663 | - | 144 | - |
| Leshan Nong Fu Trading Co., Ltd | 1,871 | 2,164 | 1,991 | (293) | 3 | (119) |
| Crop.zone GmbH | 3,615 | 3,490 | 2,651 | (146) | (239) | - |
| | 6,294 | 6,462 | 5,305 | (439) | (92) | (119) |

(1) Seedtech is a company that offers services to the seed industry such as cleaning, packaging, distribution and storage of seeds.

(2) Leshan Nong Fu Trading is a joint venture in which the group has joint control and a 35 percent ownership interest. The joint venture is focused on sales and marketing of formulated crop protection products in the Chinese domestic market. It is structured as a separate vehicle. In accordance with the agreement under which Leshan Nong Fu Trading was established, the investors in the joint venture have agreed to make capital contributions in proportion to their ownership interests to make up any losses up to a maximum amount of RMB 100 million (\$21.739 million). This commitment has not been recognised in these condensed consolidated financial statements.

(3) Crop.zone is an Agtech start-up which provides electrophysical solutions to replace chemical herbicides in select market segments. The 14.77 per cent investment in Crop.zone is equity accounted as Nufarm has additional powers under its shareholders agreement such that it is able to exert significant influence over the operations of crop.zone.

11 Property, plant and equipment

Acquisition and disposals

During the 6 months ended 31 March 2023, the group acquired assets with a cost of \$58.622 million (31 March 2022: \$39.894 million), which included \$7.939 million of additional right-of-use assets (31 March 2022: \$13.109 million), and \$0.493 million of assets acquired as part of a business combination (refer note 8) (31 March 2022: nil).

Assets with a book value of \$0.104 million were disposed of during the 6 months ended 31 March 2023 (31 March 2022: \$2.140 million), which included \$0.084 million of right-of-use assets (31 March 2022: \$2.012 million).

Capital commitments

The group had contractual obligations to purchase plant and equipment for \$16.239 million at 31 March 2023 (31 March 2022: \$15.925 million).

Condensed notes to the consolidated interim financial statements

12 Intangible assets

Acquisition and disposals

During the 6 months ended 31 March 2023, the group acquired computer software intangible assets with a cost of \$0.385 million (31 March 2022: \$0.661 million), capitalised development cost intangibles with a cost of \$39.746 million (31 March 2022: \$32.622 million), and other intangible assets with a cost of \$1.595 million (31 March 2022: \$0.174 million). The acquired assets included \$2.806 million of assets acquired as part of a business combination (refer note 8) (31 March 2022: nil).

Intangible assets with a book value of \$0.261 million were disposed of during the 6 months ended 31 March 2023 (31 March 2022: \$1.314 million).

Impairment testing for cash-generating units containing goodwill

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

As at 31 March 2023, having regard to the performance of the group for the period and the outlook compared to those used in impairment tests performed in prior periods, the group is satisfied that there are no impairment indicators that would require a formal impairment test to be performed.

Europe cash generating unit

At 30 September 2022 the group used a value in use (VIU) methodology to estimate the recoverable amount of the Europe cash generating unit (CGU). At that time the value in use of the Europe CGU was determined to be higher than its carrying amount and no impairment loss was recognised in that period. While management has determined that no indicators of impairment exist as at 31 March 2023, any future adverse movement in a key assumption including discount rates, terminal growth rates, or projected Europe cash flows, in the absence of other factors, may lead to impairment.

Condensed notes to the consolidated interim financial statements

| 13 Net debt | 31 Mar 2023 \$000 | 30 Sep 2022 \$000 | 31 Mar 2022 \$000 |
|---|----------------------|----------------------|----------------------|
| Current | | | |
| Bank loans - secured | 18,567 | 239,526 | 336,825 |
| Bank loans - unsecured | 62,427 | 15,033 | 13,021 |
| Deferred debt establishment costs | (5,842) | (3,964) | (2,113) |
| Lease Liabilities | 18,970 | 18,574 | 17,423 |
| Loans and borrowings - current | 94,122 | 269,169 | 365,156 |
| Non current | | | |
| Bank loans - secured | 656,426 | - | - |
| Bank loans - unsecured | 568 | 398 | 244 |
| Senior unsecured notes | 523,325 | 537,634 | 468,165 |
| Deferred debt establishment costs | (21,703) | (8,371) | (8,251) |
| Lease Liabilities | 125,567 | 123,288 | 120,498 |
| Other loans - unsecured | 9,493 | 9,752 | 8,491 |
| Loans and borrowings - non current | 1,293,676 | 662,701 | 589,147 |
| Cash and cash equivalents | (347,641) | (585,702) | (460,726) |
| Net cash and cash equivalents | (347,641) | (585,702) | (460,726) |
| Net debt | 1,040,157 | 346,168 | 493,577 |

| | 31 Mar 2023 \$000 | 30 Sep 2022 \$000 | 31 Mar 2022 \$000 |
|---|----------------------|----------------------|----------------------|
| Accessible | | | |
| Bank loan facilities and senior unsecured notes | 1,579,948 | 1,302,559 | 1,370,909 |
| Other facilities | 9,493 | 9,752 | 8,491 |
| Total financing facilities | 1,589,441 | 1,312,311 | 1,379,400 |
| Utilised | | | |
| Bank loan facilities and senior unsecured notes | 1,261,313 | 792,591 | 818,255 |
| Other facilities | 9,493 | 9,752 | 8,491 |
| Total financing facilities | 1,270,806 | 802,343 | 826,746 |

Financing facilities

Refer to the section entitled "Liquidity Risk" in note 16 for detail regarding the group's financing facilities.

Condensed notes to the consolidated interim financial statements

14 Capital and reserves

| | Group | | |
|----------------------------|--|--|--|
| | Number of ordinary shares 31 Mar 2023 | Number of ordinary shares 30 Sep 2022 | Number of ordinary shares 31 Mar 2022 |
| Share capital | | | |
| Opening balance for period | 380,168,745 | 379,907,116 | 379,907,116 |
| Issue of shares | 305,285 | 261,629 | 112,040 |
| Closing balance for period | 380,474,030 | 380,168,745 | 380,019,156 |

The group does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

During the period the following shares were issued:

- On 25 November 2022, 188,868 shares at \$5.95 were issued under employee incentive plans
- On 9 December 2022, 59,890 shares at \$6.06 were issued under the Dividend Reinvestment Plan.
- On 21 February 2023, 56,527 shares at \$5.69 were issued under the Global Share Plan.

Dividends

| | Consolidated | | |
|--|--------------------|-----------------------|-----------------|
| | Cents per share | Total amount \$000 | Payment date |
| Proposed and unrecognised at reporting date | | | |
| Interim dividend (unfranked) ^(a) | 5.0 | 19,024 | 9 Jun 2023 |
| 6 months ended 31 March 2023 | | | |
| Paid final dividend (unfranked) | 6.0 | 22,483 | 9 Dec 2022 |
| Year ended 30 Sep 2022 | | | |
| Paid interim dividend (unfranked) | 4.0 | 15,199 | 17 Jun 2022 |
| Paid final dividend (unfranked) | 4.0 | 15,200 | 17 Dec 2021 |

The company operates a Dividend Reinvestment Plan (DRP) under which eligible holders of ordinary shares are able to reinvest all or part of their dividend payments into additional fully paid Nufarm Limited shares.

(a) Estimated interim dividend payable, subject to variations in the number of shares up to the record date.

Distributions

Nufarm step-up securities

The following distributions were paid by Nufarm Finance (NZ) Ltd:

| | Consolidated | | |
|---------------------------------------|----------------------|-----------------------|-----------------|
| | Distribution rate | Total amount \$000 | Payment date |
| Distributed post 31 March 2023 | | | |
| Distribution | 7.37% | 9,227 | 17 Apr 2023 |
| 6 months ended 31 March 2023 | | | |
| Distribution | 4.86% | 6,055 | 17 Oct 2022 |
| Year ended 30 Sep 2022 | | | |
| Distribution | 3.97% | 5,072 | 19 Apr 2022 |
| Distribution | 4.00% | 5,029 | 15 Oct 2021 |

The distribution on the Nufarm Step-up Securities reported in the equity movement schedule has been reduced by the tax benefit on the gross distribution, giving an after-tax amount of \$4.460 million (6 months ended 31 March 2022: \$3.708 million).

Condensed notes to the consolidated interim financial statements

15 Earnings per share

| | Consolidated | |
|---|--|--|
| | 6 months ended 31 Mar 2023 \$000 | 6 months ended 31 Mar 2022 \$000 |
| Net profit/(loss) for the period | 149,042 | 98,717 |
| Net profit/(loss) attributable to equity holders of the group | 149,042 | 98,717 |
| Other securities distributions (net of tax) | (4,460) | (3,708) |
| Earnings/(loss) used in the calculations of basic and diluted earnings per share | 144,582 | 95,009 |
| Subtract/(add back) items of material income/(expense) | 6,732 | (34,461) |
| Earnings/(loss) excluding items of material income/(expense) used in the calculation of underlying earnings per share | 137,850 | 129,470 |

For the purposes of determining basic and diluted earnings per share, the after-tax distributions on Other Securities are deducted from net profit.

| | Number of shares | |
|--|------------------|-------------|
| | 31 Mar 2023 | 31 Mar 2022 |
| Weighted average number of ordinary shares used in calculation of basic earnings per share | 380,348,157 | 379,734,005 |
| Weighted average number of ordinary shares used in calculation of diluted earnings per share | 384,094,818 | 381,738,524 |

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of ordinary shares since the reporting date and before the completion of these condensed consolidated interim financial statements.

| | Cents per share | |
|--|-------------------------------|-------------------------------|
| | 6 months ended 31 Mar 2023 | 6 months ended 31 Mar 2022 |
| Earnings per share | | |
| Basic earnings per share | 38.0 | 25.0 |
| Diluted earnings per share | 37.6 | 24.9 |
| Underlying earnings per share (excluding items of material income/expense - see note 6) | | |
| Basic earnings per share | 36.2 | 34.1 |
| Diluted earnings per share | 35.9 | 33.9 |

Condensed notes to the consolidated interim financial statements

16 Financial risk management and financial instruments

Financial risk management

The group's financial risk management objectives and policies are consistent with those disclosed in the 30 September 2022 consolidated financial statements as at, and for the 6 months ended, 31 March 2023.

Currency risk

The group may use financial instruments to manage specifically identified foreign currency risks including derivative instruments such as foreign exchange contracts, cross currency interest rate swaps and options, and non-derivative instruments such as foreign currency debt instruments. The group may designate select financial instruments for hedge accounting where it is deemed appropriate to do so.

The group may also use financial instruments to manage foreign currency translation risk arising from the group's net investments in foreign currency subsidiary entities. These financial instruments may be designated as net investment hedges for hedge accounting purposes. The group does not hold any net investment hedges at the reporting date.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Sales and operating profit are seasonal and are weighted towards the months of January to June each calendar year reflecting the planting and growing cycle in Australia, North America and Europe. This seasonal operating activity results in seasonal working capital requirements.

Principally, the group sources liquidity from cash generated from operations, and where required, external bank facilities. Working capital fluctuations due to seasonality of the business are supported by the short-term funding available from the group's working capital debt facilities.

Debt facilities

As at 31 March 2023, the key group facilities include a five year \$800 million revolving asset based lending credit facility maturing in November 2027 (30 September 2022: group trade receivables securitisation facility with a maximum seasonal limit of \$500 million; 31 March 2022: \$500 million), a US\$350 million senior unsecured notes offering maturing in January 2030 (30 September 2022: US\$350 million; 31 March 2022: US\$350 million) and a two year standby liquidity facility of \$150 million maturing in November 2024 (30 September 2022: a senior secured bank facility (SFA) of \$440 million; 31 March 2022: \$490 million).

On 15 November 2022 Nufarm entered into a five year \$800 million revolving asset based lending credit facility (ABL) secured against trade receivables and inventory located in Australia, the United States and Canada. Concurrently, a two year \$150 million standby liquidity facility (SLF) secured against tangible assets in Australia, the United States, Canada and New Zealand was entered into. The ABL and SLF replaced the \$500 million group trade receivables securitisation facility and the senior secured bank facility (SFA). The ABL and SLF facilities provide the group with flexibility to align drawings with changes in working capital and other cash requirements.

Availability under the ABL will be limited at any time to the lesser of the global borrowing base and the ABL facility limit (\$800 million). The global borrowing base fluctuates on a monthly basis relative to the advance rates against trade receivables and inventory, ineligibility criteria and the inclusion of a provision for general reserves in Australia, the United States and Canada. As at 31 March 2023, the global borrowing base was in excess of the ABL facility limit of \$800 million.

The ABL facility is governed by terms and conditions that are customary for a secured facility of this size, and as at 31 March 2023 Nufarm was in compliance with all conditions.

Condensed notes to the consolidated interim financial statements

16 Financial instruments (continued)

Liquidity risk (continued)

Debt facilities (continued)

On 27 January 2022 the group completed the refinancing of the US\$ 475 million senior unsecured notes due in April 2026 ("the 2026 notes"). The 2026 notes were redeemed from investors in February 2022 through the issuance of US\$350 million senior unsecured notes due in January 2030 with a fixed coupon of 5.00% ("the 2030 notes"). The 2030 notes were issued under a dual tranche structure by Nufarm Australia Ltd (US\$105 million) and Nufarm Americas Inc (US\$245 million).

The SLF is designed to provide the group access to committed funding to cover peak working capital requirements, and is governed by terms and conditions that are customary for a secured facility of this size. The guarantor group is consistent across the ABL, the 2030 notes and SLF.

The majority of debt facilities that reside outside the ABL facility, the 2030 notes and SLF are regional working capital facilities, primarily located in Europe, which at 31 March 2023 totalled \$116.115 million (30 September 2022: \$112.372 million; 31 March 2022: \$134.727 million). A parent guarantee is provided to support working capital facilities in Europe.

At 31 March 2023, the group had access to debt of \$1,589 million under the ABL, the 2030 notes, SLF and with other lenders (30 September 2022: the group had access to debt of \$1,312 million under the 2030 notes, SFA, group trade receivables securitisation facility and with other lenders; 31 March 2022: \$1,379 million) .

Trade finance

The liquidity of the group is influenced by the terms suppliers extend in respect of purchases of goods and services. The determination of terms provided by suppliers is influenced by a variety of factors including supplier's liquidity. Suppliers may engage financial institutions to facilitate the receipt of payments for goods and services from the group, which are often referred to as supplier financing arrangements. The group is aware that trade payables of \$188.611 million at 31 March 2023 (30 September 2022: \$367.639 million; 31 March 2022: \$349.387 million) are to be settled via such arrangements in future periods. In the event suppliers or financial institutions cease such arrangements the liquidity of the group's suppliers may be affected. If suppliers subsequently seek to reduce terms on group's purchases of goods and services in the future, the group's liquidity will be affected.

Further to the above, to support the liquidity of the group and reduce the credit risk relating to specific customers, trade receivables held by the group may be sold to third parties. The sales (or factoring) of receivables to third parties would generally be on a non-recourse basis, whereby the group may incur a financing expense at the time of the sale. The group derecognises trade receivables where the terms of the sale allows for derecognition. At 31 March 2023 the group had no derecognised trade receivables held by third parties (30 September 2022: nil; 31 March 2022: nil).

Fair values

All financial assets and financial liabilities, other than derivatives and investments held through other comprehensive income, are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate and subsequently carried at fair value or amortised cost, as indicated in the following tables. Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate to the fair values. In the case of the centrally managed fixed rate debt not swapped to floating rate totalling \$523.325 million (30 September 2022: \$537.634 million; 31 March 2022: \$468.165 million), the fair value at 31 March 2023 is \$459.919 million (30 September 2022: \$451.156 million; 31 March 2022: \$462.570 million).

Condensed notes to the consolidated interim financial statements

16 Financial instruments (continued)

Fair values (continued)

| | | Carried at fair value through profit or loss \$000 | Derivatives used for hedging \$000 | Financial assets / liabilities at amortised cost \$000 | Financial assets / liabilities at FVOCI \$000 | Total \$000 |
|--|------|--|---|---|---|----------------|
| Consolidated 31 Mar 2023 | Note | | | | | |
| Cash and cash equivalents | 13 | - | - | 347,641 | - | 347,641 |
| Trade and other receivables excluding derivatives | | - | - | 1,180,556 | - | 1,180,556 |
| Other investments | | - | - | 387 | 60,471 | 60,858 |
| Forward exchange contracts: | | | | | | |
| Assets | | 8,003 | - | - | - | 8,003 |
| Liabilities | | (21,379) | - | - | - | (21,379) |
| Trade and other payables excluding derivatives | | - | - | (1,273,967) | - | (1,273,967) |
| Secured bank loans | 13 | - | - | (674,993) | - | (674,993) |
| Unsecured bank loans | 13 | - | - | (62,995) | - | (62,995) |
| Senior unsecured notes | 13 | - | - | (523,325) | - | (523,325) |
| Other loans | 13 | - | - | (9,493) | - | (9,493) |
| Lease liabilities | 13 | - | - | (144,537) | - | (144,537) |
| | | (13,376) | - | (1,160,726) | 60,471 | (1,113,631) |

| | | Carried at fair value through profit or loss \$000 | Derivatives used for hedging \$000 | Financial assets / liabilities at amortised cost \$000 | Financial assets / liabilities at FVOCI \$000 | Total \$000 |
|--|------|--|---|---|---|----------------|
| Consolidated 30 Sep 2022 | Note | | | | | |
| Cash and cash equivalents | 13 | - | - | 585,702 | - | 585,702 |
| Trade and other receivables excluding derivatives | | - | - | 529,295 | - | 529,295 |
| Other investments | | - | - | 405 | 54,445 | 54,850 |
| Forward exchange contracts: | | | | | | |
| Assets | | 24,734 | - | - | - | 24,734 |
| Liabilities | | (11,254) | - | - | - | (11,254) |
| Trade and other payables excluding derivatives | | - | - | (1,297,880) | - | (1,297,880) |
| Secured bank loans | 13 | - | - | (239,526) | - | (239,526) |
| Unsecured bank loans | 13 | - | - | (15,431) | - | (15,431) |
| Senior unsecured notes | 13 | - | - | (537,634) | - | (537,634) |
| Other loans | 13 | - | - | (9,752) | - | (9,752) |
| Lease liabilities | 13 | - | - | (141,862) | - | (141,862) |
| | | 13,480 | - | (1,126,683) | 54,445 | (1,058,758) |

Condensed notes to the consolidated interim financial statements

16 Financial instruments (continued)

Fair values (continued)

| Consolidated 31 Mar 2022 | Note | Carried at fair value through profit or loss \$000 | Derivatives used for hedging \$000 | Financial assets / liabilities at amortised cost \$000 | Financial assets / liabilities at FVOCI \$000 | Total \$000 |
|--|------|--|---|---|---|----------------|
| Cash and cash equivalents | 13 | - | - | 460,726 | - | 460,726 |
| Trade and other receivables excluding derivatives | | - | - | 1,224,731 | - | 1,224,731 |
| Other investments | | - | - | 356 | 3,745 | 4,101 |
| Forward exchange contracts: | | | | | | |
| Assets | | 22,005 | - | - | - | 22,005 |
| Liabilities | | (14,641) | - | - | - | (14,641) |
| Trade and other payables excluding derivatives | | - | - | (1,277,986) | | (1,277,986) |
| Secured bank loans | 13 | - | - | (336,825) | - | (336,825) |
| Unsecured bank loans | 13 | - | - | (13,265) | - | (13,265) |
| Senior unsecured notes | 13 | - | - | (468,165) | - | (468,165) |
| Other loans | 13 | - | - | (8,492) | - | (8,492) |
| Lease liabilities | 13 | - | - | (137,921) | - | (137,921) |
| | | 7,364 | - | (556,841) | 3,745 | (545,732) |

Condensed notes to the consolidated interim financial statements

16 Financial instruments (continued)

Fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Based on quoted prices (unadjusted) in active markets for identical financial assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Based on inputs not observable in the market using appropriate valuation models, including discounted cash flow modelling and comparable company transactions .

| | Consolidated | | | Total \$000 |
|---|------------------|------------------|------------------|----------------|
| | Level 1 \$000 | Level 2 \$000 | Level 3 \$000 | |
| 31 Mar 2023 | | | | |
| Derivative financial assets ⁽¹⁾ | - | 8,003 | - | 8,003 |
| Other investments ⁽²⁾ | - | - | 60,471 | 60,471 |
| | - | 8,003 | 60,471 | 68,474 |
| Derivative financial liabilities ⁽¹⁾ | - | (21,379) | - | (21,379) |
| | - | (21,379) | - | (21,379) |

| | Consolidated | | | Total \$000 |
|---|------------------|------------------|------------------|----------------|
| | Level 1 \$000 | Level 2 \$000 | Level 3 \$000 | |
| 30 Sep 2022 | | | | |
| Derivative financial assets ⁽¹⁾ | - | 24,734 | - | 24,734 |
| Other investments ⁽²⁾ | - | - | 54,445 | 54,445 |
| | - | 24,734 | 54,445 | 79,179 |
| Derivative financial liabilities ⁽¹⁾ | - | (11,254) | - | (11,254) |
| | - | (11,254) | - | (11,254) |

| | Consolidated | | | Total \$000 |
|---|------------------|------------------|------------------|----------------|
| | Level 1 \$000 | Level 2 \$000 | Level 3 \$000 | |
| 31 Mar 2022 | | | | |
| Derivative financial assets ⁽¹⁾ | - | 22,005 | - | 22,005 |
| Other investments ⁽²⁾ | - | - | 3,745 | 3,745 |
| | - | 22,005 | 3,745 | 25,750 |
| Derivative financial liabilities ⁽¹⁾ | - | (14,641) | - | (14,641) |
| | - | (14,641) | - | (14,641) |

There have been no transfers between levels in either the 6 months ended 31 March 2023 or the 6 months ended 31 March 2022.

Valuation techniques used to derive fair values

(1) Derivative financial assets and liabilities include forward exchange contracts which are valued using market data including spot foreign exchange rates and forward rates at balance sheet date to determine fair value.

(2) Other investments include the group's strategic investments which primarily consist of unlisted private investments. The fair value of these investments are determined using valuation techniques such as discounted cashflow models, comparable company analysis and recent capital seeding rounds to determine fair value. The group has used a recent capital seeding round, from November 2022, to determine the fair value of its investment in Enko Chem.

Condensed notes to the consolidated interim financial statements

17 Contingent assets and liabilities

Obligations may arise in the future due to currently unknown lawsuits and claims including those pertaining to product liability, safety and health, environmental and tax matters which may be instituted or asserted against the group. While the amounts claimed may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that existed at balance date. Nonetheless, it is possible that results of the group's operations or liquidity in a particular period could be materially affected by such claims.

18 Subsequent events

On 17 April 2023 a distribution was paid by Nufarm Finance (NZ) on the Nufarm Step-Up Securities. The distribution rate was 7.37% resulting in a gross distribution of \$9.227 million.

A interim dividend of 5 cents per share, totalling \$19.024 million, was declared on 18 May 2023 and will be paid on 9 June 2023 (2022: 4 cents per share).

No other matters or circumstances have arisen in the interval between 31 March 2023 and the date of this report that, in the opinion of the directors, have or may significantly affect the operations, results or state of affairs of the group in subsequent accounting periods.

Directors' declaration

In the opinion of the directors of Nufarm Limited (the company):

- (a) the financial statements and notes set out in this report are in accordance with the Corporations Act 2001 including:
- (i) giving a true and fair view of the group's financial position as at 31 March 2023 and of its performance for the six months ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the Corporations Regulations 2001 and IAS 34: *Interim Financial Reporting*
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Melbourne this 18th day of May 2023



JC Gillam
Director



GA Hunt
Director



Independent Auditor's Review Report

To the shareholders of Nufarm Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Nufarm Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Nufarm Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 March 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- The Condensed Consolidated Balance Sheet as at 31 March 2023
- The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the six months ended on that date
- Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Nufarm Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report


The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of the Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Chris Sargent
Partner

Melbourne
18 May 2023