

ASX Announcement

21 May 2025

1H25 Result and Review of Seed Technologies

Highlights

- Statutory net profit after tax (NPAT) of \$29.8m
- Strong recovery in crop protection profits, with uEBIT +34% on pcp
- Solid performance in hybrid seeds
- Concluded successful crop year for carinata
- Challenging market conditions negatively impacted omega-3

Group Performance

Statutory NPAT was \$29.8 million. Profit in the prior corresponding period (pcp) was \$49.2 million and benefited from the one-off recognition of deferred tax assets. Underlying NPAT was \$38.5m, down 24% on the pcp. We reported underlying EBIT of \$102.7m which was 15% below the pcp, with the fall largely due to weakness in omega-3 oils and higher overhead costs. There will be no interim dividend.

Net working capital (NWC) was 6% below the pcp, reflecting progress in improving working capital efficiency. The average NWC to sales ratio, measured on a rolling twelve-month basis, was 39% which was a 792bps reduction on the prior year. Continued progress in reducing inventory as well as effective management of receivables and payables have brought average NWC to sales to within the target range of between 35% and 40%.

Leverage was 4.5 times, due to lower rolling twelve-month earnings and an increase in net debt. We finished the period with net debt of \$1.4b. Net debt was higher than the pcp partly due to investing cash flows over the prior 12 months as we undertook significant investment in our manufacturing operations and both in our Crop Protection and Seed Technologies product development pipelines.

Crop Protection

We reported strong growth in underlying EBITDA and underlying EBIT compared with the pcp. Following a challenging period, the industry moved to more normal levels of competition. All regions grew volumes and benefited from greater stability in active ingredient pricing which improved margins. Our crop protection segments reported a 34% increase in EBIT compared with the pcp.

In Europe, we reported revenue of \$475 million, which was 17% above the pcp. Underlying EBIT increased 96% on the pcp to \$43.0 million. Europe's result displays a strong recovery on the prior year with volumes reflecting more normal trading conditions and the impact of industry-wide destocking having largely worked through.

In APAC we reported revenue of \$462 million, which was growth of 1% on the pcp. Underlying EBIT increased 34% to \$56.2 million. In Australia, dry conditions negatively impacted sales. We recorded strong revenue and earnings growth in Indonesia, with favourable seasonal conditions.

In North America revenue was 2% below the pcp at \$624 million. Underlying EBIT of \$27.3 million was 10% below the pcp. While our business in North America has taken longer to normalise than other regions, we achieved volume growth and improved cash flow, as we finished the period with lower inventory and a lower net working capital position than the pcp.

We achieved several important milestones in our pipeline of new products. We announced an agreement with KingAgroot for the development of a new, proprietary, non-selective herbicide for the Australian market. The active ingredient has shown promising results as a broad-spectrum herbicide and has the potential to be an important tool for Australian farmers as it controls several key hard-to-kill weeds. We have registered Joust (Prothioconazole) in all EU countries and have also seen additional registrations of Simpelli (Spinosad) in Europe. In North America we have received registrations of Droptec – our proprietary dual salt 2,4-D product as well as several other key herbicides. In Australia we entered a collaboration with Hort Innovation on the development and launch of a precision application robotic sprayer manufactured by Kilter.

Seed Technologies

Seed Technologies reported revenue of \$249 million and underlying EBIT of \$15.9 million, a 71% decline on the pcp. The decline in EBIT on the prior year was due to lower licensing revenues, lower margins in omega-3 and lower canola revenues in Australia.

We had solid performances from canola, sorghum and sunflower seeds. Drier conditions in Australia negatively impacted sales of canola. Sorghum and sunflower were broadly in line with the prior year.

A significant fall in fish oil prices negatively impacted margins for omega-3. Following the approval of Aquaterra® products for use in Norway we continued to move forward with broad industry support and 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.

We continued to advance on multiple fronts in bioenergy. In carinata we concluded a successful crop year in South America, with expanded production across Argentina, Uruguay and Brazil. The 2024 South American crop harvest is in the process of being shipped to Europe for crush and sales with our partners. We achieved additional carinata certifications and renewals which build the greenhouse gas (GHG) value of our carinata. We announced research and development agreements with bp and Unilever for the development of Biomass Oil for use in bioenergy and FMCG. Biomass Oil is an exciting new technology developed by Australia's CSIRO which aims to increase the oil content of plants. Our initial R&D focus is on the use of that technology in sorghum and sugar cane.

Seed Technologies Review

In parallel with its result today, Nufarm announces a review of Seed Technologies. Seed Technologies is a unique portfolio of scale comprising an established and highly profitable hybrid seeds platform, two global, large scale 'ready now' technologies in commercial ramp-up and a pipeline of emerging technologies.

We believe that there are potentially significant opportunities for enhancing value across these multiple seeds and traits platforms and that now is the right time to explore ownership structures to support and accelerate the next stage of commercialisation. As a result, the company is undertaking a review encompassing whole of business and platform by platform approaches to maximising value. UBS has been engaged to assist with this review. At this stage no options are being ruled in or out. There is no certainty that this process will lead to a transaction. We will report to the market as appropriate.

Outlook¹

We believe that we are well positioned, however, remain conscious that market, trade policy and weather conditions could impact the second half.

If the current weakness in fish oil pricing continues to hold, we expect EBITDA from Seed Technologies for the second half to be circa \$20m below the prior year. Due to lower than anticipated fish oil prices, we no longer expect to achieve \$100m of omega-3 revenue in FY25. We are currently assessing options for managing omega-3 inventory.

We saw a good improvement in Crop Protection in the first half. However, several uncertainties make it difficult to project the second half. The US tariff situation creates uncertainty with respect to supply, demand and pricing outcomes. We benefited from favourable seasonal conditions in the first half in Europe and continuation of current dry conditions in Australia would negatively impact second half.

Management remains focused on reducing costs and improving return on funds employed. We are on track to deliver a 25-day year on year reduction in inventory, excluding the impact of omega-3. We are on track to deliver \$50m in run rate annualised cost savings by end FY25.

Additional details about Nufarm's results are included in the company's appendix 4D, investor presentation slides and webcast, all of which can be found on Nufarm's website www.nufarm.com.

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About Nufarm

Nufarm is a global crop protection and seed technologies company that helps farmers and businesses meet the global challenges of food, feed, fibre and sustainable fuel production. Nufarm brings its proven agility, innovation capabilities and partnerships to help its customers in a rapidly changing world.

Established over 100 years ago, it is listed on the Australian Securities Exchange (ASX:NUF) with its head office in Melbourne, Australia. Nufarm is the first company to develop and commercialise plant based omega-3 and has developed and commercialised advanced bioenergy feedstock technology.

1. Forward looking statements reflect Nufarm's expectations at the date of this release and are based on information and assumptions known to date. They are subject to risks and uncertainties including as outlined in more detail in our 2024 Annual Report. Actual results may be significantly different to those expressed.