Nufarm Limited
ACN 091 323 312

103-105 Pipe Road
Laverton North VIC 3026
Australia

+61 3 9282 1000

nufarm.com

23 May 2024

The Manager
Company Announcements Office
ASX
Level 4
20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir/Madam

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2024

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

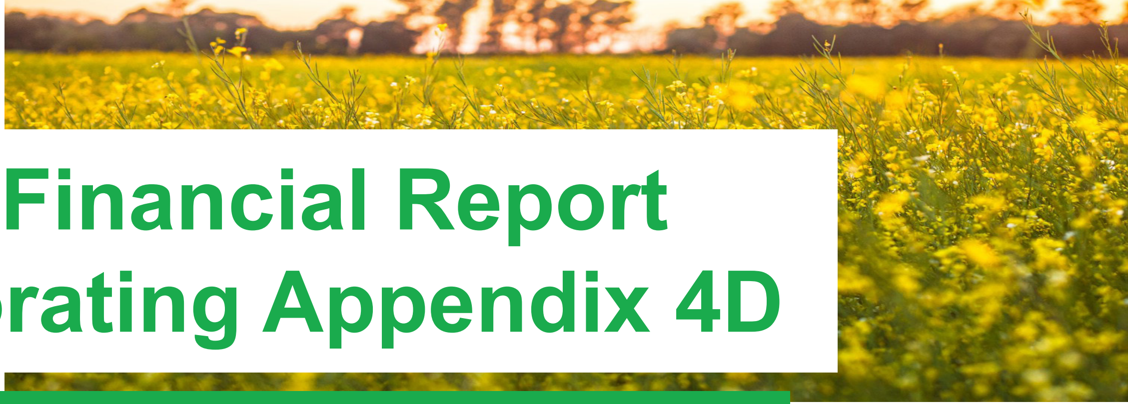
Nufarm will conduct an investor briefing on the 2024 half year results at 10am AEST today. The briefing will be audio webcast live at https://webcast.openbriefing.com/nuf-hyr-2024/

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

Authorised for lodgement by

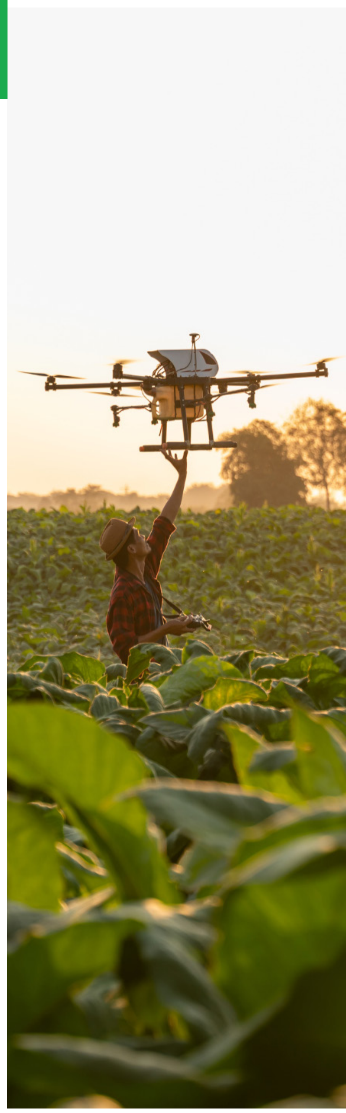
K Hall

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 2024, under Listing Rule 4.2A



Nufarm
Grow a better tomorrow

Contents

Appendix 4D

Nufarm Limited ABN 37 091 323 312

Interim financial report for the 6 months ended 31 March 2024

This statement includes the consolidated results for Nufarm Limited group for the 6 months ended 31 March 2024 ("HY24") compared with the 6 months ended 31 March 2023 ("HY23").

1. Results for announcement to the market

Trading results	6 months ended 31 March 2024 $000	6 months ended 31 March 2023 $000	Movement $000	Movement %
Revenue from ordinary activities	1,758,042	1,954,578	(196,536)	(10.1)%
Profit/(loss) from ordinary activities after tax attributable to members				
- Before material items	50,857	142,310	(91,453)	(64.3)%
- After material items	49,164	149,042	(99,878)	(67.0)%

2. Dividends and distributions

Dividends to shareholders	Interim dividend (declared) 31 March 2024	Final dividend (declared) 30 September 2023	Interim dividend (prior year) 31 March 2023	Final dividend (prior year) 30 September 2022
Amount per security	4 cents	5 cents	5 cents	6 cents
Franked amount per security at 30%	nil	nil	nil	nil
Amount per security of foreign source	4 cents	5 cents	5 cents	6 cents
Date payable	14 June 2024	15 December 2023	9 June 2023	9 December 2022
Record date for entitlement	30 May 2024	22 November 2023	26 May 2023	25 November 2022

The dividend reinvestment plan (DRP) will be made available to shareholders for the final 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 27 May 2024 and ending on 7 June 2024. The last election date for shareholders who are not yet participants in the DRP is 3 June 2024.

Nufarm Step-up securities	Distribution rate (annualised) (%)	Total amount ($000)	Distribution date
Distribution - proposed and unrecognised at reporting date	8.462%	10,649	14 Oct 2024
Distribution - proposed and unrecognised at reporting date	8.320%	10,413	15 Apr 2024
Distribution - paid	7.660%	9,587	16 Oct 2023
Distribution - paid	7.370%	9,227	17 Apr 2023
Distribution - paid	4.860%	6,055	17 Oct 2022
Distribution - paid	3.970%	5,072	19 Apr 2022

3. Other summary data

Metrics	As at 31 March 2024	As at 31 March 2023
Net tangible assets per ordinary share ($)	2.87	2.95
Staff employed	3,109	2,969

4. Entities where control was gained during the period

Entities	Date
Nuseed Spain S.I.U	21 December 2023

5. Entities where control was lost during the period

Entities	Date
Nil	N/A

Appendix 4D continued

Nufarm Limited ABN 37 091 323 312

6. Details of equity accounted investees

	Ownership %	
Entity	As at 31 March 2024	As at 31 March 2023
Seedtech Pty Ltd	25.00%	25.00%
Leshan Nong Fu Trading Co., Ltd	35.00%	35.00%
Crop.zone GmbH	14.77%	14.77%

7. 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 2024. The condensed consolidated financial statements contained within the interim financial report for the 6 months ended 31 March 2024, 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 2024.

Directors

The directors of the company at any time during the 6 months ended 31 March 2024 and until the date of this report are:

Name	Tenure
John Gillam BCom, MAICD, FAIM Independent non-executive chair	Director since 31 July 2020 and chair since 24 September 2020
Greg Hunt Harvard AMP, Grad Dlp. Mgmt, AGSM, AICD Managing director and CEO	Managing Director since 5 May 2015 and CEO since February 2015
Alexandra Gartmann BSc(REM)(Hons), MAICD Independent non-executive director	Director since 23 September 2022
Dr David Jones BA (Hons) Science, PhD Independent non-executive director	Director since 23 June 2021
Marie McDonald LLB(Hons), BSc(Hons) Independent non-executive director	Director since 22 March 2017
Prof. Adrian Percy BSc, MSc, PhD Independent non-executive director	Director since 1 July 2023
Lynne Saint BCom, GradDip Ed Studies, FCPA, FAICD Independent non-executive director	Director since 18 December 2020
Federico Tripodi BAgronomic Engineering, MBA Independent non-executive director	Director since 19 June 2023
Gordon Davis BForSc, MAgSc, MBA Independent non-executive director	Director from 31 May 2011 until 15 November 2023
Peter Margin BSc(Hons), MBA Independent non-executive director	Director from 3 October 2011 until 15 November 2023

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 2024 is set out on pages 7-14 as the Operating and Financial Review, accompanying this Directors' report.

Events subsequent to reporting date

On 15 April 2024 a distribution was paid by Nufarm Finance (NZ) on the Nufarm Step-Up Securities. The distribution rate was 8.32% resulting in a gross distribution of $10.413 million.

On 23 May 2024 the directors declared an interim dividend of 4 cents per share which is payable on 14 June 2024.

Lead auditor's independence declaration

A copy of the Auditor's independence declaration is on page 6 and forms part of this report.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

This Report has been made in accordance with a resolution of directors.

John Gillam
Director

Greg Hunt
Director

Melbourne, 23 May 2024

Auditor's Independence Declaration

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 six months ended 31 March 2024 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

KPMG

Vicky Carlson
Partner

Melbourne
23 May 2024

Operating and Financial Review

Group results

This Operating and Financial Review includes financial information based on financial statements which have been prepared in accordance with AASB 134 and reviewed by KPMG. Information is presented on a continuing operations basis unless otherwise specified. 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 audit or review. All amounts are in Australian dollars unless otherwise specified.

Summary financial results	6 months ended 31 March 2024 $000	6 months ended 31 March 2023 $000	Change %
Revenue	1,758,042	1,954,578	(10)%
Gross profit	481,459	613,440	(22)%
Underlying gross profit	508,139	609,175	(17)%
Underlying gross profit margin	28.9%	31.2%	(2)%
Underlying SG&A	(367,473)	(364,172)	1%
Research and development expenditure	(22,333)	(20,840)	7%
Underlying EBITDA	217,408	315,977	(31)%
Underlying EBIT	119,399	227,890	(48)%
Operating profit / (loss)	92,719	235,131	(61)%
Net external interest	(49,804)	(32,330)	54%
Foreign exchange gains / (losses)	(3,240)	(3,557)	(9)%
Net financing costs	(53,044)	(35,887)	48%
Underlying net profit / (loss) after tax	50,857	142,310	(64)%
Underlying effective tax rate	23.4%	25.9%	(3)%
Net profit / (loss) after tax	49,164	149,042	(67)%
Statutory effective tax rate	(23.9)%	25.2%	(49)%
Basic earnings per share - excluding material items (cents)	10.8	36.2	(74)%
Basic earnings per share (cents)	10.3	38.0	(69)%
Interim per share declared (cents)	4 cents	5 cents	(20)%

Earnings

During the first half of fiscal 2024 we experienced challenging trading conditions in our Crop Protection business as the industry continued to feel the impact of distributor destocking and declining prices for a number of crop protection products. Despite these conditions, Nufarm delivered a solid result and achieved several important strategic milestones.

For the half we reported revenue of $1.8 billion, operating profit of $93 million, net profit after tax of $49 million and basic earnings per share of 10.3cps. Excluding the impact of material items, we delivered underlying EBITDA of $217 million, underlying net profit after tax of $51 million and basic earnings per share of 10.8cps. We declared an interim dividend of 4cps.

Revenue declined by 10% relative to the prior comparative period (pcp) driven mainly by declines in prices for a range of crop protection products. The volume of crop protection products sold increased year-on-year. Revenue in our Seed Technologies business also increased. Revenue from services, licenses and royalties increased largely reflecting the timing of license revenues in our Seed Technologies segment.

Gross profit declined by 22% and included the impact from idle plant capacity costs incurred as a result of the capital works programs being undertaken at our Laverton and Wyke manufacturing facilities. The capital works programs are expected to deliver long term benefits to the group through improved reliability, further improve HSE (Health, Safety & Environment) and production capacity.

Excluding the impact of material items, underlying gross profit decreased by 17%, while underlying EBITDA and underlying EBIT experienced declines of 31% and 48% respectively. The decline in these measures relative to the pcp is due to lower margins in Crop Protection as well as the anticipated phasing of first-half and second-half profit in fiscal 2024 compared with fiscal 2023. The impact of the anticipated changed phasing is reflected in our expectations for full year EBITDA which, at the mid-point, implies a reduction in underlying EBITDA of 16% compared with the pcp. Absent the impact of phasing, the main impact on profit has arisen from pricing pressures in our Crop Protection segments.

Underlying SG&A and research and development expenditure increased on the prior year as we continued to support initiatives aimed at delivering long term growth in earnings and shareholder value. Financing costs increased mainly reflecting a higher average level of net debt as well as an increase in base rates. Net foreign exchange losses were 9% below the pcp.

We reported a net loss from material items of $2 million after tax resulting from idle plant capacity costs incurred, offset by the recognition of deferred tax assets in respect of unutilised tax and capital gains losses reflecting improved performance and outlook for the group, and expected capital gains to be recognised upon the settlement of assets held for sale.

Cash flow

Cash flow results	**6 months ended 31 March 2024 $000**	6 months ended 31 March 2023 $000	Change %
Underlying net operating cash flow	(180,470)	(557,592)	68%
Net operating cash flow - material items	(26,698)	(926)	large
Total net operating cash flow	(207,168)	(558,518)	63%
Underlying net investing cash flow	(109,518)	(104,488)	5%
Net investing cash flow - material items	-	-	-
Total net investing cash flow	(109,518)	(104,488)	5%
Total underlying net operating and investing cash flow	(289,988)	(662,080)	56%
Total net operating and investing cash flow	(316,686)	(663,006)	52%

The group's total net operating and investing cash flow for the half was a cash outflow of $317 million. This outflow was considerably lower than the $663 million outflow experienced in the first half of fiscal 2023 and resulted from a lower working capital build during the current period.

Total net operating cash flow for the half was a $207 million outflow. Operating cash flow generation is highly correlated with changes in net working capital and underlying EBITDA. The outflow in the current period was considerably lower than the pcp due to a concerted focus on inventory.

Net cash outflow from investing activities increased 5% when compared with the pcp. During the period we invested in preliminary works in respect of the multi-year capital investment plan to address manufacturing reliability, improve HSE and increase capacity at our Wyke facility, and initiated an upgrade of our 2,4-D synthesis facility at Laverton. Spending on intangibles increased on the prior year due to continued investment across our crop protection portfolio and seed technologies platforms.

Balance Sheet Management

Financial position	As at 31 March 2024 $000	As at 31 March 2023 $000	As at 30 September 2023 $000	Change %
Net debt	1,213,577	1,040,157	849,842	17%
Net working capital	1,662,142	1,706,744	1,363,113	(3)%
ANWC/sales (%)	47.1%	33.2%	41.9%	1,390 bps
Leverage (includes lease liabilities)	3.6	2.4	1.9	1.2 x
Gearing %	34.3%	30.8%	26.9%	350 bps

Net Debt

We finished the period with net debt of $1.2 billion. The increase in net debt compared with 30 September is mainly due to the movement in net working capital. Net debt was higher than the pcp partly due to lower profit and the anticipated changed phasing of profit between the first and second halves of the financial years.

Net working capital was below the pcp. During the half we made significant progress in reducing inventory. We closed the period with inventory 20% lower than the pcp. In Crop Protection, we reduced inventory by $435 million year-on-year. We increased inventory in Seed Technology to support the growth of that business. Trade and other receivables were $147 million above pcp. Trade and other payables were $199 million below pcp reflecting efforts to reduce inventory.

The average net working capital to sales ratio, measured on a rolling twelve month basis, was 47%, which is above the target range of between 35% and 40%. The increase in this ratio reflects the time required to reduce inventory from the higher pcp balance and the lower level of sales in the half. Management will continue to focus on working capital via a range of actions including customer terms, supplier negotiations and effective stock management.

Leverage was 3.6x at 31 March 2024. Leverage was higher than the pcp and above our target range of 1.5 to 2.0 times underlying EBITDA due to the combined effects of seasonal working capital, lower earnings in 1H24 than in the pcp, and 2H23 representing a lower proportion of full year earnings than normally expected.

Capital Management

Nufarm's capital management principles aim to maintain a robust and durable capital structure with 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. Currently we have significant tenor and flexibility in our facilities.

Our A$800 million revolving asset based lending credit facility (ABL) matures in November 2027 and is secured against trade receivables and inventory located in Australia, the United States and Canada. We also maintain a smaller A$210 million standby liquidity facility (SLF) which matures in November 2025 and sits alongside the ABL to assist in funding Nufarm's working capital requirements. The ABL and SLF complement US$350 million senior unsecured notes which were issued in January 2022 and due in January 2030.

Dividend

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 an appropriate focus on cash generation, especially net working capital management, as well as 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 at 30 September.

The board has determined to pay an unfranked interim dividend of 4 cents per share. The interim dividend will be paid on 14 June 2024 to the holders of all fully paid shares in the company as at the close of business on 29 May 2024. The company operates a dividend reinvestment plan 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. The election date for the DRP is 3 June 2024.

Review of operations

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 APAC (including Australia, New Zealand and certain parts of Asia), Europe (including the United Kingdom, the European Union, and certain other countries in Europe, the Middle East and Africa), and North America (including United States of America, Canada and Mexico).

The Seed Technologies business comprises the base seeds, bioenergy, omega-3 and seed treatment platforms. These platforms generate revenues through the sale of seed or oil based products, and licensing of intellectual property. The Seed Technologies business is managed on a worldwide basis.

Revenue - Underlying ($000s)	**6 months ended 31 Mar 2024 $000**	6 months ended 31 Mar 2023 $000	Change $000	Change %
Crop protection				
APAC	458,873	546,076	(87,203)	(16%)
North America	636,643	678,861	(42,218)	(6%)
Europe	406,468	498,255	(91,787)	(18%)
Total Crop protection	***1,501,984***	***1,723,192***	***(221,208)***	***(13%)***
Seed Technologies	256,058	231,386	24,672	11%
Corporate	-	-	-	-
Nufarm Group	**1,758,042**	**1,954,578**	**(196,536)**	**(10%)**

EBITDA - Underlying ($000s)	**6 months ended 31 Mar 2024 $000**	6 months ended 31 Mar 2023 $000	Change $000	Change %
Crop protection				
APAC	49,997	71,030	(21,033)	(30%)
North America	47,756	85,526	(37,770)	(44%)
Europe	70,797	125,532	(54,735)	(44%)
Total Crop protection	***168,550***	***282,088***	***(113,538)***	***(40%)***
Seed Technologies	76,112	61,848	14,264	23%
Corporate	(27,254)	(27,959)	705	(3%)
Nufarm Group	**217,408**	**315,977**	**(98,569)**	**(31%)**

EBIT - Underlying ($000s)	**6 months ended 31 Mar 2024 $000**	6 months ended 31 Mar 2023 $000	Change $000	Change %
Crop protection				
APAC	41,727	63,903	(22,176)	(35%)
North America	30,332	69,343	(39,011)	(56%)
Europe	20,966	81,344	(60,378)	(74%)
Total Crop protection	***93,025***	***214,590***	***(121,565)***	***(57%)***
Seed Technologies	54,665	41,772	12,893	31%
Corporate	(28,291)	(28,472)	181	(1%)
Nufarm Group	**119,399**	**227,890**	**(108,491)**	**(48%)**

Crop Protection

Our Crop Protection business performed well during a challenging period for the industry. The industry has moved from a period of tight supply to more normal supply, which has resulted in a reduction in on-farm and distributor inventory. The destocking had a negative impact on product prices and margin. Despite these challenging conditions, we grew volume year on year in Crop Protection and we maintained a strong focus on reducing inventory.

In APAC we reported revenue of $459 million and underlying EBITDA of $50 million. Favourable seasonal conditions on the east coast of Australia and growth in Asia resulted in strong demand and a normalisation of inventory levels. Declining global prices for key products resulted in a year-on-year reduction in net sales and margins with historically low 2,4-D prices the main contributor to reduced earnings. Our 2,4-D plant in Laverton is being brought back on-line following works to upgrade and expand manufacturing capacity. Final works as part of this upgrade are expected to be undertaken in the second half of the year.

In our North American segment we reported revenue of $637 million and underlying EBITDA of $48 million. We achieved strong volume growth. Sales and margin were mainly impacted by lower prices for non-selective herbicides. Our Turf and Ornamental business performed solidly with revenue marginally down year on year. We grew revenue in Canada. Inventory reduced year-on-year.

In our European segment, we reported revenue of $406 million and underlying EBITDA of $71 million. Sales and margin were negatively impacted by lower volume and price largely due to unfavourable weather and distributor destocking. Wyke was negatively impacted by lower volume of sales to industrial customers which were affected by destocking in the agricultural segment and a prolonged downturn in the China property market. Whilst we made progress in reliability and asset integrity initiatives at Wyke these efforts were more than offset by lower volumes.

During the period we continued to execute on strategies which aim to generate long term growth in profit and improved return on funds employed. We continue to focus on more efficiently managing working capital including more effective management of inventory, supplier and customer terms, improving commercial disciplines and focused use of capital. Our investments in reliability, further improvements in Health, Safety and Environment and production capacity at our Wyke manufacturing facility and expanding capacity and reducing the cost of 2,4-D manufacturing at Laverton are expected to lead to improved growth and profitability.

Seed Technologies

We achieved a strong result in Seed Technologies, reporting revenue of $256 million and underlying EBITDA of $76 million.

Base seeds were driven primarily by year-over-year growth in Australia and South America. North America sunflower and Brazil sorghum revenue were softer due to the impact of lower crop prices on plantings. Revenue from seed treatment fell year on year due to customer destocking.

During the half we increased our sales of omega-3 products in the Americas markets, including Chile, USA, and Canada. Following the approval of Aquaterra® products for use in Norway we moved forward with commercial negotiations for entry into that market. We also continued to progress discussions with potential partners for distribution and marketing within certain nutritional segments in the USA for expansion of our Nutriterra® products. Grower acceptance of omega-3 canola continues to build. During the period we expanded commercial contracts with growers to support expected sales growth in 2025.

We concluded the 2023 crop year with multiple audited and verified proof of sustainability certifications for carinata which can be applied to sustainable aviation fuel (SAF), renewable diesel, and sustainable maritime fuel. The 2023 Argentina crop harvest was successfully shipped to Europe and is in the process of crush and sales with our partners. Nufarm and bp held a large event showcasing the 2024 growing crop in Florida in March with major airlines, mining companies, transport companies, policymakers, and supply chain partners in attendance.

Supply expansion activities for the 2024 carinata crop are in progress with an expansion in farm contracts already in hand in Argentina and Uruguay. Our first year of farm contracting and geographic expansion in the Brazil market is well advanced with our first seed sales completed during the period. Initial launch activities have been conducted in Spain and France for small commercial scale planting in 2024.

Within the period, the European Union (EU) has further advanced biofuel implementation policy. ReFuel EU will implement a 2% SAF inclusion mandate in airline fuels starting in 2025. In addition, a significant advancement was made with the inclusion of cover crops into the Annex IX A category of the Renewable Energy Directive (RED II).[1] This is a very significant signal toward the future value and demand for carinata within EU SAF markets.

We continued to advance commercial development activities in Energy Cane and achieved further milestones during the half with additional agreements signed with commercial mills and the launch of next-generation hybrid products with increased biomass and sugar per hectare for resulting ethanol conversion.

[1] EU Commission delegated directive of 14 March 2024 amending Annex IX to Directive (EU) 2018/2001 of the European Parliament and of the Council as regards adding feedstock for the production of biofuels and biogas.

Outlook

Despite near term challenges, we believe that the industry has positive long-term fundamentals. Growing population and incomes create increasing global food needs, driving growth for seed & crop protection solutions. Omega-3, carinata and energy cane create additional growth platforms for Nufarm.

For FY24 we are expecting underlying EBITDA of between $350 million and $390 million. The midpoint implies a reduction of 16% from FY23 and 17% from the record underlying EBITDA reported in FY22. The mid-point also implies growth of 25% year on year in EBITDA in the second half of FY24. Whilst we are never satisfied with a decline in earnings, that would be a very solid outcome in the context of the conditions that have been faced by the industry.

In Crop Protection, we expect prices to remain subdued in the near term due to inventory imbalances at an industry level in Brazil and parts of Europe. We expect those imbalances to be resolved through the course of the second half and to deliver year on year earnings growth over this period. We expect the industry environment to improve over the course of the second half, and in the longer term that demand for food and feed will drive growth for our products.

For Seed Technologies, seed treatment and licensing revenues in FY24 are, at this stage, expected to be lower than the prior year, likely leading to a small year on year reduction in EBITDA. We have a strong growth outlook for our base seeds, omega-3 and biofuels platforms. We are reaffirming our omega-3 guidance for revenue of $50-70 million in FY24 and plantings of omega-3 canola in 2024 support our ambition to more than double revenue from omega-3 products in FY25. We maintain a strong growth outlook for our base seeds, omega-3 and biofuels platforms.

Nufarm's debt facilities and available liquidity provides a flexible and durable, covenant light capital structure that accommodates its net working capital cycle with no near refinancing requirements. The Group retains access to substantial amounts of cash & committed bank liquidity. Assuming a normal unwind of working capital in the second half of FY24, we expect net leverage to return to the upper end of our target range of 1.5 to 2.0 times underlying EBITDA by the end of FY24.

Despite the current challenging conditions for Crop Protection, we continue to see a healthy backdrop for the industry over the medium and longer term. We remain on track and committed to achieving our FY26 revenue aspirations.

Forward looking statements reflect Nufarm's expectations at the date of this review and are based on information and assumptions known to date. They are subject to risks and uncertainties outlined in more detail on pages 26 to 30 of the Nufarm 2023 Annual Report. Actual results may be significantly different to those expressed.

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.

Idle plant capacity

During the half year ended 31 March 2024, the group has undertaken capital works programs which has disrupted normal operating capacity at both its Laverton and Wyke manufacturing sites which has given rise to idle capacity charges.

In Laverton, the group has invested in its 2,4-D production capability whilst sustainably reducing the cost of production. The 2,4-D synthesis production is typically operated on a 24 hour basis. The disruption has resulted in an extended closure of 2,4-D synthesis production throughout the period, with further disruptions expected during the remainder of the financial year.

In Wyke, the group has started preliminary works in respect of the multi-year capital investment plan to address manufacturing reliability, further improve HSE performance and increase production capacity. These preliminary works have resulted in extended shutdowns and lower production capacity than is typically achievable at the Wyke manufacturing site, with further disruptions expected during the remainder of the financial year.

Deferred tax asset recognition

Australian Accounting Standards require that the group recognises a deferred tax asset arising from unutilised tax losses and tax credits, to the extent that it is probable that future taxable profit will be available, against which the tax losses and tax credits can be utilised. The net recognition of the deferred tax assets of $17.724 million in respect of the tax losses, during the half year ended 31 March 2024, reflected improved financial performance and outlook for the Australian tax group, and expected capital gains to be recognised upon the settlement of assets held for sale.

Transactions related to Russia and Ukraine

During the 6 months ended 31 March 2023, the group assessed 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 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. At 30 September 2023, the group determined to cease operations in its Russian legal entity, whilst continuing to operate in Ukraine to support growers through sales of seed and crop protection markets. At 31 March 2024, the total remaining assets in Ukraine make up less than half a percent of total group assets.

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 underlying 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 audit or 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, amortisation and material items. 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 on a continuing basis.

Operating profit reconciliation	6 months ended 31 March 2024 $000	6 months ended 31 March 2023 $000	Change %
Underlying EBITDA	217,408	315,977	(31)%
add Depreciation and amortisation excluding material items	(98,009)	(88,087)	11%
Underlying EBIT	119,399	227,890	(48)%
Material items impacting operating profit	(26,680)	7,241	large
Operating profit	92,719	235,131	(61)%

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 excluding the impact of 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 excluding the impact of material items
Underlying EBIT	Earnings before net financing costs, taxation excluding the impact of material items
Underlying EBITDA	Underlying EBIT before depreciation, amortisation and excluding the impact of 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, excluding the impact of material items.
Underlying net profit after tax	Profit/(loss) for the period attributable to the equity holders of Nufarm Limited excluding the impact of material items
Underlying income tax benefit/(expense)	Income tax benefit/(expense) excluding the impact of 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 the impact of material items cash flows
Underlying net investing cash flow	Net cash from investing activities excluding the impact of material items cash flows

Condensed interim financial statements for the 6 months ended 31 March 2024

Contents

Condensed consolidated statement of profit or loss and other comprehensive income

For the 6 months ended 31 March

	Note	2024 $000	2023 $000
Revenue	8	1,758,042	1,954,578
Cost of sales		(1,276,583)	(1,341,138)
Gross profit		481,459	613,440
Other income		2,277	4,166
Sales, marketing and distribution expenses		(269,768)	(258,774)
General and administrative expenses		(97,705)	(102,422)
Research and development expenses		(22,333)	(20,840)
Share of net profits/(losses) of equity accounted investees	11	(1,211)	(439)
Operating profits/(losses)		92,719	235,131
Financial income	10	2,813	1,725
Financial expenses excluding foreign exchange gains/(losses)	10	(52,617)	(34,055)
Net foreign exchange gains/(losses)	10	(3,240)	(3,557)
Net financial expenses	10	(55,857)	(37,612)
Net financing costs	10	(53,044)	(35,887)
Profit/(loss) before income tax		39,675	199,244
Income tax benefit/(expense)		9,489	(50,202)
Profit/(loss) for the period		49,164	149,042
Attributable to:			
Equity holders of the group		49,164	149,042

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 continued

	Note	2024 $000	2023 $000
Profit/(loss) for the period		49,164	149,042
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation on foreign subsidiaries closed, transferred to profit/(loss)		-	-
Foreign exchange translation differences for foreign operations		(3,221)	66,769
Effective portion of changes in fair value of cash flow hedges		(61)	(228)
Effective portion of changes in fair value of net investment hedges		-	-
Items that will not be reclassified to profit or loss:			
Gains/(losses) due to changes in fair value of other investments		(216)	(1,188)
Actuarial gains/(losses) on defined benefit plans		(2,181)	1,430
Income tax on share based payment transactions		579	50
Other comprehensive profit/(loss) for the period, net of income tax		(5,100)	66,833
Total comprehensive profit/(loss) for the period		44,064	215,875
Attributable to:			
Equity holders of the group		44,064	215,875
Earnings per share			
Basic earnings/(loss) cents per share	16	10.3	38.0
Diluted earnings/(loss) cents per share	16	10.3	37.6

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

	Note	31 March 2024 $000	30 September 2023 $000	31 March 2023 $000
Current assets				
Cash and cash equivalents	14	275,035	410,957	347,641
Trade and other receivables		1,317,590	670,785	1,185,177
Inventories		1,421,663	1,464,011	1,787,850
Current tax assets		27,993	17,881	7,454
Assets held for sale	7	19,721	10,818	8,998
Total current assets		3,062,002	2,574,452	3,337,120
Non-current assets				
Trade and other receivables		18,146	6,436	3,382
Investments in equity accounted investees	11	4,354	5,527	6,294
Other investments		62,502	62,804	60,858
Deferred tax assets		200,312	176,267	179,811
Property, plant and equipment		600,508	569,332	509,130
Intangible assets		1,232,386	1,230,249	1,217,767
Total non-current assets		2,118,208	2,050,615	1,977,242
TOTAL ASSETS		5,180,210	4,625,067	5,314,362
Current liabilities				
Trade and other payables		1,077,111	771,683	1,266,283
Loans and borrowings	14	79,723	47,763	94,122
Employee benefits		31,405	32,730	31,320
Current tax payable		35,858	15,753	32,096
Provisions		3,866	5,059	5,985
Total current liabilities		1,227,963	872,988	1,429,806
Non-current liabilities				
Payables		26,563	30,333	35,908
Loans and borrowings	14	1,408,889	1,213,036	1,293,676
Deferred tax liabilities		139,234	149,687	151,910
Employee benefits		49,562	49,133	61,347
Total non-current liabilities		1,624,248	1,442,189	1,542,841
TOTAL LIABILITIES		2,852,211	2,315,177	2,972,647
NET ASSETS		2,327,999	2,309,890	2,341,715
Equity				
Share capital		1,847,203	1,840,609	1,839,037
Reserves		126,326	133,012	106,744
Retained earnings		107,538	89,337	149,002
Equity attributable to equity holders of the group		2,081,067	2,062,958	2,094,783
Other securities		246,932	246,932	246,932
TOTAL EQUITY		2,327,999	2,309,890	2,341,715

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

	Note	2024 $000	2023 $000
Cash flows from operating activities			
Profit/(loss) for the period – after tax		49,164	149,042
Adjustments for:			
Tax expense/(benefit)		(9,489)	50,202
Net finance expense	10	53,044	35,887
Depreciation & amortisation		98,009	88,087
Other		1,008	637
Movements in working capital items:			
(Increase)/decrease in receivables		(668,651)	(634,531)
(Increase)/decrease in inventories		42,348	(185,393)
Increase/(decrease) in payables		286,559	(28,954)
Exchange rate change on foreign controlled entities working capital items		(7,449)	11,680
Cash generated from operations		(155,457)	(513,343)
Interest received		2,819	1,725
Interest paid		(45,199)	(29,974)
Taxes paid		(9,331)	(16,926)
Net operating cash flows	6	(207,168)	(558,518)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		289	142
Payments for property, plant and equipment		(56,295)	(50,190)
Payments for other investments, associates or joint ventures		-	(7,730)
Purchase of a business, net of cash acquired		-	(7,790)
Payments for acquired intangibles and major product development expenditure		(53,512)	(38,920)
Net investing cash flows	6	(109,518)	(104,488)
Cash flows from financing activities			
Debt establishment transaction costs		(869)	(17,475)
Proceeds from borrowings		340,189	791,405
Repayment of borrowings		(118,048)	(313,942)
Lease liability payments		(11,764)	(12,624)
Distribution to other securities holders	15	(9,690)	(6,055)
Dividends paid	15	(17,907)	(22,483)
Net financing cash flows	6	181,911	418,826
Net increase/(decrease) in cash and cash equivalents		(134,775)	(244,180)
Cash at the beginning of the period		410,957	585,702
Exchange rate fluctuations on foreign cash balances		(1,147)	6,119
Cash and cash equivalents at period end date	14	275,035	347,641

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

Consolidated statement of changes in equity

Consolidated	Share capital $000	Translation reserve $000	Capital profit reserve $000	Other reserve $000	Retained earnings $000	Total $000	Other securities $000	Total equity $000
	Attributable to equity holders of the group							
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								
Foreign exchange translation differences	-	66,769	-	-	-	66,769	-	66,769
Gains/(losses) on cash flow hedges taken to equity	-	-	-	(228)	-	(228)	-	(228)
Gains/(losses) due to changes in fair value of other investments	-	-	-	(1,188)	-	(1,188)	-	(1,188)
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	1,430	1,430	-	1,430
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	1,472	-	-	(1,410)	-	62	-	62
Dividends paid to shareholders	-	-	-	-	(22,820)	(22,820)	-	(22,820)
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

Consolidated	Attributable to equity holders of the group Share capital $000	Translation reserve $000	Capital profit reserve $000	Other reserve $000	Retained earnings $000	Total $000	Other securities $000	Total equity $000
Balance at 1 October 2023	1,840,609	81,037	33,627	18,348	89,337	2,062,958	246,932	2,309,890
Profit/(loss) for the period from continuing operations	-	-	-	-	49,164	49,164	-	49,164
Other comprehensive income								
Foreign exchange translation differences	-	(3,221)	-	-	-	(3,221)	-	(3,221)
Gains/(losses) on cash flow hedges taken to equity	-	-	-	(61)	-	(61)	-	(61)
Gains/(losses) due to changes in fair value of other investments	-	-	-	(216)	-	(216)	-	(216)
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	(2,181)	(2,181)	-	(2,181)
Income tax on share based payment transactions	-	-	-	579	-	579	-	579
Total comprehensive income/(loss) for the period	-	(3,221)	-	302	46,983	44,064	-	44,064
Transactions with owners, recorded directly in equity								
Employee share award entitlements and share issuances	5,409	-	-	(3,767)	-	1,642	-	1,642
Dividends paid to shareholders	-	-	-	-	(19,092)	(19,092)	-	(19,092)
Dividend reinvestment plan	1,185	-	-	-	-	1,185	-	1,185
Distributions to other security holders	-	-	-	-	(9,690)	(9,690)	-	(9,690)
Balance at 31 March 2024	1,847,203	77,816	33,627	14,883	107,538	2,081,067	246,932	2,327,999

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 limited by shares and domiciled in Australia that is listed on the Australian Securities Exchange. The address of the company's registered office is 103-105 Pipe Road, Laverton North, Victoria, 3026. The condensed consolidated interim financial statements of the company as at and for the 6 months ended 31 March 2024 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 group is a for-profit entity and is primarily involved in the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease, and seed treatment products. Operating profits/(losses) may fluctuate throughout the year due to seasonality inherent within the crop protection and seed technology markets, and the geography of operations.

The annual consolidated financial statements of the group as at and for the period ended 30 September 2023 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 are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (AASBs) issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The condensed consolidated interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting, and 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 2023.

Changes to material accounting policies are described in note 3.

The consolidated interim condensed financial statements were authorised for issue by the board on 23 May 2024.

(b) Rounding of amounts

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

(c) Reclassification

Where applicable comparatives are adjusted to present them on the same basis as current period figures.

3 Material accounting policies

Except as described below, the group's accounting policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements and are the same as those applied in the group's consolidated financial statements as at and for the year ended 30 September 2023.

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

(i) New and amended accounting standards and interpretations adopted by the group

In the current year the group has adopted new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current financial reporting period. Their adoption however, has not had a material impact on the disclosures or amounts reported in these condensed consolidated interim financial statements:

- **AASB 2021-2** - Amendments to Australian Accounting Standards—Disclosure of Accounting Policies and Definition of Accounting Estimates
- **AASB 2021-5** - Amendments to Australian Accounting Standards—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- **AASB 2022-7** Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

In May 2023, the International Accounting Standards Board (IASB) issued 'International Tax Reform—Pillar Two Model Rules', which amended IAS 12 Income Taxes. The amendments provide temporary relief from accounting for deferred taxes arising from the Organisation for Economic Cooperation and Development's (OECD) international tax reform ("the reform"), which required large multinational companies to be subject to a minimum 15% tax rate (global minimum tax). The amendment to IAS 12 introduces targeted disclosure requirements, to help investors better understand a company's exposure to income taxes arising from the reform, effective for the financial year ended 30 September 2024. The group is subject to the Pillar Two Global Anti-Base Erosion Rules (GloBE) and has continued to apply the temporary exemption to the accounting for deferred taxes arising from the implementation of these rules.

(ii) New and revised accounting standards and interpretations on issue but not yet effective

During the current year, the International Sustainability Standards Board (ISSB) issued the inaugural sustainability reporting disclosures:

- **IFRS S1** General Requirements for Disclosure of Sustainability-related Financial Information
- **IFRS S2** Climate-related Disclosures

As at the reporting date, the AASB is yet to formally adopt these sustainability reporting disclosures. The group has not early adopted these standards.

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

4 Estimates and judgements

The preparation of these 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements 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 2023.

Condensed notes to the consolidated interim financial statements continued

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 APAC (including Australia, New Zealand and certain parts of Asia); Europe (including the United Kingdom, the European Union, and certain other countries in Europe, the Middle East and Africa) and North America (including United States of America, Canada and Mexico).

The seed technologies business comprises the base seeds, bioenergy, nutritionals and seed treatment platforms. These platforms generate revenues through the sale of seed or oil based products, and licensing of 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 and underlying EBIT, as defined below, as included in the internal management reports that are reviewed by the group's CEO. These metrics are 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.

	Crop Protection						
	APAC	Europe	North America	Total	Seed Technologies Global	Non Operating Corporate	Group Total
6 months ended 31 March 2024	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Revenue							
Total segment revenue	458,873	406,468	636,643	1,501,984	256,058	-	1,758,042
Results							
Underlying EBITDA[1]	49,997	70,797	47,756	168,550	76,112	(27,254)	217,408
Depreciation & amortisation excluding material items	(8,270)	(49,831)	(17,424)	(75,525)	(21,447)	(1,037)	(98,009)
Underlying EBIT[1]	**41,727**	**20,966**	**30,332**	**93,025**	**54,665**	**(28,291)**	**119,399**
Material items included in operating profit (refer note 6)							(26,680)
Net financing costs							(53,044)
Profit/(loss) before tax							**39,675**

1 Underlying EBIT is earnings before net finance costs, taxation excluding the impact of material items. Underlying EBITDA is Underlying EBIT before depreciation, amortisation excluding the impact of material items.

	Crop Protection						
	APAC	Europe	North America	Total	Seed Technologies Global	Non Operating Corporate	Group Total
6 months ended 31 March 2023	$000	$000	$000	$000	$000	$000	$000
Revenue							
Total segment revenue	546,076	498,255	678,861	1,723,192	231,386	-	1,954,578
Results							
Underlying EBITDA[1]	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[1]	**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
Net financing costs							(35,887)
Profit/(loss) before tax							**199,244**

1 Underlying EBIT is earnings before net finance costs, taxation excluding the impact of material items. Underlying EBITDA is Underlying EBIT before depreciation, amortisation excluding the impact of material items.

As at 31 March 2024	Crop Protection APAC $000	Crop Protection Europe $000	Crop Protection North America $000	Crop Protection Total $000	Seed Technologies Global $000	Non Operating Corporate $000	Group Total $000
Assets							
Segment assets	754,667	1,535,326	1,523,232	3,813,225	922,020	358,388	5,093,633
Assets held for sale	19,721	-	-	19,721	-	-	19,721
Equity accounted & other investments	1,513	2,029	-	3,542	1,217	62,097	66,856
Total assets	775,901	1,537,355	1,523,232	3,836,488	923,237	420,485	5,180,210
Liabilities							
Segment liabilities	388,833	287,246	352,534	1,028,613	131,507	1,692,091	2,852,211
Total liabilities	388,833	287,246	352,534	1,028,613	131,507	1,692,091	2,852,211

As at 30 September 2023	Crop Protection APAC $000	Crop Protection Europe $000	Crop Protection North America $000	Crop Protection Total $000	Seed Technologies Global $000	Non Operating Corporate $000	Group Total $000
Assets							
Segment assets	710,361	1,356,419	1,304,654	3,371,434	719,057	455,427	4,545,918
Assets held for sale	10,818	-	-	10,818	-	-	10,818
Equity accounted & other investments	1,870	2,921	-	4,791	1,136	62,404	68,331
Total assets	723,049	1,359,340	1,304,654	3,387,043	720,193	517,831	4,625,067
Liabilities							
Segment liabilities	327,567	280,364	231,915	839,846	128,204	1,347,127	2,315,177
Total liabilities	327,567	280,364	231,915	839,846	128,204	1,347,127	2,315,177

As at 31 March 2023	Crop Protection APAC $000	Crop Protection Europe $000	Crop Protection North America $000	Crop Protection Total $000	Seed Technologies Global $000	Non Operating Corporate $000	Group Total $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

Geographical information - revenue by location of customer	Revenue 6 months ended 31 March 2024 $000	Revenue 6 months ended 31 March 2023 $000
United States of America	535,016	551,752
Australia	378,407	457,795
Rest of world[1]	844,619	945,031
Total	1,758,042	1,954,578

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

Condensed notes to the consolidated interim financial statements continued

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.

	6 months ended 31 March 2024 $000 pre-tax	6 months ended 31 March 2024 $000 after-tax	6 months ended 31 March 2023 $000 pre-tax	6 months ended 31 March 2023 $000 after-tax
Material items by category:				
Idle plant capacity	(26,680)	(19,417)	-	-
Deferred tax asset recognition	-	17,724	-	-
Transactions related to Russia and Ukraine	-	-	7,241	6,732
Total profit/(loss)	(26,680)	(1,693)	7,241	6,732

31 March 2024 Material items

Idle plant capacity
During the half year ended 31 March 2024, the group has undertaken capital works programs which has disrupted normal operating capacity at both its Laverton (APAC) and Wyke (Europe) manufacturing sites which has given rise to idle capacity charges.

In Laverton, the group has invested in its 2,4-D production capability whilst sustainably reducing the cost of production. The 2,4-D synthesis production is typically operated on a 24 hour basis. The disruption has resulted in an extended closure of 2,4-D synthesis production throughout the period, with further disruptions expected during the remainder of the financial year.

In Wyke, the group has started preliminary works in respect of the multi-year capital investment plan to address manufacturing reliability, further improve HSE performance and increase production capacity. These preliminary works have resulted in extended shutdowns and lower production capacity than is typically achievable at the Wyke manufacturing site, with further disruptions expected during the remainder of the financial year.

Deferred tax asset recognition
Australian Accounting Standards require that the group recognises a deferred tax asset arising from unutilised tax losses and tax credits, to the extent that it is probable that future taxable profit will be available, against which the tax losses and tax credits can be utilised. The net recognition of the deferred tax assets of $17.724 million in respect of the tax losses, during the half year ended 31 March 2024, reflected improved financial performance and outlook for the Australian tax group, and expected capital gains to be recognised upon the settlement of assets held for sale.

31 March 2023 Material items

Transactions related to Russia and Ukraine
During the 6 months ended 31 March 2023, the group assessed 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 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. At 30 September 2023, the group determined to cease operations in its Russian legal entity, whilst continuing to operate in Ukraine to support growers through sales of seed and crop protection markets. At 31 March 2024, the total remaining assets in Ukraine make up less than half a percent of total group assets.

Material items are classified by function as follows:

6 months ended 31 March 2024	Cost of sales $000	Selling, marketing and distribution expense $000	General & administrative expense $000	Net financing costs $000	Total Pre-tax $000
Idle plant capacity	(26,680)	-	-	-	(26,680)
Total material items	(26,680)	-	-	-	(26,680)
Total material items included in operating profit/(loss)	(26,680)	-	-	-	(26,680)

6 months ended 31 March 2023	Cost of sales $000	Selling, marketing and distribution expense $000	General & administrative expense $000	Net financing costs $000	Total Pre-tax $000
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/(loss)	4,265	-	2,976	-	7,241

Material items impacting cash flows are as follows:

6 months ended 31 March 2024	Underlying $000	Material items $000	Total group $000
Cash flows from operating activities			
Net operating cash flows	(180,470)	(26,698)	(207,168)
Cash flows from investing activities			
Net investing cash flows	(109,518)	-	(109,518)
Cash flows from financing activities			
Net financing cash flows	181,911	-	181,911
Net operating, investing and financing cash flows	(108,077)	(26,698)	(134,775)

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)

Condensed notes to the consolidated interim financial statements continued

7 Assets held for sale

The group continues to recognise the Raymond Road site in Laverton as an asset held for sale. This former manufacturing site was approved for sale during the year ended 30 September 2022 upon which the group entered into an asset sale agreement. Since this period, the site has been subject to agreed remediation works to prepare the site for final sale. The final settlement is expected to occur before 30 September 2024.

The group has classified further land adjoining the Laverton manufacturing site as held for sale during the half year ended 31 March 2024. The land has been deemed excess to requirements and the group has proceeded to engage in a sale and due diligence process with a suitable buyer. The group expects the sale of the land to conclude before 30 September 2024. The net book value of the additional assets transferred to assets held for sale during the 6 months ended 31 March 2024 was $8.625m.

	As at 31 March 2024	As at 30 September 2023	As at 31 March 2023
	$000	$000	$000
Land and buildings	19,721	10,818	8,998
Total assets held for sale	19,721	10,818	8,998

8 Revenue from contracts with customers

The following sources of revenue from contracts with customers were recognised during the 6 months ended 31 March:

Sources of revenue from contracts with customers	**6 months ended 31 March 2024 $000**	6 months ended 31 March 2023 $000
Revenue from the sale of goods	1,733,457	1,942,482
Revenue from services, licenses and royalties	24,585	12,096
Total revenue	1,758,042	1,954,578

9 Business combinations and acquisition of non-controlling interests

Acquisitions in 2024

There have been no business combinations for the 6 months ended 31 March 2024.

Acquisitions in 2023

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 means 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 $1.356 million to the group's operating profit. Revenue and profit from the acquisition that would have been earned if the acquisition had occurred at the commencement of the financial year has not been provided on the basis that the amounts would not be significant.

Acquiree's net assets at acquisition date	Acquisition fair value $000
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 to synergies expected to be achieved from integrating Sonic into the group's existing Croplands' business. There has been no subsequent valuation adjustment to the initial purchase price accounting.

Acquisitions of non-controlling interest

There were no acquisitions of non-controlling interest in the current or prior period.

10 Finance income and expense

	6 months ended 31 March 2024 $000	6 months ended 31 March 2023 $000
Other financial income	2,813	1,725
Financial income	2,813	1,725
Interest expense – external	(42,668)	(28,046)
Interest expense – debt establishment transaction costs	(3,452)	(2,265)
Lease liability – interest expense	(4,319)	(3,744)
Fair value adjustment on financial instrument	(2,178)	-
Net foreign exchange gains/(losses)	(3,240)	(3,557)
Financial expenses	(55,857)	(37,612)
Net financing costs	(53,044)	(35,887)

Condensed notes to the consolidated interim financial statements continued

11 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 March 2024	As at 30 September 2023	As at 31 March 2023
Leshan Nong Fu Trading Co., Ltd	Joint Venture[1]	China	31 December	35.00%	35.00%	35.00%
Seedtech Pty Ltd	Associate[2]	Australia	31 December	25.00%	25.00%	25.00%
Crop.zone GmbH	Associate[3]	Germany	31 December	14.77%	14.77%	14.77%

1 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 ($21.645 million). This commitment has not been recognised in this consolidated financial statements.

2 Seedtech is a company that offers services to the seed industry such as cleaning, packaging, distribution and storage of seeds. The investment in Seedtech is equity accounted as Nufarm is able to exert significant influence given its ownership interest.

3 Crop.zone is an Agtech start-up which provides electrophysical solutions to replace chemical herbicides in select market segments. The 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.

	Carrying amount			Share of profit/(loss)		
	As at 31 March 2024	As at 30 September 2023	As at 31 March 2023	**6 months ended 31 March 2024**	12 months ended 30 September 2023	6 months ended 31 March 2023
	$000	$000	$000	**$000**	$000	$000
Leshan Nong Fu Trading Co., Ltd	1,513	1,870	1,871	(360)	(250)	(293)
Seedtech Pty Ltd	839	762	808	77	(45)	-
Crop.zone GmbH	2,002	2,895	3,615	(928)	(889)	(146)
	4,354	5,527	6,294	(1,211)	(1,184)	(439)

12 Property, plant and equipment

Acquisitions and disposals

During the 6 months ended 31 March 2024, the group acquired assets with a cost of $74.091 million (31 March 2023: $58.622 million), which included $17.797 million of additional right-of-use assets (31 March 2023: $7.939 million), and nil assets acquired as part of a business combination (refer note 9) (31 March 2023: $0.493 million).

Assets with a book value of $1.116 million were disposed of during the 6 months ended 31 March 2024 (31 March 2023: $0.104 million), which included $1.022 million of right-of-use assets (31 March 2023: $0.084 million).

13 Intangible assets

Acquisitions and disposals

During the 6 months ended 31 March 2024, the group acquired computer software intangible assets with a cost of $3.264 million (31 March 2023: $0.385 million), capitalised development cost intangibles with a cost of $50.248 million (31 March 2023: $39.746 million), and other intangible assets with a cost of nil (31 March 2023: $1.595 million). There were no assets acquired as part of a business combination (refer note 9) during the 6 months ended 31 March 2024 (31 March 2023: $2.806 million).

Intangible assets with a book value of $0.100 million were disposed of during the 6 months ended 31 March 2024 (31 March 2022: $0.261 million).

Impairment testing for cash-generating units containing goodwill

For the impairment testing of these assets, the carrying amount of the asset is compared to its recoverable amount at a CGU level. The group typically uses a value in use methodology when assessing the recoverable amount of the assets, but may also use a fair value less cost to dispose methodology, in which case the higher of the two valuation methods is used when assessing recoverable amount.

Valuation method – Value in use

Value in use (VIU) is an estimate of the recoverable amount based on the present value of the future cash flows expected to be derived from a CGU. In assessing VIU, the estimated future cash flows are derived from the three year plan for each cash-generating unit with a growth factor applied to extrapolate a cash flow beyond year three. A perpetuity factor is then applied to the normalised cash flow beyond year five in order to include a terminal value in the VIU calculation. The terminal growth rate assumed for each CGU is generally a long term inflation estimate. The cash flow is then discounted to a present value using a discount rate which is the company's weighted average cost of capital, adjusted for country risk and asset-specific risk associated with each CGU.

Cash-generating units containing goodwill

For the purpose 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'/ 'CGU').

The group has determined that operating unit by country or region (i.e. Europe) is the appropriate method for determining the cash-generating units (CGU) of the business. This level of CGU aligns with the cash inflows of the business and the management structure of the group. The goodwill and intellectual property with an indefinite life are CGU specific, as the acquisitions generating goodwill and the product registrations that are the major indefinite life intangibles are country or region specific in nature. The exception to this is Seeds Technologies which is managed on a worldwide basis. There is no allocation of goodwill between CGUs.

As at 31 March 2024, with the exception of the Europe CGU below, having regard to the performance of the CGU's for the 6 months ended 31 March 2024 and outlook compared to those used in the 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.

Valuation asumptions - Europe cash generating unit

Given the limited headroom identified at 30 September 2023 in respect of the Europe CGU, the assessment of performance of the Europe CGU through the 6 months ended 31 March 2024, together with industry trends, led to the group further evaluating the Europe CGU for impairment at 31 March 2024. Through the modelling (described below), management estimated the value of the Europe CGU considering different cashflow scenarios, and applying sensitivities against discount rates and terminal growth rates. While management has determined that no impairment exists as at 31 March 2024, any future adverse movement in a key assumption including projected Europe CGU cashflows, terminal growth rates, and discount rates, in the absence of other factors, may lead to impairment.

For the half year ended 31 March 2024, the group performed an impairment test on the Europe CGU. The valuation method and key assumptions underlying the value in use calculation, including the terminal growth rate, and nominal post-tax discount rate applied for the Europe CGU, together with the total goodwill recognised within the carrying value of the assets of the Europe CGU are presented in the table below. Futher, the key assumption with respect to the growth in post-tax cashflows before working capital changes and capital expenditure for the Europe CGU was 8.4% per annum between FY23 and FY28.

6 months ended 31 March 2024	Valuation method	Terminal growth rate	Discount rate	Total goodwill $000
Europe CGU	VIU	2.1%	10.7%	69,153

The margin and volume assumptions underpinning the cashflow projections generally reflect past experience for existing and enhanced portfolio products, while new products utilise external sources of information reflecting current market pricing in expected end use markets.

Condensed notes to the consolidated interim financial statements continued

14 Net debt

	As at 31 March 2024 $000	As at 30 September 2023 $000	As at 31 March 2023 $000
Current liabilities			
Bank loans – secured	18,874	18,658	18,567
Bank loans – unsecured	47,953	16,690	62,427
Deferred debt establishment costs	(5,956)	(6,313)	(5,842)
Lease liabilities	18,852	18,728	18,970
Loans and borrowings – current	79,723	47,763	94,122
Non-current liabilities			
Bank loans - secured	690,630	513,043	656,426
Bank loans – unsecured	59,453	44,480	568
Senior unsecured notes	537,387	540,040	523,325
Deferred debt establishment costs	(18,016)	(20,275)	(21,703)
Lease liabilities	129,683	125,947	125,567
Other loans – unsecured	9,752	9,801	9,493
Loans and borrowings – non-current	1,408,889	1,213,036	1,293,676
Net cash and cash equivalents	(275,035)	(410,957)	(347,641)
Net debt	1,213,577	849,842	1,040,157

	As at 31 March 2024 $000	As at 30 September 2023 $000	As at 31 March 2023 $000
Accessible			
Bank loan facilities and senior unsecured notes	1,581,347	1,366,855	1,579,948
Other facilities	9,752	9,801	9,493
Total financing facilities	1,591,099	1,376,656	1,589,441
Utilised			
Bank loan facilities and senior unsecured notes	1,354,297	1,132,911	1,261,313
Other facilities	9,752	9,801	9,493
Total financing facilities	1,364,049	1,142,712	1,270,806

Financing facilities

Refer to the section entitled 'Liquidity Risk' in note 17 for detail regarding the group's financing facilities.

15 Capital and reserves

Share capital	Number of ordinary shares As at 31 March 2024	As at 30 September 2023	As at 31 March 2023
Opening balance for period	380,764,253	380,168,745	380,168,745
Issue of shares	1,405,028	595,508	305,285
Closing balance for period	382,169,281	380,764,253	380,474,030

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 2 October 2023, 658,944 shares at $4.70 were issued under the Short Term Incentive and Executive Incentive Plans
- On 21 November 2023, 402,020 shares at $4.60 were issued under the Long Term Incentive Plan
- On 15 December 2023, 255,381 shares at $4.64 were issued under the Dividend Reinvestment Plan
- On 17 January 2024, 88,863 shares at $5.25 were issued under the Global Employee Share Plan and Nushare Share Plan

Other securities

Nufarm step-up securities

On 24 November 2006 Nufarm Finance (NZ) Limited, a wholly owned subsidiary of Nufarm Limited, issued 2,510,000 hybrid securities at $100 each called Nufarm step-up securities (NSS), which are perpetual step up securities. The NSS are listed on the ASX under the code 'NFNG' and on the NZDX under the code 'NFFHA'.

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are curtailed if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. The distribution rate is the average mid-rate for bank bills with a term of six months plus a margin of 3.9% (31 March 2023: 3.9%).

Nufarm retains the right to redeem or exchange the NSS on future distribution dates.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different from the presentation currency of the reporting entity.

Capital profit reserve

This reserve is used to accumulate realised capital profits.

Other reserves

This reserve includes the following:

- accrued employee entitlements to share awards that have been charged to the income statement and have not yet been exercised
- accumulative effective portion of changes in the fair value of financial instruments that have been designated as either cash flow hedges or net investment hedges
- changes in the fair value of other investments that have been designated at FVOCI.

Dividends

Proposed and unrecognised at reporting date	Cents per share	Total amount $000	Payment date
Interim dividend (unfranked)[1]	4.0	15,287	14 Jun 2024
6 months ended 31 March 2024			
Paid final dividend (unfranked)	5.0	19,038	15 Dec 2023
12 months ended 30 September 2023			
Paid interim dividend (unfranked)	5.0	18,997	9 Jun 2023
Paid final dividend (unfranked)	6.0	22,795	9 Dec 2022

1 Estimated interim dividend total amount, subject to variations in the number of shares up to the record date.

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.

Condensed notes to the consolidated interim financial statements continued

15 Capital and reserves continued

Distributions

Nufarm step-up securities	Distribution rate (annualised)	Total amount $000	Payment date
The following distributions were paid by Nufarm Finance (NZ) Ltd:			
Proposed and unrecognised at reporting date			
Distribution	8.32%	10,413	15 Apr 2024
Distribution	8.46%	10,649	14 Oct 2024
6 months ended 31 March 2024			
Distribution	7.66%	9,690	16 Oct 2023
12 months ended 30 September 2023			
Distribution	7.37%	9,227	17 Apr 2023
Distribution	4.86%	6,055	17 Oct 2022

16 Earnings per share

	Note	6 months ended 31 March 2024 $000	6 months ended 31 March 2023 $000
Net profit/(loss) for the period		49,164	149,042
Net profit/(loss) attributable to equity holders of the group		49,164	149,042
Other securities distributions (net of tax)		(9,690)	(4,460)
Earnings/(loss) used in the calculations of basic and diluted earnings per share		39,474	144,582
Subtract/(add back) items of material income/(expense)	6	(1,693)	6,732
Earnings/(loss) excluding items of material income/(expense) used in the calculation of earnings per share - excluding material items		41,167	137,850

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	
	As at 31 March 2024	As at 31 March 2023
Weighted average number of ordinary shares used in calculation of basic earnings per share	381,888,962	380,348,157
Plus weighted average number of rights held under employee share plans	3,066,188	3,746,661
Weighted average number of ordinary shares used in calculation of diluted earnings per share	384,955,150	384,094,818

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 this financial report.

	Cents per share	
Earnings per share	6 months ended 31 March 2024	6 months ended 31 March 2023
Basic earnings per share	10.3	38.0
Diluted earnings per share	10.3	37.6
Basic earnings per share – excluding material items	10.8	36.2
Diluted earnings per share – excluding material items	10.7	35.9

Condensed notes to the consolidated interim financial statements continued

17 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 2023 consolidated financial statements as at, and for, the 6 months ended 31 March 2024.

Financial instruments

The group has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk
- currrency risk
- interest rate risk.

This note presents information about the group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The board has responsibility to identify, assess, monitor and manage the material risks facing the group and to ensure that adequate identification, reporting and risk minimisation mechanisms are established and working effectively. To support and maintain this objective, the audit and risk committee has established detailed policies on risk oversight and management by approving a global risk management charter that specifies the responsibilities of the global head of risk, insurance and compliance and the chief financial officer (which includes responsibility for the internal audit function). This charter also provides comprehensive global authority to conduct internal audits, risk reviews and system-based analyses of the internal controls in major business systems operating within all significant group entities worldwide.

The global head of risk and compliance and the chief financial officer are accountable to the chair of the audit and risk committee. Written reports regarding risk and compliance activities and internal audit findings are provided at each meeting of the audit and risk committee. In doing so, the global head of risk and compliance and the chief financial officer have direct and ongoing access to the chair and members of the audit and risk committee.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and other financial assets.

Exposure to credit risk

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

The group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers before the group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring further management approval.

Expected credit loss (ECL) assessment for individual customers

For trade receivables, the group applies a simplified approach in calculating ECL's. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

Objective evidence of impairment includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy, and, in the case of an investment in an equity security, a significant or prolonged decline in its fair value.

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 typically weighted towards the first half of the calendar year in APAC, North America and Europe, reflecting the planting and growing cycle in these regions while in Latin America the sales and operating profit are typically weighted towards the second half of the calendar year. 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 asset based lending facility.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the group. This provides an economic hedge and no derivatives are used to manage the exposure.

Debt facilities

As at 31 March 2024, the key group facilities include a five year $800 million revolving asset based lending credit facility maturing in November 2027 (31 March 2023, 30 September 2023: $800 million), a US$350 million senior unsecured notes offering maturing in January 2030 (31 March 2023, 30 September 2023: US$350 million) and two year standby liquidity facility of $210 million maturing in November 2025 (31 March 2023, September 2023: two year standby liquidity facility of $150 million maturing in November 2024).

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).

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).

On 17 November 2023 the group increased the SLF to $210 million and renegotiated a one-year term extension to November 2025.

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 2024, the global borrowing base was lower than the ABL facility limit at $686 million (31 March 2023: $800 million, 30 September 2023: $536 million).

The ABL and SLF facilities provide the group with flexibility to align drawings with changes in working capital and other cash requirements. The ABL and SLF facilities are governed by terms and conditions that are customary for secured facilities of this size, and as at 31 March 2024 Nufarm was in compliance with all conditions. The guarantor group is consistent across the ABL, the SLF and the 2030 notes.

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 2024 totalled $157.838 million (31 March 2023: $116.115 million, 30 September 2023: $150.291 million). A parent guarantee is provided to support working capital facilities in Europe.

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 $154.667 million at 31 March 2024 (31 March 2023: $188.611 million, 30 September 2023: $31.861 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.

To support the liquidity of the group and reduce the credit risk relating to specific customers, trade receivables held by the group are sold to third parties. The sales (or factoring) of receivables to third parties is primarily done on a non-recourse basis, and the group incurs 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 2024 the group did not have any derecognised trade receivables which were being held by third parties (31 March 2023, 30 September 2023: nil).

Condensed notes to the consolidated interim financial statements continued

17 Financial risk management and financial instruments continued

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The group uses financial instruments to manage specifically identified foreign currency risks. This includes risks relating to the translation of earnings that are denominated in a currency other than the group reporting currency (Australian Dollars), and transactional foreign currency risks where receivables, payables and borrowings are denominated in a currency other than the functional currency of the individual group entity. The functional currency is determined via reference to the currency of the operating, investing and financing cashflows for each individual group entity. The currencies giving rise to the identified risks include the US Dollar, the Euro, the British Pound, the Australian Dollar, New Zealand Dollar, Polish Zloty, Ukrainian Hryvnia, Romanian Leu, Hungarian Forint, Mexican Peso, Turkish Lira, Argentinian Peso, Brazilian Real and the Czech Koruna.

Financial instruments used by the group to manage currency risks include 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 use financial instruments to hedge its currency risk, typically with a maturity of less than one year from the reporting date, and these contracts are generally designated as cash flow hedges. The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in other reserves. The net fair value of the derivative financial instruments designated as cash flow hedges at 31 March 2024 was a $1.329 million liablity (31 March 2023: $nil, 30 September 2023: $1.271 million liability).

The group may use financial instruments to manage foreign currency translation risk arising from the group's net investments in foreign currency subsidiary entities. These financial instruments are designated as net investment hedges for hedge accounting purposes. No net investment hedges were open at 31 March 2024.

For accounting purposes, the group has not designated any other derivative financial instruments in hedge relationships and all movements in fair value are recognised in profit or loss during the period. The net fair value of derivative financial instruments in the group, not designated as being in a hedge relationship, used as economic hedges of forecast transactions at 31 March 2024 was a $2.914 million liability (31 March 2023: $13.376 million liability, 30 September 2023: $6.532 million asset) comprising assets of $1.023 million (31 March 2023: $8.003 million, 30 September $12.073 million) and liabilities of $3.937 million (31 March 2023: $21.379 million, 30 September 2023: $5.541 million).

Interest rate risk

The group's exposure to the risk of changes in market interest rates primarily relates to the group's debt obligations that have floating interest rates. This risk is mitigated by maintaining a level of fixed and floating rate borrowings, as well as the ability to use derivative financial instruments when deemed appropriate to do so.

The majority of the group's debt is raised under central borrowing programs. The asset based lending facility and the standby liquidity facility are considered floating rate facilities. The 2030 notes were issued in January 2022 through the issuance of US$350 million senior unsecured notes due in January 2030 with a fixed coupon component of 5.00%.

Interest rate risk on Nufarm step-up securities

The distribution rate is the average mid-rate for bank bills with a term of six months plus a margin of 3.9% (31 March 2023: 3.9%).

Fair values

All financial assets and financial liabilities, other than derivatives, 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 tables below. 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 $537.387 million (31 March 2023: $523.325 million, 30 September 2023: $540.040 million), the fair value at 31 March 2024 is $493.380 million (31 March 2023: $459.919 million, 30 September 2023: $474.938 million).

As at 31 March 2024	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	14	-	-	275,035	-	275,035
Trade and other receivables excluding derivatives		-	-	1,334,672	-	1,334,672
Other investments		-	-	-	62,097	62,097
Forward exchange contracts:						
Assets		1,023	-	-	-	1,023
Liabilities		(3,937)	(1,329)	-	-	(5,266)
Trade and other payables excluding derivatives		(9,058)	-	(1,089,349)	-	(1,098,407)
Secured bank loans	14	-	-	(709,504)	-	(709,504)
Unsecured bank loans	14	-	-	(107,406)	-	(107,406)
Senior unsecured notes	14	-	-	(537,387)	-	(537,387)
Other loans	14	-	-	(9,752)	-	(9,752)
Lease liabilities	14	-	-	(148,535)	-	(148,535)
		(11,972)	(1,329)	(992,226)	62,097	(943,430)

As at 30 September 2023	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	14	-	-	410,957	-	410,957
Trade and other receivables excluding derivatives		-	-	665,148	-	665,148
Other investments		-	-	-	62,403	62,403
Forward exchange contracts:						
Assets		12,073	-	-	-	12,073
Liabilities		(5,541)	(1,271)	-	-	(6,812)
Trade and other payables excluding derivatives		(6,912)	-	(788,292)	-	(795,204)
Secured bank loans	14	-	-	(531,701)	-	(531,701)
Unsecured bank loans	14	-	-	(61,170)	-	(61,170)
Senior unsecured notes	14	-	-	(540,040)	-	(540,040)
Other loans	14	-	-	(9,801)	-	(9,801)
Lease liabilities	14	-	-	(144,675)	-	(144,675)
		(380)	(1,271)	(999,574)	62,403	(938,822)

Condensed notes to the consolidated interim financial statements continued

17 Financial risk management and financial instruments continued

As at 31 March 2023	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	14	-	-	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	14	-	-	(674,993)	-	(674,993)
Unsecured bank loans	14	-	-	(62,995)	-	(62,995)
Senior unsecured notes	14	-	-	(523,325)	-	(523,325)
Other loans	14	-	-	(9,493)	-	(9,493)
Lease liabilities	14	-	-	(144,537)	-	(144,537)
		(13,376)	-	(1,160,726)	60,471	(1,113,631)

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.

As at 31 March 2024	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	-	1,023	-	1,023
Other investments	-	-	62,097	62,097
	-	1,023	62,097	63,120
Derivative financial liabilities	-	(5,266)	-	(5,266)
Business combination – consideration payable	-	-	(9,058)	(9,058)
	-	(5,266)	(9,058)	(14,324)

As at 30 September 2023	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	-	12,073	-	12,073
Other investments	-	-	62,403	62,403
	-	12,073	62,403	74,476
Derivative financial liabilities	-	(6,812)	-	(6,812)
Business combination – consideration payable	-	-	(6,912)	(6,912)
	-	(6,812)	(6,912)	(13,724)

As at 31 March 2023	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	-	8,003	-	8,003
Other investments	-	-	60,471	60,471
	-	8,003	60,471	68,474
Derivative financial liabilities	-	(21,379)	-	(21,379)
	-	(21,379)	-	(21,379)

There have been no transfers between levels in either the 6 months ended 31 March 2024 or the 6 months ended 31 March 2023.

Valuation techniques used to derive fair values

The group has used the following valuation techniques and assumptions in the determination of the fair values noted above.

- 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.
- Other investments include the group's strategic investments which primarily consist of unlisted private investments. The fair value of these investments are determined using comparable company analysis and recent capital seeding rounds.
- Contingent consideration is payable with respect to the group's acquisition of the energy cane business from GranBio Investimentos SA in the year ended 30 September 2022. The fair value of the contingent consideration payable is determined using valuation techniques such as discounted cashflow models. Assumptions are based upon agreed royalty rates payable on forecasted revenues to be earned by the group until 30 June 2034, together with estimated discount rate and growth rate assumptions.

Condensed notes to the consolidated interim financial statements continued

18 Capital commitments

The group had contractual obligations to purchase plant and equipment for $7.827 million at 31 March 2024 (31 March 2023: $16.239 million).

The group has agreed to make capital contributions in proportion to its interest in the Leshan Nong Fu Trading Co., Ltd joint venture to make up any losses if required, up to a maximum of RMB 35 million. The outstanding commitment is RMB 28 million ($5.957 million). For further information refer to Note 11.

19 Contingencies

In the ordinary course of business, obligations may arise in the future due to 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, a future liability cannot be determined due to significant 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 in the future.

20 Subsequent events

On 15 April 2024 a distribution was paid by Nufarm Finance (NZ) on the Nufarm step-up securities. The distribution rate (annualised) was 8.32% resulting in a gross distribution of $10.413 million.

An interim dividend of 4 cents per share, totalling $15.287 million, was declared on 23 May 2024 and will be paid on 14 June 2024.

Other than noted above, no matters or circumstances have arisen in the interval between 31 March 2024 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

1 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 2024 and of its performance for the six months ended on that date; and

(ii) complying with Australian Accounting Standards including AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

(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:

John Gillam
Director

Greg Hunt
Director

Dated at Melbourne this 23rd day of May 2024

Independent Auditor's Review Report

To the shareholders of Nufarm Limited,

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 2024 and of its performance for the ***Interim Period*** 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:

- Condensed consolidated balance sheet as at 31 March 2024
- 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 Interim Period ended on that date
- Notes 1 to 20 comprising material accounting policies and other explanatory information
- The Directors' declaration.

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

The ***Interim Period*** is the six months ended on 31 March 2024.

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 Company 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.

KPMG

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 Company's financial position as at 31 March 2024 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period 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

KPMG

Vicky Carlson

Partner

Melbourne

23 May 2024