ASX Limited
Market Announcements Office
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

22 May 2024

Dear Sir / Madam

Namoi Cotton Limited (ASX: NAM) – off-market takeover offer from Louis Dreyfus Company Melbourne Holdings Pty Ltd – lodgement of Target's Statement

We attach, as required by item 14 of section 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a copy of the target's statement (**Target's Statement**) of Namoi Cotton Limited (ACN 010 485 588) (**Namoi**) in response to the off-market takeover bid by Louis Dreyfus Company Melbourne Holdings Pty Ltd (ACN 161 877 185) (**LDC**) for all of the fully paid ordinary shares in Namoi which LDC (or its related entities) do not currently own or control (**LDC Offer**). The Target's Statement includes an Independent Expert Report prepared by BDO Corporate Finance Ltd in relation to the LDC Offer.

The Target's Statement has been sent to LDC and lodged with the Australian Securities and Investments Commission today.

In accordance with section 110D and item 12 of section 633(1) of the Corporations Act, the Target's Statement will be despatched to Namoi shareholders today by the following means:

(a) Namoi shareholders who have nominated an email address for the purposes of receiving electronic communications from Namoi will receive an email with a communication providing a link to an electronic copy of the Target's Statement; and

(b) Namoi shareholders who have not nominated an email address for the purposes of receiving electronic communications from Namoi and Namoi shareholders who have validly elected to receive hard copies of shareholder communications, will receive a letter from Namoi to their registered postal address, which will contain details of a link to an electronic copy of the Target's Statement.

Namoi shareholders may also request a hard copy of the Target's Statement be sent to them (if in Australia, by pre-paid ordinary post or by courier, or, if outside Australia, by pre-paid airmail post or by courier) by contacting the Namoi Shareholder Information Line on 1300 265 118 (within Australia) or +61 3 9415 4151 (outside Australia) Monday to Friday between 8:30am to 5:00pm (Sydney time) on a business day.

This announcement was approved and authorised for release by the Independent Directors[1] of Namoi.

For further information, please contact:

Namoi Cotton Limited
Tim Watson
Executive Chairman
(07) 4631 6100

[1] Sarah Scales, LDC's appointed representative to the Namoi Board, will abstain from making a recommendation to shareholders due to her association with LDC.

TARGET'S STATEMENT
LDC Offer

This Target's Statement has been issued by Namoi Cotton Limited (ACN 010 485 588) (**Namoi**) in response to the off-market takeover bid made by Louis Dreyfus Company Melbourne Holdings Pty Ltd (ACN 161 877 185) (**LDC**) to acquire all of the Namoi Shares the LDC Group does not already own for $0.67 cash per Namoi Share.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to its contents, you should contact your financial, tax or other professional adviser.

If you have any questions in relation to the Offer you can contact the Namoi Shareholder Information Line on 1300 265 118 (within Australia) or +61 3 9415 4151 (outside Australia) which is available Monday to Friday, between 8.30am to 5.00pm (Sydney time) on a Business Day.

REJECT

THE LDC OFFER

Your Independent Directors unanimously recommend that you **REJECT** the Offer from Louis Dreyfus Company Melbourne Holdings Pty Ltd and **DO NOTHING** in relation to any documents received from LDC

Financial Adviser

blackpeak capital

Legal Adviser

KING & WOOD MALLESONS

Important notices

This document is the Target's Statement dated 22 May 2024 given by Namoi under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given in response to the replacement Bidder's Statement dated 7 May 2024 (as supplemented by the second supplementary bidder's statement dated 10 May 2024) which LDC served on Namoi on 7 May 2024 in relation to the Offer by LDC to acquire all of your Namoi Shares. The purpose of this Target's Statement is to provide you, as a Namoi Shareholder, with information in response to the Bidder's Statement to assist you in your decision as to whether or not to accept the Offer.

You should read this Target's Statement in its entirety before making a decision as to whether or not to accept the Offer for your Namoi Shares.

Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Target's Statement have the meanings set out in the glossary in Section 9.1. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

Section 9.2 sets out some rules of interpretation which apply to this Target's Statement.

Unless otherwise specified, all references to $, A$, AUD and cents are references to Australian currency.

All references to times in this Target's Statement are references to time in Sydney, unless otherwise stated.

No account of personal circumstances

This Target's Statement and the recommendations and other information contained in it do not constitute financial product advice and should not be taken as personal financial or taxation advice, as each Namoi Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

You should seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Namoi Shares.

Disclaimer regarding forward looking statements

This Target's Statement contains forward looking statements. Forward looking statements generally relate to future events or future financial or operating performance. In some cases, you can identify forward looking statements because they contain words such as "aim", "may", "might", "will", "likely", "shall", "should", "expects", "foresee", "plans", "anticipates", "could", "is confident", "intends", "target", "projects", "contemplates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these words or other similar terms or expressions that convey expectations, strategy, plans or intentions.

You should be aware that such statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Namoi to be materially different from future results, performance or achievements expressed or implied by those statements. Those risks and uncertainties include factors and risks specific to the industry in which Namoi operates as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Namoi, Namoi Group, any of its officers or employees, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation, warranty, assurance or guarantee (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, Namoi and its officers disclaim any obligation or undertaking to update or revise any forward looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 22 May 2024. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Disclaimer as to information about LDC

The information in this Target's Statement about LDC has been compiled from or is otherwise based on information obtained from publicly available sources and has not been independently audited or verified by Namoi or its advisers. Accordingly, Namoi does not, subject to the Corporations Act, make any representation or warranty (either express or implied), as to the accuracy or completeness of such information. If the information obtained or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Investment advice

The information contained in this Target's Statement does not constitute financial product advice. In preparing this Target's Statement, Namoi has not taken into account the investment objectives, financial or tax situation or particular needs of individual Namoi Shareholders. It is important that you consider the information in this Target's Statement in its entirety and in light of your particular circumstances. You should seek advice from your financial, legal, taxation or other professional adviser regarding your particular circumstances and the Offer or if you are in doubt as to the contents of this Target's Statement and whether or not to accept the Offer for your Namoi Shares.

Charts, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement. A number of amounts, percentages, prices, estimates and other figures in this Target's Statement are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in this Target's Statement.

Not an offer

This Target's Statement does not constitute or contain an offer to Namoi Shareholders, or a solicitation of an offer from Namoi Shareholders, in any jurisdiction.

Websites

The content of Namoi's website does not form part of this Target's Statement and Namoi Shareholders should not rely on website content.

Information contained in, or otherwise accessible from, those websites does not form part of this Target's Statement.

Privacy

Namoi has collected your information from the Namoi Share Registry for the purpose of providing you with this Target's Statement. The type of information Namoi has collected about you includes your name, contact details and information on your shareholding in Namoi. Without this information, Namoi would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Namoi's Related Bodies Corporate and external service providers (such as the Namoi Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

If you would like details of information about you held by Namoi, please contact Namoi's Share Registry at privacy@computershare.com.au.

Or write to:

Privacy Officer
Computershare Investor Service
Yarra Falls, 452 Johnston Street
Abbotsford, VIC 3067

Namoi's privacy policy is available at https://www.namoicotton.com.au/wp-content/uploads/NAM-PP-002-Namoi_Cotton_Group_-_Privacy_Policy.pdf

The registered address of Namoi is 259 Ruthven Street, Toowoomba QLD 4350.

Namoi Shareholder Information Line

Namoi has established a Namoi Shareholder Information Line which Namoi Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Namoi Shareholder Information Line is:

- 1300 265 118 (within Australia); or
- +61 3 9415 4151 (outside Australia),

which is available Monday to Friday between 8.30am and 5.00pm (Sydney time) on a Business Day.

Further information relating to the Offer can be obtained from Namoi's website at https://www.namoicotton.com.au/takeover/

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Key dates

Announcement of Offer	**29 April 2024**
Date of original Bidder's Statement	**30 April 2024**
Date of replacement Bidder's Statement	**7 May 2024**
Completion of despatch of Bidder's Statement	**7 May 2024**
Date of Offer	**7 May 2024**
Date of this Target's Statement	**22 May 2024**
Date for notice of status of Conditions	**31 May 2024**
Scheduled close of Offer Period (unless withdrawn or extended)	**7.00pm (Sydney time) on 7 June 2024**

Note: the closing date for the Offer may change as permitted by the Corporations Act.

Executive Chairman's Letter

22 May 2024

Dear Namoi Shareholder

REJECT THE OFF-MARKET TAKEOVER OFFER FROM LDC

You should have recently received a Bidder's Statement from LDC in relation to its off-market takeover offer to acquire all of your shares in Namoi.

Recommendation

Your Independent Directors have carefully considered the Offer. Your Independent Directors unanimously recommend that you **REJECT** the Offer. At the date of this Target's Statement, each Independent Director who holds or controls Namoi Shares intends to **REJECT** the Offer in respect of those Namoi Shares.

Background to Offer

On 19 January 2024, Namoi announced it had entered into a binding Scheme Implementation Agreement with Louis Dreyfus Company Asia Pte. Ltd. (**LDCA**) under which it agreed that LDCA (or, if applicable, a nominee of LDCA) would acquire all the Namoi Shares, it did not already own, via a scheme of arrangement for consideration of $0.51 per Namoi Share (*inclusive* of the $0.01 Namoi Permitted Special Dividend).

On 21 March 2024, Namoi announced it had received a non-binding indicative offer from Olam Holdings to acquire 100% of the Namoi Shares on issue either by way of a scheme of arrangement for a total cash consideration of $0.59 per Namoi Share or by way of off-market takeover bid for a total cash consideration of $0.57 per Namoi Share (both *inclusive* of the $0.01 Namoi Permitted Special Dividend).

On 29 April 2024, Namoi received a letter from LDC outlining the terms for a proposed off-market takeover offer in relation to Namoi. LDC and Namoi subsequently terminated the existing Scheme Implementation Agreement and entered into an agreement to facilitate the Offer from LDC (**Offer Agreement**). On 30 April 2024, LDC lodged with ASIC and served on Namoi a copy of the Bidder's Statement, which contains the Offer to Namoi Shareholders to acquire all of your Namoi Shares, including any Rights attaching to those Namoi Shares for a total cash consideration of $0.60 per Namoi Share (*exclusive* of the $0.01 Namoi Permitted Special Dividend).

On 2 May 2024, Olam Holdings announced an intention to make an off-market takeover offer to acquire 100% of the Namoi Shares on issue for total cash consideration of $0.66 per Namoi Share, increasing to $0.70 per Namoi Share if Olam Holdings obtained a Relevant Interest in at least 90% of the Namoi Shares on issue before the end of the Olam Takeover Offer period (both *exclusive* of the $0.01 Namoi Permitted Special Dividend).

On 6 May 2024 (after market close), Namoi received a letter from LDC increasing its off-market takeover offer to $0.67 per Namoi Share (*exclusive* of the $0.01 Namoi Permitted Special Dividend), which was announced on ASX 7 May 2024. On 7 May 2024, LDC lodged with ASIC and served on Namoi a copy of the first supplementary Bidder's Statement and replacement Bidder's Statement in relation to this updated Offer.

On 8 May 2024, Olam (a wholly owned subsidiary of Olam Holdings) announced an intention to make an off-market takeover offer to acquire 100% of the Namoi Shares on issue for total cash consideration of $0.70 per Namoi Share (*exclusive* of the $0.01 Namoi Permitted Special Dividend), which is higher than the Offer Price. On 9 May 2024, Olam lodged with ASIC and served on Namoi a copy of the bidder's statement in relation to this updated offer. On 16 May 2024, Olam lodged with ASIC and served on Namoi a copy of the first supplementary Bidder's Statement and replacement Bidder's Statement in relation the Olam Takeover Offer.

The Independent Directors recommend you **REJECT** the Offer for the reasons set out below.

As outlined above and as disclosed on the ASX, Namoi Shareholders should note that Olam has made the Olam Takeover Offer. **Namoi will lodge a separate target's statement in response to the Olam Takeover Offer in due course.**

No current STAM Support

Namoi's largest shareholder, Samuel Terry Asset Management Pty Ltd (as trustee for Samual Terry Absolute Return Group), who holds a 25.0% shareholding interest in Namoi, has indicated that it supports the Olam Takeover Offer and that it intends to accept the Olam Takeover Offer in respect of all the Namoi Shares that it holds as at the date of acceptance in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Olam Takeover Offer is fair and reasonable to Namoi Shareholders.

Independent Expert's Report

This Target's Statement includes an Independent Expert's Report from BDO Corporate Finance Ltd as Annexure A. The Independent Expert has concluded that the Offer is neither fair nor reasonable to Namoi Shareholders as at the date of the Independent Expert's Report.

Reasons for the Independent Directors' recommendation

The key reasons why your Independent Directors recommend you **REJECT** the Offer are:

1.	The Offer undervalues your Namoi Shares in comparison to the Olam Takeover Offer Price
2.	Namoi Shares have consistently traded on ASX above the Offer Price of $0.67 per Namoi Share since the Offer was announced
3.	The Independent Expert determined the Offer is neither fair nor reasonable to Namoi Shareholders as at the date of the Independent Expert's Report
4.	If you accept the Offer, you may not be able to participate in the Olam Takeover Offer, or any superior proposal that may emerge
5.	The Offer does not currently have support from Namoi's largest shareholder, STAM
6.	The Offer, while subject to a limited number of Conditions, is still conditional

Each Independent Director who holds or controls Namoi Shares intends to **REJECT** the Offer in relation to those Namoi Shares.

How to REJECT the Offer

To **REJECT** the Offer, you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by LDC.

Enquiries

If you have any queries in relation to this Target's Statement or the Offer, you can call the Namoi Shareholder Information Line on 1300 265 118 (within Australia) or +61 3 9415 4151 (outside Australia) which is available Monday to Friday between 8.30am to 5.00pm (Sydney time) on a Business Day.

We will update Namoi Shareholders with any material developments in relation to the Offer.

Yours sincerely

Tim Watson
Executive Chair
Namoi Cotton Limited

How to REJECT the Offer

1. To **REJECT** the Offer, **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by LDC.

2. You should read this Target's Statement which contains your Independent Directors' recommendation to **REJECT** the Offer and the reasons for this recommendation and consult with your investment, financial, taxation or other professional adviser if in doubt about what to do.

3. If you have any queries in relation to the Offer, please contact the Namoi Shareholder Information Line on 1300 265 118 or +61 3 9415 4151 (outside Australia) which is available Monday to Friday between 8.30am and 5.00pm (Sydney time) on a Business Day.

Namoi Shareholders are encouraged to ensure that their contact details such as email, home address, TFN or ABN and banking instructions are up to date.

You can review your shareholder information either online at:

- **https://www.computershare.com.au/easyupdate/nam; or**
- **by calling the Namoi Shareholder Information Line on:**

  1300 265 118 (within Australia); or

  +61 3 9415 4151 (outside Australia),

  between 8.30am and 5.00pm (Sydney time) on a Business Day.

Independent Directors' recommendation and intention to REJECT the Offer

Independent Directors of Namoi

The Independent Directors as at the date of this Target's Statement are:

- Mr Tim Watson, Executive Chair;
- Mr James Davies, STAM[1] nominee Non-executive Director;
- Mr Robert Green, Independent Non-executive Director;
- Ms Juanita Hamparsum, Independent Non-executive Director; and
- Mr Ian Wilton, Independent Non-executive Director.

Sarah Scales, LDC's appointed nominee to the Namoi Board, is abstaining from making a recommendation to Namoi Shareholders due to her association with LDC.

Recommendations and intentions

In assessing the Offer, your Independent Directors have had regard to a number of considerations, including the information set out in this Target's Statement and the Bidder's Statement.

Each of your Independent Directors recommends that you REJECT the Offer

Although the Independent Directors recommend that you REJECT the Offer, Namoi Shareholders should be aware that if they were to accept the Olam Takeover Offer (and the Olam FIRB Condition were to be satisfied) they will be unable to withdraw their acceptance of the Olam Takeover Offer unless a withdrawal right exists or arises under the Corporations Act. Namoi will lodge a separate target's statement in response to the Olam Takeover Offer in due course.

This means that if LDC were to increase the Offer Price such that it were to become a superior offer, after a Namoi Shareholder has already accepted the Olam Takeover Offer (and the Olam FIRB Condition has been satisfied), that Namoi Shareholder would not be able to accept the Offer.

Each of your Independent Directors who, as at the date of this Target's Statement, hold or control Namoi Shares intends to REJECT the Offer in relation to those Namoi Shares. Refer to Section 8.1(a) for more information on the respective Namoi shareholdings of your Independent Directors.

To reject the offer, you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by LDC.

As noted above, Namoi will lodge a separate target's statement in response to the Olam Takeover Offer in due course.

[1] Samuel Terry Asset Management Pty Ltd (as trustee for Samuel Terry Absolute Return Group).

1 Reasons to REJECT the Offer

1.	The Offer undervalues your Namoi Shares in comparison to the Olam Takeover Offer Price
2.	Namoi Shares have consistently traded on ASX above the Offer Price of $0.67 per Namoi Share since the Offer was announced
3.	The Independent Expert determined the Offer is neither fair nor reasonable to Namoi Shareholders as at the date of the Independent Expert's Report
4.	If you accept the Offer, you may not be able to participate in the Olam Takeover Offer, or any superior proposal that may emerge
5.	The Independent Directors unanimously recommend that you REJECT the Offer
6.	The Offer does not currently have support from Namoi's largest shareholder, STAM
7.	The Offer, while subject to a limited number of Conditions, is still conditional

1.1 The Offer undervalues your Namoi Shares in comparison to the Olam Takeover Offer Price

Having regard to the Olam Takeover Offer Price, the Offer undervalues your Namoi Shares.

The Offer offers Namoi Shareholders $0.67 per Namoi Share which is less than the amount available under the Olam Takeover Offer, which is $0.70 per Namoi Share. In comparison to the Olam Takeover Offer Price the Offer Price represents a discount of $0.03 per Namoi Share.

1.2 Namoi Shares have consistently traded on ASX above the Offer Price of $0.67 per Namoi Share since the Offer was announced

Since an increase to the Offer Price was announced on 7 May 2024, Namoi Shares have consistently traded above $0.67. As at the close of business on 17 May 2024, being the Last Practicable Date, Namoi Shares were trading at $0.71, which is $0.04 above the Offer Price.

In light of this it may be possible to sell Namoi Shares on market for a price greater than the Offer Price of $0.67 cash per Namoi Share (noting that Namoi Shareholders may occur brokerage costs in doing so).

1.3 The Independent Expert determined the Offer is neither fair nor reasonable to Namoi Shareholders as at the date of the Independent Expert's Report

BDO Corporate Finance Ltd was retained to provide to Namoi the Independent Expert's Report. The Independent Expert has:

a) estimated the fair market value of the Namoi Shares to be in the range of $0.42 to $0.78 per Namoi Share; and

b) in light of the Olam Takeover Offer, concluded that the Offer is neither fair nor reasonable to Namoi Shareholders as at the date of the Independent Expert's Report.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a full copy of which accompanies this Target's Statement as Annexure A. You should read this report carefully.

1.4 If you accept the Offer, you may not be able to participate in the Olam Takeover Offer, or any superior proposal that may emerge

If you accept the Offer, you may not be able to accept the Olam Takeover Offer, which provides higher consideration, or any superior proposal, should one arise.

Your Independent Directors continue to explore alternative options to maximise value for Namoi Shareholders. While there is no certainty that LDC will increase the Offer Price (or that Olam will increase the Olam Takeover Offer Price) Namoi continues to engage in discussions with LDC in relation to the Offer and with Olam in relation to the Olam Takeover Offer.

If you accept the Offer now and if the Conditions are satisfied or waived in full then you will not be able to accept the Olam Takeover Offer or any superior proposal that Olam or any other bidder (other than LDC) may make.

Your Independent Directors will advise you if there are any material developments in relation to the Offer during the Offer Period.

If you are in any doubt as to the action that you should take in relation to the Offer, you should consult a professional adviser. In particular, the tax consequences of accepting the Offer will depend upon the circumstances of individual Namoi Shareholders. You should consult your tax adviser if you need further information regarding the tax consequences of acquiring, holding or disposing of Namoi Shares.

1.5 The Independent Directors unanimously recommend that you REJECT the Offer

The Independent Directors unanimously recommend that Namoi Shareholders reject the Offer.

In reaching their recommendation, the Independent Directors have assessed the Offer having regard to the reasons to accept, or reject, the Offer (including the Olam Takeover Offer), as set out in this Target's Statement.

Each of the Independent Directors intends to reject the Offer in respect of the Namoi Shares that they own or control. If the Offer increases materially after the date of this Target's Statement, the Independent Directors will carefully reconsider the Offer and advise you of their recommendation.

1.6 The Offer does not currently have support from Namoi's largest shareholder, STAM

As at the date of this Target's Statement, Samuel Terry Asset Management Pty Ltd (as trustee for Samuel Terry Absolute Return Group) holds 51,322,235 Namoi Shares (representing 25.0% of the Namoi Shares on issue).

STAM has notified the Namoi Board in writing[2] that it is supportive of the Olam Takeover Offer and that it intends to accept the Olam Takeover Offer in respect of all the Namoi Shares that it holds as at the date of acceptance in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Olam Takeover Offer is fair and reasonable to Namoi Shareholders.

Without support from STAM it may be difficult for the Offer to reach the 50.1% Minimum Acceptance Condition (noting LDC may elect to waive this Condition).

[2] See ASX Announcement 'STAM support OLAM intention for off-market takeover offer' on 8 May 2024.

1.7 The Offer, while subject to a limited number of Conditions, is still conditional

The Offer is conditional. The Conditions include (in summary form only):

- **50.1% Minimum Acceptance Condition**: LDC acquiring a Relevant Interest in at least 50.1% (by number) of all of the Namoi Shares (on a fully diluted basis);
- **FIRB Condition**: either LDC receiving FIRB approval without conditions (or subject only to standard tax conditions), or FIRB ceasing to be empowered to make an order or decision in respect of the acquisition of the Namoi Shares;
- **ACCC Clearance Condition**: ACCC confirming to LDC that it does not intend to oppose, intervene or seek to prevent the acquisition of Namoi Shares under the Offer (on an unconditional basis); and
- **Prescribed Occurrences Condition**: none of the events listed in section 652C(1) or (2) of the Corporations Act occur during the Bid Period.

This is only a summary of the Conditions of the Offer. See Section 5.5 for further details and the views of the Independent Directors on the likelihood of the Conditions being satisfied. The Conditions are also set out in full in Section 10.14 of the Bidder's Statement.

As set out in more detail in Section 5.7(c), on 16 May 2024, the ACCC released a Statement of Issues which outlined the matters which the ACCC has identified as being of preliminary concern (or potential concern) arising from the LDC Group's proposed acquisition of all remaining Namoi Shares. The ACCC has invited public comment on the Statement of Issues and the proposed undertakings by 30 May 2024. The provisional timing for announcement of the ACCC's final decision (which may change) is 11 July 2024.

While the Offer is still subject to Conditions, there is no certainty that the Offer will become unconditional. Namoi Shareholders should note that the Olam Takeover Offer is also conditional.

2 Reasons you may choose to accept the Offer

2.1 You may hold different views to the Independent Directors and the Independent Expert

Notwithstanding the recommendation of the Independent Directors to REJECT the Offer and the conclusion of the Independent Expert that the Offer is neither fair nor reasonable to Namoi Shareholders as at the date of the Independent Expert's Report, you may hold a different view and believe that the Offer Price of ($0.67 per Namoi Share) represents fair value and/or that accepting the Offer is in your individual best interests, including on the basis that you may have concerns about the viability of the Olam Takeover Offer.

2.2 You may wish to no longer remain a Namoi Shareholder

You may wish to no longer be exposed to the future financial and operational performance of Namoi and/or may have concerns about the potential risks associated with maintaining an investment in Namoi (as set out at section 7 of this Target's Statement) and may have concerns about the viability of the Olam Takeover Offer.

2.3 You may wish to obtain cash certainty for your Namoi Shares

You may wish to realise certain value for your Namoi Shares and may have concerns about the viability of the Olam Takeover Offer.

2.4 You may hold a different view about the Conditions

Notwithstanding that the Offer is conditional, you may hold the view that the Conditions will be satisfied within a reasonable timeframe and that LDC will close the Offer in a timely manner, such that Namoi Shareholders who accept the Offer will receive the Offer Price within a reasonable timeframe.

Additionally, in LDC's second supplementary bidder's statement dated 10 May 2024, LDC advised that the LDC Group would not accept the Olam Takeover Offer with respect to any of its Namoi Shares (LDC Group's relevant interest at that time in Namoi being 16.99%, which may change to account for any acceptances received by LDC under the Offer from time to time). Accordingly, Olam may not be able to reach the threshold required for compulsory acquisition and it may be more difficult for Olam to satisfy the Olam Minimum Acceptance Condition. You may therefore hold the view that accepting the Offer is in your best interests relative to accepting the Olam Takeover Offer.

2.5 LDC's potential influence over Namoi

Even if LDC is not successful in acquiring all of the Namoi Shares it does not own, LDC may have the capacity to exert greater influence over the manner in which Namoi's business is conducted. For example:

- LDC's disclosure indicates that, as at the Last Practicable Date, it held a 16.99% interest in the Namoi Shares on issue.
- If LDC acquires a majority interest in Namoi Shares, LDC will have the power to appoint a majority of directors to the Namoi Board. If LDC is successful at appointing a majority of directors to the Namoi Board, it will be able to exercise control over Namoi Board decisions, such as on matters pertaining to company strategy and capital allocation policy.
- If LDC were to acquire a Relevant Interest in 75% or more of Namoi Shares, it would be in a position to cast the votes required to determine the outcome of a special resolution. The ability to pass a special resolution would enable LDC to, among other things, amend Namoi's Constitution without the need for support from other Namoi Shareholders.

3 Frequently asked questions

This Section answers some commonly asked questions in relation to the Offer. It is not intended to address all relevant issues for Namoi Shareholders. This Section should be read together with the rest of this Target's Statement.

#	Question	Answer	Further information
3.1	**Information about the Offer**		
a)	**What is this Target's Statement?**	This Target's Statement has been prepared by Namoi and provides Namoi's response to the Bidder's Statement to help you decide whether to accept or reject the Offer, including the recommendation of your Independent Directors to REJECT the Offer.	N/A
b)	**What is the Bidder's Statement?**	The Bidder's Statement is the document setting out the terms of the Offer. LDC lodged the Bidder's Statement with ASIC on 7 May 2024 and served it on Namoi on the same date. The Bidder's Statement was sent to Namoi Shareholders on 7 May 2024.	N/A
c)	**Who is LDC?**	LDC is making the Offer. LDC is a wholly owned Subsidiary of Louis Dreyfus Company B.V. (**LDC B.V.**), a company incorporated in the Netherlands. LDC B.V. and its Subsidiaries (collectively, the **LDC Group**) is a leading merchant and processor of agricultural goods. The LDC Group's activities span the entire value chain across a broad range of business lines (platforms). Since its inception in 1851, the LDC Group's portfolio has grown and as of 31 December 2023, included carbon solutions, coffee, cotton, food & feed solutions, freight, global markets, grains & oilseeds, juice, rice and sugar. The LDC Group is active in over 100 countries across six geographical regions and employs approximately 18,000 people globally. The LDC Group has had an active involvement in Australian agriculture for more than 110 years, and today its core business in the country is cotton and grain.	Section 5.1
d)	**Does LDC currently hold any Namoi Shares?**	The LDC Group has a Relevant Interest in 34,888,978 Namoi Shares, which represents approximately 16.99% of the total number of Namoi Shares on issue as at the date of this Target's Statement. As at the date of this Target's Statement, LDC's Voting Power in Namoi is approximately 16.99%.	Section 5.2
e)	**What is LDC offering for my Namoi Shares under the Offer?**	LDC is offering $0.67 cash per Namoi Share that you hold.	Section 5.4(b)

#	Question	Answer	Further information
f)	**When does the Offer Period open?**	The Offer Period is open for acceptance from 7 May 2024.	Section 5.4(c)
g)	**When does the Offer close?**	The Offer is currently scheduled to close at 7.00pm (Sydney time) on 7 June 2024, unless extended or withdrawn in accordance with the Corporations Act. Your Independent Directors will keep you informed if there are any material developments in relation to the Offer. If you wish to follow the Independent Directors' recommendation and REJECT the Offer you do not need to do anything.	Section 5.4(c)
h)	**Who may accept the Offer?**	Any person who is capable of, during the Offer Period, giving good title to a parcel of Namoi Shares that: • are on issue as at the Register Date; or • are issued or come into existence before the end of the Offer Period as a result of the vesting of and conversion of the Namoi Performance Rights; and • has not already accepted an offer for those Namoi Shares. However, the Independent Directors unanimously recommend that you REJECT the Offer.	Section 5.4(g)
i)	**Can LDC extend the closing date of the Offer?**	Yes. LDC can extend the Offer in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. However, the Offer Period cannot exceed 12 months.	Section 5.4(d)
3.2	**The recommendation of your Independent Directors**		
a)	**What is the recommendation of your Independent Directors?**	Your Independent Directors unanimously recommend that you REJECT the Offer. To follow your Independent Directors' recommendation, you should do nothing. If there is a change in this recommendation or any material developments in relation to the Offer, Namoi will lodge a supplementary target's statement.	Page 2 and Section 1
b)	**Why do your Independent Directors recommend you REJECT the Offer?**	The key reasons why your Independent Directors recommend you REJECT the Offer are: • The Offer undervalues your Namoi Shares in comparison to the Olam Takeover Offer Price • Namoi Shares have consistently traded on ASX above the Offer Price of $0.67 per Namoi Share since the Offer was announced • The Independent Expert determined the Offer is neither fair nor reasonable to Namoi Shareholders as at the date of the Independent Expert's Report	Section 1

#	Question	Answer	Further information
		• If you accept the Offer, you may not be able to participate in the Olam Takeover Offer, or any superior proposal that may emerge • The Offer does not currently have support from Namoi's largest shareholder, STAM • The Offer, while subject to a limited number of Conditions, is still conditional	
c)	**What do your Independent Directors intend to do with their own Namoi Shares?**	Each Independent Director who holds or controls Namoi Shares intends to REJECT the Offer in respect of those Namoi Shares.	Section 8.1
d)	**What will happen if a superior proposal emerges?**	Your Independent Directors will carefully consider any competing or superior proposal and will advise Namoi Shareholders accordingly.	Section 7.2(b)
e)	**What does the Independent Expert say?**	The Independent Expert has concluded that the Offer is neither fair nor reasonable as at the date of the Independent Expert's Report. The Independent Expert's Report accompanies this Target's Statement as Annexure A.	Annexure A
3.3	**Your choices as a Namoi Shareholder**		
a)	**What choices do I have as a Namoi Shareholder?**	As a Namoi Shareholder, you have 3 choices available: **1. REJECT the Offer and do nothing** and remain a Namoi Shareholder (unless your Namoi Shares are Compulsorily Acquired) in line with the Independent Directors' unanimous recommendation to REJECT the Offer. If you agree with the Independent Directors' recommendation to REJECT the Offer then do not fill in or return any of the Offer documentation. Ignore all correspondence, documents and communications received from LDC. You are not required to do anything. **2. Accept the Offer for some or all of your Namoi Shares**. If you disagree with the Independent Directors' recommendation you may choose to accept the Offer. In which case you should follow the instructions in the Bidder's Statement. Once you accept the Offer, you may only validly revoke or withdraw your acceptance in limited circumstances (see Section 5.10). **3. Sell your Namoi Shares on ASX** (unless you have already accepted the Offer and have not validly revoked or withdrawn your acceptance	Section 4

#	Question	Answer	Further information
		as permitted in limited circumstances (see Section 5.10)) which may be at a higher or lower price than the Offer Price. If you wish to sell your Namoi Shares on ASX, you should not accept the Offer and should instruct your Broker at the time you wish to sell. If you are in any doubt as to what to do, you should seek independent financial and taxation advice from your professional advisers. Namoi Shareholders should carefully consider the Independent Directors' recommendation and other important information set out in this Target's Statement.	
b)	**What happens if I do nothing?**	You will remain a Namoi Shareholder. However, if LDC acquires 90% or more of Namoi Shares, LDC has stated that it intends to Compulsorily Acquire your Namoi Shares. If LDC acquires between 50% and 90% of Namoi Shares under the Offer and all of the Conditions of the Offer are satisfied or waived, you will become a minority shareholder of Namoi.	Sections 5.11, 5.12 and 7.3
c)	**How do I reject the Offer?**	To reject the Offer, you should do nothing. You should take no action in relation to all documents from LDC regarding the Offer.	Section 4
d)	**How do I accept the Offer?**	To accept the Offer, you should refer to Section 10.3 of the Bidder's Statement for instructions on how to do so. However, the Independent Directors unanimously recommend that you REJECT the Offer.	Section 4
e)	**What are the risks of rejecting the Offer?**	If you reject the Offer you will continue to hold Namoi Shares and your investment will remain subject to the risks associated with Namoi.	Section 7.3
f)	**What happens if LDC increases the Offer Price?**	If LDC increases the Offer Price, all Namoi Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive the increased Offer Price if they accept the Offer and it becomes unconditional.	Section 4
g)	**What are the consequences of accepting the Offer now?**	If you accept the Offer, you will, subject to your right to revoke or withdraw your acceptance of the Offer in limited circumstances (see Section 5.10): • limit your right to sell your Namoi Shares on ASX (or any other trading platform) or otherwise deal with your Namoi Shares while the Offer remains open (this may prevent you from accepting any superior proposal, if such an offer were to emerge); and • relinquish control of your Namoi Shares with no guarantee of receiving the Offer Price until if and when the Offer becomes unconditional. Although the Independent Directors recommend Namoi Shareholders REJECT the Offer, Namoi	Section 5.8

#	Question	Answer	Further information
		Shareholders should be aware that if they were to accept the Olam Takeover Offer (and the Olam FIRB Condition were to be satisfied) they would be unable to withdraw their acceptance of the Olam Takeover Offer unless a withdrawal right exists or arises under the Corporations Act. This means that if LDC were to increase the Offer Price such that it were to become a superior offer, after a Namoi Shareholder has already accepted the Olam Takeover Offer (and the FIRB Condition had been satisfied), that Namoi Shareholder would not be able to accept the Offer. Namoi will lodge a separate Target's Statement in response to the Olam Takeover Offer in due course. The effect of accepting the Offer is set out in Section 10.7 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise rights attaching to your Namoi Shares and the representations and warranties which you make if you accept the Offer. It is uncertain when, if ever, the Offer will become unconditional.	
h)	**What should I do?**	To follow the Independent Directors' recommendation to reject the Offer, you should do nothing. Do not fill in or return any of the Offer documentation. Ignore all correspondence, documents and communications received from LDC. You may wish to seek independent financial and taxation advice from your professional adviser in relation to the action that you should take in relation to the Offer and your Namoi Shares.	N/A
i)	**Can I accept the Offer for only some of my Namoi Shares?**	Yes. You may accept the Offer for all or some of your Namoi Shares. If you accept the Offer for some of your Namoi Shares, you may still accept the Offer for all or part of the balance of your Namoi Shares at any time during the Offer Period, as if an offer in the form of the Offer had been made to you in respect of the balance of your Namoi Shares.	Section 5.4
j)	**If I accept, can I later change my decision and revoke or withdraw my acceptance?**	Once you have accepted the Offer, you will be able to revoke your acceptance at any time while the FIRB Condition has not been fulfilled (or waived). Once the FIRB Condition has been fulfilled (or waived), you will only be permitted to withdraw your acceptance if the Offer lapses without becoming unconditional or the Offer is varied by LDC in a way that extends the Offer Period and postpones LDC's obligations to pay the Offer Price by more than one month and the Offer is still subject to one or more Conditions.	Section 5.10

#	Question	Answer	Further information
		Section 10.7(d) of the Bidder's Statement describes in more detail the circumstances in which Namoi Shareholders may validly withdraw their acceptance.	
k)	**When will I be paid if I accept the Offer?**	If you accept the Offer, and the Offer becomes unconditional, you will have to wait until the earlier of: • 10 Business Days after the later of (i) receipt of your valid acceptance or (ii) the date on which the Offer becomes unconditional; and • 10 Business Days after the end of the Offer Period. It is uncertain when, if ever, the Offer will become unconditional.	Section 5.4(b)
l)	**Can I be forced to sell my Namoi Shares?**	You cannot be forced to sell your Namoi Shares unless LDC is legally entitled to proceed to Compulsory Acquisition of the Namoi Shares. If LDC obtains more than 90% Voting Power in Namoi, then (subject to satisfaction of various legal requirements) LDC will be entitled to proceed to Compulsory Acquisition of Namoi Shares held by Namoi Shareholders who did not accept the Offer, in which case you will receive the same consideration as the Offer Price, but it will take longer for you to receive your Offer Price.	Section 5.11
m)	**During the period of the Offer, can I sell my Namoi Shares on ASX?**	Yes, unless you have accepted the Offer in respect of those Namoi Shares and have not validly revoked or withdrawn your acceptance (see Section 5.10). If you sell your Namoi Shares on market: • you will not benefit from any possible increase in the value of Namoi Shares; and • you will not benefit from any possible increase in the consideration that may be provided under the Offer, the Olam Takeover Offer or any other offer, should one emerge.	Section 4
3.4	**Conditions and their implications**		
a)	**What are the Conditions to the Offer?**	The Offer is conditional. The Conditions include (in summary form only): • **50.1% Minimum Acceptance Condition**: LDC acquiring a Relevant Interest in at least 50.1% (by number) of all of the Namoi Shares (on a fully diluted basis); • **FIRB Condition**: either LDC receiving FIRB approval without conditions (or subject only to standard tax conditions), or FIRB ceasing to be empowered to make an order or decision in respect of the acquisition of the Namoi Shares;	Section 5.5

#	Question	Answer	Further information
		• **ACCC Clearance Condition**: ACCC confirming to LDC that it does not intend to oppose, intervene or seek to prevent the acquisition of Namoi Shares under the Offer (on an unconditional basis); and • **Prescribed Occurrences Condition**: none of the events listed in section 652C(1) or (2) of the Corporations Act occurring during the Bid Period. This is only a summary of the Conditions of the Offer. See Section 5.5 for further details and the views of the Independent Directors on the likelihood of the Conditions being satisfied. The Conditions are also set out in full in Section 10.14 of the Bidder's Statement.	
b)	**Can LDC waive the Conditions?**	Yes, LDC can waive any or all of the Conditions (other than any Conditions which are regulatory approvals and required by law).	N/A
c)	**What happens if the Conditions of the Offer are not satisfied or waived by LDC?**	If the Conditions are not satisfied or waived by LDC before the Offer closes, the Offer will lapse, and you will not receive the Offer Price (even if you had accepted the Offer). However, you would then be free to deal with your Namoi Shares.	Section 5.6
d)	**What happens if I accept the Offer and the Conditions are satisfied or waived?**	If you have accepted the Offer and each of the Conditions are satisfied or waived, then the Offer will become unconditional, you will relinquish control of your Namoi Shares and the rights attaching to them to LDC and receive the Offer Price from LDC. Once you accept the Offer, you may only validly revoke or withdraw your acceptance in limited circumstances (see Section 5.10).	Section 5.8
3.5	**Olam Takeover Offer**		
a)	**What is the Olam Takeover Offer?**	Olam has made an off-market takeover offer to acquire all Namoi Shares for $0.70 per Namoi Share. The Olam Takeover Offer is 100% cash and is conditional on: • Olam acquiring a Relevant Interest in at least 50.1% (by number) of the Namoi Shares (on a fully diluted basis); • either Olam receiving FIRB approval without conditions (or subject only to standard tax conditions), or FIRB ceasing to be empowered to make an order or decision in respect of the acquisition of the Namoi Shares; • the ACCC confirming to Olam that it does not intend to oppose, seek to prevent or otherwise intervene in relation to the acquisition of Namoi Shares under the Olam Takeover Offer (on an unconditional basis); and	Section 1.4

#	Question	Answer	Further information
		• none of the events listed in section 652C(1) or (2) of the Corporations Act occurring during the Olam Takeover Offer period. Although the Independent Directors recommend that you REJECT the Offer, Namoi Shareholders should be aware that if they were to accept the Olam Takeover Offer (and the Olam FIRB Condition were to be satisfied) they would be unable to withdraw their acceptance of the Olam Takeover Offer unless a withdrawal right exists or arises under the Corporations Act. This means that if LDC were to increase the Offer Price such that it were to become a superior offer, after a Namoi Shareholder has already accepted the Olam Takeover Offer (and the Olam FIRB Condition had been satisfied), that Namoi Shareholder would not be able to accept the Offer. Namoi will lodge a separate target's statement in response to the Olam Takeover Offer in due course. Further information in respect of the Olam Takeover Offer is available via the Namoi website (www.namoicotton.com.au/takeover/) or ASX's website (www.asx.com.au).	
b)	**Who is Olam?**	Olam is a global, market-leading agribusiness in food, feed and fibre, built over 34 years. Olam is 64.57% owned by Olam Group Limited, a leading food and agri-business supplying food, ingredients, feed and fibre to 22,000 customers worldwide which is listed on the Singapore Stock Exchange (SGX: VC2). Olam Group Limited's value chain spans over 60 countries and includes farming, processing and distribution operations, and direct engagement with a global network of farmers.	N/A
3.6	**Other**		
a)	**What impact does the Offer have on any Namoi dividends or other rights?**	LDC will be entitled to all Rights (including any Namoi dividends) declared, paid, made, or which arise or accrue after the Announcement Date in respect of any Namoi Shares that it acquires pursuant to acceptances of the Offer. If any Rights are declared, paid, made or arise or accrue in cash after the Announcement Date, LDC will (provided the same has not been paid to LDC) be entitled to reduce the Offer Price payable by it to any Namoi Shareholders who accept the Offer by an amount equal to the value of the cash Rights in respect of their accepted Namoi Shares. If any non-cash Rights are issued or made or arise or accrue after the Announcement Date, LDC will (provided the same has not been issued to LDC) be entitled to reduce the Offer Price payable by it to any Namoi Shareholders who accept the Offer by	N/A

#	Question	Answer	Further information
		an amount equal to the value of the non-cash Rights (as reasonably assessed by LDC) in respect of their accepted Namoi Shares. See Section 10.7 of the Bidder's Statement for more information.	
b)	**Are there any tax consequences of accepting the Offer?**	A general outline of the tax consequences for certain Namoi Shareholders of accepting the Offer is set out in Section 8 of the Bidder's Statement and Section 5.13. You should not rely on the outline in the Bidder's Statement (or this FAQ 3.6(b) or Section 5.13) as advice on your own affairs. It does not deal with the position of certain Namoi Shareholders. The Independent Directors encourage you to seek your own professional financial and taxation advice before making a decision whether or not to accept the Offer.	Section 5.13
c)	**Will I need to pay brokerage or stamp duty if I accept the Offer?**	If your Namoi Shares are registered in an issuer sponsored holding in your name on acceptance of the Offer, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer. If your Namoi Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Namoi Shares are registered in the name of a Broker, bank custodian or other nominee, you will not be obliged to pay stamp duty if you accept the Offer, but you should ask your Controlling Participant (usually your Broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.	Section 5.13
d)	**Can LDC withdraw its Offer?**	LDC may only withdraw the Offer with the written consent of ASIC in accordance with the requirements of the Corporations Act and subject to the conditions (if any) specified in such consent.	Section 5.4(e)
e)	**Is the Offer open to converted Namoi Residual Capital Stock and/or Namoi Performance Rights?**	The Offer extends to Namoi Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, other securities convertible into Namoi Shares. This includes the Namoi Performance Rights that are on issue as at the Register Date but does not include the Namoi Residual Capital Stock, given that they are no longer able to be converted into Namoi Shares. On 17 April 2024, Namoi announced that it has elected to redeem all the outstanding Namoi Residual Capital Stock on issue (for which Namoi has not received a valid conversion notice) as permitted by and in accordance with the Namoi Residual Capital Stock Terms. Accordingly, holders of Namoi Residual Capital Stock can no longer	Sections 8.7 and 8.8

#	Question	Answer	Further information
		elect to convert Namoi Residual Capital Stock to Namoi Shares (see Section 8.8). On 29 April 2024, LDC and Namoi entered into the Offer Agreement. Pursuant to the Offer Agreement, Namoi agreed to, subject to the grant of any required waivers or confirmations from ASX, which Namoi must promptly apply to procure after the Announcement Date, vest all of the Namoi Performance Rights and any performance rights issued under the Namoi FY25 Remuneration Work Plan and issue new fully paid ordinary shares to each participant on the next Business Day after LDC has a Relevant Interest in such number of Namoi Shares which represents at least 50.1% (by number) of all of the Namoi Shares (on a fully diluted basis) and the Offer is otherwise unconditional.	
f)	**Will Namoi remain listed on ASX?**	That depends on the outcome of the Offer. If LDC Compulsorily Acquires the Namoi Shares (as is its stated intention if it becomes entitled to do so), LDC will seek to delist Namoi from ASX at the conclusion of the Compulsory Acquisition process. In addition, LDC has stated that if it were to acquire a Relevant Interest of more than 50%, LDC may seek to delist Namoi from ASX. Further information on LDC's intentions on delisting Namoi is set out at Section 6.2 of the Bidder's Statement. Any proposal to delist Namoi from ASX will require ASX's consent and may be subject to conditions imposed by ASX. Although there is a possibility of Namoi being delisted if LDC obtains a Relevant Interest of more than 50% but less than 90% of Namoi Shares, the Independent Directors consider it is unlikely that Namoi would be delisted in these circumstances so long as there are a substantial number of minority Namoi Shareholders.	Section 5.16
g)	**Do I get to keep the Namoi Permitted Special Dividend?**	Namoi Shareholders who were on the Register on 24 April 2024, the record date for the Namoi Permitted Special Dividend and who accept the Offer, will be entitled to retain the Namoi Permitted Special Dividend of $0.01 per Namoi Share in addition to being paid the Offer Price of $0.67 cash per Namoi Share (if the Offer becomes unconditional).	N/A
h)	**How can I get updates on the Namoi Share price?**	You can receive updates by visiting the ASX website at www.asx.com.au using the code 'NAM'.	Section 8.12
i)	**If I have any questions who can I contact?**	You can contact the Namoi Shareholder Information Line on 1300 265 118 (within Australia) or +61 3 9415 4151 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday on a Business Day.	N/A

#	Question	Answer	Further information
		Announcements made to ASX by Namoi and other information relating to the Offer can be obtained from Namoi's website at https://www.namoicotton.com.au/takeover/	

4 Your choices as a Namoi Shareholder

The Independent Directors unanimously recommend that you REJECT the Offer

However, as a Namoi Shareholder you have 3 choices currently available to you. The Independent Directors encourage you to consider your personal risk profile, investment objectives and financial and tax circumstances before making a decision as to whether or not to accept the Offer for your Namoi Shares.

<table>
<tr><td>Option 1

REJECT the Offer</td><td>The Independent Directors unanimously recommend that you REJECT the Offer. If you wish to follow the Independent Directors’ recommendation and REJECT the Offer and wish to retain your Namoi Shares, you should do nothing. Simply disregard the documents sent to you by LDC.

You should note that:
if you choose not to accept the Offer, you will not receive the Offer Price unless the LDC Group holds 90% of the Namoi Shares at the end of the Offer Period. In this event (subject to satisfaction of various legal requirements), the LDC Group will become entitled to Compulsorily Acquire all those Namoi Shares that it does not already own (see Section 5.11 for further information regarding Compulsory Acquisition); and
if LDC acquires more than 50% but less than 90% of the Namoi Shares and all of the Conditions of the Offer are satisfied or waived, and you continue to hold Namoi Shares, you will be exposed to the risks associated with being a minority shareholder of Namoi. Some of these risks are explained in Section 5.12.</td></tr>
<tr><td>Option 2

Accept the Offer</td><td>The Independent Directors unanimously recommend that you REJECT the Offer, however if you choose to accept the Offer:
you will not receive the Offer Price unless and until each of the Conditions of the Offer are all either satisfied or waived by LDC. Details of the Offer Price that you will receive if you accept the Offer are set out in Section 5.4(b) as well as in the Bidder’s Statement;
you will only be able to revoke or withdraw your acceptance in limited circumstances which are set out in Section 5.10; and
you may be liable for tax on the disposal of your Namoi Shares as a result of your acceptance. An overview of the taxation consequences for certain Australian resident Namoi Shareholders of selling Namoi Shares is provided in Section 8 of the Bidder’s Statement. See also Section 5.13 for further information on the tax consequences of the Offer.
If LDC increases the Offer Price, all Namoi Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive the increased Offer Price if they accept the Offer and it becomes unconditional.

As outlined above and disclosed on the ASX, Namoi Shareholders should note that Olam has made the Olam Takeover Offer. Namoi will lodge a separate target’s statement in response to the Olam Takeover Offer in due course.

Namoi Shareholders should be aware that once they accept the Offer (and the FIRB Condition has been satisfied) they will be unable to withdraw their</td></tr>
</table>

	acceptance unless a withdrawal right exists or arises under the Corporations Act. This means that they will be unable to accept the Olam Takeover Offer (even in circumstances where Olam increases the Olam Takeover Offer Price). Further information on the consequences of accepting the Offer is discussed in Section 5.8.
Option 3 **Sell your Namoi Shares on market**	During the Offer Period, you may sell your Namoi Shares on market through ASX at the prevailing market price for cash (less any brokerage), provided you have not accepted the Offer (or, if you have accepted the Offer, provided you have validly revoked or withdrawn that acceptance (see your rights at Section 5.10)). As at the Last Practicable Date, the closing price of Namoi Shares was $0.71, being higher than the Offer Price of $0.67 per Namoi Share offered under the Offer. If you sell your Namoi Shares on market, you will receive the consideration for your Namoi Shares sooner than if you accept the Offer while it is subject to the Conditions. However, you: • will lose the ability to accept the Offer and receive the Offer Price (and any subsequent improvement in the Offer Price), in relation to those Namoi Shares; • will lose the ability to accept the Olam Takeover Offer or any superior proposal for your Namoi Shares (including any superior proposal from a party other than LDC, if one emerges); • will receive cash consideration for the sale of your Namoi Shares which may be more or less than the value of the Offer Price; • may incur a tax liability on the sale of those Namoi Shares; • may incur a brokerage charge; and • will lose the opportunity to receive future returns from Namoi in relation to those Namoi Shares. You should contact your Broker for information on how to sell your Namoi Shares on ASX and your tax adviser to determine your tax implications from such a sale.

5 Information about LDC, the Offer and other important information

5.1 Information about LDC

Louis Dreyfus Company Melbourne Holdings Pty Ltd is a wholly owned Subsidiary of Louis Dreyfus Company B.V., a company incorporated in the Netherlands.

The LDC Group is a global merchant and processor of agricultural goods, operating a significant network of assets around the world. The LDC Group's activities span the entire value chain across a broad range of business lines (platforms). Since its inception in 1851, the LDC Group's portfolio has grown and as of 31 December 2022, included grains and oilseeds, coffee, cotton, juice, rice, sugar, freight, global markets and carbon solutions.

The LDC Group is active in over 100 countries across six geographical regions and employs approximately 18,000 people globally.

Further information on LDC can be found in section 4 of the Bidder's Statement.

5.2 Overview of LDC's interest in Namoi

As at close of trading on the Last Practicable Trading Date, LDC had a Relevant Interest in approximately 16.99% of the total issued capital of Namoi.

5.3 Information regarding Offer Agreement between LDC and Namoi

On 29 April 2024, LDC and Namoi entered into an agreement with respect to LDC's intention to make the Offer to Namoi Shareholders (**Offer Agreement**). A copy of the Offer Agreement is available to view on Namoi's ASX market announcements platform.

Under the Offer Agreement, Namoi has agreed to certain key terms with LDC, including a notification and matching right in respect of competing proposals and a break fee of $1,000,000, payable by Namoi to LDC if any of the Independent Directors fail to recommend the Offer or withdraws, adversely changes or qualifies their recommendation.

The Independent Directors' unanimous recommendation to reject the Offer constitutes a failure (or withdrawal) to recommend the Offer, meaning the break fee may become payable unless LDC becomes the registered holder of 50.1% or more of Namoi Shares (on a fully diluted basis) before 30 September 2024 or such other date as agreed by LDC and Namoi as a result of the transfer of Namoi Shares under a takeover bid under Chapter 6 of the Corporations Act on terms no less favourable than the terms set out in the Offer Agreement.

5.4 Summary of the Offer

LDC has lodged with ASIC and served on Namoi a copy of the Bidder's Statement, which contains the Offer to Namoi Shareholders to acquire all of your Namoi Shares, including any rights attaching to those Namoi Shares.

a) Level of acceptance

You have the option of accepting the Offer for some or all of your Namoi Shares. Those of your Namoi Shares that are subject to your acceptance will constitute the Accepted Shares (as set out in the Bidder's Statement). Further information can be found at section 10.6 of the Bidder's Statement.

b) Offer Price

LDC is offering $0.67 per Namoi Share that you hold. If you accept the Offer, and the Offer becomes unconditional, you will have to wait until the earlier of:

(i) 10 Business Days after the later of (i) receipt of your valid acceptance or (ii) the date on which the Offer becomes unconditional; and

(ii) 10 Business Days after the end of the Offer Period,

before you receive the Offer Price. It is uncertain when, if ever, the Offer will become unconditional.

c) Offer Period

The Offer Period is open for acceptance from 7 May 2024 until 7.00pm (Sydney time) on 7 June 2024, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act. The Offer Period will be automatically extended by law if within the last seven days of the Offer Period:

(i) the Offers made under the Bidder's Statement are varied to improve the consideration; or

(ii) LDC's Voting Power in Namoi increases to more than 50%.

In either case, the Offer Period will end at 7.00 pm (Sydney time) 14 days after the event in paragraph (i) or (ii).

If you choose to accept the Offer, then your acceptance must be received by LDC before the end of the Offer Period. Instructions on how to accept the Offer are set out in the Bidder's Statement and on the Acceptance Form that accompanies the Bidder's Statement. If you want to accept the Offer, you should follow those instructions carefully to ensure that your acceptance is valid. Once you accept the Offer, you may only validly revoke or withdraw your acceptance in limited circumstances (see Section 5.10).

If your Namoi Shares are in a CHESS Holding and you want to accept the Offer, you should accept the Offer online in accordance with Section 10.3(a) of the Bidder's Statement or complete the CHESS Acceptance Form, or give instructions to your Broker in sufficient time before the end of the Offer Period to allow your Broker to initiate your acceptance under CHESS. If your Namoi Shares are in an issuer sponsored holding and you want to accept the Offer, you should accept the Offer online in accordance with Section 10.3(b) of the Bidder's Statement or complete and deliver the Issuer Acceptance Form in sufficient time so that it is received by LDC before the end of the Offer Period.

d) Extension of the Offer Period

If the Offer is unconditional (that is, all the Conditions are satisfied or waived), LDC may extend the Offer Period at any time before the end of the Offer Period. However, if the Offer is subject to Conditions, LDC may extend the Offer Period at any time before it gives Namoi Shareholders a Notice of Status of Conditions (as described in Section 5.7(a)), but may only extend the Offer after it gives the Notice of Status of Conditions in the circumstances described in the next paragraph or in other limited circumstances set out in the Corporations Act, which only apply where another person also announces or makes a takeover bid for Namoi Shares.

LDC must extend the Offer Period if, within the last 7 days of the Offer Period, LDC increases the Offer Price or LDC's Voting Power in Namoi increases to more than 50%. If that happens, the Offer Period is automatically extended so that it ends 14 days after that event.

The maximum duration of the Offer Period is 12 months.

e) Withdrawal of the Offer

LDC may withdraw the Offer at any time but only in limited circumstances and where it obtains the written consent of ASIC and subject to the conditions (if any) specified in such consent.

f) Lapse of the Offer

The Offer will lapse if, at the end of the Offer Period (or in the case of the Prescribed Occurrences Condition, at the end of the third Business Day after the end of the Offer Period), the Conditions to which the Offer is subject (as summarised in Section 5.5) are not satisfied or waived. If this occurs, then any acceptances of the Offer given by Namoi Shareholders will be void. Namoi Shares the subject of any such acceptances will be returned to you and you will be free to deal with them as you choose. See section 10.17(c) of the Bidder's Statement for further information.

g) Who may accept the offer

A person who:

(i) is able during the Offer Period to give good title to a parcel of Namoi Shares; and

(ii) has not already accepted an Offer for those Namoi Shares, may, in accordance with section 653B(1) of the Corporations Act, accept the Offer as if an offer on terms identical with the Offer had been made to that person in relation to those Namoi Shares.

LDC is not making a separate offer to the holders of any Namoi Performance Rights. However, the Offer extends to all Namoi Shares that are issued or otherwise come into existence before the end of the Offer Period as a result of the vesting and exercise of any Namoi Performance Rights on issue at the Register Date. This means that holders of Namoi Performance Rights that vest will be able to accept the Offer in respect of the Namoi Shares issued during the Offer Period as a result of their conversion.

For further information please see section 10.5 of the Bidder's Statement.

5.5 Conditions of the Offer

The Offer is subject to a number of Conditions. Those Conditions are set out in full in Section 10.14 of the Bidder's Statement.

If all of these Conditions are not satisfied, or waived by LDC, before the end of the Offer Period (or in the case of the Prescribed Occurrences Condition, at the end of the third Business Day after the end of the Offer Period), including any extended Offer Period, then the Offer will lapse and the Offer Price will not be issued to Namoi Shareholders who have accepted the Offer. Furthermore, Namoi Shareholders who accept the Offer will, in the meantime, lose their ability to deal with their Namoi Shares (sell them on market) or accept any superior proposal, should one eventuate, except in limited circumstances where Namoi Shareholders have validly revoked or withdrawn their acceptance of the Offer (see Section 5.10).

When considering how these Conditions may affect the prospects of success of the Offer, you should be aware of the following information:

a) Conditions wholly or partly outside of Namoi's control

Many of the Conditions are wholly or partly outside the control of Namoi. These Conditions include those set out in the table below.

Name of Condition and Section of Bidder's Statement	Condition	Likely to be satisfied
50.1% Minimum Acceptance Condition See Bidder's Statement Section 10.14(a)	At the end of the Offer Period, LDC has a Relevant Interest in such number of Namoi Shares which represents at least 50.1% (by number) of all of the Namoi Shares (on a fully diluted basis).	Unknown. This Condition is wholly outside of Namoi's control.
FIRB Condition See Bidder's Statement Section 10.14(b)	Before the end of the Offer Period: a) the Treasurer (or the Treasurer's delegate) has provided a written no objections notification to LDC under FATA to LDC acquiring all of the Namoi Shares under the Offer without conditions (other than the conditions set out in the list of 'standard' tax conditions set out in section D of FIRB's guidance note 12 on 'Tax Conditions' (in the form last updated on 10 August 2023 and available on FIRB's website)); or b) the Treasurer (and each of the Treasurer's delegates) has ceased to be empowered to make any order or decision under Division 2 of Part 3 of FATA in respect of the acquisition of all of the Namoi Shares by LDC under the Offer.	Unknown. This Condition is wholly outside of Namoi's control.
ACCC Clearance Condition See Bidder's Statement Section 10.14(c)	Before the end of the Offer Period, the ACCC has advised LDC in writing that it does not intend to oppose, seek to prevent or otherwise intervene in relation to the acquisition of Namoi Shares by LDC (on an unconditional basis).	Unknown. This Condition is wholly outside of Namoi's control.

b) Conditions which may require Namoi to take or refrain from taking actions where this may not be in interests of Namoi Shareholders

The prescribed occurrences condition requires Namoi to take (or refrain from taking) various actions set out in section 652C(1) and (2) during the Bid Period. These Conditions are set out in the table below and are within the control of Namoi.

In circumstances where a Condition is not satisfied during the Offer Period, LDC will have discretion as to whether to declare the Offer free of the Condition (other than any Conditions which are regulatory approvals and required by law) or to allow the Offer to lapse.

The Independent Directors will make a decision to pursue any opportunity, or take any action, having regard to the best interests of Namoi and Namoi Shareholders, the fiduciary duties of the Independent Directors and the applicable policies and guidance of the Takeovers Panel.

Name of Condition and section of Bidder's Statement	Condition	Likely to be satisfied
Prescribed Occurrences Condition Bidder's Statement Section 10.14(d)	During the Bid Period, none of the following prescribed occurrences (being the events listed in section 652C(1) or (2) of the Corporations Act) happens: a) Namoi converts all or any of its Namoi Shares into a larger or smaller number of shares under section 254H of the Corporations Act; b) Namoi or a subsidiary resolves to reduce its share capital in any way; c) Namoi or a subsidiary enters into a buy-back agreement or resolves to approve the terms of such an agreement under sections 257C(1) or 257D(1) of the Corporations Act; d) Namoi or a subsidiary issues shares or grants an option over its Namoi Shares or agrees to make such an issue or grant such an option; e) Namoi or a subsidiary issues, or agrees to issue, convertible notes; f) Namoi or a subsidiary disposes or agrees to dispose of the whole, or a substantial part, of its business or property; g) Namoi or a subsidiary grants, or agrees to grant, a security interest in the whole, or a substantial part of its business or property; h) Namoi or a subsidiary resolves to be wound up; i) a liquidator or provisional liquidator of Namoi or of a subsidiary is appointed; j) a court makes an order for the winding up of Namoi or of a subsidiary; k) an administrator of Namoi, or of a subsidiary, is appointed under sections 436A, 436B or 436C of the Corporations Act; l) Namoi or a subsidiary executes a deed of company arrangement; m) a restructuring practitioner for Namoi, or for a subsidiary, is appointed under section 453B of the Corporations Act;	This condition is within the control of Namoi and accordingly is likely to be satisfied.

Name of Condition and section of Bidder's Statement	Condition	Likely to be satisfied
	n) Namoi or a subsidiary makes a restructuring plan under Division 3 of Part 5.3B of the Corporations Act; or o) a receiver, or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of Namoi or of a subsidiary. Under the Offer Agreement, LDC agreed to not trigger the Prescribed Occurrence Condition in respect of a Permitted Issue of Securities or any matters agreed between Namoi and LDC in writing from time to time.	

5.6 Consequences of Conditions not being satisfied

As discussed in Section 5.5, there is no certainty that the Conditions of the Offer will be satisfied.

You should be aware that, even if the Conditions of the Offer are not satisfied (or are triggered, as appropriate), they may be waived by LDC (other than any Conditions which are regulatory approvals and required by law).

If any Condition is unsatisfied (or has been triggered), and has not been waived, LDC will have an option as to whether to proceed with the acquisition of Namoi Shares under its Offer (by waiving the relevant Conditions, other than any regulatory approvals required by law) or allow its Offer to lapse with unsatisfied Conditions. Generally speaking, LDC would not have to decide whether to proceed with the acquisition of Namoi Shares under its Offer until the date that it is required to provide its Notice of Status of Conditions which, as discussed in Section 5.7(a), can be postponed if the Offer Period is extended.

If, by the end of the Offer Period (or in the case of the Prescribed Occurrences Condition, at the end of the third Business Day after the end of the Offer Period) the Conditions have not been satisfied or waived, the Offer will lapse and all acceptances of the Offer will be void and have no effect.

5.7 Notice of Status of Conditions

a) Requirement to give Notice of Status of Conditions

The Bidder's Statement indicates that LDC will give a Notice of Status of Conditions on 31 May 2024. LDC is required to set out in its Notice of Status of Conditions:

(i) whether the Offer is free of any or all of the Conditions;

(ii) whether, so far as LDC knows, any of the Conditions have been satisfied on the date the Notice of Status of Conditions is given; and

(iii) LDC's Voting Power in Namoi at that time.

If the Offer Period is extended before the date on which the Notice of Status of Conditions is to be given, the date that LDC must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, LDC is required, as soon as practicable after the extension, to notify ASX and Namoi of the new date for giving the Notice of Status of Conditions.

In addition, if a Condition of the Offer is satisfied during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, LDC must, as soon as practicable, give ASX and Namoi a notice stating that the particular Condition has been satisfied.

b) FIRB Condition

LDC is a 'foreign person' for the purposes of FATA because more than 20% of its shares are held by a shareholder considered to be a 'foreign person' for the purposes of FATA and its associates. FATA requires that foreign persons generally require FIRB approval before acquiring a substantial interest (generally, at least 20%) in an Australian entity such as Namoi, and a foreign person is taken to 'acquire' such an interest if they enter an agreement to acquire the interest. Accordingly, LDC submitted a notification to FIRB on 24 January 2024 in accordance with FATA.

c) ACCC Clearance Condition

The LDC Group submitted an application for informal merger clearance to the ACCC in respect of the proposed acquisition of all remaining Namoi Shares. In response to the application, on 19 February 2024, the ACCC commenced a public informal review of the proposed acquisition of all remaining Namoi Shares to assess whether the transaction would have or be likely to have the effect of substantially lessening competition (in contravention of section 50 of the *Competition and Consumer Act 2010* (Cth)).

On 16 May 2024, the ACCC released a Statement of Issues which outlined the matters which the ACCC has identified as being of preliminary concern (or potential concern) arising from the LDC Group's proposed acquisition of all remaining Namoi Shares.

The Statement of Issues also included a summary of the proposed measures the LDC Group has indicated it would be willing to commit to, in the form of a court-enforceable undertaking to the ACCC pursuant to section 87B of the *Competition and Consumer Act 2010* (Cth), in order to address the ACCC's preliminary concerns.

The ACCC has invited public comment on the Statement of Issues and the proposed undertakings by 30 May 2024.

The provisional timing for announcement of the ACCC's final decision (which may change) is 11 July 2024. At this time, the ACCC will either:

(i) make a decision not to oppose the LDC Group's proposed acquisition of all remaining Namoi Shares, which may be a decision made on the basis that the ACCC has accepted one or more court-enforceable undertakings from the LDC Group; or

(ii) make a decision to oppose the LDC Group's proposed acquisition of all remaining Namoi Shares.

The status of the ACCC's review can be monitored at: https://www.accc.gov.au/public-registers/mergers-registers/public-informal-merger-reviews-register/louis-dreyfus-company-asia-pte-ltd-namoi-cotton-limited

5.8 Effect of acceptance

Accepting the Offer while it is conditional may (subject to the limited revocation and withdrawal rights set out at Section 5.10):

a) **prevent you from accepting any superior proposal** that may be made or any alternative superior transaction that may be recommended by the Independent Directors. Should another takeover offer or transaction be announced during the

Offer Period, Namoi will issue a supplementary target's statement providing further information to Namoi Shareholders;

b) **prevent you from selling** or otherwise dealing with your Namoi Shares on market during the Offer Period;

c) **result in you relinquishing control of your Namoi Shares to LDC and the rights attaching to them with no guarantee of payment** until the Offer becomes, or is declared, unconditional – and as the Offer Period could be extended by LDC so that its Offer is open for up to 12 months, this could result in further delays in LDC issuing the Offer Price;

d) **give LDC the option to keep your Namoi Shares** if the Conditions are not satisfied, but LDC declares the Offer unconditional (other than any regulatory approvals required by law) by waiving the 50.1% Minimum Acceptance Condition;

e) **require LDC to return your Namoi Shares** if the Conditions are not satisfied or waived and the Offer lapses (as discussed in Section 5.4(f)); and

f) **result in you being liable to pay tax** on the disposal of your Namoi Shares which may have financial consequences (as discussed in Section 5.13).

If LDC improves the Offer Price, all Namoi Shareholders who have accepted the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved consideration.

The effect of acceptance of the Offer is set out in more detail in Section 10.7 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Namoi Shares and the representations and warranties that you are deemed by LDC to give to it by accepting the Offer.

5.9 Payment

No payment for the Namoi Shares tendered into the Offer will be made until after the Offer becomes unconditional. If the Offer becomes unconditional, you will be paid under the Offer by the earlier of:

a) 10 Business Days after the later of (i) receipt of your valid acceptance or (ii) the date on which the Offer becomes unconditional; and

b) 10 Business Days after the end of the Offer Period.

See section 10.8 of the Bidder's Statement for further details on when you will be sent your payment from LDC.

5.10 Revocation and withdrawal rights

If you accept the Offer, you will have a right to revoke or withdraw your acceptance only in limited circumstances. Those rights comprise a revocation right to the extent that the FIRB Condition of the Offer has not been satisfied (or waived, if permitted by law) and general statutory withdrawal rights under the Corporations Act.

a) Withdrawal rights under the terms of the Offer

The terms of the Offer include that if, by the end of the Offer Period, the Conditions have not been fulfilled or waived, the Offer will automatically terminate, and your Namoi Shares will be returned to you.

The FIRB Condition is a condition precedent to the acquisition by LDC of any interest in Namoi Shares. Notwithstanding your acceptance of the Offer, unless and until the FIRB Condition is satisfied (or waived):

(i) no contract for the sale of your Namoi Shares will come into force or be binding on you or on LDC; and

(ii) LDC will have no rights (conditional or otherwise) in relation to your Namoi Shares.

For further information on withdrawal rights relating to the FIRB Condition see section 10.15(b) of the Bidder's Statement.

b) Statutory withdrawal rights under the Corporations Act

Under the Corporations Act, you may withdraw your acceptance of the Offer if LDC varies the Offer in a way that postpones, for more than one month, the time when LDC needs to meet its obligations under the Offer (for example, by extending the Offer Period by more than one month) and the Offer is still subject to any Conditions at that time.

If this occurs, LDC is required to send you a notice at the time explaining your rights in this regard.

In these circumstances, you will have a period of one month after the date of receiving notice to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended, you may receive further statutory withdrawal rights.

5.11 Compulsory Acquisition

a) Post-bid Compulsory Acquisition

LDC will be entitled to Compulsorily Acquire any outstanding Namoi Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, LDC (taken together with its Associates):

(i) has a Relevant Interest in at least 90% (by number) of the Namoi Shares on issue at the relevant time; and

(ii) has acquired at least 75% (by number) of Namoi Shares for which it has made an Offer.

In applying the 75% test described above, Namoi Shares in which LDC and its Associates have a Relevant Interest as at the date the Offer is first made are disregarded.

LDC has indicated in Section 6.2 of its Bidder's Statement that if it becomes entitled to proceed to Compulsorily Acquire outstanding Namoi Shares, it intends to do so.

If the Compulsory Acquisition Thresholds above are met, LDC will have one month from the end of the Offer Period within which to give Compulsory Acquisition notices to Namoi Shareholders who have not accepted the Offer, but it may choose to commence Compulsory Acquisition as soon as the relevant thresholds are satisfied. The consideration payable by LDC will be the Offer Price last offered under the Offer.

In addition, LDC must also offer to buy out the remaining holders of any outstanding securities that are convertible into Namoi Shares. In such circumstances, LDC must give notice of the terms of the acquisition along with an expert's report to holders of those convertible securities of their right to be bought out, during, or within one month after the end of, the Offer Period. A copy of the notice must be lodged with ASX and ASIC. Within one month after the notice is given by LDC, the relevant holders of those convertible securities may choose to give LDC notice requiring LDC to acquire their securities.

A Namoi Shareholder has statutory rights to challenge the Compulsory Acquisition, but this will require the relevant Namoi Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for their Namoi Shares. Namoi Shareholders should be aware that, if their Namoi Shares are Compulsorily Acquired, they are not likely to receive the Offer Price until at least one month after the Compulsory Acquisition notices are sent.

b) General Compulsory Acquisition

If LDC does not become entitled to Compulsorily Acquire Namoi Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general Compulsory Acquisition rights in relation to the Namoi Shares and any securities that are convertible to Namoi Shares under Part 6A.2 Division 1 of the Corporations Act.

Broadly, LDC will be entitled to Compulsorily Acquire:

(i) all outstanding Namoi Shares, if LDC (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by number) of Namoi Shares; and

(ii) any outstanding securities that are convertible into Namoi Shares, if LDC's Voting Power in Namoi is at least 90% and LDC (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by value) of all securities in Namoi that are Namoi Shares or convertible into Namoi Shares.

If this threshold is met, LDC will have 6 months after LDC becomes a 90% holder within which to give Compulsory Acquisition notices to the relevant holders. The Compulsory Acquisition notices sent must be accompanied by an expert's report and an objection form.

The expert's report must consider whether LDC's price for Compulsory Acquisition under this procedure gives "fair value" for the Namoi securities concerned and the expert's reasons for forming that opinion.

Namoi securityholders with at least 10% of the securities covered by the Compulsory Acquisition notice may challenge any Compulsory Acquisition relating to their securities and object to the acquisition before the end of the objection period (which must be at least one month). If this occurs, LDC may apply to the court for approval of the acquisition of the securities covered by the notice. The court must approve the acquisition if LDC establishes that the terms offered give fair value for the securities being acquired. The costs incurred by any securityholder who objects in legal proceedings in relation to the Compulsory Acquisition must be borne by LDC, unless the court is satisfied that the securityholder acted improperly, vexatiously or otherwise unreasonably.

5.12 Implications of LDC acquiring less than 90% of Namoi Shares

If LDC acquires a Relevant Interest of more than 50%, but less than 90%, of Namoi Shares (and all the other Conditions are satisfied or waived), Namoi Shareholders who do not accept the Offer will become minority shareholders in Namoi. There are a number of possible implications and risks of rejecting the Offer and remaining a Namoi Shareholder in this regard, including:

a) the number of Namoi Shares traded on ASX could be significantly reduced, thereby potentially lessening the value of the shareholdings of Namoi Shareholders who do not accept the Offer (i.e. these Namoi Shareholders run the risk of being minority shareholders in a company with reduced share trading liquidity). Namoi Shares could become an illiquid and infrequently traded share and, as such, the ASX market price may no longer be a reliable indicator of value or be at a lower price should Namoi Shareholders wish to sell them in the future;

b) there is a risk that Namoi could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity;

c) subject to satisfying the relevant ASX requirements, LDC has stated its intention to seek to remove Namoi from the official list of ASX (see Section 5.16 for more information on the implications of a potential delisting). If this occurs, Namoi Shares will not be able to be traded on ASX;

d) LDC will be in a position to cast the majority of votes at a general meeting of Namoi Shareholders. This will enable it to control the composition of the Namoi Board and senior management and control the strategic direction of Namoi and its Subsidiaries;

e) LDC has stated in Section 6.2 of its Bidder's Statement that, subject to the Corporations Act and the Namoi Constitution, LDC intends to replace all of the members of the Namoi Board with nominees of LDC. This will allow LDC's nominees on the Namoi Board to determine the strategic direction of the business and capital management. There is a risk that Namoi Shareholders may be dissatisfied with the altered strategic direction or the altered Board composition or that such alterations may adversely impact the Namoi business;

f) future Namoi dividend policy under the management of LDC may vary from the current Namoi dividend policy, and may result in a lower proportion of profits being paid as dividends;

g) if LDC acquires 75% or more of Namoi Shares, it will be able to pass special resolutions at meetings of Namoi Shareholders. This will enable LDC to, among other things, change the Namoi Constitution; and

h) as noted above, it is possible that even if LDC is not entitled to proceed to Compulsory Acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general Compulsory Acquisition under Part 6A.2 of the Corporations Act. For example, as a result of acquisitions of Namoi Shares in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, it may exercise those rights.

5.13 Taxation consequences

a) Introduction

The following is a brief outline of the Australian income tax, GST and stamp duty implications for Namoi Shareholders who dispose of Namoi Shares by accepting the Offer.

It is also relevant to those Namoi Shareholders who do not accept the Offer, if those Namoi Shares are Compulsorily Acquired following LDC acquiring a Relevant Interest in at least 90% of the Namoi Shares at any time during the Offer Period.

The summary in this section should not be relied upon by Namoi Shareholders as taxation advice. The summary in this section does not consider any financial objectives, tax positions or investment needs of any Shareholders and should not be construed as being investment, legal or tax advice to any Shareholder. It is recommended that each Shareholder seek their own independent, professional tax or financial advice in respect of the taxation implications of the Offer for that Shareholder, which will depend on their individual and particular circumstances.

This summary does not consider the Australian tax considerations that may be relevant for Namoi Shareholders who:

(i) hold (or will hold) their Namoi Shares as trading stock or on revenue account, or who are exempt from Australian tax;

(ii) are subject to the Taxation of Financial Arrangements provisions in Division 230 of the Tax Act or the Investment Manager Regime under Subdivision 842-I of the Tax Act;

(iii) acquired (or are deemed to have acquired) their Namoi Shares prior to 20 September 1985);

(iv) acquired their Namoi Shares pursuant to an employee share, option or rights plan;

(v) are under a legal disability for Australian income tax purposes;

(vi) are partnerships or are partners of such partnerships;

(vii) are foreign residents who hold their Namoi Shares in carrying on a business through a permanent establishment in Australia; or

(viii) are Namoi Shareholders who changed their tax residence while holding Namoi Shares.

This section is general in nature and is not intended to be an authoritative or a complete statement of the applicable tax law. It is based on Australian tax legislation, case law and relevant administrative practice in force as at the date of this Target's Statement. The Australian income tax, GST and stamp duty implications of the Offer outlined in this section may differ if there is a change in Australian taxation law or judicial or administrative interpretations of Australian taxation law after the date of this Target's Statement.

b) Taxation on the disposal of Namoi Shares

If you accept the Offer, or if LDC proceeds to Compulsorily Acquire your Namoi Shares, the disposal of your Namoi Shares will constitute a Capital Gains Tax ('CGT') event (CGT Event A1) for Australian tax purposes.

For Namoi Shareholders who accept the Offer, the date of the CGT event will be the date the contract to dispose of your Namoi Shares is formed, being the date the Offer is accepted and becomes unconditional (see Section 8 of the Bidder's Statement).

For Namoi Shareholders whose Namoi Shares are Compulsorily Acquired, the date of the CGT event will be the date when LDC becomes the owner of your Namoi Shares.

The above Australian tax consequences will apply where the Namoi Shareholder is a resident for Australian tax purposes. Different Australian tax implications may apply for non-residents.

c) Determination of capital gains and losses

You may make a capital gain or capital loss on the disposal of your Namoi Shares.

- You should realise a capital gain on a Namoi Share to the extent that the amount you receive for the disposal of that Namoi Share is more than the cost base of that Namoi Share.

- You should realise a capital loss on a Namoi Share to the extent that the amount you receive for the disposal of that Namoi Share is less than the reduced cost base of that Namoi Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years.

Under the terms of the Offer, Namoi Shareholders will receive an amount of $0.67 per Namoi Share.

Broadly, the cost base of a Namoi Share should be the total amount you paid for the Namoi Share and certain acquisition and disposal costs in respect of that Namoi Share. However, there are circumstances where this may not be the case and Namoi Shareholders should seek their own tax advice to confirm the cost base or reduced cost base of their Namoi Shares.

d) Namoi shares acquired as part of the Restructure

In relation to Namoi Shareholders who acquired their Namoi Shares with the Restructure[3] that became effective on 10 October 2017:

(i) Grower Shares: Namoi obtained Class Ruling 2017/72 from the ATO (CR 2017/72)[4] on behalf of "Grower Members" regarding the income tax consequences of the Restructure. Immediately after the effective date for the Restructure, "Grower Shares" were converted to Namoi Shares on an 800 to 158,504 basis. For Namoi Shareholders who held prior interests in "Grower Shares" which were converted as a consequence of the Restructure, the tax cost base for each Namoi Share should be calculated in line with CR 2017/72. "Growers Members" acquired "Grower Shares" for $2.70 prior to the Restructure, which equates to a value of $0.01363 per Namoi Share following conversion. The acquisition time of the Namoi Shares will be the date that the "Grower Shares" were acquired for CGT purposes.

(ii) Namoi Capital Stock (Co-operative Capital Units, or CCUs): Namoi obtained Class Ruling 2017/73 from the ATO (CR 2017/73)[5] on behalf of Namoi Capital Stockholders regarding the income tax consequences of the Restructure. In accordance with the Restructure, CCUs were varied and redesignated as Residual Capital Stock (RCS). Immediately after the Effective Date for the Restructure each RCS held was converted to Namoi Shares on a 1-for-1 basis. For Namoi Shareholders who held prior interests in CCUs which were converted as a consequence of the Restructure, the tax cost base for each Namoi Share should be calculated in line with CR 2017/73. For CGT purposes, the cost base and acquisition time of the Namoi Shares will be equal to the cost base at the date the original CCU interests were acquired.

e) CGT discount

If you are an Australian resident Namoi Shareholder and are an individual, a certain type of trust or a complying superannuation fund, you may be eligible to claim a CGT discount on any net capital gains arising on Namoi Shares you acquired at least 12 months before the disposal.

For eligible individuals and trusts, only 50% of the capital gain arising from the disposal of their Namoi Shares will be included in the net capital gain. For complying superannuation funds, where relevant, only 66% of the capital gain from the disposal of the Namoi Shares will be included in the net capital gain. Companies are not eligible for discount capital gains treatment.

The previous Federal Government announced that the tax law would be amended so that trusts that are managed investment trusts and attribution managed investment trusts will

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[3] For information on the Restructure and defined terms in sections 5.13(d)(i) and 5.13(d)(ii) see the Restructure Booklet dated 16 August 2017. Namoi restructured its corporate and capital structure to become a public company, that involved the variation of Grower Shares and Namoi Capital Stock rights so that Grower Members and Namoi Capital Stockholders become Namoi Shareholders. https://announcements.asx.com.au/asxpdf/20170816/pdf/43lgc029nhjm29.pdf

[4] https://www.ato.gov.au/law/view/view.htm?docid=%22CLR%2FCR201772%2FNAT%2FATO%2F00001%22

[5] https://www.ato.gov.au/law/view/document?docid=%22CLR%2FCR201773%2FNAT%2FATO%2F00001%22

be prevented from applying the CGT discount at the trust level. If you hold your Namoi Shares through a managed investment trust or attribution managed investment trust, you should seek tax advice on your eligibility to obtain discount capital gains treatment.

It is recommended that Namoi Shareholders seek their own tax advice to confirm how the CGT discount provisions and the availability of any capital losses will apply to their particular facts and circumstances.

f) Non-resident Namoi Shareholders

If you are not a resident of Australia for tax purposes, the disposal of your Namoi Shares will generally result in Australian CGT implications, if either of the following conditions are satisfied:

(i) you, together with your Associates, hold a "non-portfolio interest" in Namoi and the Namoi Shares pass the "principal asset test" (each of these concepts is discussed further below); or

(ii) the Namoi Shares were used at any time in carrying on a business in Australia through a permanent establishment.

Broadly, a Namoi Shareholder will hold a "non-portfolio interest" at the relevant time where the Namoi Shareholder, together with its Associates, owns, or owned throughout a 12 month period during the 2 years preceding the disposal of its Namoi Shares, 10% or more of all the Namoi Shares.

The Namoi Shares will pass the "principal asset test" if the market value of Namoi's direct and indirect interest in taxable Australian real property (as defined in the Tax Act) is more than the market value of its other assets at the time of disposal.

If you are a non-resident and hold a "non-portfolio interest" in Namoi or have carried on business in Australia at any time through a permanent establishment, you should contact your tax adviser to determine if any capital gain on the disposal of your Namoi Shares is taxable.

g) Non-resident CGT withholding tax

LDC may have an obligation to pay the Commissioner of Taxation an amount equal to 12.5% of the Offer Price. These rules may apply to the Offer if your Namoi Shares qualify as an "indirect Australian real property interest" (see below) and:

(i) LDC knows or reasonably believes that you are a foreign resident; or

(ii) LDC does not reasonably believe that you are an Australian resident, and either:

  (A) the Namoi Shareholder has an address outside Australia; or

  (B) LDC is authorised to provide a related financial benefit to a place outside Australia (whether to you or to anyone else); or

(iii) you have a connection outside Australia of a kind specified in the regulations.

If you are a foreign tax resident Namoi Shareholder you will hold an "indirect Australian real property interest" where both of the following tests are satisfied:

(iv) you, together with your Associates, hold a "non-portfolio interest" in Namoi (see Section 5.13(f) above); and

(v) the Namoi Shares pass the "principal asset test" (see Section 5.13(f) above).

If you are an Australian tax resident, or you are a foreign resident but your Namoi Shares are not an “indirect Australian real property interest” and you accept the Offer (or your Namoi Shares are Compulsorily Acquired), you should provide LDC with a Non-Withholding Declaration (which is contained in the Acceptance Form accompanying the Bidder’s Statement). If you need assistance filling out your Non-Withholding Declaration you should speak to your tax adviser.

In all other circumstances, you should speak to your tax adviser to determine whether there is any scope to vary the withholding amount from 12.5% or the process for obtaining a credit in respect of any amount withheld.

h) Stamp duty

No stamp duty should be payable by Namoi Shareholders in any Australian State or Territory on the disposal of their Namoi Shares to LDC under the Offer.

i) GST

No GST should be payable by Namoi Shareholders on the disposal of their Namoi Shares to LDC under the Offer. Namoi Shareholders who are registered or required to be registered for GST should seek advice on whether they are entitled to any input tax credits or reduced input tax credits for any GST incurred on costs associated with the disposal of their Namoi Shares to LDC under the Offer.

5.14 How to accept the Offer

Instructions on how to accept the Offer are set out in Section 10.3 of the Bidder’s Statement.

5.15 How to REJECT the Offer

To **REJECT** the Offer, you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by LDC.

5.16 Potential delisting

LDC states in its Bidder’s Statement that it intends to proceed with Compulsory Acquisition if it becomes entitled to Compulsorily Acquire your Namoi Shares, which will result in the delisting of Namoi from ASX. Alternatively, if LDC obtains a Relevant Interest of more than 50% but less than 90% of Namoi Shares, LDC may seek to delist Namoi from ASX. If Namoi is delisted, Namoi Shares will not be able to be bought or sold on ASX.

Although there is a possibility of Namoi being delisted if LDC obtains a Relevant Interest of more than 50% but less than 90% of Namoi Shares, the Independent Directors consider it is unlikely that Namoi would be delisted in these circumstances so long as there are a substantial number of minority Namoi Shareholders.

a) Important legal protections concerning a delisting of Namoi

Namoi Shareholders should note the following important legal protections regarding any potential delisting of Namoi:

(i) any decision to apply to ASX to delist Namoi would need to be made by the Namoi Board;

(ii) the Namoi Board, including nominee directors appointed by LDC, could only decide to seek a delisting if the Board concludes that this action is in the best interests of Namoi and Namoi Shareholders as a whole at the relevant time;

(iii) ASX states[6] that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity from ASX that is primarily or solely aimed at denying minority securityholders a market for their securities, in order to coerce them into accepting an offer from a controlling securityholder to buy their securities at an undervalue, would be an unacceptable reason for requesting removal from the official list of ASX;

(iv) ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting;

(v) a key ASX guideline provides that the approval of minority Namoi Shareholders would most likely be needed for ASX to allow delisting following a takeover bid unless each of the following 4 conditions are met:

(A) LDC has attained ownership or control of at least 75% of Namoi Shares;

(B) there are fewer than 150 Namoi Shareholders (excluding LDC and its Related Bodies Corporate) whose shareholding is worth at least $500. As at the Last Practicable Date, there were approximately 1200 Namoi Shareholders with a shareholding of at least $500;

(C) the Offer remains open for at least an additional 2 weeks after LDC and its Related Bodies Corporate have attained ownership or control of at least 75% of Namoi Shares; and

(D) Namoi has applied for removal from the official list of ASX no later than one month after the close of the Offer.

b) Disadvantages to Namoi Shareholders on delisting

If, despite the above procedural protections, Namoi is ultimately delisted at some point in the future, any remaining Namoi Shareholders (i.e., those who did not accept the Offer) would be holders of unquoted shares. A delisting could result in a number of disadvantages for those Namoi Shareholders, such as:

(i) the absence of an orderly, transparent and timely mechanism for share trading;

(ii) restricted information compared to that currently provided as Namoi would no longer be subject to the continuous disclosure requirements of the ASX Listing Rules. If Namoi remains a public company after delisting and has at least 100 members, Namoi would still be required to disclose material information to ASIC and likely on its website. Nevertheless, the level of shareholder reporting in these circumstances could be diminished; and

(iii) the ceasing of various requirements and protections for minority shareholders under the ASX Listing Rules. Examples of provisions that would cease to apply include:

(A) restrictions on the issue of new securities;

(B) a governance framework for related party transactions; and

(C) requirements to seek shareholder approval for significant changes in the nature or scale of Namoi's activities.

[6] See ASX Guidance Note 33, which sets out ASX's policy in relation to delisting of entities from the ASX official list.

6 Information about Namoi

6.1 Namoi Cotton Limited

Namoi's business spans fibre, feed, supply chain and marketing – with cotton ginning being at its core. Namoi's network of 10 cotton gins across 9 locations in NSW and southern QLD is supported by warehousing and container packing, connected by rail and road to the ports. Namoi also markets cottonseed to domestic and overseas customers and moss cotton to overseas customers.

Namoi was established in 1962, as a co-operative, by a small group of pioneering cotton growers in Wee Waa, NSW. Namoi's current company structure has been shaped by the following key events:

- 1998: Namoi became the first co-operative with securities quoted on the ASX.
- 2013: Namoi sold 49% of its cotton lint marketing, warehousing and packing businesses into a joint venture with LDC called Namoi Cotton Alliance.
- 2017: Namoi, through the Restructure, varied its share capital to become a public company with a 20% shareholding limit.
- 2020: NCA reorganised into two separate joint ventures with LDC, with NCA (Namoi having a 51% interest) managing the warehousing and container packing business and Namoi Cotton Marketing Alliance (with Namoi having a 15% interest) managing the cotton lint marketing business.
- 2021: Namoi Shareholders vote against continuing the 20% shareholding limit, bringing Namoi into line with other ASX listed companies.

6.2 Namoi rationale

On 29 June 2023, the Namoi Board announced a strategic review to assess options to maximise value for shareholders.

The Independent Directors believe participating in industry consolidation would benefit other stakeholders (including cotton growers, joint venture partners and employees) through:

- scale with geographic diversification to manage variable cotton production, which variation could potentially increase with the changing climate;
- competitiveness in an industry facing increasing operating costs (including energy), excess ginning capacity and grower consolidation;
- ability to offer grower customers additional marketing options by having access to marketing capability and working capital; and
- access to capital to maintain and improve Namoi's gin facilities and to participate in the new and expanding cotton production areas.

6.3 Australian cotton industry

(a) Overview

Cotton is a soft fluffy fibre that grows in a boll (protective case) around the seeds of cotton plants (genus Gossypium). It is mechanically picked, usually from April to June, and delivered to a cotton gin facility usually as round modules in protective wrapping.

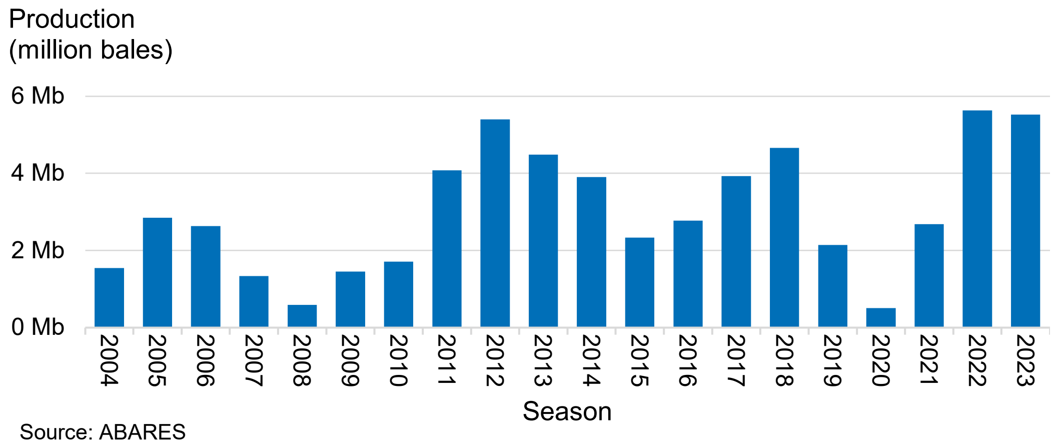
The delivered modules are stored and ginned, usually from April to October, where the components of the delivered cotton are separated into:

- Cotton lint: Cotton lint is pressed into 227 kg cotton bales and exported to overseas markets. Cotton lint is usually spun (by spinning mills) into yarn for textiles.
- Cottonseed: Cottonseed, at around 250 kg per cotton bale, is an important feed source for dairy and beef cattle, both for domestic and overseas markets. Cottonseed can also be crushed to produce vegetable oil.
- Trash and mote: Trash and mote, at around 50 kg per cotton bale, is the residue. Mote is further processed and sold (as moss) with the remaining organic trash either composted to soil or sold as stockfeed.

(b) Cotton production

Australia produces an average of 3.4 million bales of cotton lint from an average 390,000 hectares of farmland[7] of which around 75% is irrigated. However, planted cotton area and cotton production can vary significantly depending on available water supply. In the past 20 years cotton production has ranged from 0.5 to 5.6 million bales as shown in Figure 1.

Figure 1: Australian cotton lint production (bales)



Source: ABARES

(c) Cotton ginners

The Australian cotton industry is serviced by 34 cotton gins in eastern Australia[8] with a combined estimated ginning capacity in excess of 6.5 million bales.

Ginning services are generally supplied on a regional basis, with regions typically delineated based by production valley. Namoi estimates that its ginning services account for around 21% of all ginning operations in Australia[9] as shown in Figure 2.

Ginning services are provided by integrated and independent ginners, servicing 16 production valleys, including:

- Australian Food and Fibre (AFF), a partnership between Robinson family and Canadian owned PSP Investments;
- Queensland Cotton (QC), held by Singapore owned Olam;

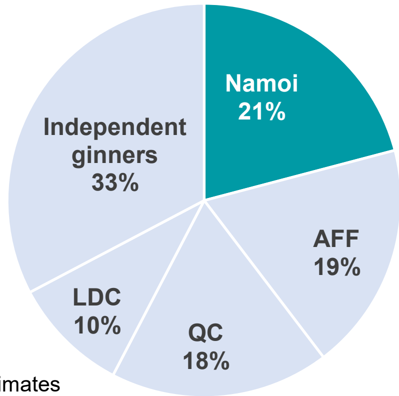
[7] Australian Bureau of Agricultural & Resource Economics & Sciences (ABARES). 10 year average to 2023.

[8] Two new gins are currently being constructed in northern Australia to serve expanding cotton production.

[9] Percentage shares are based on estimated ginning volume in the past 3 seasons (2021 to 2023).

- LDC; and
- Independent ginners that include Carroll Cotton, Cubbie Ginnery, North West Ginning, RivCott Ginning and Southern Cotton.

Figure 2: Estimated ginning share of Australian cotton production



Source: Namoi estimates

6.4 Namoi's ginning business

Namoi serves around 200 grower customers in 9 of eastern Australia's 16 cotton production valleys[10] with the following network of facilities:

- 10 cotton gins at 9 locations for the processing of cotton;
- 11 cottonseed sheds at 9 locations for the storage and handling of cottonseed; and
- cotton warehouse sheds at 3 locations for the storage, packing of cotton lint bales for export that are connected by rail and road to the container port.[11]

Namoi also has an interest in the planned Kimberley Cotton Company gin in the Ord River region of Western Australia, an expanding cotton production valley in northern Australia.

Namoi's 10 cotton gins have a ginning capacity of around 1.7 million bales[12] under the following ownership arrangements:

- 8 gins are owned and operated by Namoi.
- Wathagar gin is an unincorporated joint venture with a local grower with Namoi having a 50% interest (excluding the seed shed that is 100% owned by Namoi) and gin management rights.
- Moomin gin is an unincorporated joint venture with a local grower with Namoi having a 75% interest (excluding the seed shed that is 100% owned by Namoi) and gin management rights.

Namoi also operates 11 cottonseed sheds, including the Mungindi cottonseed shed which is an unincorporated joint venture with local growers (with Namoi having a 40% interest and shed management rights).

An overview of Namoi's gin and cottonseed shed facilities is summarised in Table 1.

[10] As defined by Cotton Compass (excluding northern Australia) www.cottoncompass.com.au

[11] Owned by NCA - Namoi owns 51% and LDC owns 49%.

[12] Estimated ginning capacity based on the gin operating up to 24 hours per day for 5-6 months.

Table 1: Namoi cotton gins and cottonseed sheds

Location	Production valley	Gin (and interest)	Capacity (bales)	Seed sheds (and interest)
Goondiwindi	MacIntyre	2 x Gins (100%)	350,000	2 (100%)
Mungindi	Mungindi	Gin (100%)	170,000	1 (40%)
Wathagar	Gwydir	Gin (50%)	170,000	1 (100%)
Moomin	Walgett	Gin (75%)	170,000	2 (100%)
Merah North	Lower Namoi	Gin (100%)	170,000	1 (100%)
Boggabri	Upper Namoi	Gin (100%)	190,000	1 (100%)
Trangie	Macquarie	Gin (100%)	190,000	1 (100%)
North Bourke	Bourke	Gin (100%)	80,000	1 (100%)
Hillston	Lachlan	Gin (100%)	190,000	1 (100%)
Yarraman		Mote Gin (100%)		
Total	**9 valleys**	**10 gins**	**1,680,000**	**11 seed sheds**

6.5 Namoi's other businesses

Namoi is involved in complementary businesses that add value to its ginning business.

(a) Co-products

Ginning produces a number of marketable co-products including cottonseed and moss:

- **Cottonseed:** Namoi purchases cottonseed from grower customers (and other parties) for marketing to domestic or overseas consumers in either bulk or containerised form. Cottonseed storage and handling is supported by a network of 11 cottonseed sheds, sometimes complemented by third-party storage in above average seasons.

- **Moss:** Namoi recovers mote from ginning for further processing into lower quality moss cotton for marketing to overseas consumers. A dedicated gin facility at Yarraman (near Wee Waa) processes mote 'waste' from our network of gins into moss cotton.

(b) Supply Chain & Marketing

Namoi has two joint venture arrangements with LDC:

- NCA, which is 51% owned by Namoi, is a supply chain joint venture that operates:
  - warehouses for cotton lint bales on behalf of NCMA and other cotton merchants, with a total static capacity of around 400,000 bales at Goondiwindi, Wee Waa and Warren;
  - storage of grain on behalf of grain companies, with a storage capacity of around 125,000 tonnes at Goondiwindi, Yarraman and Wee Waa; and
  - container packing of cottonseed and grain at Goondiwindi with road transport to Brisbane and Wee Waa with rail transport to Port Botany container ports.
- NCMA, which is 15% owned by Namoi, is a marketing joint venture arrangement that exclusively purchases cotton lint bales from growers through Namoi's grower services team for merchandising to overseas spinners.

(c) Kimberley Cotton Company

Namoi currently holds a 17.3% ownership interest in the Kimberley Cotton Company with Board representation. Namoi entered into agreements with KCC on 12 September 2022 to:

- project manage the construction of a new $60 million cotton gin at Kununurra, WA;

- fabricate and supply ancillary gin equipment for the gin;
- install the core and ancillary gin equipment at the gin; and
- operate the gin that include the supply of mobile equipment.

The planned commissioning of the cotton gin at Kununurra WA is mid-2025.

6.6 Namoi support capability

Namoi has developed in-house capability that supports Namoi's ginning business.

(a) **Engineering services:** Workshops and an experienced team of trade staff, based at Wee Waa NSW, providing gin fabrication, maintenance and electrical support for the maintenance and upgrading of Namoi gins. These workshops are building gin equipment for the KCC gin project at Kununurra.

(b) **Information systems:** Namoi has developed a proprietary end-to-end system, from the gin to the warehouse, that support its operations and grower engagement. This includes an online portal for grower customers to access their cotton information.

(c) **Classing services:** Namoi owns Australian Classing Services with an accredited classing facility at Wee Waa NSW, that provide cotton classing services to grower customers, NCMA and other cotton merchants.

6.7 Namoi Board and executive

(a) Namoi Directors

As at the date of this Target's Statement, the Namoi Board comprises the following Directors.

Name	Current position
Tim Watson	Executive Chairman
James Davies	STAM[13] nominee Non-executive Director
Robert Green	Independent Non-executive Director
Juanita Hamparsum	Independent Non-executive Director
Sarah Scales	LDC nominee, Non-executive Director
Ian Wilton	Independent Non-executive Director

(b) Namoi leadership team

As at the date of this Target's Statement, Namoi's leadership comprise the following managers.

Name	Current position
Tim Watson	Executive Chairman
James Ackland	General Manager, People & Culture
Grant Ambrose	General Manager, Operations
Andrew Baldwin	Chief Financial Officer and Company Secretary
Neil Johns	Executive General Manager, Strategy & Business Development
Ross Kealy	General Manager, Ginning Operations
Henry McKay	Executive General Manager, Customer Engagement
Shane McGregor	Executive General Manager, Warehousing and Supply Chain
Andrew Metcalf	Company Secretary
Tanya Venz	General Manager, Safety Health & Environment

[13] Samuel Terry Asset Management Pty Ltd (as trustee for Samuel Terry Absolute Return Group).

6.8 Namoi people

Namoi has a flexible workforce model using fixed term contract and casual staff to cost effectively manage variable ginning volume, balancing labour expense and the retention of core skills in poor seasons. Namoi currently employs approximately 140 permanent staff in Namoi and NCA that include:

- Approximately 105 permanent staff at the Toowoomba Head Office, Wee Waa workshops and across Namoi's network of cotton gin and warehouse facilities.
- Approximately 35 fixed term contract staff to manage the recent average above ginning volume, that that include international ginners. Fixed term contract staff numbers are reduced in seasons with average or below average ginning volume.

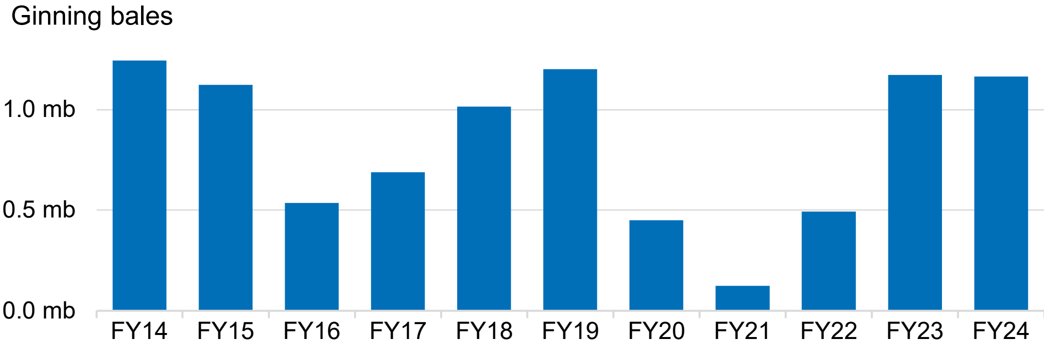
Namoi also employs up to 300 casual staff (direct employment or through labour hire) as required to manage the ginning and warehousing task in season.

6.9 Historical volume and earnings

(a) Ginning volume

Ginning volume in the past 10 years (FY14 to FY24) has ranged from 0.12 to 1.24 million bales as shown in Figure 3. Namoi's ginning volume is highly variable due to seasonal conditions.

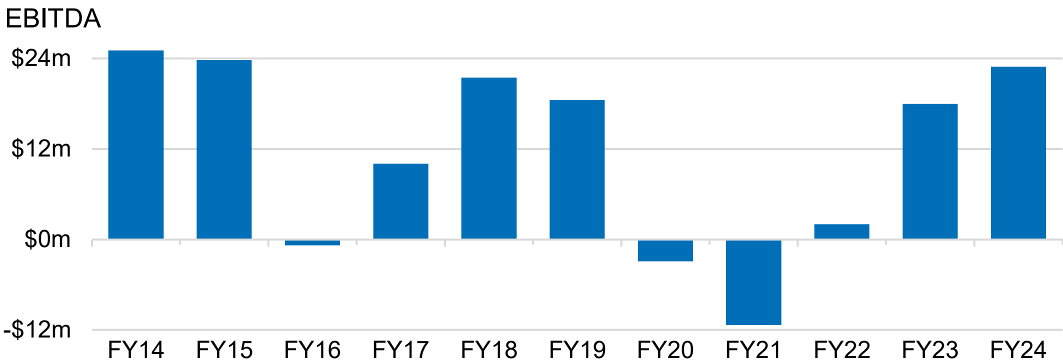
Figure 3: Namoi historical ginning volume from FY14 to FY24



(b) Earnings

Reported EBITDA in the past 11 years (FY14 to FY24) has ranged from $(11.3) million to $25.1 million as shown in Figure 4. Namoi's EBITDA is highly variable in line with ginning volume.

Figure 4: Namoi historical EBITDA from FY14 to FY24



6.10 Summary financials

(a) FY24 Results

Namoi released its FY24 Results (for the financial year ending 29 February 2024) on 17 April 2024.

(b) Basis of preparation

This section 6.10 sets out historical financial information of Namoi for full years FY24, FY23 and FY22. Namoi's financial year end is 28 (or 29) February with most of earnings generated in the half year (to 31 August) from the ginning season that operates from April to October each year.

The information has been extracted from the audited financial reports of Namoi for FY24, FY23 and FY22. During FY23 Namoi made two changes to its accounting policies that resulted in the restatement of comparatives for FY22. These changes relate to (i) AASB 15 *Revenue from Contracts with Customers*, and (ii) AASB 128 *Investments in Associates and Joint Ventures*. More information can be found in the notes of the annual report for the financial year ended 28 February 2023 on page 67.

The financial information in this section is a summary only and is prepared for the purpose of this Target's Statement. It does not contain all the disclosures, presentations, statements or comparatives that are provided in an annual report. The financial information has not been subject to further review by an independent accountant.

Further details on Namoi's financial performance and financial statements (including all notes to the financial statements) can be found in the 'Financial Reports' section of Namoi's website at https://www.namoicotton.com.au/investors/financial-reports/.

(c) Consolidated statement of profit or loss and other comprehensive income

Below is a summary of Namoi's consolidated statement of profit or loss and other comprehensive income for the financial years ended 29 February 2024, 28 February 2023 and 28 February 2022.

Consolidated $'000	29 Feb 2024	28 Feb 2023	28 Feb 2022
Revenue from Customers	244,007	256,947	97,049
Other income	(5)	110	314
Share of profit/(loss) from investment in Namoi Cotton Marketing Alliance	1,500	1,488	414
Share of profit/(loss) of associates and joint ventures	1,478	(1)	381
Cottonseed and other good purchased for resale	(122,934)	(122,948)	(36,773)
Raw materials and consumables used	(15,417)	(19,938)	(7,971)
Distribution costs	(28,222)	(47,921)	(17,571)
Employee benefit expense	(37,475)	(34,700)	(21,444)
Repairs and maintenance	(6,813)	(5,661)	(4,454)
Depreciation	(11,249)	(11,094)	(6,462)
Fair value increment – ginning assets	-	-	181
Finance costs	(3,529)	(3,230)	(2,840)
Other expenses	(12,081)	(9,079)	(7,540)
Profit/(loss) before income tax	**9,260**	**3,973**	**(6,716)**
Income tax (expense)/benefit	(2,360)	(10)	1,276
Profit/(loss) attributable to shareholders	**6,900**	**3,963**	**(5,440)**
Other comprehensive income items that will not be reclassified subsequently to profit and loss: Increment /(decrement) to asset revaluation reserve (net of tax)	3,773	3,287	2,888
Total comprehensive income attributable to Shareholders of Namoi Cotton Limited	**10,673**	**7,250**	**(2,552)**

(d) Consolidated statement of financial position

Below is a summary of Namoi's consolidated statement of financial position as at 29 February 2024, 28 February 2023 and 28 February 2022.

Consolidated $'000	29 Feb 2024	28 Feb 2023	28 Feb 2022
Cash and cash equivalents	7,531	4,877	2,856
Trade and other receivables	6,879	14,296	6,365
Inventories	14,091	24,304	9,670
Prepayments	924	1,044	614
Derivative financial instruments	-	277	67
Total current assets	**29,425**	**44,798**	**19,572**
Investment in Namoi Cotton Marketing Alliance	728	255	248
Investments in associates and joint ventures	4,209	101	(1,312)
Property, plant and equipment	157,227	158,151	153,080
Total non-current assets	**162,164**	**158,507**	**152,016**
Total assets	**191,589**	**203,305**	**171,588**
Trade and other payables	7,030	13,077	6,083
Interest bearing liabilities	2,024	13,717	3,659
Provisions	4,444	2,523	2,450
Derivative financial instruments	112	405	52
Total current liabilities	**13,610**	**29,722**	**12,244**
Interest bearing liabilities	29,184	38,326	45,964
Provisions	61	167	177
Deferred tax liabilities (net)	5,396	1,419	-
Total non-current liabilities	**34,641**	**39,912**	**46,141**
Total liabilities	**48,251**	**69,634**	**58,385**
Net Assets	**143,338**	**133,671**	**113,203**
Contributed Equity	61,142	61,142	47,984
Reserves	80,068	76,338	72,991
Retained earnings / (deficit)	2,128	(3,809)	(7,772)
Total equity	**143,338**	**133,671**	**113,203**

(e) Consolidated statement of cash flows

Below is a summary of Namoi's consolidated statement of cash flow for the financial years ended 29 February 2024, 28 February 2023 and 28 February 2022.

Consolidated $'000	29 Feb 2024	28 Feb 2023	28 Feb 2022
Receipts from customers	659,815	817,258	310,430
Realised gains/(losses) on derivatives	(1,093)	(3,208)	(584)
Payments to suppliers and employees	(193,791)	(194,073)	(77,822)
Payments to growers	(431,244)	(619,272)	(215,702)
Interest received	376	36	7
Interest paid	(2,760)	(3,108)	(1,941)
Net cash (outflow)/inflow from operating activities	**31,303**	**(2,367)**	**14,388**
Payments for property, plant and equipment	(5,277)	(9,823)	(5,067)
Proceeds from sale of property, plant and equipment	30	62	426
Investments in Kimberly Cotton Company Limited	(2,631)	(1,414)	-
Distributions from NCMA	1,027	1,385	790
Net cash (outflow)/inflow from investing activities	**(6,851)**	**(9,790)**	**(3,851)**
Proceeds from issuing of ordinary shares	-	13,158	10,345
Dividends paid	(963)	-	-
Proceeds from borrowings	12,600	30,000	30,967
Repayment of borrowings	(33,478)	(27,175)	(52,469)
Proceeds from equipment loan	1,388	2,211	573
Repayment of equipment loans	(1,150)	(812)	(736)

Consolidated $'000	29 Feb 2024	28 Feb 2023	28 Feb 2022
Repayment of other loans	(16)	(426)	(316)
Repayment of principal portion of lease liabilities	(179)	(416)	(445)
Net cash (outflow)/inflow from financing activities	**(21,798)**	**16,540**	**(12,081)**
Net increase/(decrease) in cash	2,654	4,383	(1,544)
Add cash at the beginning of the financial year	4,877	494	2,083
Cash at end of the financial year	**7,531**	**4,877**	**494**

6.11 Substantial shareholders

As at the Last Practicable Date, based on substantial notice filings to the ASX or as otherwise notified by Namoi's Registry, the substantial shareholders of Namoi Shares are as follows.

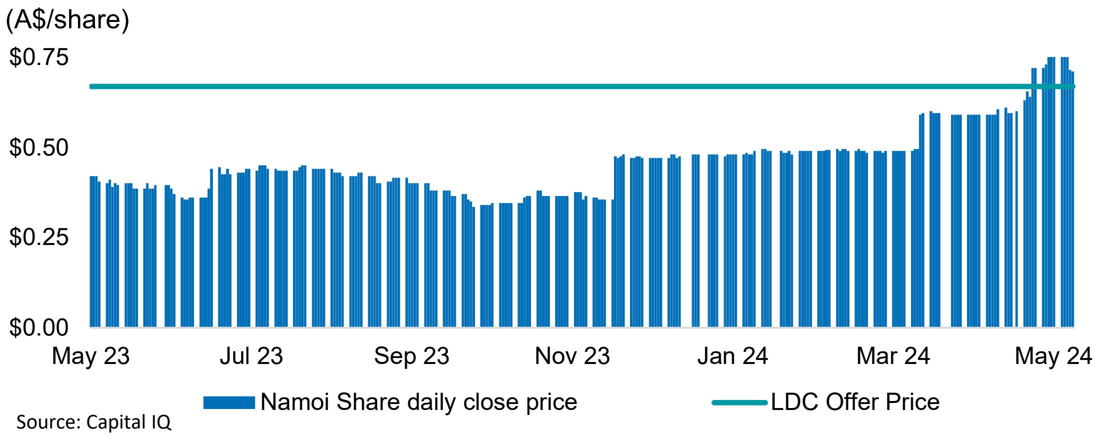
Beneficial shareholder	Number of Shares	Percentage
Samuel Terry Asset Management (as trustee for Samuel Terry Absolute Return Group)	51,322,235	25.00%
Louis Dreyfus Company Asia Pte. Ltd.	34,888,978	16.99%

6.12 Recent Namoi share price performance

Namoi Shares are listed on the ASX under the trading symbol 'NAM'. Figure 5 below shows the closing Namoi Share Price over the twelve months up to and including the Last Practicable Date. On 28 November 2023, Namoi announced its receipt of LDCA's non-binding indicative proposal. The closing share price on 27 November 2023 was $0.355 per Namoi Share (being the last trading day prior to the announcement of LDC's non-binding indicative proposal).

The current price of Namoi Shares on ASX can be obtained from the ASX website (www.asx.com.au) using the code 'NAM'.

Figure 5: Namoi Share closing price vs Offer Price
From 18 May 2023 up to and including 17 May 2024 (Last Practicable Date)



Source: Capital IQ

6.13 Publicly available information

Namoi is an ASX listed company and a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, as a company listed on the ASX, Namoi is subject to the ASX Listing Rules which require (subject to some exceptions) continuous disclosure of any information Namoi has that a reasonable person would expect to have a material effect on the price or value of Namoi Shares.

Namoi's most recent announcements (including its annual and interim reports) are available from its website www.namoicotton.com.au/investors/. Further announcements concerning Namoi will continue to be made available on this website after the date of this Target's Statement.

ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to the ASX by Namoi is available for inspection at ASX during normal business hours and are available on the ASX website at www.asx.com.au.

In addition, Namoi is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Namoi Cotton may be obtained from or inspected at an ASIC service centre.

The following documents are available for inspection free of charge during normal business hours at the registered office of Namoi:

- the Namoi Constitution;
- Namoi's annual report for the financial year ended 28 February 2023;
- Namoi's interim report for the period ended 31 August 2023;
- Namoi's annual report for the financial year ended 29 February 2024; and
- Namoi's public announcements.

7 Risk factors

7.1 Introduction

In considering the Offer, Namoi Shareholders should be aware that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer and continuing to hold Namoi Shares.

In deciding whether to accept or reject the Offer, Namoi Shareholders should read this Target's Statement and the Bidder's Statement carefully and consider these risks. While some of these risks can be mitigated, some are outside the control of Namoi and cannot be mitigated.

The risks set out in this Section 7 do not take into account the individual investment objectives, financial situation, position or particular needs of Namoi Shareholders.

In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in Namoi now or in the future.

7.2 Risks associated with accepting the Offer

The Independent Directors unanimously recommend that Namoi Shareholders REJECT the Offer, for the reasons set out in Section 1. Namoi Shareholders should also be aware of the following risks associated with accepting the Offer:

a) Possible appreciation of Namoi Shares in the future

By accepting the Offer, you may forego any ability to sell your Namoi Shares in the future for more valuable consideration than the Offer Price (although Namoi can give no assurances and make no forecast of whether this will occur).

b) Inability to accept Olam Takeover Offer and possibility of superior proposal emerging

By accepting the Offer, you may not be able to accept the Olam Takeover Offer, which currently provides higher consideration than the Offer. A superior proposal may also emerge (including further increases to the Olam Takeover Offer Price if the Olam Takeover Offer progresses (although the Namoi Board can give no assurances that this will occur)).

By accepting the Offer, you will not be able to accept any superior proposal that may be made, unless you are entitled to revoke or withdraw your acceptance under limited circumstances (see Section 5.10 for further information on those rights). As such, you may not be able to obtain any potential benefit associated with any such superior proposal.

c) Taxation consequences of accepting the Offer

The taxation consequences of disposing of your Namoi Shares pursuant to the Offer depend on a number of factors and your particular circumstances. A general outline of certain Australian tax considerations of such a disposal is set out in Section 5.13. You should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

7.3 Risks associated with a continued investment in Namoi

There are risks both general and specifically relating to Namoi, which could materially adversely affect the future operating and financial performance of Namoi and the value of Namoi Shares – these are set out below. While some of these risks can be mitigated, some are out of the control of Namoi and the Independent Directors and cannot be mitigated. While Namoi has in place policies and procedures to help manage these risks, there is no guarantee that Namoi will be able to manage these risks completely.

This Section describes the material risks to which Namoi Shareholders will continue to be exposed if they reject the Offer and retain their current investment in Namoi Shares. The risks described in this Section are not the only risks that Namoi faces. Other risks may not be known to Namoi and some that the Independent Directors currently believe to be immaterial may subsequently turn out to be material. One or more or a combination of these risks could materially impact Namoi's businesses, its operating and financial performance, the price or value of Namoi Shares or the dividends paid in respect of Namoi Shares.

Additional risks may also depend on what shareholding LDC ultimately holds at the end of the Offer Period. To the extent you are left with a minority shareholding at the end of the Offer Period, you may face the risks set out at section 5.12 of this Target's Statement.

a) Risks specific to an investment in Namoi

(i) (**Weather and climate events**) Production and supply of cotton for ginning is influenced by weather conditions that also determine the timing and quantity of cotton production. While certain conditions may increase the supply of cotton, adverse weather conditions (such as drought) may reduce the supply of cotton.

There is also a risk that Namoi could be exposed to natural events such as floods, storms and fire. Short term adverse changes in the environment, such as changes in rainfall and temperature could negatively impact cotton production.

Namoi could potentially suffer loss due to long term changes in climatic conditions on cotton production (for example from increased frequency of droughts) and transition risks (such as changes to laws and regulations, technology development and disruptions and consumer preferences). Any cotton plant diseases could also negatively impact cotton production.

A failure to respond to the above risks could cause short, medium or long-term impact to Namoi's ginning volume and operations and materially impact cash flows and financial performance.

(ii) (**Seasonality**) The timing of weather condition in the geographies in which Namoi operates can vary from year to year. Since the supply volume and quality of cotton is dependent upon the weather conditions, there is a risk that unusually early or late seasons or variable cotton quality may have a negative impact on the ginning and demand for cotton in a particular year and therefore its financial performance.

(iii) (**Competition**) Namoi conducts its ginning business in a competitive industry. Most of the cotton supplied to Namoi's gins can also be ginned by other cotton companies. This may place pressure on Namoi's margins and/or may impact Namoi's ability to retain existing customers or attract new customers.

(iv) (**Commodity prices**) International cotton commodity prices can impact the profitability of cotton companies. International prices for cotton lint and cottonseed can also affect demand for cotton and growers' decisions to produce cotton.

(v) (**Supply and demand volume**) Global supply and demand factors play a role in the profitability of cotton lint and cottonseed sales. New capacity relating to the global supply of cotton or reduced demand arising from cotton substitutes can result in volatility in pricing and margins in the cotton products processed and supplied by Namoi.

(vi) (**Lint cotton and cottonseed commodities price risk**) Namoi (including through its joint venture interest in NCMA) is exposed to movements to the price of cottonseed and cotton lint through fixed price purchases and sale contracts. Cottonseed and lint cotton price risk potentially arises when Namoi (or NCMA) enters into a forward commitment to purchase or sell physical cottonseed and lint cotton without simultaneously entering into the opposing transaction.

The cotton markets can be volatile and pricing can change rapidly. This volatility, in combination with foreign exchange changes, could have a material impact on Namoi's ability to compete and may impact the financial performance and future prospects of Namoi's business.

(vii) (**Counterparty risk**) Namoi sells cottonseed to domestic and international counterparties and NCMA sells lint cotton to international counterparties. These domestic and export sales are concluded under contract and the potential risk exists for a counterparty to default on its contractual obligations and expose Namoi (cottonseed) or NCMA (lint cotton) to a financial loss. Non-performance by counterparties may result in products or amounts owed being unrecoverable and joint venture parties or other counterparties may have an issue in their business not connected to Namoi which gives rise to a reputational impact which may have a consequential adverse effect on projects in which that entity and Namoi are involved. Purchasers may also default on their purchase obligations resulting in excess inventory and potentially reduced prices at which products can be sold and any insolvency or financial distress of its counterparties may have an adverse financial impact on Namoi.

(viii) (**Security of supply chain**) There is a risk that the supply chain for one or more of Namoi's products could be materially disrupted with the result that sufficient quantities of Namoi product are not delivered on time. This could result from pressures on supply chains including from global shipping capacity constraints, higher costs for freight or supply chain issues or other supply chain disruptions, including labour mobility constraints, or from the occurrence of a natural disaster that affects the delivery of cotton to Namoi's gins, or that impacts the delivery of cotton to customers. The occurrence of such supply chain disruption could result in the inability to sell some or all products, with an associated loss of revenue and (potentially) brand damage, increased costs flowing from alternative transport and delivery arrangements, or a combination of both.

(ix) (**Foreign exchange risk**) Namoi has transactional currency exposures predominantly arising from some cottonseed sales being denominated in USD as opposed to the Namoi's functional AUD currency, which denominates all payments to growers. Foreign currency denominated financial assets and liabilities may be adversely affected by a change in the value of foreign exchange rates.

(x) (**Interest rate risk**) Namoi will be subject to the risk of rising interest rates associated with borrowing on a variable rate basis that could negatively impact its long term debt facilities and short term debt facilities for cottonseed inventory held for marketing. To the extent that Namoi does not or cannot hedge effectively against movements in interest rates, such interest rate movements may adversely affect Namoi's results.

(xi) (**NCA and NCMA joint ventures**) Namoi has a 51% interest in the NCA joint venture and a 15% interest in the NCMA joint venture which is a central aspect of its business. These arrangements may require Namoi to incur obligations and liabilities. Participation in these arrangements may also restrict the Namoi's autonomy and flexibility with respect to certain business decisions. Disagreements may occur between the joint venture parties regarding the business and operations of the joint ventures. Further, a joint venture party may take certain actions or become involved in circumstances which negatively impact the reputation of the joint ventures and cause damage to the reputation of Namoi by association. Additionally, Namoi is exposed to the losses encountered by NCA and NCMA and if NCA and NCMA does not perform as Namoi expects, Namoi's financial performance or reputation may be adversely impacted (noting Namoi's exposure to NCMA is capped at $1.5 million).

(xii) (**Kimberley Cotton Company**) Namoi has an investment in KCC and is a non-controlling interest holder in KCC which is constructing a new gin at Kununurra, WA. Namoi, with the right to nominate a director to the KCC board, will not have the ability to pursue or determine KCC's strategies and operational objectives.

If completion of the new gin is delayed, including delays to the construction or substantial additional costs for the construction of the gin, Namoi may incur additional costs and it may take longer than anticipated for Namoi to realise the benefits of the KCC investment. This in turn may have an impact on Namoi's financial performance or position as a result of Namoi's investment in KCC and/or its arrangements with KCC in the KCC Agreements.

The future operating performance of KCC could have an adverse impact on Namoi's operations, financial position, prospects and reputation if the KCC project does not perform as expected, if KCC is unable to fulfil its obligations, or otherwise if KCC experiences a decline in financial condition, performance or creditworthiness.

(xiii) (**Relationships with customers, distributors and suppliers**) Namoi is exposed to competitor pressures in retaining and attracting customers. The loss of a key customer, the inability to renew contracts on similar terms or the inability of Namoi to attract new customers may have a material impact on future profitability and the value of Namoi Shares. Namoi also uses third parties to sell and/or distribute its products. These third parties may choose to prioritise other products or may elect not to renew distribution agreements when they expire. Should this occur, Namoi may not be able to sell its products or may suffer delays in appointing new distributors. Namoi also relies on the supply of materials in order to produce and supply its cotton products. Commercial terms relating to the supply of those material can vary and are subject to negotiation with third parties. Pricing and other terms associated with these arrangements can impact the margins associated with the sale of related products and Namoi's future profitability and the value of Namoi Shares.

(xiv) (**Operational risk**) Namoi's profitability will continue to be subject to a variety of operational risks including strategic and business decisions (including acquisitions), technology risk (including business systems failure), reputation risk, fraud, compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, business continuity planning, legal risk, data integrity risk, customer default risk, key person risk and external events. Further operational risks are that a customer or customers may terminate the services of Namoi at any time, for any reason, or that a regulatory investigation or review may adversely affect Namoi's ability to conduct its operations in an efficient and cost-effective manner.

(xv) (**Acquisition and divestment risk**) From time to time, Namoi evaluates corporate transactions and acquisition and divestment opportunities, which may involve entering new, or leaving existing, markets, or entering into joint ventures, strategic partnerships or combining assets. While Namoi recognises the potential benefits of corporate transactions and acquisition or divestment activities, significant risks also exist in both the execution and implementation of such activities and may affect Namoi's risk profile through changes to, or the relative importance of, the risks to which Namoi has exposures.

(xvi) (**Information and cyber security**) Sensitive data pertaining to Namoi, its employees, associates, customers or suppliers, may be lost or exposed, resulting in negative impact to reputation or competitive advantage, and potential breach of regulatory compliance obligations. Cyber threats, such as advanced persistent threats, distributed denial of service, malware and ransomware, are continuously evolving, becoming more sophisticated and increasing in volume. Cyber criminals may attempt to take advantage through pursuing exploits in end point security, spreading malware, and increasing phishing attempts. These risks may be further exacerbated by geopolitical risks.

Namoi may be the target of cyber-attacks which could result in commercial, financial, health and safety, environmental or reputational impacts. The potential consequences include loss of business or customers, financial loss, harm to personnel or environment, interference with compliance with regulations, interruption to operational business processes, or interruption to the ability to make, sell and ship product. In respect of Namoi's proprietary information systems, there is a risk that the intellectual property may be replicated or challenged, resulting in potential loss of business.

Additionally, failures in Namoi's cybersecurity policies, procedures or controls, could result in loss of data or other sensitive information (including as a result of an outage) and may cause associated reputational damage. Any of these events could result in significant financial losses (including costs relating to notification of, or compensation for customers), regulatory investigations or sanctions or may affect the Namoi's ability to retain and attract customers, and thus may adversely affect Namoi's financial performance and position.

(xvii) (**Regulatory or compliance breaches**) Namoi is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to Namoi include environment, occupational health and safety. Safety, employment and similar regulations also give rise to significant requirements and compliance costs for Namoi. There is a risk that non-compliance with such regulations, changes in the interpretation of current regulations, loss or failure to secure a renewal of an accreditation, or the introduction of new laws or regulations may occur, which could lead to fines imposed on Namoi by the relevant regulatory authority or governmental body, revocation of permits/licences, increased compliance costs, or damage to Namoi's reputation. These events could have a material adverse impact on Namoi's costs, business model and competitive environment and therefore its future financial performance and position.

(xviii) (**Compliance and change in law risk**) Changes in federal or state government legislation, regulations or policies in any of the countries in which Namoi operates or in which it has dealings may adversely impact its business, financial condition and operations, or the business, financial condition and operations of Namoi's customers and suppliers. This includes changes in domestic or international laws relating to sanctions, import and export quotas, tariffs and geopolitical risks relating to countries with which Namoi, or its customers and suppliers, engages to buy or sell products and materials, and health and safety laws. In addition, changes in tax legislation or compliance requirements in the jurisdictions in which Namoi, or its customers and suppliers, operates, or changes in the policy or practices of the relevant tax authorities in such jurisdictions, may result in additional compliance costs and/or increased risk of regulatory action, including potential impact on licences to operate. New regulations or guidance relating to climate change, human rights, environmental, social or governance risks, as well as the perspectives of shareholders, employees and other stakeholders, may affect Namoi's business operations and its financial position and performance and that of its customers and suppliers.

Namoi's business and that of its customers and suppliers, are also subject to various other laws and regulatory provisions across the jurisdictions in which it operates, including anti-bribery and corruption laws, sanctions and anti-trust laws. Failure to abide by any applicable laws and regulations could result in reputational damage to Namoi, as well as legal action, potential costs of damages, penalties and fines, and could impact on the willingness of parties, including financiers, to transact with Namoi, which could have an adverse financial impact on Namoi.

(xix) (**Litigation risk**) Namoi is exposed to potential legal and other claims, disputes or matters in the course of its business, including contractual and other commercial disputes, property damage and personal injury claims in connection with its operations, regulatory investigations, industrial action, disputes involving employees or former employees and occupational health and safety matters. If Namoi or any of its controlled entities is involved in any such claims, disputes or matters, this may disrupt Namoi's business operations, affect Namoi's reputation, and/or cause Namoi to incur additional costs which may have an adverse financial impact on Namoi.

(xx) (**Insurance risk**) Although Namoi maintains insurance coverage that it believes is appropriate to protect against major operating, business and other risks, not all risks are insured or insurable. Namoi cannot be sure that adequate insurance coverage for potential losses will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover all or any future claims.

(xxi) (**Environmental compliance risk**) Namoi operates in a regulatory environment that establishes high standards in terms of environmental compliance. Any material failure by Namoi to meet its various statutory and regulatory environmental responsibilities could result in significant liabilities as well as ongoing costs relating to operations inefficiencies which may arise.

(xxii) (**Quality controls**) Namoi supplies a range of cotton products which are the subject of strict export quarantine controls. The performance of those products would be negatively impacted if specific quality standards are not met and this could, in turn, have an adverse impact on the reputation and success of Namoi.

(xxiii) (**Failure to recruit and retain key executives, employees and Directors**) Key executives, employees and Directors play an integral role in the operation of Namoi's business and its pursuit of its strategic objectives; risks include:

(A) the need to fill the vacant Chief Executive Officer and Chief Financial Officer roles (currently managed by the Executive Chairman and Chief Financial Officer and Company Secretary);

(B) the unexpected departure of an individual in a key role; and

(C) Namoi's failure to recruit and retain appropriately skilled and qualified persons into these roles,

(D) each of which could have an adverse effect on Namoi's business, prospects, reputation, financial performance or financial condition.

(xxiv) (**Occupational, health and safety risk**) Due to the nature of Namoi's operations, there is a risk of accidents or unsafe operations. Notwithstanding the preventative measures which Namoi has taken or may take, there can be no assurance that accidents or unsafe operations will not occur and injure Namoi's own personnel or third parties. Such events may result in additional costs and fines, and may jeopardise Namoi's reputation, credibility and its operations.

b) General Risks

(i) Investments in equity capital carry general risks. The trading price of Namoi Shares on the ASX may fluctuate in line with broader market movements or in response to specific circumstances which may result in the market price being higher or lower than the price as at the date of this Target's Statement. Some factors which may affect the market price of the Namoi Shares include:

(A) changes in Australian and international general economic conditions (including rising inflationary pressures, the level of economic activity, increasing costs of living, tightening labour markets, rising interest rates, global shipping constraints, supply chain disruption and currency exchange rates), investor sentiment and general market movements, which may or may not have an impact on Namoi's actual operating performance;

(B) geopolitical tensions or other major Australian and international events such as hostilities and tensions (including the conflict in Ukraine and Middle East), and acts of terrorism;

(C) operating results that vary from expectations of securities analysts and investors;

(D) changes in expectations as to Namoi's future financial performance, including financial estimates by securities analysts and investors;

(E) changes in market valuations of other financial services institutions;

(F) changes in dividends paid to shareholders, Namoi's dividend payout policy or Namoi's ability to frank dividends;

(G) announcements of acquisitions, strategic partnerships, joint ventures or capital commitments by Namoi or its competitors;

(H) changes in the market price of ordinary shares and/or other capital securities or other equity securities issued by Namoi or by other issuers, or changes in the supply of equity securities or capital securities issued by Namoi or by other issuers;

(I) changes in laws, regulations, government and regulatory policy and the expressed views of regulators;

(J) cyber security incidents being prevalent across the Australian corporate landscape;

(K) natural disasters and catastrophes, whether on a global, regional or local scale;

(L) changes in accounting standards which affect the financial performance and position reported by Namoi;

(M) Namoi's failure to comply with laws, regulations or regulatory policy, which may result in regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings); and

(N) other events set out above in the key business risks associated with Namoi's business.

8 Additional information

8.1 Interests of Namoi Directors

a) Interests of Namoi Directors in Namoi securities

The number and description of Namoi securities in which each of the Namoi Directors has a Relevant Interest is set out in the table below:

Name	Namoi Shares	Relevant Interest	Namoi Performance Rights
Tim Watson	3,171,232	1.55%	Nil
Robert Green	178,415	0.09%	Nil
Juanita Hamparsum	490,018	0.24%	Nil
Ian Wilton	1,025,873	0.50%	Nil
Sarah Scales	Nil	0%	Nil
James Davies	Nil	0%	Nil

As at the date of this Target's Statement, each Independent Director who holds or controls Namoi Shares intends to **REJECT** the Offer in respect those Namoi Shares.

b) Dealings by Namoi Directors in Namoi Shares or other securities

No Namoi Director has acquired or disposed of a Relevant Interest in any Namoi Shares after 4 November 2022, following the issue of Namoi Shares from their participation in Namoi's fully underwritten renounceable pro-rata entitlement offer (announced on 21 September 2022).

c) Interests and dealings in LDC

As at the date of this Target's Statement, neither Namoi nor any of the Independent Directors has a Relevant Interest in any securities of LDC or any Related Bodies Corporate of LDC.

d) Benefits to Independent Directors

As a result of the Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act and compulsory superannuation entitlements) has been paid or will be paid to any Independent Director or secretary in connection with the loss of, or their resignation from, their office in Namoi or any Related Bodies Corporate of Namoi.

e) Conditional agreements

No agreement has been made between any of the Independent Directors and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a Namoi Shareholder.

f) Interests in contracts with LDC

No Independent Director has any interest in any contract entered into by an LDC Group Member.

8.2 Other material information

a) This Target's Statement is required to include all the information that Namoi Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether or not to accept the Offer, but:

(i) only to the extent to which it is reasonable for Namoi Shareholders and their professional advisers to expect to find this information in this Target's Statement; and

(ii) only if the information is known to any of the Independent Directors.

b) The Independent Directors are of the opinion that the information that Namoi Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether to accept the Offer is:

(i) the information contained in the Bidder's Statement;

(ii) the information contained in Namoi's announcements to ASX prior to the date of this Target's Statement; and

(iii) the information contained in this Target's Statement.

c) The Independent Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Independent Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it. In deciding what information should be included in this Target's Statement, the Independent Directors have had regard to:

(i) the nature of Namoi Shares;

(ii) the matters that Namoi Shareholders may reasonably be expected to know;

(iii) the fact that certain matters may reasonably be expected to be known to Namoi Shareholders' professional advisers; and

(iv) the time available to Namoi to prepare this Target's Statement.

8.3 Issued securities

As at the date of this Target's Statement, Namoi's issued capital comprises:

a) 205,314,735 Namoi Shares on issue;

b) 1,621,628 Namoi Residual Capital Stock on issue. As Namoi announced on 17 April 2024 that Namoi has elected to redeem all the outstanding Namoi Residual Capital Stock on issue (for which Namoi has not received a valid conversion notice) as permitted by and in accordance with the Namoi Residual Capital Stock Terms; and

c) 1,835,852 unvested Namoi Performance Rights on issue.

8.4 Latest financial results and change of financial position

Namoi's last published audited financial statements are for the year ended 29 February 2024 as lodged with ASX on 17 April 2024.

Except as disclosed in this Target's Statement and any announcement made by Namoi since 17 April 2024, as at the date of this Target's Statement the Directors are not aware of any material change to Namoi's financial position as disclosed in Namoi's audited financial statements for the year ended 29 February 2024 lodged with ASX on 17 April 2024.

8.5 Potential impact of the Offer on financing arrangements and material contracts

The information below has been included in this Target's Statement because it may impact the future prospects of the Namoi Group, which would be relevant to those Namoi Shareholders who may remain as shareholders in Namoi.

a) Financing arrangements

On 24 October 2023, Namoi executed an agreement with the Commonwealth Bank of Australia to renew and extend its existing banking facilities to 30 October 2026. The $76.25 million package of debt facilities comprises:

(i) term debt of $32.5 million with no amortisation;

(ii) committed working capital facility of $17.5 million with access to further $13.4 million in uncommitted working capital and other trade facilities to fund cottonseed inventory and other inventories;

(iii) $7.5 million in uncommitted equipment finance facilities; and

(iv) overdraft facility of $5 million.

b) Material contracts

It is possible that material contracts to which Namoi is a party may be subject to pre-emptive rights, review, termination or other obligations on a change of control due to the Offer.

In particular, the Joint Venture Agreements are subject to certain Change of Control Requirements. If any consents (or waivers) cannot be obtained in relation to any of the Joint Venture Agreements or other material contracts, a counterparty may seek to review or terminate that contract or, in the case of the Joint Venture Agreements, Namoi may be required to dispose of its interests in the relevant joint venture in accordance with the terms of the relevant Joint Venture Agreement.

If any such contracts are terminated due to the Offer, Namoi would lose the benefit of the contract and may be unable to obtain similar terms on entry into replacement contracts (if any such replacement contracts are available).

8.6 Material litigation

Namoi is not aware of any litigation or disputes of a material nature being undertaken, commenced or threatened against any member of the Namoi Group.

8.7 Impact of the Offer on incentive arrangements

Namoi operates the Namoi Performance Rights Plan under which Namoi Performance Rights are offered to employees (as determined by the Namoi Board) as an incentive to align their interests with those of Namoi Shareholders. Each Namoi Performance Right entitles the holder to be allocated one Namoi Share, subject to the satisfaction of certain vesting conditions.

Accordingly, employees (as determined by the Namoi Board) have previously received, and have on foot, a number of existing incentive arrangements which will be impacted by the Offer (depending on the relevant offer terms).

As at the date of this Target's Statement, Namoi had on issue 1,835,852 Namoi Performance Rights. All Namoi Performance Rights have an exercise price of nil.

The Namoi Board, under clause 10.1 the Equity Plan Rules, has the discretion to vest any or all Namoi Performance Rights if, among other things, in the case of a 'Takeover Bid' (as defined in the Equity Plan Rules), a person who previously had Voting Power in Namoi of less than 50% obtains Voting Power of more than 50%, or a 'Takeover Bid' is made for the Company and the bid is declared unconditional at a time prior to the bidder being entitled to 50% of the issued Namoi Shares (each being an 'Event' under the Equity Plan Rules).

Accordingly, the 50.1% Minimum Acceptance Condition being satisfied or LDC otherwise declaring the Offer unconditional, would both be 'Events' for the purposes of the Equity Plan Rules.

The Namoi Board has, in exercise of the discretions granted to it under the Equity Plan Rules, passed resolutions, which provide for all existing Namoi Performance Rights to vest and be exercised in time for the holders of the Namoi Performance Rights to acquire Namoi Shares at the time the 50.1% Minimum Acceptance Condition is satisfied.

8.8 Namoi Residual Capital Stock

As at the date of this Target's Statement, there are 1,621,628 Namoi Residual Capital Stock on issue. On 17 April 2024, Namoi announced that Namoi it has elected to redeem all the outstanding Namoi Residual Capital Stock on issue (for which Namoi has not received a valid conversion notice) as permitted by and in accordance with the Namoi Residual Capital Stock Terms.

In accordance with the Namoi Residual Capital Stock Terms:

a) Namoi's announcement that it will redeem all of the Namoi Residual Capital Stock on issue is irrevocable;

b) Holders of Namoi Residual Capital Stock can no longer elect to convert Namoi Residual Capital Stock to Namoi Shares;

c) redemption of the Namoi Residual Capital Stock is expected to occur on or around 4 June 2024;

d) Namoi must pay to each Namoi Residual Capital Stock holder the VWAP Price for each Residual Capital Stock that is redeemed, being $0.5318; and

e) Namoi expects to pay to Namoi Residual Capital Stock holders in aggregate approximately $0.86 million in cash for the redemption of their Namoi Residual Capital Stock, which will be funded from existing cash reserves and debt facilities.

8.9 Reliance on ASIC relief generally

As permitted by ASIC Corporations (Takeover Bids) Instrument 2023/683, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Any Namoi Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Namoi Shareholder Information Line on 1300 265 118 or +61 3 9415 4151 (outside Australia) which is available Monday to Friday between 8.30am and 5.00pm (Sydney time) on a Business Day.

As permitted by the ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person, or from a public official document or a published book, journal or comparable publication. Pursuant to this ASIC Instrument, the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement. In addition, as permitted by this ASIC Instrument, this Target's Statement contains share price trading and financial data sourced from Capital IQ, without its consent.

8.10 Transaction expenses

The Offer has resulted in Namoi incurring expenses that would not otherwise arise from its ordinary operations and which are in excess of the transaction costs incurred in relation to the Scheme. These expenses include fees of legal, financial and tax advisers engaged to assist in responding to the Offer and other transaction related expenses which will have a negative impact on Namoi's after tax earnings in FY25. The total cost of the takeover response depends on the outcome of the Offer, the duration of the Offer and required response activities, as well as the complexity of the issues addressed in the response. Therefore, it is difficult to estimate the likely total cost to Namoi. These costs will be reflected in Namoi's financial results for FY25.

8.11 Consents

a) Consents to inclusion of a statement

Each Independent Director specified in Section 8.1 consents to be named in this Target's Statement and to the inclusion of statements made by them in this Target's Statement and has not, before the lodgement of this Target's Statement with ASIC, withdrawn their written consent to the inclusion of the statements in this Target's Statement in each case in the form and context in which the statements are included and to all references in this Target's Statement to those statements in the form and context in which they are included.

b) Consents to be named

The following persons have given and have not before the date of this Target's Statement withdrawn their written consent to be named in this Target's Statement in the form and context in which they are named:

(i) Blackpeak Capital Pty Ltd as financial adviser to Namoi;

(ii) King & Wood Mallesons as legal adviser to Namoi;

(iii) Computershare Investor Services Pty Limited as the Namoi Share Registry; and

(iv) Samuel Terry Asset Management Pty Ltd (as trustee for Samuel Terry Absolute Return Group).

c) BDO Corporate Finance Ltd consent

BDO Corporate Finance Ltd has given and has not before the date of this Target's Statement withdrawn its written consent to be named as the Independent Expert in this Target's Statement and to the inclusion in this Target's Statement of the Independent Experts Report set out in Annexure A and the references to the Independent Expert's

Report elsewhere in this Target’s Statement, in each case in the form and context in which they are included.

d) Moore Australia (QLD/NNSW) Pty Ltd

Moore Australia (QLD/NNSW) Pty Ltd has given and has not before the date of this Target's Statement withdrawn its written consent to be named in this Target's Statement and to the inclusion in this Target's Statement of the information contained in section 5.13 of this Target's Statement and the references to that section elsewhere in this Target's Statement, in each case in the form and context in which they are included.

e) Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target’s Statement:

(i) does not make, or purport to make, any statement or representation in this Target’s Statement nor any statement on which a statement in this Target’s Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target’s Statement with the consent of that person; and

(ii) to the maximum extent permitted by law, expressly disclaims and makes no representation regarding, and takes no responsibility for, any statements or material in or omissions from this Target’s Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target’s Statement with the consent of that party.

8.12 Miscellaneous and publicly available information

Namoi is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Namoi is subject to the ASX Listing Rules which require continuous disclosure of any information Namoi has concerning it that a reasonable person would expect to have a material effect on the price or value of Namoi Shares and other securities.

Namoi Shareholders should have regard to material announcements (including those which may be relevant to Namoi’s financial position) that have been lodged with ASX since Namoi’s last published audited financial statements for the financial year ended 29 February 2024 which were lodged with ASX on 17 April 2024.

A list of announcements released by Namoi in the period from 17 April 2024 to the Last Practicable Date is set out in Schedule A.

This Target’s Statement also contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by LDC or Namoi.

Any Namoi Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the Namoi Shareholder Information Line on 1300 265 118 (within Australia) or +61 3 9415 4151 (outside Australia) which is available Monday to Friday between 8.30am and 5.00pm (Sydney time) on a Business Day. Copies of ASX announcements by Namoi may also be obtained from Namoi’s website at https://www.namoicotton.com.au/investors/.

8.13 Date of Target’s Statement

This Target’s Statement is dated 22 May 2024, which is the date on which it was lodged with ASIC.

8.14 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Independent Directors on 21 May 2024.

Tim Watson
Executive Chair
Namoi Cotton Limited

9 Glossary

9.1 Definitions

Term	Meaning
50.1% Minimum Acceptance Condition	the Condition in Section 10.14(a) of the Bidder's Statement.
AASB	the Australian Accounting Standards Board.
ABN	Australian Business Number.
ACCC	the Australian Competition and Consumer Commission.
ACCC Clearance Condition	the Condition in Section 10.14(c) of the Bidder's Statement.
Acceptance Form	an acceptance by a Namoi Shareholder in the form enclosed with the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of LDC (and includes, for the avoidance of doubt, both the Issuer Acceptance Form and the CHESS Acceptance Form).
ACN	Australian Company Number.
Affiliates	means, in respect of LDC: a) a person Controlled directly or indirectly by LDC; b) a person Controlling directly or indirectly LDC; c) a person directly or indirectly Controlled by a person who Controls LDC (whether alone or with another person or persons); or d) a person directly or indirectly under the common Control of LDC and another person or persons, and for the avoidance of doubt includes Louis Dreyfus Company B.V. and any company or legal entity directly or indirectly controlled by Louis Dreyfus Company B.V. but expressly excludes other entities controlling Luis Dreyfus Company B.V.
Announcement Date	the date of the announcement of the Offer by LDC, being 29 April 2024.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning given to that term in section 12 of the Corporations Act.
ASX	as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.
ASX Listing Rules	the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHESS system in Australia.
ASX Settlement Operating Rules	the operating rules of ASX Settlement which govern the administration of CHESS.
Bid Period	the period that starts when the Bidder's Statement is given to Namoi and ends: a) one month later if no offers are made under the bid; or b) at the end of the Offer Period.
Bidder's Statement	the bidder's statement in relation to the Offer, prepared by LDC and dated 30 April 2024, under Part 6.5 Division 2 of the Corporations Act relating to the Offer, as replaced by the replacement bidder's statement dated 7 May 2024 and supplemented by the second

	supplementary bidder's statement dated 10 May 2024 and includes any further supplementary or replacement bidder's statement.
Broker	a person who is a share broker and participant in CHESS.
Business Day	means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney.
CGT	Australian capital gains tax.
Change of Control Requirements	any change of control or similar provisions in any material contract or in the Joint Venture Agreements which may be triggered by completion of the Offer.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities in Australia.
CHESS Acceptance Form	the Acceptance Form enclosed with the Bidder's Statement for Namoi Shareholders with a CHESS Holding.
CHESS Holding	a number of Namoi Shares which are registered on Namoi's share register, being a register administered by ASX Settlement and which records uncertificated holdings of shares.
Commissioner of Taxation	has the meaning given in the *Taxation Administration Act 1953* (Cth).
Compulsory Acquisition or **Compulsorily Acquire**	the compulsory acquisition process in respect of the Namoi Shares held by Namoi Shareholders that do not accept the Offer under Part 6A.1 and/or Part 6A.2 of the Corporations Act that may occur after successful of the Offer (as described in Section 5.11).
Compulsory Acquisition Threshold	during or at the end of the Offer Period either: a) LDC and its Associates have a Relevant Interest in at least 90% (by number) of Namoi Shares; and b) LDC and its Associates have acquired at least 75% (by number) of the Namoi Shares.
Computershare	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Conditions	Each condition of the Offer set out in Section 10.14 of the Bidder's Statement.
Control	has the meaning given in section 50AA of the Corporations Act.
Controlling Participant	in relation to your Namoi Shares, has the same meaning as in the ASX Settlement Operating Rules.
Corporations Act	the *Corporations Act 2001* (Cth).
EBITDA	a non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortisation (including share of EBITDA from NCA and share of profit from NCMA and NCPS excluding impairments and revaluation decrements on property, plant and equipment held at fair value).
Equity Plan Rules	the Namoi Cotton Limited Equity Plan Rules, referred to in the Namoi notice of annual general meeting dated 31 August 2020 as the 'Namoi Cotton Limited Rights Plan'.
FAQ	frequently asked questions set out in Section 3.
FATA	the *Foreign Acquisitions and Takeovers Act 1975* (Cth).
FIRB	the Foreign Investment Review Board.
FIRB Condition	the Condition in Section 10.14(b) of the Bidder's Statement.
FY22	the financial year ended 28 February 2022.
FY23	the financial year ended 28 February 2023.
FY24	the financial year ended 29 February 2024.
FY25	the financial year ending 28 February 2025.

GST	goods and services tax.
Independent Directors	means, individually, each of the Directors from time to time who does not have a conflict of interest due to an association with LDC or any LDC Group Member, which, as at the date of this Target's Statement, means each of Mr Tim Watson, Mr James Davies, Mr Robert Green, Ms Juanita Hamparsum and Mr Ian Wilton.
Independent Expert	BDO Corporate Finance Ltd (ACN 010 185 725), the independent expert engaged by Namoi.
Independent Expert's Report	a report (including any written updates to such report) of the Independent Expert stating whether or not in its opinion the Offer is fair and reasonable, as set out in Annexure A.
Issuer Acceptance Form	the Acceptance Form enclosed with the Bidder's Statement for Namoi Shareholders with a holding of Namoi Shares with an Issuer Sponsored Holding.
Issuer Sponsored Holding	a holding of Namoi Shares on Namoi's issuer sponsored subregister.
Joint Venture Agreements	each of: a) MG JVA; b) MCS JVA; and c) WGC JVA.
KCC or Kimberley Cotton Company	Kimberley Cotton Company Limited (ACN 649 678 197) who is constructing a new cotton gin at Kununurra, WA. Namoi has an interest in KCC.
KCC Agreements	any written agreement, arrangement or understanding in relation to the investment in Kimberley Cotton Company or the construction and planned operation of a cotton gin by Namoi at Kununurra, Western Australia on behalf of the Kimberley Cotton Company.
Last Practicable Date	the last practicable trading date on ASX prior to the finalisation of this Target's Statement, being Friday, 17 May 2024.
LDC	Louis Dreyfus Company Melbourne Holdings Pty Ltd (ACN 161 877 185).
LDCA	Louis Dreyfus Company Asia Pte. Ltd.
LDC B.V.	Louis Dreyfus Company B.V.
LDC Group	means Louis Dreyfus Company B.V. and its Subsidiaries (including LDC) and **LDC Group Member** means any one of them.
MCS JVA	the Mungindi Cottonseed Shed Joint Venture Operation and Participation Agreement between Namoi, Danbil Pty Ltd (ACN 001 398 438), Reardon Farms Pty Ltd (ACN 068 625 187), B & J Longworth and MD & EJ Harris Pty Ltd (ACN 096 194 437) dated 14 July 2008.
MG JVA	the Moomin Gin Joint Venture Agreement between Namoi and KB & MA Harris Pty Ltd (ACN 096 194 428) dated 20 March 2007 and amended 22 December 2017.
Namoi	Namoi Cotton Limited (ACN 010 485 588).
Namoi Board or **Board**	the board of Directors of Namoi from time to time.
Namoi Constitution	the constitution of Namoi, last amended on 19 July 2023, that can be found on https://www.namoicotton.com.au/wp-content/uploads/Constitution-Namoi-Cotton-Limited-amendments-post-AGM-2023-2.pdf
Namoi Directors or **Directors**	the directors of Namoi and **Namoi Director** or **Director** means any one of them.

Namoi FY25 Remuneration Work Plan	the remuneration work plan agreed between Namoi and LDC on or about 23 April 2024.
Namoi Group or **Group**	Namoi and each of its Subsidiaries.
Namoi Performance Right	all performance rights, options or other entitlements for the grant of Namoi Shares which have been issued under long-term incentive plans by Namoi on the date of this Target's Statement.
Namoi Performance Rights Work Plan	the agreed form document setting out the arrangements to be implemented by Namoi and LDC for the vesting of the Namoi Performance Rights.
Namoi Permitted Special Dividend	the special dividend of $0.01 per Namoi Share announced by Namoi on 17 April 2024 with a record date of 24 April 2024 and paid to eligible Namoi Shareholders on 10 May 2024.
Namoi Residual Capital Stock	an interest in the capital (but not the share capital) of Namoi having the rights set out in the Namoi Residual Capital Stock Terms.
Namoi Residual Capital Stock Terms	the terms of the Namoi Residual Capital Stock as set out in Schedule 2 to the Namoi Constitution.
Namoi Share(s)	a fully paid ordinary share in the capital of Namoi, including those shares on issue at the end of the Offer Period.
Namoi Shareholder	a person who is registered as the holder of Namoi Shares in the Namoi share register.
Namoi Shareholder Information Line	the information line set up for the purposes of answering enquiries from Namoi Shareholders in relation to this Target's Statement. The information line numbers are 1300 265 118 (within Australia) and +61 3 9415 4151 (outside Australia), and are available between Monday to Friday from 8.30am to 5.00pm (Sydney time) on a Business Day.
Namoi Share Registry	Computershare.
NCA	Namoi Cotton Alliance, a joint venture between LDC and Namoi where Namoi holds a 51% interest.
NCMA	Namoi Cotton Marketing Alliance, a joint venture between LDC and Namoi where Namoi holds a 15% interest.
NCPS	NC Packing Services Pty Ltd (ACN 147 169 515).
Non-Withholding Declaration	a declaration that either: a) you are a resident of Australia for the purposes of the Tax Act; or b) your Namoi Shares are not "indirect Australian real property interests" for the purposes of the Tax Act.
Notice of Status of Conditions	LDC's notice disclosing the status of the Conditions of the Offer, which is required to be given under section 630(3) of the Corporations Act.
Offer or **LDC Offer**	the off-market takeover offer by LDC for all of the Namoi Shares the LDC Group does not already own under Chapter 6 of the Corporations Act as described in the Bidder's Statement.
Offer Agreement	the agreement entered into between LDC and Namoi with respect to LDC's intention to make the Offer to Namoi Shareholders dated 29 April 2024.
Offer Period	the period within which the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act, as set out in Section 5.4(c).
Offer Price	the consideration offered under the Offer which at the date of this Target's Statement, is $0.67 per Namoi Share.
Olam	Olam Agri Australia Pty Ltd (ACN 677 122 468).

Olam Bidder's Statement	the bidder's statement in relation to the Olam Takeover Offer, prepared by Olam and dated 9 May 2024, under Part 6.5 Division 2 of the Corporations Act relating to the Olam Takeover Offer, as replaced by the replacement bidder's statement dated 16 May 2024 and includes any supplementary or further replacement bidder's statement.
Olam FIRB Condition	has the meaning given to that term in the Olam Bidder's Statement.
Olam Holdings	Olam Agri Holdings Limited.
Olam Minimum Acceptance Condition	the condition in Section 10.14(a) of the Olam Bidder's Statement.
Olam Takeover Offer	the off-market takeover offer by Olam to acquire all of the Namoi Shares under Chapter 6 of the Corporations Act for $0.70 per Namoi Share, as described in the Olam Bidder's Statement.
Olam Takeover Offer Price	the consideration offered under the Olam Takeover Offer which at the date of this Target's Statement, is $0.70 per Namoi Share.
Permitted Issue of Securities	a) the issue of new performance rights as agreed between Namoi and the LDC Group in the Namoi FY25 Remuneration Work Plan; or b) the vesting of any Namoi Performance Rights, including as agreed in the Namoi Performance Rights Work Plan or Namoi FY25 Remuneration Work Plan; or c) the conversion of any Namoi Residual Capital Stock (for Namoi Residual Capital Stock holders who have already made a valid election to convert their Namoi Residual Capital Stock prior to the Announcement Date).
Prescribed Occurrences Condition	means the Condition in Section 10.14(d) of the Bidder's Statement.
Register Date	the date set by LDC under section 633(2) of the Corporations Act, being 7.00pm (Sydney time) on 1 May 2024.
Related Bodies Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Restructure	Namoi's restructure of its corporate and capital structure involving, among other things, becoming a public company effective 10 October 2017, the variation of the then grower shares and Namoi capital stock rights such that grower members and Namoi capital stockholders become Namoi Shareholders.
Rights	all accreditations, rights or benefits of whatever kind attaching or arising from Namoi Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid, made or issued by Namoi or any of its Subsidiaries).
Scheme	the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Namoi and its shareholders pursuant to the Scheme Implementation Agreement under which LDC would acquire 100% of the shares in Namoi by a scheme of arrangement for total cash consideration of $0.51 per Namoi Share (inclusive of the Namoi Permitted Special Dividend).
Scheme Implementation Agreement	the scheme implementation agreement between Namoi and LDC dated 18 January 2024 and announced on 19 January 2024 and which was terminated on 29 April 2024. A full copy can be obtained from Namoi's website and the ASX.
STAM	Samuel Terry Asset Management Pty Ltd (as trustee for Samuel Terry Absolute Return Group).

Subsidiary	has the meaning given in section 9 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is Controlled by that entity and, without limitation: a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and c) an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the accounting standards to be consolidated with that entity.
Takeovers Panel	the Australian Takeovers Panel.
Target's Statement	this document being the statement of Namoi under Part 6.5 of the Corporations Act in relation to the Offer as may be supplemented from time to time.
Tax Act	the *Income Tax Assessment Act 1997* (Cth).
Undisturbed Historic Market Prices	the market price for Namoi Shares throughout the 12 month period prior to the announcement of the NBIO received from LDC, (announced on 28 November 2023), being the period from 28 November 2022 to 27 November 2023 inclusive.
Voting Power	has the meaning given to it in section 610 of the Corporations Act.
VWAP	volume weighted average price.
WGC JVA	the Wathagar Ginning Company Joint Venture Agreement between Namoi and Sundown Pastoral Co. Pty Limited ACN (000 334 190) dated 19 December 2003.
Your Namoi Shares	subject to Section 10.5(c) of the Bidder's Statement: a) the Namoi Shares in respect of which you are as a holder in the Namoi share register at the Register Date, and in respect of which no other person becomes registered as a holder before you accept the Offer; and b) any Namoi Shares in respect of which, at the time your acceptance of the Offer is processed, you are registered as a holder in the Namoi share register or able to give good title.

9.2 Interpretation

Headings and labels used for definitions in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement. Unless the context otherwise requires in this Target's Statement:

a) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;

b) a reference to a Section is a reference to a Section of this Target's Statement;

c) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

d) the singular includes the plural and vice versa;

e) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;

f) Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia; and

g) The meaning of general words is not limited by specified examples introduced by "including", "for example", "such as" or similar expressions.

Schedule A – ASX Announcements

The table below contains a list of all material announcements released by Namoi in the period from 17 April 2024 to the Last Practicable Date:

No.	Description of announcement	Date of announcement
1	Olam Agri Dispatch of Replacement Bidder's Statement	16/05/2024
2	AXX: Louis Dreyfus' acquisition of NAM raises concerns	16/05/2024
3	Olag Agri Initial Substantial Shareholder Notice	16/05/2024
4	Olam Agri Replacement Bidder's Statement	16/05/2024
5	Olam Agri First Supplementary Bidder's Statement	16/05/2024
6	Olam Agri Takeover Offer - Notice of Register Date	13/05/2024
7	Supplementary Bidder's Statement	10/05/2024
8	Bidder's Statement	09/05/2024
9	STAM support OLAM intention for off-market takeover offer	08/05/2024
10	OLAM intention to make off-market takeover offer at 70c/shr	08/05/2024
11	Olam increases its takeover offer for Namoi to $0.70	08/05/2024
12	Completion of Despatch of Replacement Bidder's Statement	07/05/2024
13	LDC's Replacement Bidder's Statement	07/05/2024
14	Supplementary Bidder's Statement	07/05/2024
15	LDC Change in substantial holding	07/05/2024
16	Variation of Takeover Bid	07/05/2024
17	LDC increases proposed Off-Market Takeover Offer to $0.67	07/05/2024
18	LDC Group intentions in relation to Olam Offer	03/05/2024
19	Change in substantial holding	03/05/2024
20	LDC Takeover Offer - Notice of Register Date	03/05/2024
21	STAM support for proposed Takeover Offer from Olam Agri	02/05/2024
22	Olam Agri intention to make Off-Market Takeover Offer	02/05/2024
23	Intention to Make Takeover Bid	02/05/2024
24	Notification regarding unquoted securities - NAM	01/05/2024
25	LDC Bidder's Statement	30/04/2024
26	STAM support for proposed Takeover Offer from LDC	29/04/2024
27	LDC intention to make Off-Market Takeover Offer at 60c/share	29/04/2024
28	Intention to Make Takeover Bid	29/04/2024
29	Executive Chairman Contract Extension	24/04/2024
30	Application for quotation of securities - NAM	18/04/2024
31	Residual Capital Stock Redemption Notice	17/04/2024
32	Dividend/Distribution - NAM	17/04/2024
33	Preliminary Final Report	17/04/2024

Corporate Directory

Registered office and principal place of business

Namoi Cotton Limited

259 Ruthven Street
Toowoomba QLD 4350

Company website: https://www.namoicotton.com.au/

Investor website: https://www.namoicotton.com.au/investors/

Financial adviser

Blackpeak Capital

Suite 3.03, Level 3, 6 O'Connell Street
Sydney NSW 2000

Legal adviser

King & Wood Mallesons

Level 33, One Eagle Waterfront Brisbane, 1 Eagle Street
Brisbane QLD 4000

Independent Expert

BDO Corporate Finance Ltd

Level 10, 12 Creek Street
Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited

Level 1, 200 Mary Street
Brisbane QLD 4000

Annexure A – Independent Expert's Report

NAMOI COTTON LIMITED

Independent Expert's Report and Financial Services Guide

20 MAY 2024

BDO

FINANCIAL SERVICES GUIDE

Dated: 20 May 2024

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 ('BDOCF' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDOCF holds an Australian Financial Services Licence to provide the following services:

a) Financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, and interests in managed investment schemes excluding investor directed portfolio services;

b) Arranging to deal in financial products in relation to securities; and

c) Applying for, acquiring, varying or disposing of a financial product in relation to interests in managed investment schemes excluding investor directed portfolio services, and securities.

General Financial Product Advice

This Report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently, any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDOCF has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDOCF has been engaged to provide an independent expert's report to the Shareholders of Namoi Cotton Limited ('Namoi' or 'the Company') in relation to the off-market takeover bid made by Louis Dreyfus Company Melbourne Holdings Pty Ltd ('LDC') for all the ordinary shares in Namoi that it (or its related bodies corporate) do not already own ('the Offer').

Further details of the Offer are set out in Section 4. The scope of this Report is set out in detail in Section 3.3. This Report provides an opinion on whether or not the Offer is 'fair and reasonable' to the Shareholders and has been prepared to provide information to the Shareholders to assist them to make an informed decision on whether to accept or reject the Offer. Other important information relating to this Report is set out in more detail in Section 3.

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to accept or reject the Offer is likely to be influenced by their particular circumstances, for example, their taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.

Fees, Commissions and Other Benefits we may Receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate the fee for the preparation of this Report will be approximately $160,000 plus GST. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of the Offer.

Except for the fees referred to above, neither BDOCF, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDOCF may receive a share in the profits of BDO Group Holdings Limited, a parent entity of BDOCF. All directors and employees of BDO Group Holdings Limited and its subsidiaries (including BDOCF) are entitled to receive a salary. Where a director of BDOCF is a shareholder of BDO Group Holdings Limited, the person is entitled to share in the profits of BDO Group Holdings Limited.

Associations and relationships

From time to time BDOCF or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. BDOCF has previously provided professional services to Namoi to assist with independent valuations for financial reporting purposes (including the valuation of performance rights) and determining an appropriate weighted average cost of capital for impairment testing. Related entities of BDOCF have provided professional services including BDO Services Pty Ltd providing internal audit services.

The signatories to this Report do not hold any shares in Namoi and no such shares have ever been held by the signatories.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe, or which are publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints Resolution

Internal Complaints Resolution Process

We are committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the BDO Complaints Policy available on our website.

Referral to External Dispute Resolution Scheme

BDOCF is a member of the Australian Financial Complaints Authority (‘AFCA’) (Member Number 10236).

Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to the AFCA using the contact details set out below.

Australian Financial Complaints Authority Limited
Mail: GPO Box 3, Melbourne VIC 3001
Online Address: http://www.afca.org.au
Email: info@afca.org
Phone: 1800 931 678
Fax: (03) 9613 6399
Interpreter Service: 131 450

Compensation Arrangements

BDOCF and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDOCF or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDOCF satisfy the requirements of section 912B of the Corporations Act 2001.

Contact Details

BDO Corporate Finance Ltd

Location Address:	Postal Address:
Level 10 12 Creek Street BRISBANE QLD 4000	GPO Box 457 BRISBANE QLD 4001
Phone: (07) 3237 5999	Email: cf.brisbane@bdo.com.au
Fax: (07) 3221 9227	

CONTENTS

GLOSSARY

Reference	Definition
A$ or $	Australian dollars
AASB	Australian Accounting Standards Board
ABARES	Australian Bureau of Agricultural and Resource Economics
ABV	Asset-based valuation
ACCC	Australian competition and consumer commission
ACS	Australian Classification Services, a subsidiary of the Company
AFCA	Australian Financial Complaints Authority
APES 225	Accounting Professional and Ethical Standards Board professional standard APES 225 *Valuation Services*
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
Bidder's Statement	The bidder's statement in relation to the Offer dated 30 April 2024, as replaced by the replacement bidder's statement dated 7 May 2024 and includes any supplementary or further replacement bidder's statement
BDO Persons	The partners, directors, agents or associates of BDO
BDOCF	BDO Corporate Finance Ltd
Board, the	The board of directors of the Company
CME	Capitalisation of Maintainable Earnings
Company, the	Namoi Cotton Limited
Corporations Act, the	The Corporations Act 2001
DCF	Discounted cash flow
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EV	Enterprise value
FIRB	Foreign investment review board
FSG	Financial Services Guide
FY	The financial year or 12-month period ended on 30 June
ICAC	International Cotton Advisory Committee
NCA Joint Venture Agreement, the	The joint venture agreement which sets out the terms on which the participants associate themselves together as a joint venture to carry out the NCA Joint Venture
KCC	Kimberley Cotton Company Ltd
LDC	Louis Dreyfus Company Melbourne Holdings Pty Ltd (a wholly owned subsidiary of LDCA)
LDCA	Louis Dreyfus Company Asia Pte Ltd
LDC BV	Louis Dreyfus Company B.V (the parent entity of LDC and LDCA)
LDC Group, the	LDC BV and its subsidiaries
Marketing Business Assets, the	Various warehouses and commodities packing assets and logistics arrangements transferred into the NCA Joint Venture by Namoi Cotton Limited
MBV	Market-based valuation
ML/Ha	Megalitres per hectare

Reference	Definition
Namoi	Namoi Cotton Limited
NBIO	The non-binding and indicative offer between Namoi and LDCA which was announced by Namoi on 28 November 2023
NCA Joint Venture, the	The Namoi Cotton Alliance partnership between Namoi Cotton Limited and Louis Dreyfus Company Asia Pte Ltd
NCMA Joint Venture, the	The Namoi Cotton Marketing Alliance partnership between Namoi Cotton Limited and Louis Dreyfus Company Asia Pte Ltd
NC Packing	NC Packing Services Pty Ltd
Non-Associated Directors, the	The Directors of the Company which are not associated with the LDC Group
NPAT	Net profit after tax
NPBT	Net profit before tax
Offer, the	The off-market bid made by LDC for all ordinary shares in Namoi
Offer Agreement, the	The agreement entered into between LDC and Namoi with respect to LDC's intention to make the Offer to Namoi Shareholders, dated 29 April 2024
Olam	Olam Agri Australia Pty Ltd (a wholly owned subsidiary of Olam Agri Holdings)
Olam Agri Holdings	Olam Agri Holdings Limited
Pre-announcement Date, the	27 November 2023 (being the last trading day prior to the announcement of LDCA's NBIO)
Regulations, the	The Corporation Regulations 2001
Report, this	This independent expert's report prepared by BDOCF and dated 20 May 2024
RG 111	Regulatory Guide 111: *Content of Expert Report*, issued by ASIC
RGs	Regulatory guides published by ASIC
Shareholders, the	The holders of fully paid ordinary shares in the Company
SIA	The original scheme of implementation agreement between LDCA and Namoi which was terminated on 29 April 2024
US	United States
USDA	United States Department of Agriculture
VA Report, the	A vendor assistance report prepared by an advisor of Namoi, at Namoi's request, designed to assist in the prospective sale of the Namoi business and/or the sale of gin assets.
VWAP	Volume weighted average price
We, us, our	BDO Corporate Finance Ltd
4PP	4-Point Program

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PART I: ASSESSMENT OF THE OFFER

The Shareholders
C/- The Directors
Namoi Cotton Limited
259 Ruthven Street
Toowoomba, QLD, Australia, 4350

20 May 2024

Dear Shareholders,

1.0 Introduction

BDO Corporate Finance Ltd (‘BDOCF’, ‘we’, ‘us’ or ‘our’) has been engaged to provide an independent expert’s report (‘this Report’) to Shareholders of Namoi Cotton Limited (‘Namoi’ or ‘the Company’) in relation to the off-market takeover bid made by Louis Dreyfus Company Melbourne Holdings Pty Ltd (‘LDC’) for all the ordinary shares in Namoi that it (or its related bodies corporate) do not already own (‘the Offer’). The consideration to be received by Shareholders under the Offer is cash consideration of $0.67 per Namoi share. A more detailed description of the Offer is set out in Section 4.

In this Report, BDOCF has expressed an opinion as to whether or not the Offer is ‘fair and reasonable’ to the Shareholders. This Report has been prepared solely for use by the Shareholders to provide them with information relating to the Offer. The scope and purpose of this Report are detailed in Sections 3.3 and 3.4 respectively.

For the avoidance of doubt, we note that this Report specifically relates to the Offer from LDC, and not the offer from Olam Agri Australia Pty Ltd (‘Olam’) which, as of 8 May 2024, was $0.70. For the reasons set out in Section 3.4.1 below, the Non-Associated Directors of Namoi have determined that it is appropriate to include an IER in the Target’s Statement responding to the Offer.

This Report, including Part I, Part II and the appendices, should be read in full along with all other documentation provided to the Shareholders including the replacement (and first supplementary) Bidder’s Statement dated 7 May 2024 prepared by LDC (‘Bidder’s Statement’), the second supplementary Bidder’s Statement dated 10 May 2024 and the Target’s Statement dated on or around 22 May 2024 prepared by Namoi (‘the Target’s Statement’).

2.0 Assessment of the Offer

This section is set out as follows:

- Section 2.1 sets out the methodology for our assessment of the Offer;
- Section 2.2 sets out our assessment of the fairness of the Offer;
- Section 2.3 sets out our assessment of the reasonableness of the Offer; and
- Section 2.4 provides our assessment of whether the Offer is fair and reasonable to the Shareholders.

2.1 Basis of Evaluation

The Australian Securities and Investments Commission ('ASIC') have issued Regulatory Guide 111: *Content of Expert Reports* ('RG 111'), which provides guidance in relation to independent expert's reports. RG 111 relates to the provision of independent expert's reports in a range of circumstances, including those where the expert is required to provide an opinion in relation to a takeover transaction. RG 111 states that the independent expert's report should explain the particulars of how the transaction was examined and evaluated as well as the results of the examination and evaluation.

The Offer involves LDC potentially acquiring up to 100% of the issued share capital in Namoi which represents a controlling interest. RG 111 specifically differentiates between control and non-control transactions in providing guidance on the type of analysis to complete. RG 111 suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. In our opinion the Offer is a control transaction as defined by RG 111 and we have assessed the Offer by considering whether, in our opinion, it is fair and reasonable to the Shareholders.

Under RG 111, a transaction will be considered 'fair' if the value of the consideration to be received by the shareholders is equal to or greater than the value of the shares that are the subject of the transaction. To assess whether an offer is 'reasonable', an expert should examine other significant factors to which shareholders may give consideration prior to accepting or approving the transaction. This includes comparing the likely advantages and disadvantages if the transaction is accepted with the position of the shareholders if they do not accept the transaction.

RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept an offer in the absence of a higher bid. Our assessment concludes by providing our opinion as to whether or not the Offer is 'fair and reasonable'. While all relevant issues need to be considered before drawing an overall conclusion, we will assess the fairness and reasonableness issues separately for clarity.

We have assessed the fairness and reasonableness of the Offer in Sections 2.2 and 2.3 below and provide an opinion on whether the Offer is 'fair and reasonable' to the Shareholders in Section 2.4 below.

2.2 Assessment of Fairness

2.2.1 Basis of Assessment

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject to the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject to an offer in a control transaction the expert should consider this value inclusive of a control premium and assume a 100% ownership interest.

In our view, it is appropriate to assess the fairness of the Offer to the Shareholders as follows:

a) Determine the value of a Namoi share on a controlling interest basis prior to the Offer; and

b) Compare the value determined in a) above with the value of the consideration to be received by the Shareholders for each Namoi share under the Offer.

In accordance with the requirements of RG 111, the Offer can be considered 'fair' to the Shareholders if the consideration offered per ordinary share is equal to or greater than the value determined in a) above.

2.2.2 *Value of a Namoi Share Prior to the Offer on a Controlling Interest Basis*

In our view, for the purposes of the analysis set out in this Report, it is appropriate to adopt a value in the range of $0.42 to $0.78 per Namoi share on a controlling interest basis.

In forming this view, we have considered a Sum-of-Parts ('SOP') methodology, including applying a Capitalisation of Maintainable Earnings ('CME') valuation methodology to Namoi's existing core business, and a Market-Based Valuation ('MBV') methodology.

Our valuation of Namoi is set out in Section 8 of this Report.

2.2.3 *Value of the Offer Consideration*

Namoi shareholders have been offered a cash payment of $0.67 per share for each share they hold in Namoi. For this Report, we have adopted the face value of $0.67 as the value for the cash consideration.

2.2.4 *Assessment of the Fairness of the Offer*

In order to assess the fairness of the Offer, it is appropriate to compare the value of a Namoi share on a controlling interest basis with the consideration offered under the Offer. Pursuant to RG 111, the Offer is considered to be fair if the value of the consideration per share is equal to or greater than the value per Namoi share.

Table 2.1 below summarises our assessment of the fairness of the Offer.

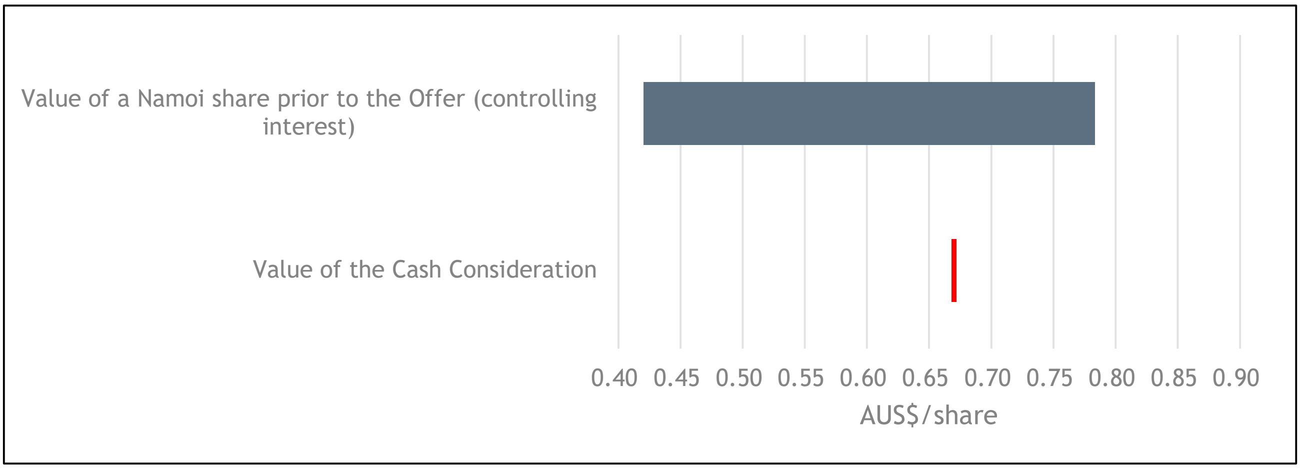
Table 2.1: Assessment of the Fairness of the Offer

	Low	High
Value of a Namoi share prior to the Offer (controlling interest)	$0.42	$0.78
Value of the Cash Consideration	$0.67	$0.67

Source: BDOCF Analysis

Figure 2.1 summarises our assessment of the fairness of the Offer, setting out a graphical comparison of our valuation of a Namoi share prior to the Offer on a controlling interest basis and consideration offered to the Shareholders under the Offer.

Figure 2.1: Fairness of the Offer



Source: BDOCF analysis

With reference to Table 2.1 and Figure 2.1, we note the cash consideration of $0.67 per Namoi share is in the range of the value of a Namoi share prior to the Offer on a controlling interest basis.

Notwithstanding the Offer being within our valuation range, the offer made by Olam which was $0.70 as of 8 May 2024 is for a higher amount and currently considered to be a superior proposal (noting that both offers remain subject to conditions including ACCC approval). After considering the information summarised above and set out in detail in the balance of this Report, it is our view that the existence of a superior proposal results in the Offer being **Not Fair** to the Shareholders as at the date of this Report.

2.3 Assessment of Reasonableness

2.3.1 Basis of Assessment

Under RG 111, a transaction is considered reasonable if it is fair. It may also be reasonable, despite not being fair, if after considering other significant factors the interests of the shareholders are reasonably balanced.

In addition to our fairness assessment set out in Section 2.2 above, to assess whether the Offer is 'reasonable' we consider it appropriate to examine other significant factors to which the Shareholders may give consideration prior to forming a view on whether to accept or reject the Offer. This includes comparing the likely advantages and disadvantages of accepting the Offer with the position of a Shareholder if the Offer is not accepted, as well as a consideration of other significant factors.

Our assessment of the reasonableness of the Offer is set out as follows:

- Section 2.3.2 sets out the advantages of the Offer to the Shareholders;
- Section 2.3.3 sets out the disadvantages of the Offer to the Shareholders;
- Section 2.3.4 sets out discussion of other considerations relevant to the Offer;
- Section 2.3.5 sets out the position of the Shareholders if the Offer is not accepted; and
- Section 2.3.6 provides our opinion on the reasonableness of the Offer to the Shareholders.

2.3.2 Advantages of the Offer

Table 2.2 below outlines the potential advantages to the Shareholders of accepting the Offer.

Table 2.2: Potential Advantages of the Offer

Advantage	Explanation
The current offer price is known	If the Offer is accepted, the Shareholders have certainty that they will receive $0.67 for each Namoi share held ('the Cash Consideration'). These Shareholders will no longer be exposed to the ongoing risks associated with holding shares in Namoi. While the value of the Cash Consideration under the Offer is certain, we note that it may be possible, assuming sufficient liquidity, for the Shareholders to sell their shares on the Australian Stock Exchange ('ASX') for a price that is above, or broadly in line with, the Cash Consideration. By way of example, from 7 May 2024 (being the date the Offer was announced) to 17 May 2024, Namoi shares have traded in the range of $0.71 to $0.77.
The Cash Consideration is at a premium to the price that Namoi shares have traded on the ASX prior to the Pre-Announcement Date	As outlined in Section 4, prior to the announcement of the Offer, LDCA was originally proposing to acquire the interest in Namoi it did not currently own by way of a scheme of arrangement. We note that the non-binding indicative offer ('NBIO') of this scheme of arrangement was announced by Namoi on 28 November 2023. We refer to 27 November 2023 (being the last date Namoi traded prior to the announcement of the NBIO) as 'the Pre-Announcement Date'. As outlined in Table 5.5, ASX trading of Namoi shares prior to the Pre-Announcement Date was at VWAPs in the range of $0.3583 (1-week VWAP prior to the Pre-Announcement Date) to $0.4280 (12-month VWAP prior to the Pre-Announcement Date). The Cash Consideration of $0.67 per share is at a premium to the price that Namoi shares traded on the ASX prior to the Pre-Announcement Date. With regards to the above, we note that we have defined and had regard to 'the Pre-Announcement Date' as the announcement of the NBIO included the consideration under the scheme and influenced the share price.
No brokerage charges	As outlined in the Bidder's Statement, the Shareholders will not be required to pay brokerage charges on the disposal of their shares if the Offer is accepted.

Source: BDOCF analysis

2.3.3 Disadvantages of the Offer

Table 2.3 below outlines the potential disadvantages to the Shareholders of accepting the Offer.

Table 2.3: Potential Disadvantages of the Offer

Disadvantage	Explanation
The Offer is not fair	For the reasons summarised in Section 2.2.4 above, the Offer is not fair to the Shareholders as at the date of this Report.
No exposure to any future offers	If the Offer is accepted in full, the Shareholders will no longer be able to benefit from any superior offers from LDC, Olam or any other party.
No exposure to any potential future value of Namoi	If the Offer is accepted, the Shareholders will receive the $0.67 Cash Consideration for each share owned, and no longer hold any shares in the Company. Accordingly, the Shareholders will have no exposure to any potential upside in the value of the Company going forward.

Disadvantage	Explanation
The Offer is subject to conditions	The Offer is subject to a number of conditions including a minimum acceptance condition, a Foreign Investment Review Board ('FIRB') condition, an Australian Competition and Consumer Commission ('ACCC') clearance condition, and a prescribed occurrences condition (as defined in the Bidder's Statement). As a result, there is a risk that the Offer is accepted but does not complete. Prior to accepting the Offer, Shareholders should consider their ability to withdraw their acceptance. As set out in the Bidder's Statement, once the FIRB condition has been met, Shareholders will be unable to withdraw accepted shares unless a withdrawal right arises or exists under the Corporations Act, such as where the conditions of the Bidder's Statement have not been fulfilled or waived by the relevant times specified in Section 10.7(e) of the Bidder's Statement, or if the offer period is extended for more than one month and, at the time, the Offer is subject to one or more of the conditions.
The Cash Consideration is below Olam's offer and potentially the value that could be realised on the ASX	There was a competitive bidding process between LDC and Olam (potentially still ongoing as at the date of this Report) that led to the Cash Consideration under the Offer. As at the date of this Report, the Cash Consideration under the Offer is below Olam's \$0.70 offer announced on 8 May 2024. It may also be possible, assuming sufficient liquidity, for the Shareholders to sell their shares on the ASX for a price that is above, or broadly in line with, the Cash Consideration. By way of example, from 7 May 2024 (being the date the Offer was announced) to 17 May 2024, Namoi shares have traded in the range of \$0.71 to \$0.77.

Source: BDOCF analysis

2.3.4 Other Considerations

Minimum Acceptance Condition

The Offer has a minimum acceptance condition under which LDC must obtain a relevant interest in Namoi of at least 50.1% (by number) of all Namoi shares (on a fully diluted basis). If LDC acquires at least 50.1%, there are implications for remaining Namoi shareholders and Shareholders should understand LDC's intentions.

LDC's intentions for Namoi are set out in full in the Bidder's Statement. In summary, if LDC obtains control of Namoi but is not entitled to compulsorily acquire the outstanding Namoi shares (which it would be entitled to do with a shareholding of 90% or more), its intentions include:

- LDC may acquire additional Namoi shares in a manner consistent with the Corporations Act. LDC has not yet decided whether it will acquire further Namoi shares in the future, as that will be dependent upon (among other things) the extent of voting power of LDC and its associates in Namoi and market conditions at the time;
- The LDC Group intends on continuing to support the continued operation of all Namoi's gins in the normal course and maintain an office in Toowoomba;
- LDC intends to continue the employment of Namoi's present employees in accordance with their current terms of employment;
- The LDC Group intends on continuing Namoi's ginning joint ventures with its grower customers. Where a joint venture partner has a change of control right, the LDC Group will work with Namoi to seek to obtain a waiver. If this is not possible, the LDC Group will work with the joint venture partner to determine the future ownership of the joint venture in accordance with the terms of the applicable joint venture agreements after the Offer;
- LDC does not intend to make any immediate changes to the Namoi Board. However, subject to the formal requirements of the Corporations Act, the ASX Listing Rules and Namoi's constitution, LDC may reconsider the composition of the Namoi Board and seek to procure the appointment of a majority of LDC nominees to the Namoi Board; and
- Subject to the formal requirements of the Corporations Act, the ASX Listing Rules and Namoi's constitution, as well as LDC's shareholding in Namoi following the Offer, LDC may seek to amend the constitution of Namoi to reflect changes to its shareholding in Namoi.

Uncertainty in Relation to the Timing of Receipt of Cash Consideration

If a Namoi shareholder accepts the Offer, we note the following:

- As set out in the Bidder's Statement, once the Offer becomes unconditional, Namoi shareholders that accept the Offer will receive the cash consideration by the earlier of:
  - 10 business days after the later of (i) a receipt of the shareholder's valid acceptance or (ii) the date on which the Offer becomes unconditional; and
  - 10 business days after the end of the offer period.
- As set out in the Bidder's Statement, the Offer is open for acceptance until 7.00pm (Sydney time) 7 June 2024 unless it is withdrawn or extended by LDC in accordance with the Corporations Act; and
- The Offer is subject to ACCC and FIRB consideration. LDC submitted an application to ACCC on 19 February 2024 for informal merger clearance. LDC submitted a notification to FIRB on 24 January 2024 in accordance with the *Foreign Acquisitions and Takeovers Act 1975 (Cth)*. The timing of when ACCC and FIRB approval may be given is also unknown as at the date of this Report.

Shareholders that accept the Offer should be aware that once the FIRB condition has been fulfilled they will not be able to revoke their acceptance of the Offer or otherwise dispose of their Namoi shares (for which they have accepted the Offer) unless a withdrawal right exists or arises under the Corporations Act. As set out in the Bidder's Statement, these circumstances include where:

- If, by the relevant times specified in Section 10.7(e) of the Bidder's Statement, the conditions of the Offer have not all been fulfilled or waived, in which case the Offer will automatically terminate and the accepted shares returned to the Shareholders; or
- If the offer period is extended for more than one month and, at the time, the Offer is subject to one or more of the conditions of the Offer, in which case Shareholders may be able to withdraw their acceptance in accordance with the Corporations Act.

In practical terms, the above matters mean that in forming a view on whether to accept or reject the Offer, Shareholders should also take into account the period of time before they may receive the cash consideration and the restrictions on transacting in Namoi shares following acceptance but prior to the Cash Consideration being received.

In our view, the uncertainty in the timing of receipt of the Cash Consideration increases the risk of the Offer to Namoi shareholders.

Tax Considerations

If the Offer is accepted, the Shareholders will be treated as having disposed of their shares for tax purposes. A gain or loss on disposal may arise depending on the cost base of each individual Shareholder's shares, the length of time held, whether the shares are held on capital or revenue account and whether or not the Shareholder is an Australian resident for tax purposes.

Details of the taxation consequence are set out in Section 8 of the Bidder's Statement. As we have not considered the specific taxation implications that may be relevant for individual shareholders in connection with the Offer, Shareholders should consult their own advisor in relation to the taxation consequences of the Offer.

Disposal of Shares on Market

Between the announcement of the Offer and 17 May 2024, Namoi shares have traded above the Cash Consideration of $0.67. For the period 8 May 2024 (the first trading day after the announcement of the Offer on 7 May 2024) to 17 May 2024, Namoi shares have traded in the range of $0.71 to $0.77, at a volume weighted average price of $0.7432.

There may be Shareholders that will benefit from selling their shares on the market relative to a sale of shares via the Offer. Individual Shareholders that elect to sell their shares on the market should note the following:

- Transaction costs are likely to be incurred; and
- The opportunity to benefit from any higher price offered will be foregone.

2.3.5 Position of the Shareholders if Offer is Not Accepted

Table 2.4 below outlines the potential position of individual Namoi shareholders if the Offer is not accepted.

Table 2.4: Position of Shareholders who do not accept the Offer

Position of Shareholders	Explanation
Continued shareholding in Namoi	If the Offer is not accepted, the Shareholders will continue to hold shares in Namoi. The Shareholders will continue to be exposed to the risks and opportunities associated with ownership of Namoi shares. For completeness, we note Namoi reached a decision to sell the Company following a strategic review process (announced on 29 June 2023) in which the Company explored options (with the assistance of Blackpeak Capital Pty Ltd as their advisor) to maximise shareholder value. We note, as the historical earnings of the Company are volatile (due to their dependence on favourable weather conditions and cotton demand / pricing) Namoi is limited with the cash investments they can make (i.e. they need to keep cash in the business to fund future operations due to the uncertainty as to whether it can be funded with earnings). By extension, projects that may drive additional growth (e.g. constructing additional gins) or reducing costs (e.g. the 4-point plan ('4PP')) are difficult to fund.
Share trading price may be materially different to recent share trading prices and the shares in Namoi may trade at prices that are lower than the value of the Cash Consideration	If Shareholders do not accept the Offer, and once the Offer lapses, the price of Namoi shares may decrease relative to trading prices following the Pre-Announcement Date and the decrease may be material. As outlined in Table 5.5, trading of Namoi shares on the ASX prior to the Pre-Announcement Date has been at VWAPs in the range of $0.3583 (1-week VWAP prior to the Pre-Announcement Date) to $0.4280 (12-month VWAP prior to the Pre-Announcement Date). The shares in Namoi have been valued in this Report on a controlling interest basis to assess the Offer. If the Offer is not accepted, the trading price of shares in Namoi may reflect the value of Namoi on a minority interest basis. It is possible that shares in Namoi will trade at a price that is materially lower than the value of the Offer Consideration if the Offer is not accepted.
Non-recoverable costs	Namoi has incurred costs in relation to the Offer irrespective of whether the Offer is implemented. Namoi will not be able to recover costs that is has incurred in relation to the Offer in the event that the Offer is not accepted and/ or implemented.

Position of Shareholders	Explanation
The Cash Consideration is below Olam's offer and potentially the value that could be realised on the ASX	There was a competitive bidding process between LDC and Olam (potentially still ongoing as at the date of this Report) that led to the Cash Consideration under the Offer. As at the date of this Report, the Cash Consideration under the Offer is below Olam's $0.70 offer announced on 8 May 2024. It may also be possible, assuming sufficient liquidity, for the Shareholders to sell their shares on the ASX for a price that is above, or broadly in line with, the Cash Consideration. By way of example, from 7 May 2024 (being the date the Offer was announced) to 17 May 2024, Namoi shares have traded in the range of $0.71 to $0.77.
LDC may be able to pass ordinary and special resolutions	If LDC obtains a relevant interest in at least 50.1% of Namoi shares then it will be able to control any ordinary resolution at a general meeting of the Company (other than a resolution where they are not independent of the resolution). LDC will also be able to block special resolutions. If LDC obtains a relevant interest in at least 75% of Namoi shares then it will be able to control any special resolution at a general meeting of the Company (other than a resolution where they are not independent of the resolution).
Change in liquidity	If LDC acquires a significant parcel of Namoi shares, then the 'free float' of shares available to trade on the ASX may be reduced. This may have the effect of reducing liquidity of Namoi shares on the ASX and make it more difficult for a Namoi shareholder to efficiently exit their investment.
Compulsory acquisition	If LDC obtains a relevant interest in at least 90% of Namoi shares, then it will be entitled, in certain circumstances, to acquire the remaining Naomi shares not already held. For completeness, we note that LDC have indicated in Section 6.2 of the Bidder's Statement that it intends to proceed with compulsory acquisition in this circumstance.

Source: BDOCF analysis

2.3.6 *Assessment of the Reasonableness of the Offer*

In our opinion, after considering all of the issues set out in this Report, it is our view that, in the absence of any other information, the Offer is **Not Reasonable** to the Shareholders as at the date of this Report.

2.4 Opinion

After considering the above assessments, it is our view that, in the absence of any other information, the Offer is **Not Fair and Not Reasonable** to the Shareholders as at the date of this Report. We reiterate that while the Offer is within our valuation range, the offer made by Olam, which was $0.70 as of 8 May 2024, is for a higher amount and currently considered to be a superior proposal (noting that both offers remain subject to conditions including ACCC approval).

Before forming a view on whether to accept or reject the Offer, Shareholders must:

- Have regard to the information set out in the balance of this Report, including the Important Information set out in Section 3;
- Consult their own professional advisers; and
- Consider their specific circumstances.

3.0 Important Information

3.1 Read this Report, and Other Documentation, in Full

This Report, including Part I, Part II and the appendices, should be read in full to obtain a comprehensive understanding of the purpose, scope, basis of evaluation, limitations, information relied upon, analysis, and assumptions underpinning our work and our findings.

Other information provided to the Shareholders in conjunction with this Report should also be read in full, including the Bidder's Statement dated 7 May 2024 and the Target's Statement dated 22 May 2024.

3.2 Shareholders' Individual Circumstances

Our analysis has been completed and our conclusions expressed at an aggregate level having regard to Shareholders as a whole. BDOCF has not considered the impact of the Offer on the particular circumstances of individual Shareholders. Individual Shareholders may place a different emphasis on certain elements of the Offer relative to the emphasis placed in this Report. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Offer is fair and reasonable in their individual circumstances.

The decision of an individual Shareholder to accept or reject the Offer is likely to be influenced by their particular circumstances and accordingly, the Shareholders are advised to consider their own circumstances and seek their own independent advice.

Accepting or rejecting the Offer is a matter for individual Shareholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Shareholders should carefully consider the Bidder's Statement. Shareholders who are in doubt as to the action they should take in relation to the Offer should consult their professional adviser.

With respect to the taxation implications of the Offer, it is strongly recommended that the Shareholders obtain their own taxation advice, tailored to their own particular circumstances.

3.3 Scope

In this Report we provide our opinion on whether the Offer is fair and reasonable to the Shareholders.

This Report has been prepared at the request of the directors of the Company excluding Sarah Scales[1] ('the Non-Associated Directors') for the sole benefit of the Shareholders to assist them in their decision to accept or reject the Offer. This Report is to be sent to the Shareholders to consider the Offer and was not prepared for any other purpose. Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the Non-Associated Directors and the Shareholders without our written consent. We accept no responsibility to any person other than the Non-Associated Directors and the Shareholders in relation to this Report.

This Report should not be used for any other purpose, and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of this Report with the Target's Statement. Apart from this Report, we are not responsible for the contents of the Target's Statement, or any other document associated with the Offer. We acknowledge that this Report may be lodged with regulatory authorities to obtain the relevant approvals prior to it being made available to the Shareholders.

The scope of procedures we have undertaken has been limited to those procedures required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards. In preparing this Report we considered a range of matters, including the necessary legal requirements and guidance of the Corporations Act, the Corporation Regulations 2001 ('the Regulations'), the regulatory guides ('RGs') published by ASIC, the listing requirements of the relevant exchanges (where relevant) and commercial practice.

In forming our opinion, we have made certain assumptions and outline these in this Report including:

- We have performed our analysis on the basis that the conditions precedent to the Offer are satisfied;
- That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- All information which is material to the Shareholders' decision on the Offer has been provided and is complete, accurate and fairly presented in all material respects;
- ASX announcements and other publicly available information relied on by us is accurate, complete and not misleading;
- If the Offer is accepted, that it will be implemented in accordance with the stated terms;

[1] LDCA's appointed nominee to the Board.

- The legal mechanism to implement the Offer is correct and effective;
- There are no undue changes to the terms and conditions of the Offer or complex issues unknown to us; and
- Other assumptions, as outlined in this Report.

In this Report we have not provided any taxation, legal or other advice of a similar nature in relation to the Offer. Namoi has engaged other advisors in relation to those matters.

Namoi has acknowledged that the Company's engagement of BDOCF is as an independent contractor and not in any other capacity, including a fiduciary capacity.

The statements and opinions contained in this Report are given in good faith and are based upon our consideration and assessment of the information provided by the Non-Associated Directors, executives and Management of the relevant entities.

3.4 Purpose of this Report

An independent expert, in certain circumstances, must be appointed to meet the requirements set out in the Corporations Act, the Regulations, RGs and in some cases the listing requirements of the relevant exchanges. These requirements have been set out in Sections 3.4.1 and 3.4.2 below.

3.4.1 Requirements of the Corporations Act

LDC has prepared a Bidder's Statement in accordance with section 636 of the Corporations Act. Under section 633 item 10 of the Corporations Act, Namoi is required to prepare a statement (i.e. the Target's Statement) in response to the Bidder's Statement.

Section 640 of the Corporations Act requires the Target's Statement to include an independent expert's report to shareholders if:

- The bidder's voting power in the target is 30% or more; or
- The bidder and the target have a common director or directors.

While these technical requirements have not been met, the Non-Associated Directors considered it appropriate to engage an independent expert in relation to the Offer, in the context of LDC Group's 16.99% relevant interest in the Company, LDCA's appointed nominee on the Board and LDCA's joint ventures with the Company.

3.4.2 Listing Requirements

We have been instructed that Namoi will not be using this Report or our assessment of the Offer for the purpose of complying with the listing requirements of the ASX or any other stock exchange.

3.5 Current Market Conditions

Our opinion and the analysis set out in this Report is based on economic, commodity, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time and may have a material impact on the results presented in this Report and result in any valuation or other opinion becoming quickly outdated and in need of revision.

In circumstances where we become aware of and believe that a change in these conditions, prior to the close of the Offer, results in a material statement in this Report becoming misleading, deceptive or resulting in a material change in valuation, we will provide supplementary disclosure to Namoi. BDOCF is not responsible for updating this Report following the close in the Offer period or in the event that a change in prevailing circumstance does not meet the above conditions.

3.6 Reliance on Information

Namoi recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDOCF, BDO Services Pty Ltd or any of the partners, directors, agents or associates (together 'BDO Persons'), will be using and relying on publicly available information and on data, material and other information furnished to BDO Persons by Namoi, its Management, and other parties, and may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

Unless the information we are provided suggests the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis and inquiry for the purpose of forming an opinion as to whether or not the Offer is fair and reasonable to the Shareholders.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of Management, the information was evaluated through analysis and inquiry to the extent practical. Where we have relied on publicly available information, we have considered the source of the information and completed our own analysis to assist us to determine the accuracy of the information we have relied on. However, in many cases the information we have relied on is often not capable of external verification or validation and on that basis, we provide no opinion or assurance on the information.

The Non-Associated Directors represent and warrant to us for the purpose of this Report, that all information and documents furnished by Namoi (either by Management directly or through its advisors) in connection or for use in the preparation of this Report do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein. We have received representations from the Non-Associated Directors in relation to the completeness and accuracy of the information provided to us for the purpose of this Report.

Under the terms of our engagement, Namoi has agreed to indemnify BDO Persons against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

3.7 Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this Report is set out immediately following the Table of Contents at the start of this Report.

All dollar ('$') references in this Report are in Australian dollars unless otherwise stated.

3.8 Sources of Information

This Report has been prepared using information obtained from sources including the following:

- Namoi's annual reports for the financial years ended 28 February 2021, 2022, 2023 and 2024;
- Namoi's management accounts for the financial years ended 28 February 2012 to February 2024;
- Namoi's unaudited and preliminary balance sheet as at 30 April 2024;
- A vendor assistance report ('the VA Report') prepared by an advisor of Namoi at Namoi's request;
- A Management update to the data in the VA Report to include the financial year results up to 28 February 2024 and associated normalisation adjustments (where applicable);
- Namoi ASX announcements;
- The Bidder's Statement;
- The Target's Statement;
- Capital IQ;
- IBISWorld;
- MergerMarket;
- Other research publications and publicly available data as sourced throughout this Report;
- Various transaction documents provided by the Management of Namoi and their advisors; and
- Discussions and other correspondence with Namoi, Management and their advisers.

3.9 APES 225 Valuation Services

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 *Valuation Services* ('APES 225'). A Valuation Engagement is defined by APES 225 as 'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

3.10 Forecast Information

Any forecast financial information referred to in this Report has originated from the Company's Management and is adopted by the Directors in order to provide us with a guide to the potential financial performance of Namoi. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the forecast financial information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation between actual results and those forecasts may be material.

The directors' best-estimate assumptions on which the forecast is based relate to future event(s) and/or transaction(s) that Management expect to occur and actions that Management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Namoi. Evidence may be available to support the directors' best-estimate assumptions on which the forecast is based however, such evidence is generally future-oriented and therefore speculative in nature. In certain circumstances, we may adjust the forecast assumptions provided by Management to complete our valuation work.

BDOCF cannot and does not provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. While we have considered the forecast information to the extent, we considered necessary to complete the analysis set out in this Report, we have not been engaged to provide any form of assurance conclusion on any forecast information set out in this Report. We disclaim any assumption of responsibility for any reliance on this Report, or on any forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of Management, that all material information concerning the prospects and proposed operations of Namoi has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

3.11 Qualifications

BDOCF has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDOCF holds an Australian Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

BDOCF and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Mark Whittaker and Scott Birkett have prepared this Report with the assistance of staff members. Mr Whittaker, BCom (Hons), CA, CFA, and Mr Birkett, BBusMan/BCom, CFA are directors of BDOCF. Both Mr Whittaker and Mr Birkett have extensive experience in corporate advice and the provision of valuation and professional services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations. Mr Whittaker and Mr Birkett are considered to have the appropriate experience and professional qualifications to provide the advice offered within this Report.

BDO Corporate Finance Ltd

Mark Whittaker
Director

Scott Birkett
Director

PART II: INFORMATION SUPPORTING OUR OPINION ON THE OFFER

4.0 Overview of the Offer

This section sets out an overview of the Offer and is structured as follows:

- Section 4.1 provides a brief description of the competing offers that led to the current Offer from LDC;
- Section 4.2 provides a brief description of the Offer;
- Section 4.3 describes the key parties involved in the Offer;
- Section 4.4 summarises the conditions precedent to the Offer; and
- Section 4.5 details the rationale for the Offer.

This section is a summary only and should not be treated as a complete description of the Offer. For more information relating to the Offer and the key parties involved, the Shareholders should refer to the Bidder's Statement and any subsequent disclosures.

4.1 Summary of Competing Offers

On 19 January 2024, Namoi announced that the Company entered into the Scheme Implementation Agreement ('SIA') with LDCA, under which LDCA (or, if applicable, a nominee of LDCA) agreed to acquire all of the issued shares in the Company it did not currently own by way of a scheme of arrangement. This agreement was entered into following a non-binding and indicative offer ('NBIO') received from LDCA and announced by Namoi on 28 November 2023 (refer to the ASX announcement entitled 'Receipt of non-binding indicative offer from LDC' for more information). The total cash consideration under the scheme was $0.51 per Namoi share (inclusive of a $0.01 permitted special dividend).

On 21 March 2024, Namoi announced that the Company had received an NBIO from Olam Agri Holdings to acquire 100% of the issued shares in the Company either by way of a scheme of arrangement for a total cash consideration of $0.59 per Namoi share or by way of an off-market takeover bid for a total cash consideration of $0.57 per Namoi share (both inclusive of a $0.01 permitted dividend). Olam Agri Holdings and its subsidiaries are part of a global agricultural business in food, feed, and fibre, with a long history of successful operations in the Australian cotton industry, with its subsidiary Queensland Cotton Holding Limited ('Queensland Cotton') being known as one of Australia's longest established ginners, merchants, and exporters of cotton. Olam Agri Holdings is indirectly 64.57% owned by Olam Group Limited, which is listed on the Singapore Stock Exchange.

On 29 April 2024, LDC announced its intention to make an off-market takeover bid to acquire all the fully paid ordinary shares in Namoi which LDC (or its related bodies corporate) did not already own or control at an offer price of $0.60 cash per Namoi share (exclusive of the $0.01 per Namoi share special dividend declared by Namoi on 17 April 2024). This takeover offer was subject to a 50.1% minimum acceptance condition, receipt of required regulatory approvals from the ACCC and FIRB, and no prescribed occurrences. Under the Offer Agreement, Namoi and LDCA mutually agreed to terminate the SIA they previously had in place from 19 January 2024. On 30 April 2024, LDC released a Bidder's Statement to go along with their cash offer of $0.60 per Namoi share.

On 2 May 2024, Olam (a wholly owned subsidiary of Olam Agri Holdings) announced an intention to make an off-market takeover bid to acquire all the fully paid ordinary shares in Namoi that Olam did not currently own, at an offer price of $0.66 cash per Namoi share (exclusive of the $0.01 per Namoi share special dividend declared by Namoi on 17 April 2024), subject to a 50.1% minimum acceptance condition, receipt of required regulatory approvals from the ACCC and FIRB, and no prescribed occurrences. In this announcement, Olam stated it would increase its offer to $0.70 cash per Namoi share (exclusive of the $0.01 permitted special dividend) if its relevant interest increased to above 90%, with all Namoi shareholders obtaining the benefit from the increased offer price even if they had already accepted the offer before the 90% threshold had been met.

On 3 May 2024, LDC announced it would not accept Olam's offer with the 16.99% interest LDC held, indicating that the 90% minimum acceptance threshold for the $0.70 consideration would not be reached.

On 7 May 2024, Namoi announced it had received notification from LDC that LDC was increasing its bid to a cash consideration of $0.67 per Namoi share (exclusive of the $0.01 permitted special dividend), a $0.07 per Namoi share increase compared to LDC's last bid announced on 29 April 2024. On the same day, LDC announced that it had completed the dispatch of its replacement Bidder's Statement to Shareholders.

On 8 May 2024, Olam announced its intention to make an off-market takeover offer to acquire all of the fully paid ordinary shares in Namoi for an increased cash consideration of $0.70 per Namoi share (exclusive of the $0.01 permitted special dividend). This represents a $0.04 per Namoi share increase since Olam's last bid on 2 May 2024. The offer price applies regardless of whether or not Olam obtains a relevant interest in at least 90% of Namoi shares before the end of the offer period. On 9 May 2024, Olam lodged with ASIC and served on Namoi a copy of the bidder's statement in relation to this updated Offer.

4.2 Summary of the Offer

On 7 May 2024, Namoi advised that it had received notification from LDC that it proposed to increase its cash consideration from $0.60 to $0.67 per Namoi share in relation to its off-market takeover for the remaining shares in Namoi that it (together with its related entities) did not own ('the Offer').

If the Offer is accepted, Shareholders will be entitled to receive cash consideration of $0.67 per Namoi share ('the Cash Consideration'). Having regard to the last day Namoi traded prior to the announcement of the NBIO on 27 November 2023 (i.e. the Pre-Announcement Date), the Cash Consideration represents:

- A premium of 89% relative to Namoi's closing share price as at 27 November 2023 ($0.355 per share); and
- A premium of 80% relative to the three-month volume weighted average price ('VWAP') as at 27 November 2023.

4.3 Description of the Key Parties involved in the Offer

LDC is making the Offer. LDC is a wholly owned subsidiary of LDCA, which is the second largest shareholder[2] of Namoi with an interest of approximately 16.99%. LDCA is also a joint venture partner of Namoi in the Namoi Cotton Alliance ('the NCA Joint Venture') and Namoi Cotton Marketing Alliance ('the NCMA Joint Venture'). Please refer to Section 5.2 for more information. LDCA is a wholly owned subsidiary of Louis Dreyfus Company B.V ('LDC BV'), itself being a privately held company where the beneficial ownership is indirectly held by Louis Dreyfus Holding B.V. (a Dutch company controlled by the family foundation established by Robert Louis-Dreyfus) and by Abu Dhabi Developmental Holding Company P.J.S.C.

Founded in 1851, LDC BV and its subsidiaries ('the LDC Group') is a global merchant and processor of agricultural commodities. The LDC Group is active in over 100 countries across six geographical regions and employs approximately 17,000 people globally. The LDC Group's activities span the entire value chain, from farm to fork, across a broad range of business lines (platforms) which include grains and oil seeds, coffee, cotton, juice, rice, sugar, freight, food and feed solutions, global markets and carbon solutions.

The LDC Group is a global cotton merchandiser that originates cotton from the United States, Brazil and Australia and sources cotton from Africa, China, India, Pakistan, and other key producing regions. We note that to support their cotton merchandising business, the LDC Group operates over 30 cotton warehouses (throughout Australia, Argentina, Brazil, United States and Zambia), 2 container loading facilities (in the United States) and 5 cotton gins (throughout Australia, Argentina and Zambia).

In terms of the LDC Group's Australian operations, we note that they are focused on cotton and grain. Specifically, we note that:

- The LDC Group owns and operates ginning facilities in Queensland and New South Wales and are also engaged in lint marketing, packing and warehousing operations through its joint ventures with Namoi (i.e. NCA and NCMA); and
- The LDC Group originates and exports grains and oilseeds from Australia. The LDC Group acquired Emerald Grain Pty Ltd in 2022 (a grain handling and marketing business).

4.4 Key Conditions of the Offer

The Offer is subject to certain conditions precedent that are set out in full in the Bidder's Statement. In summary, these include:

- Minimum acceptance condition: LDC acquiring a relevant interest in at least 50.1% (by number) of all of the Namoi shares on issue (on a fully diluted basis);
- FIRB condition: either LDC receiving FIRB approval without conditions (or subject only to standard tax conditions), or FIRB ceasing to be empowered to make an order or decision in respect of the acquisition of the Namoi shares under the Offer;
- ACCC clearance condition: ACCC confirming to LDC that it does not intend to oppose, intervene or seek to prevent the acquisition of Namoi shares under the Offer (or on an unconditional basis); and
- Prescribed occurrences condition: none of the events listed in section 652C(1) or (2) of the Corporations Act occurring.

Under the Offer Agreement, LDC has agreed that it will not trigger the prescribed occurrence condition in respect of a permitted issue of securities or any matters agreed between Namoi and LDC in writing from time to time.

LDC may choose to waive certain conditions in accordance with the terms of the Offer, but may only do so to the extent permitted by law. In particular, LDC cannot waive the FIRB Condition unless that is permitted by the *Foreign Acquisitions and Takeovers Act 1975 (Cth)*. If the FIRB condition is not satisfied and cannot be waived, the Offer will not become unconditional and Shareholders will not have their shares acquired by LDC.

[2] As at 7 May 2024

4.5 Strategic Rationale for the Offer

The Namoi Board of Directors reached a decision to sell the Company following a strategic review process (announced on 29 June 2023) in which the Company explored options (with the assistance of Blackpeak Capital Pty Ltd as their advisors) to maximise shareholder value. The offers described in Section 4.1 above are the outcome of this process.

The Non-Associated Directors also believe participating in industry consolidation would benefit other stakeholders (including cotton growers, joint venture partners and employees) through:

- Scale with geographic diversification to manage variable cotton production, which variation could potentially increase with the changing climate;
- Competitiveness in an industry facing increasing operating costs (including energy), excess ginning capacity and grower consolidation;
- Ability to offer grower customers additional marketing options by having access to marketing capability and supporting working capital; and
- Access to capital to maintain and improve Namoi's gin facilities and to participate in the new and expanding cotton production areas.

5.0 Background of Namoi

This section is set out as follows:

- Section 5.1 provides an overview of Namoi's operations;
- Section 5.2 summarises Namoi's interest in various joint ventures;
- Section 5.3 provides details on the Kimberley Cotton Company Ltd ('KCC') gin project;
- Section 5.4 summarises the corporate structure of Namoi;
- Section 5.5 summarises the equity structure of Namoi;
- Section 5.6 summarises the share market trading in Namoi shares; and
- Section 5.7 summarises the historical financial information of Namoi.

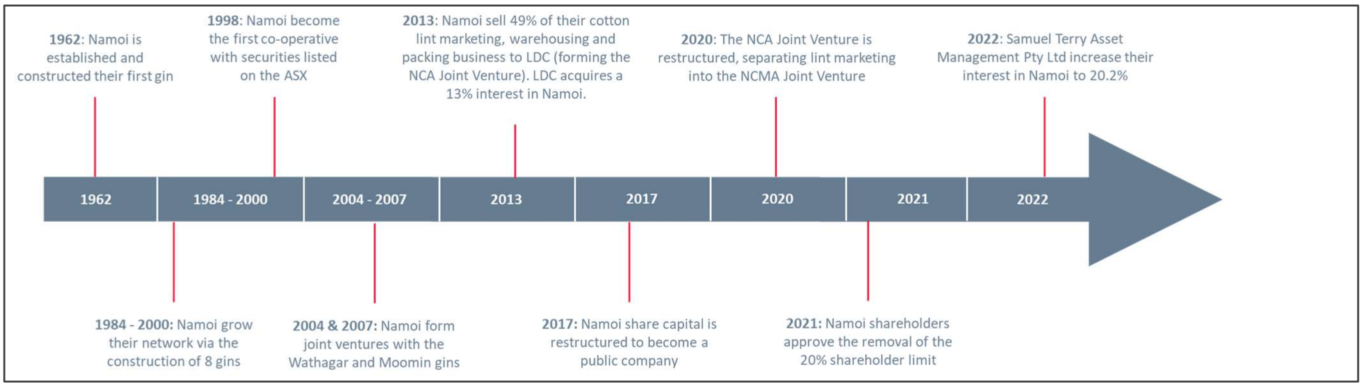
5.1 Overview of Namoi's Operations

5.1.1 Background

Namoi is an Australian based cotton ginning and marketing organisation founded in 1962 and headquartered in Toowoomba, Queensland. The Company was established by a small group of cotton growers in Wee Waa as a New South Wales based co-operative. Namoi has since grown to become one of Australia's largest ginning networks and in 1998 became the first co-operative listed on the ASX (ASX: NAM).

To provide readers of this Report with more information on the history of Namoi and their transition from a small co-operative to one of Australia's largest cotton ginning networks, we have summarised key events in Figure 5.1 below.

Figure 5.1: Summary of Namoi's Corporate History



Source: Management

1 Refer to Section 5.3 for more information on the NCA Joint Venture formed with LDCA in 2013 and the subsequent restructure in 2020.

Ginning involves separating the delivered cotton from farmers into cotton lint that is pressed into cotton bales for export (227 kilograms) and cottonseed that is sold in bulk for feed (approximately 250 kilograms per cotton bale).

Namoi's business consists of a network of ginning and logistic operations across cotton growing regions of New South Wales and southern Queensland. The Company serves approximately 200 grower customers in 9 of Australia's 16 cotton production valleys. Namoi's network of facilities includes:

- 10 cotton gins across 9 locations;
- 11 cottonseed sheds across 9 locations (for the storage and distribution of cottonseed); and
- 3 cotton warehouse sheds across 3 locations for the storage, packing and export of cotton bales.

Namoi also has several complementary businesses that leverage off and support their ginning operations.

We have provided a more detailed overview of Namoi's businesses below.

5.1.2 Namoi's Ginning Business

Namoi have an interest in 10 cotton gins across 9 locations. These gins have an estimated total ginning capacity of 1.7 million bales. In FY23, Namoi ginned approximately 1.2 million cotton bales. With regards to Namoi's gin ownership arrangements, we note:

- 8 of Namoi's gins are 100% owned and operated by the Company;
- 1 of Namoi's gins (the Wathagar gin) is an unincorporated joint venture with a local grower in which Namoi holds a 50% interest; and
- 1 of Namoi's gins (the Moomin gin) is an unincorporated joint venture with a local grower in which Namoi holds a 75% interest.

In Table 5.1 below, we have set out a summary of Namoi's cotton gins and cottonseed sheds (we note that the Company's cottonseed sheds are required for the storage and distribution of cottonseed from ginning).

Table 5.1: Summary of Namoi's Cotton Gins and Cottonseed Sheds

Location	Production valley	Gins (and interest)	Capacity (bales)	Seed sheds (and interest)
Goondiwindi	MacIntyre	2 gins (100%)	350,000	2 (100%)
Mungindi	Mungindi	1 gin (100%)	170,000	1 (40%)
Wathagar	Gwydir	1 gin (50%)	170,000	1 (100%)
Moomin	Walgett	1 gin (75%)	170,000	2 (100%)
Merah North	Lower Namoi	1 gin (100%)	170,000	1 (100%)
Boggabri	Upper Namoi	1 gin (100%)	190,000	1 (100%)
Trangie	Macquarie	1 gin (100%)	190,000	1 (100%)
North Bourke	Bourke	1 gin (100%)	80,000	1 (100%)
Hillston	Lachlan	1 gin (100%)	190,000	1 (100%)
Yarraman	-	1 mote gin (100%)	-	-
Total		**10 (excluding the mote gin)**	**1,680,000**	**11**

Source: Management

5.1.3 Namoi's Co-Products

The ginning process produces marketable co-products that include the following:

- Cottonseed: Namoi purchases cottonseed from growers and sells it to both domestic and overseas markets (in either bulk or containerised form). The storage and handling of Namoi's cottonseed operations are supported by a network of 11 cottonseed sheds (of which the cottonseed shed at Mungindi, Namoi has a 40% interest); and
- Moss: Namoi recovers 'waste' mote from ginning operations and further processes the mote into lower quality moss cotton. Namoi have a dedicated facility in Yarraman that processes the mote into moss cotton which is then sold overseas.

5.1.4 Supply Chain and Marketing

Namoi's supply chain and marketing operations are run as joint ventures with LDCA and include the Namoi Cotton Alliance ('the NCA Joint Venture') and the Namoi Cotton Marketing Alliance ('the NCMA Joint Venture').

The NCA Joint Venture (which Namoi has a 51% interest in) operates the following:

- Warehousing of cotton bales for the NCMA Joint Venture and other cotton merchants. This operation has a total static capacity of around 400,000 cotton bales at Goondiwindi, Wee Waa and Warren;
- Storage of grain for grain companies. This operation has a storage capacity of 125,000 tonnes at Goondiwindi, Yarraman and Wee Waa; and
- Container packing and loading facilities for cotton bales, cottonseed and grain at Goondiwindi and, Wee Waa and cotton bales at Warren with rail or road transport to Port of Brisbane or Port Botany container terminals.

The NCMA Joint Venture (which Namoi has a 15% interest in) is a marketing joint venture arrangement that exclusively purchases cotton lint bales from Namoi for merchandising to overseas spinners (refer to Section 5.2 for further details of this arrangement).

5.1.5 Namoi's Support Capabilities

Namoi has in-house engineering services, information systems and classing services capabilities that support their ginning business.

5.1.6 4PP Strategy

In FY22, Management launched the 4PP Strategy with a range of initiatives to defend and improve Namoi's volume and performance through the Company's earnings cycle. The 4PP initiatives are separated into four strategic pillars. We have summarised our understanding of the 4PP initiatives below, at a high-level, and provided an update on the 4PP Strategy's financial performance and forecasted impact on Namoi's future earnings in Section 8.0 of this Report.

Strategic Pillar 1: Leading Network

The first pillar seeks to update the Company's ginning network to assist it to offer superior and competitive ginning services. This is to be achieved through a series of initiatives and targeted capital expenditure with an emphasis on technological upgrades and process optimisation, all aimed at increasing efficiency, capacity, and profitability. The pillar's key targets and capital expenditures included an investment to upgrade and automate ginning processes across seven gins. These investments were projected to:

- Ramp up ginning speed and capacity, which is expected to defend and increase volume; and
- Reduce variable operating costs of 10% annually.

Strategic Pillar 2: Innovative Solutions

This initiative is centred around enhancing the value provided to growers and merchants through investments in information systems. The pillar's key targets and capital expenditures include:

- Development of differentiated grower products, that include building a digital platform to enhance growers' flexibility in marketing their cotton; and
- Refine warehouse operations and supply chain, aimed at streamlining processes and reducing logistical bottlenecks.

Strategic Pillar 3: Broaden Revenue

This initiative is designed to enhance Namoi's financial earnings and market reach by tapping into new revenue streams and expanding its geographical footprint. This is aimed at diversifying the company's income sources, to mitigate risks associated with market volatility and securing sustainable growth. The pillar's key targets and capital expenditures include:

- Co-product capability, with key elements including a new shed for cottonseed to reduce supply chain costs and investing in equipment to extract and process mote more efficiently into saleable moss cotton; and
- Network expansion that includes an investment in new gins in the expanding cotton production in northern Australia.

Strategic Pillar 4: Great Place to Work

Part of Namoi's strategy focuses on creating a safe and engaging work environment to attract and retain talented staff, targeting a 10% annual improvement in safety and aiming for a staff engagement score above 70%.

The Company currently employs around 150 permanent employees (that include around 35 fixed term contract staff) and up to 300 seasonal staff. The pillar's key initiatives include enhancing safety by building staff engagement, developing a talent pipeline for ginners through training and overseas recruitment, and preparing the core team for the successful implementation of the 4PP initiatives, fostering a performance-based culture with market-based salaries and performance incentives.

5.2 Joint Ventures

5.2.1 Background

On 26 April 2013, Namoi and Louis Dreyfus Commodities Asia Pte Ltd[3] announced the establishment of an unincorporated joint venture called the NCA Joint Venture. The NCA Joint Venture carried on the business of supplying cotton to Australian and international markets, and provided agricultural commodities packing, warehousing and logistics services.

As part of establishing the NCA Joint Venture, Namoi Cotton transferred various warehouses and commodities packing assets into the NCA Joint Venture ('the Marketing Business Assets'). The transfer was achieved by selling a 49% minority interest in the Marketing Business Assets, transferred to a subsidiary of LDCA, in exchange for $30.38 million in cash consideration. Namoi retained a 51% interest in the Marketing Business Assets via a subsidiary.

At the time, this transaction implied a valuation of the Marketing Business Assets of $59.67 million on a 100% basis.

On 29 October 2020, Namoi and LDCA completed a restructure of the NCA Joint Venture as part of Namoi's overall strategy to:

- Reduce exposure to cotton lint trading volatility and associated debt; and
- Improve ginning and associated service offerings to cotton grower customers.

[3] Subsequently renamed Louis Dreyfus Company Asia Pte Ltd and referred to as LDCA interchangeably, for clarity, in this Report.

The effect was a restructured joint venture consisting of two partnerships: the existing NCA Joint Venture and a new joint venture partnership called Namoi Cotton Marketing Alliance ('the NCMA Joint Venture'). Under this updated and separated structure, the NCA Joint Venture provided warehousing, agricultural commodities packing, and logistics services. The NCMA Joint Venture became the entity continuing the trading and marketing of cotton.

The key elements of each of the two partnerships are summarised below.

5.2.2 The NCA Joint Venture

In relation to the NCA Joint Venture (post the 2020 restructure), we understand the following:

- The NCA Joint Venture remains a 51%/49% joint venture partnership between Namoi and LDCA respectively;
- The NCA Joint Venture is governed by a joint venture committee from both parties;
- The NCA Joint Venture offers the following products and services:
  - Warehousing and logistics facilities, supporting the marketing operations of the NCMA Joint Venture and other merchants; and
  - Containerised commodity packing facilities, primarily packing cottonseed, grains and pulses.
- Namoi and LDCA jointly support the funding of the NCA Joint Venture's operations. NCA Joint Venture's trading and marketing related debt has been wound down such that the NCA Joint Venture's warehouse and packing fixed assets are largely unencumbered.

5.2.3 The NCMA Joint Venture

In relation to the NCMA Joint Venture (following the 2020 restructure), we understand the following:

- The NCMA Joint Venture is responsible for the trading and marketing of cotton lint acquired by Namoi;
- The NCMA Joint Venture is a 15%/85% joint venture partnership between Namoi and LDCA respectively and managed by a business committee, itself overseen by a joint venture committee with representation from both parties;
- LDCA assumes responsibility for funding the NCMA Joint Venture;
- Namoi's share of profit or losses and capital contributions in the NCMA Joint Venture's trading and marketing operations is subject to a 'cap and collar' arrangement that places an upper and lower limit on Namoi's financial exposure in any financial year to (+/-) $1.5 million;
- Namoi holds an option to increase its share in the NCMA Joint Venture. Of this call option we understand the following:
  - If exercised by Namoi, the Company can increase its participation in the NCMA Joint Venture from 15% to 35%;
  - If Namoi wishes to exercise the option, it must:
    - Deliver to LDCA an executed written notice on or before 1 March 2024 (amended to 1 March 2025, under the SIA);
    - Pay the nominal exercise price of $1; and
    - Contribute to the NCMA Joint Venture a cash amount equal to 35% on 1 March 2025 (amended to 1 March 2026, under the SIA) of the undisputed amount of the balance of all the capital or participant loan contributions made by LDCA to the NCMA Joint Venture, less any capital previously returned.
  - The NCA Joint Venture Agreement which includes the call option also includes illustrative examples for how Namoi's 35% contribution to the NCMA Joint Venture would be calculated should Namoi exercise its options. In effect, this would remove the (+/-) $1.5 million 'cap and collar' arrangement currently in place and make Namoi a full participant in the economic risks and benefits of the NCMA Joint Venture;
  - The NCMA Joint Venture currently has a US$110 million debt facility with LDCA. Under the current arrangement, Namoi has no exposure to this funding requirement (which was the rationale for the restructure of NCA Joint Venture as outlined above 5.2.1); and
  - There is no change of control clause in the NCMA Joint Venture Agreement in relation to Namoi Cotton Limited (nor in the NCA Joint Venture Agreement) meaning that an acquirer (other than LDCA) could acquire Namoi and exercise the option.

5.2.4 Material Joint Venture Agreements

We understand that there are several material joint venture agreements governing the rights and obligations of Namoi associated with its participation in both the NCA Joint Venture and the NCMA Joint Venture. Some of these agreements are listed below along with an accompanying brief description and summary of each agreement's significance to Namoi.

This information is based on past Company disclosures and should not be interpreted as definitive or exhaustive and is provided only in the context of the valuation set out in this Report.

Joint Venture Agreement ('the NCA Joint Venture Agreement')

This agreement sets out the terms on which the participants associate themselves together as a joint venture to carry out the NCA Joint Venture including:

- An initial term of 30 cotton seasons from the effective date (no later than 28 February 2044) which may be extended by agreement of both participants;
- Namoi must exclusively supply all Australian cotton lint acquired by it to the NCA Joint Venture (now NCMA) and the NCA Joint Venture (NCMA) must not acquire cotton lint from any other person;
- The NCA Joint Venture must use the brands of Namoi;
- To the extent that the assets of the NCA Joint Venture are insufficient to meet its liabilities, additional funding is to be contributed by the participants (but now subject to the caps outlined above in respect to cotton lint trading and marketing undertaken by the NCMA Joint Venture) if Namoi does not exercise its option outlined above in section 5.2.3);
- Namoi cannot transfer the whole or any part of its participating interest in the NCA Joint Venture without the prior written consent of LDCA; and
- A change of control of a NCA Joint Venture participant is a prohibited transfer under the NCA Joint Venture Agreement this excludes a change arising from a change in the identity of persons holding securities issued by Namoi Cotton or LDCA.

LDCA commodities off-take agreement

This agreement commenced when the NCA Joint Venture became effective and continues until the NCA Joint Venture is terminated. The agreement sets out the terms relating to the sale or offer by the NCA Joint Venture to LDCA of cotton bales within the parameters of set commitments and contractual obligations. These obligations include, but are not limited to, that the NCA Joint Venture must offer to LDCA between 10% and 15% of the cotton bales acquired, including a mechanism to transfer seasonal shortfalls to the subsequent seasons.

The pricing of cotton bales is subject to base grade variation adjustment for premiums and discount, with the price per cotton bale being a volume weighted average purchase price offered to growers under contracts plus a basis points margin.

The Namoi Cotton umbrella on-sale agreement

This agreement documents the terms on which Namoi will procure cotton at the direction of the NCA Joint Venture and on-sell the cotton to the NCA Joint Venture, including:

- This agreement commenced when the NCA Joint Venture became effective and continues until the NCA Joint Venture is terminated;
- Namoi must purchase cotton lint from growers by entering into marketing contracts with growers in accordance with written directions from the NCA Joint Venture on pricing, volumes and base grade. Once Namoi entered into a contract with a grower, Namoi enters into a corresponding on-sale contract under which Namoi sells and the NCA Joint Venture buys cotton;
- Namoi cotton must exclusively supply all Australian cotton acquired by it to the NCA Joint Venture and the NCA Joint Venture must not acquire cotton from another person; and
- The NCA Joint Venture agrees to pay Namoi the payment set out in the relevant marketing contact (with each grower) plus a fee per cotton bale purchased under that on-sale contract.

Services agreements

The Namoi Cotton services agreement sets out the terms under which Namoi will provide on-going day-to-day services to the NCA Joint Venture.

The Louis Dreyfus services agreement sets out the terms under which LDCA will provide risk management services to the NCA Joint Venture.

Trademark license

This agreement specifies that Namoi grants a royalty free license for the NCA Joint Venture to use the Namoi Cotton trademark and the trademark used in respect of the cotton grades in connection with the NCA Joint Venture. This agreement runs until the NCA Joint Venture Agreement is terminated.

5.3 The KCC Gin Project

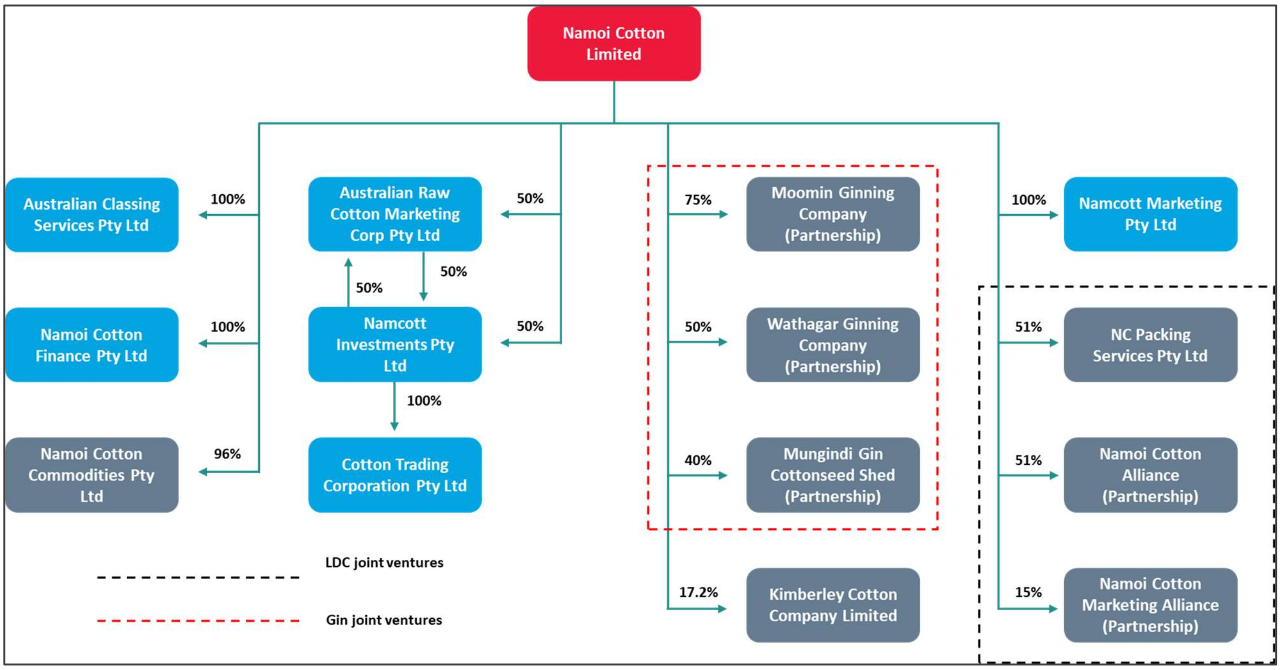
KCC was formed in April 2021 to establish a cotton processing facility in Kununurra, Western Australia. We understand that Namoi's involvement with KCC is multi-faceted, which we have summarised below:

- **Investor**: Namoi subscribed to a combination of convertible notes and equity interest in KCC as follows:
  - $38,594 for a 17.3% interest in the ordinary shares of KCC under a shareholder deed where Namoi will also receive representation on KCC's Board of Directors; and
  - $3.86 million for 17.3% of convertible notes on issue, attracting interest at a rate of 4.67% per annum. KCC must redeem these convertible notes by December 2032 with an option to convert the convertible notes into equity starting on January 2026.
- **Service provider**: Separate to Namoi's involvement as an investor, Namoi has entered into three agreements with KCC as a service provider to supply equipment, provide project management and installation services and gin operations. A high-level overview of the three service provider agreements is provided below and should not be interpreted as definitive or exhaustive and is provided only in the context of the valuation set out in this Report:
  - Supply of ancillary gin equipment:
    - This agreement is for the supply of module feeder and down press gin equipment which will be fabricated by Namoi's in-house engineering team at Wee Waa, NSW.
  - Project management and installation services:
    - This agreement is for the high-level design and project management for the construction of the Kununurra gin and the installation of ginning equipment. Namoi will provide a project manager for the duration of the build period as well as providing staff for the installation of the gin equipment.
  - Gin operating services:
    - This agreement is for Namoi to fully operate the gin on an evergreen agreement basis as part of Namoi's ginning network;
    - To support this operation, Namoi will also provide fully maintained mobile equipment and, if required, up to $1.4 million in working capital funding; and
    - Namoi will receive a management fee and a monthly fee for support services.
- **Value-added activities**: Namoi has presented proposals to KCC, and associated cotton growers, for classing services. As at the time of this Report, discussions are still on-going.

5.4 Corporate Structure of Namoi

Namoi's corporate structure is set out in Figure 5.2 below.

Figure 5.2: Corporate Structure of Namoi



Source: Management

With regards to Figure 5.2 above, we note the following:

- The entities in blue represent those that Namoi has a 100% interest in and the entities in grey represent those that Namoi has less than a 100% interest in;
- Namcott Marketing Pty Ltd is the beneficial owner of the interests in the NCA Joint Venture and NCMA Joint Venture;
- Australian Classing Services Pty Ltd ('ACS') activities are the provision of classing services;
- Namoi Cotton Finance Pty Ltd holds funding for the Namoi group; and
- Namcott Investments Pty Ltd, Namoi Cotton Commodities Pty Ltd, Cotton Trading Corporation Pty Ltd and Australian Raw Cotton Marketing Corp Pty Ltd are non-trading / dormant entities.

5.5 Equity Structure of Namoi

5.5.1 Ordinary Shares

As at 7 May 2024, Namoi had 205,314,735 ordinary shares on issue. The substantial shareholders are set out in Table 5.2.

Table 5.2: Substantial Shareholders

	Shareholders	Number of Shares	Percentage Holding
1	Samuel Terry Asset Management Pty Ltd	50,292,956	24.50%
2	Louis Dreyfus Company Asia Pte. Ltd	34,888,978	16.99%
	Other shareholders	120,132,801	58.51%
	Total shares on issue	**205,314,735**	**100.00%**

Source: The Target's Statement

5.5.2 Unlisted Securities on Issue

Performance Rights

As at 7 May 2024, Namoi had 1,835,852 outstanding performance rights on issue. With regards to Namoi's outstanding performance rights, we note that LDC is not making a separate offer to holders of Namoi performance rights. However, the Offer extends to all Namoi shares that are issued before the end of the Offer period as a result of the vesting and conversion of any Namoi performance rights on issue at the register date. This means that holders of Namoi performance rights that vest will be able to accept the Offer in respect of the Namoi Shares issued during the Offer Period as a result of their conversion.

Pursuant to the Offer Agreement, Namoi agreed to, subject to the grant of any required waivers or confirmations from ASX, which Namoi must promptly apply to procure after the announcement date of the Offer, vest all of the Namoi performance rights and issue new fully paid ordinary shares to each participant on the next business day after LDC has a relevant interest in such number of Namoi shares which represents at least 50.1% (by number) of all of the fully paid ordinary shares in Namoi on issue (on a fully diluted basis) and the Offer is otherwise unconditional.

Residual Capital Stock

As at 7 May 2024, Namoi had 1,621,628 non-convertible residual capital stock on issue. With regards to Namoi's non-convertible residual capital stock, we note the following:

- As part of the Company's restructure in 2017, Namoi's capital stock ceased trading on the ASX (on 4 October 2017) and Namoi's ordinary shares commenced trading on the ASX (on 13 October 2017);
- On the effective date of the restructure (10 October 2017), all holders of grower shares and all holders of capital stock had their stock converted into 'residual capital stock' which is not listed on the ASX and not transferable; and
- Holders of residual capital stock can be converted to ordinary shares on a one for one basis (by the holder giving to Namoi an election to convert their residual capital stock to ordinary shares).

On 17 April 2024, Namoi announced that the Company has made a determination to redeem all of the outstanding residual capital stock on issue (for which Namoi has not received a valid conversion notice[4]), as permitted by and in accordance with the terms of the residual capital stock.

Each relevant residual capital stockholder will be entitled to receive $0.5318 (representing 90% of the Company's VWAP for the ten business days that is five business days prior to the date that the Company announces that it will redeem the residual capital stock) per residual capital stock held, with the redemption to take place on 4 June 2024.

[4] On 19 January 2024, Namoi announced that they intend to make a determination to redeem all of the outstanding residual capital stock on issue, as permitted and in accordance with the terms of the residual capital stock. On 29 January 2024, Namoi sent a conversion election form to all Eligible Holders (as defined in the terms of the residual capital stock) of residual capital stock, enabling them to convert their residual capital stock to ordinary shares prior to Namoi formally announcing that it will redeem the outstanding residual capital stock. For completeness, we note that each residual capital stock coverts to 1 ordinary share in Namoi and that Eligible holders who converted their stock prior to the Company announcing it will redeem the stock are entitled to participate in the Offer (provided they still hold the relevant Namoi shares).

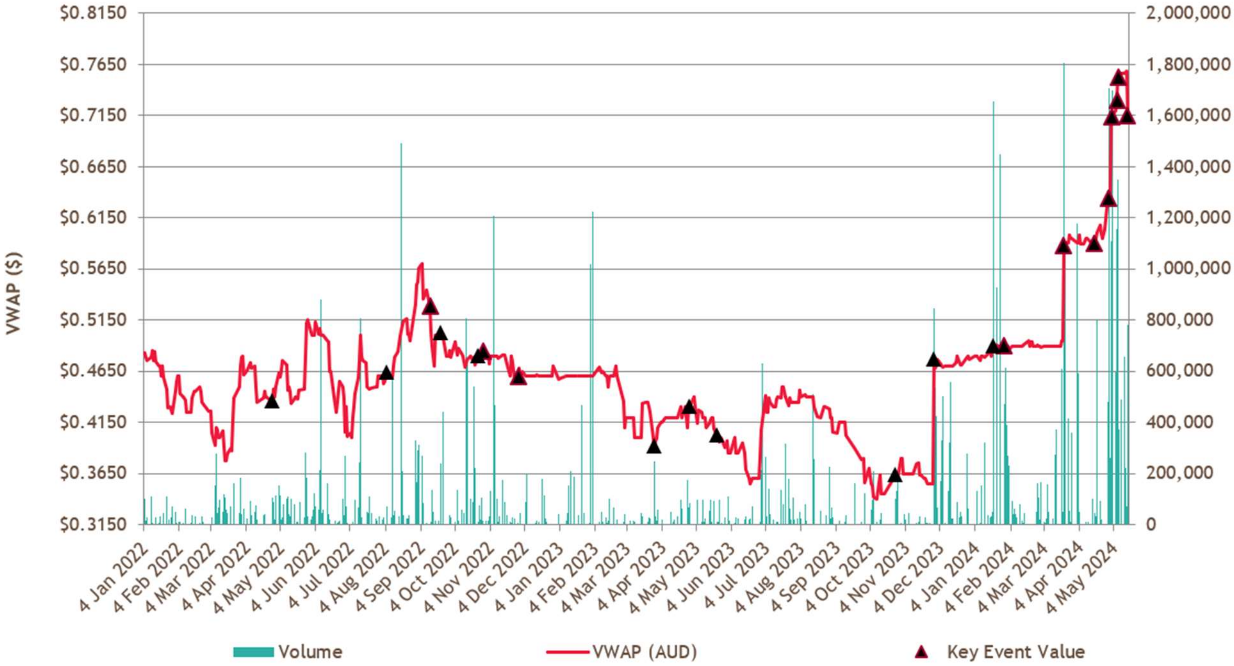
In accordance with the terms of the residual capital stock, from 17 April 2024, Eligible Holders[5] of residual capital stock who have not already submitted a conversion notice, will no longer be able to make such an election to convert their residual capital stock into ordinary Namoi shares.

5.6 Share Market Trading Data of Namoi

5.6.1 Share Trading Data

Figure 5.3 displays the daily volume weighted average price ('VWAP') and daily volume of Namoi shares traded on the ASX over the period 1 January 2022 to 17 May 2024.

Figure 5.3: Daily VWAP and Volume of Namoi Shares Traded from 1 January 2022 to 17 May 2024



Source: Capital IQ as at 20 May 2024

Over the period graphed in Figure 5.3 above, Namoi's daily VWAP displays a period low of $0.3400 on 9 October 2023 and a period high of $0.7586 on 15 May 2024.

In addition to the share price and volume data of Namoi shown above, we have also provided additional information in Table 5.3 below to assist readers to understand the possible reasons for the movement in Namoi's share price over the period analysed. The selected ASX announcement references in Table 5.3 below correspond to those displayed in Figure 5.3 above.

Table 5.3: Selected Namoi ASX Announcements from 1 January 2022 to 17 May 2024

Date	Announcement
26/04/2022	Namoi released their FY22 annual report. The Company reported EBITDA of $1.6 million but a net profit after tax ('NPAT') loss of $4.4 million.
26/04/2022	Namoi announced that they had received correspondence from Samuel Terry Asset Management (who held a 19% interest in the Company at the time) stating that they were not supportive of the Company's growth initiative and suggested the lowest risk, highest return strategy for the Company could be an orderly break-up or whole-of-company sale.
05/08/2022	Namoi announced that they had received correspondence from Samuel Terry Asset Management that pursuant to section 249D of the Corporations Act they would like the directors of Namoi to call and hold a general meeting to consider a resolution for the appointment of a director of the Company.
13/09/2022	Namoi announced that it has entered into agreements with Kimberley Cotton Company Limited to build and operate their new Western Australia based cotton gin.
21/09/2022	Namoi announced that the Company will undertake a fully underwritten renounceable pro-rata entitlement offer at $0.43 per share to raise approximately $14.1 million.
21/09/2022	Namoi announced a business update for the FY23 year, stating that they expect to generate EBITDA of $19 to $21 million.
24/10/2022	Namoi released their half year report for the 6 months ended 31 August 2022. Namoi reported EBITDA for the period of $20.9 million and net profit before tax ('NPBT') of $12.4 million.

[5] We have adopted the same definition for eligible holders as set out in the terms of the residual capital stock. For completeness, we note that Management have advised that the location of residence of Eligible Holders is relevant in relation to their ability to convert to their residual capital shares into ordinary shares. Eligible holders have to be Australian or New-Zealand domiciled individuals. Residual capital stock shares owned by individual residing in other countries (estimated to total 98,759 across four individuals) cannot be converted to ordinary shares but can be redeemed under the terms of the residual capital stock.

Date	Announcement
28/03/2023	Namoi released profit guidance for FY23, Namoi stated that they expect earnings for the year to differ from its previous guidance published in December 2022. The Company announced that the EBITDA outlook has been revised down from $19 to $21 million to $15 to 17 million.
28/04/2023	Namoi released their FY23 annual report. The Company reported EBITDA of $18.3 million and NPAT of $4 million (being the first profitable year since FY20 due to three years of drought). Namoi also ginned a record 1.17 million bales of cotton lint across their 10 gins (41% above their 10-year average).
22/05/2023	Namoi announced that the Board of Kimberley Cotton Company Limited has approved the commencement of construction at its Western Australia based cotton gin at Kununurra
25/10/2023	Namoi released their half year report for the 6 months ended 31 August 2023. The Company reported EBITDA of $26.9 million and NPBT of $16.8 million (ginning 1.02 million bales). The directors of Namoi declared an FY24 interim unfranked dividend of $0.005 per share.
25/10/2023	Namoi announced that it had executed an agreement with the Commonwealth Bank of Australia to renew its banking facilities to 30 October 2026.
28/11/2023	Namoi announced that it had received a non-binding indicative offer from LDCA to acquire the 83% of shares outstanding in the Company that it does not currently own by way of a scheme of arrangement.
28/11/2023	Namoi announced that it had received correspondence from Samual Terry Asset Management Pty Ltd (Namoi's largest shareholder with an interest at the time of 21.5%) stating that they are supportive of the NBIO from LDCA.
19/01/2024	Namoi announced that it has entered into a scheme implementation agreement with LDCA to acquire the 83% of issued shares in Namoi that it does not currently own, by way of a scheme of arrangement.
19/01/2024	Namoi announced the Company's intention to redeem residual capital stock.
29/01/2024	Namoi issued an election form to all eligible holders of residual capital stock, enabling them to convert their residual capital stock for Namoi ordinary shares.
21/03/2024	Namoi announced that the board of directors has received a non-binding, indicative and conditional offer from Olam for total cash consideration of $0.59 per Namoi share. This includes Namoi being permitted to pay a special dividend of $0.01 per share (as part of the total cash consideration). The offer also provides that Olam is willing to contemplate concurrently making an off-market takeover bid for total cash consideration of $0.57 per share (inclusive of the $0.01 per Namoi share permitted special dividend).
17/04/2024	Namoi released their FY24 annual report. The Company reported EBITDA of $22.9 million and NPAT of $6.9 million (being the second profitable year since FY20 due to three years of drought). Namoi also ginned 1.16 million bales of cotton lint (in line with their record 1.17 million in FY23).
17/04/2024	Namoi announced that it has made a determination to redeem all of the outstanding residual capital stock on issue. Each relevant residual capital stock holder will be entitled to receive $0.5318 per residual capital stock held.
29/04/2024	Namoi announced that LDCA intends to make an all cash off market takeover offer for all of the shares in Namoi that it (or its related bodies corporate) do not currently own. Under the offer, Namoi shareholders would receive $0.60 per share exclusive of the $0.01 per Namoi share special dividend (i.e. the offer price and the permitted special dividend total to $0.61 per share).
02/05/2024	Namoi announced that Olam intends to make an off-market takeover offer for all of the issued share in Namoi. Under the proposed Takeover Offer, Namoi shareholders would receive total cash consideration of $0.66 per Namoi share with the proposed offer increasing to $0.70 per Namoi share if Olam obtains a relevant interest in at least 90% of the Namoi shares before the end of the offer period (both exclusive of the $0.01 per Namoi share special dividend declared by Namoi on 17 April 2024).
07/05/2024	Namoi announced that they have received notification from LDC that it proposes to increase its cash consideration from $0.60 to $0.67 per Namoi share (exclusive of the $0.01 per Namoi share special dividend declared by Namoi on 17 April 2024) in respect to its off-market takeover bid for all of the Namoi shares it (or its related bodies corporate) do not currently own.
08/05/2024	Namoi announced that Olam intends to increase its off-market takeover offer to acquire all fully paid ordinary shares in Namoi to $0.70 cash per share (exclusive of the $0.01 per Namoi share special dividend declared by Namoi on 17 April 2024), regardless of whether Olam acquires at least 90% of the Namoi shares.
16/05/2024	Namoi announced that the ACCC has published a statement of issues outlining preliminary competition concerns with LDC's proposed acquisition of Namoi.

Source: Namoi ASX Announcements

In Table 5.4 below we have set out Namoi's VWAP for the 1 week, 1 month, 3 months, 6 months, 9 months and 12 months up to and including 27 November 2023, being the Pre-Announcement Date.

Table 5.4: Namoi's VWAP for Specified Periods Prior Up to and Including 27 November 2023

Length of Relevant VWAP Period	VWAP up to and including 27 November 2023
1 Week	$0.3583
1 Month	$0.3642
3 Months	$0.3741
6 Months	$0.4073
9 Months	$0.4086
12 Months	$0.4280

Source: Capital IQ as at 19 January 2024 and calculated based on Namoi shares trading volume (in AUD) and turnover (number of shares sold in period)

5.6.2 *Liquidity of Namoi Shares on the ASX*

The rate at which equity instruments are traded is generally referred to as the 'liquidity' of the equity instruments. Changes in liquidity may impact the trading price of equity instruments. This is particularly dependent on the number of equity instruments required to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price may or may not represent a shift in value of either the equity instruments or a shift in value of the company to which the equity instruments relate as a whole.

Table 5.5 summarises the monthly liquidity of Namoi shares from 1 January 2023 to 17 May 2024. Liquidity has been summarised by considering the following:

- Volume of Namoi share trades per month;
- Value of total trades in Namoi shares per month;
- Number of Namoi shares traded per month as a percentage of total Namoi shares outstanding at the end of the month;
- The monthly low and high share price of the Company; and
- Volume weighted average price per month.

Table 5.5: Liquidity of Namoi shares on the ASX

Month	Volume	Shares Outstanding	Volume / Shares Outstanding	Monthly Low Share Price	Monthly VWAP	Monthly High Share Price
May 2024 (up to and including 17th)	9,212,180	205,100,359	4.49%	$0.64	$0.7285	$0.77
April 2024	5,124,210	205,100,359	2.50%	$0.59	$0.6134	$0.66
March 2024 (from the 21st)	3,734,780	205,100,359	1.82%	$0.57	$0.5897	$0.60
Total Post Announcement of the Olam initial takeover offer[1]	**18,071,170**	**12,056,535**	**8.81%**	**$0.57**	**$0.6672**	**$0.77**
March 2024 (up to and including 20th)	1,755,950	205,100,359	0.86%	$0.49	$0.4917	$0.50
February 2024	1,260,710	205,100,359	0.61%	$0.48	$0.4892	$0.50
January 2024	6,272,460	205,100,359	3.06%	$0.47	$0.4881	$0.49
December 2023	2,671,030	205,100,359	1.30%	$0.45	$0.4714	$0.48
November 2023 (from the 28th)	1,811,220	205,100,359	0.88%	$0.46	$0.4723	$0.48
Total Post NBIO Announcement[1]	**13,771,370**	**205,100,359**	**6.72%**	**$0.45**	**$0.4833**	**$0.50**
November 2023 (up to and including 27th)	2,025,240	205,100,359	0.99%	$0.35	$0.3638	$0.37
October 2023	859,520	205,100,359	0.42%	$0.34	$0.3537	$0.39
September 2023	359,450	205,100,359	0.18%	$0.35	$0.3805	$0.42
August 2023	1,382,480	204,894,520	0.67%	$0.40	$0.4334	$0.45
July 2023	1,477,560	204,894,520	0.72%	$0.41	$0.4379	$0.45
June 2023	1,109,650	204,894,520	0.54%	$0.36	$0.3941	$0.44
May 2023	786,010	204,894,520	0.38%	$0.38	$0.4091	$0.44
April 2023	624,210	204,894,520	0.30%	$0.41	$0.4210	$0.44
March 2023	597,540	204,894,160	0.29%	$0.38	$0.4045	$0.44
February 2023	1,538,460	204,891,490	0.75%	$0.45	$0.4603	$0.48
January 2023	2,237,240	204,891,490	1.09%	$0.45	$0.4595	$0.47
December 2022	654,880	204,891,490	0.32%	$0.45	$0.4600	$0.47
Total Pre NBIO Announcement[1]	**12,363,460**	**204,906,040**	**6.03%**	**$0.34**	**$0.4250**	**$0.48**

Source: *Capital IQ as at 20 May 2024*

1 We note that the share prices (monthly low and high) included as a total does not represent the sum of share prices over the period. Rather, the share price listed as the total monthly low represents the lowest monthly share price over the period and the share price listed as the total monthly high represents the highest monthly share price over the period.

5.7 Historical Financial Information of Namoi

This section sets out the historical financial information of Namoi. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in Namoi's annual reports, including the full Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position and Statements of Cash Flows.

Namoi's financial statements have been audited by Ernest and Young for FY21 and FY22, with Namoi changing their auditor to KPMG on 23 September 2022 for the FY23 and FY24 financial statements.

BDOCF has not performed any audit or review on the historical financial information of Namoi, and we make no statement as to the accuracy of the information provided. However, we have no reason to believe that any of the information provided is false or misleading.

5.7.1 Change in Accounting Policies and Re-statement of Comparative Financial Information

During FY2023, the Company reassessed the accounting treatment applied to the following operating activities:

- Provision of ginning services:
- Marketing of cottonseed; and
- Marketing of cotton lint.

Historically, Namoi has accounted for all contracts from the above activities at fair value through the profit and loss under the Australian Accounting Standards Board (‘*AASB’)*’s AASB 9 *Financial Instruments* (‘AASB 9’) and presented the net result as a ‘trading margin’ in the consolidated statement of profit and loss and other comprehensive income.

As discussed in Section 5.2 Namoi and LDCA completed a restructure of the NCA Joint Venture in 2020 and a new joint venture partnership, the NCMA Joint Venture, was established to continue to trade and market cotton lint. Because of this restructure, the contracts covered under the above activities no longer fell under the scope of AASB 9.

The reassessment resulted in the contracts relating to the provision of ginning services and sale of cottonseed being accounted for in accordance with AASB 15 *Revenue from Contracts with Customers* (‘AASB 15’). Cottonseed inventory, which was previously recognised at fair value less costs to sell, is now recognised at the lower of cost and net realisable value and the costs of cottonseed sold is now separately recognised on the statement of profit or loss and other comprehensive income.

Under the restructured lint marketing activities, contracts to buy lint from growers and contracts to sell lint to the NCMA Joint Venture are not in the scope of AASB 9. The Company concluded that in relation to lint marketing activities, Namoi acts as an agent in purchasing lint from growers on behalf of the NCMA Joint Venture. The Company should therefore recognise their services to the NCMA Joint Venture as revenue under AASB 15.

Namoi also reassessed the accounting treatment for its interest in the NCA Joint Venture. Historically, Namoi’s 51% interest in the NCA Joint Venture has been recognised on an equity accounting basis in accordance with AASB 128 *Investments in Associates and Joint Ventures* (‘AASB 128’). Based on a reassessment of the terms of the NCA Joint Venture Agreement, the Company determined that the arrangement is a Joint Operation for the purpose of *AASB 128* and the Company should account for its rights and obligations in the NCA Joint Venture's assets, liabilities, revenues and expenses.

Considering the above, the financial statements included in Namoi’s FY23 annual report (for FY22) have been restated to reflect the changes in accounting policies detailed above. However, the FY21 comparable financial statements have not been restated and reflect the legacy accounting policies that pre-date the changes described above. Combined with generally challenging financial results resulting from drought conditions in FY21, the result is financial statements (above EBITDA) which are not easily comparable between FY21 and subsequent observed periods but are presented for context.

5.7.2 Statements of Profit or Loss and Other Comprehensive Income

Table 5.6 summarises the Consolidated Statement of Profit or Loss and Other Comprehensive Income of Namoi for the 12-month periods ended 28 February 2021, 28 February 2022, 28 February 2023 and 29 February 2024.

Table 5.6: Namoi Consolidated Statement of Profit or Loss and Other Comprehensive Income

($'000)	12-months ended 28-Feb-21 Audited (Note 1)	12-months ended 28-Feb-22 Audited	12-months ended 28-Feb-23 Audited	12-months ended 29-Feb-24 Audited
Revenue from customers		-	-	-
Trading margin gains		-	-	-
Sales of cottonseed		49,258	160,823	143,753
Ginning services		28,224	69,596	72,622
Warehouse and logistics services		13,473	18,093	17,130
Other revenue		6,094	8,435	10,502
Total revenue from customers		**97,049**	**256,947**	**244,007**
Profit/(loss) from investment in NCMA		414	1,488	1,500
Profit/(loss) of associates and joint ventures		381	(1)	1,478
Cottonseed and other goods purchased for resale		(36,773)	(122,948)	(122,934)
Raw materials and consumables used		(7,971)	(19,938)	(15,417)
Distribution costs		(17,571)	(47,921)	(28,222)
Gross profit		**35,529**	**67,627**	**80,412**
Other income		314	110	(5)
Impairment reversal - joint venture		-	-	-
Employee benefit expenses		(21,444)	(34,700)	(37,475)
Repairs and maintenance expenses		(4,454)	(5,661)	(6,813)
Derivatives recorded at fair value through profit and loss			(3,277)	(1,077)
Net foreign exchange gains/(losses)			2,943	(85)
Other expenses		(7,359)	(9,079)	(12,081)
EBITDA	**(11,577)**	**2,586**	**17,963**	**22,876**
Depreciation	(3,246)	(6,462)	(11,094)	(11,249)
EBIT	**(14,823)**	**(3,876)**	**6,869**	**11,627**
Finance expenses	(1,634)	(2,840)	(2,896)	(2,367)
Profit before income tax expense/(benefit)	**(16,458)**	**(6,716)**	**3,973**	**9,260**
Income tax expense/(benefit)	2,040	1,276	(10)	(2,360)
Profit/(loss) attributable to the shareholders	**(14,418)**	**(5,440)**	**3,963**	**6,900**

Source: Namoi FY22, FY23 and FY24 Annual Reports

1 For FY21, results are presented at the EBITDA level only, due to lack of comparability with individual financial statements line items from FY22 onwards.

With reference to Table 5.6 above, we note the following:

- **Revenue**: Between FY20 and FY22, Namoi experienced losses resulting from three years of drought. In contrast, FY22 to FY24 saw positive financial performance led by:
  - An increase in ginning services revenue stemming from a material increase in volume of cotton bales ginned 0.49mb in FY22 to 1.16mb in FY24[6]. The FY23 volume was the highest volume since FY19 at 1.17mb;
  - An increase in the sale of cottonseed resulting from record volumes of cottonseed marketed;
  - Warehouse and logistics services saw similarly strong growth in lint bales warehoused from 0.67mb in FY22 to over 1mb in FY24; and
  - We have grouped several smaller and individually immaterial revenue items into 'other revenue'. These include sale of moss, classing services, lint handling, other service revenue, management fees and 'other';
- **Distribution costs:** Between FY23 and FY24, distribution decreased approximately $19.7 million (from $47.9 million to $28.2 million). Management have advised that distribution costs relate to both seeds and moss and that majority of the movement ($14.2 million) is explained by a combination of:
  - A 16% overall reduction in cottonseed sold compared to FY23; and
  - A change in cottonseed revenue mix with a higher percentage of cottonseed sold on a delivered/ex-gin domestic basis in FY24, meaning that less cottonseed was sold on a delivered import basis (which incurs distribution costs) relative to FY23.
- **Profit from investment in NCMA**: Namoi presents the Company's rights to the net profit/losses of the NCMA Joint Venture in the Statement of Profit or Loss and Other Comprehensive Income separately on its income statement. As discussed in Section 5.2, there is a 'cap and collar' arrangement in place in the NCMA Joint Venture, which limits Namoi's rights to profits and exposure to losses a maximum of $1.5m in any one financial year. Namoi noted in its FY24 annual report that "This capping mechanism significantly restricts Namoi's right to participate in the trading profits of NCMA (and limits exposure to trading losses)" notwithstanding their 15% participating interest". With respect to the financial performance of the NCMA Joint Venture we note the following:

6 Bales ginned are reported by the Company on a 100% joint venture gin basis.

- FY22 revenue was $242.9 million and net profit was $2.4 million. Namoi's share of the net profit was limited to $0.4 million;
- FY23 revenue increased by 178% from FY22 to $676.5 million and net profit increased by 16.6 times to $42.9 million. However, Namoi's interest in the net profit was capped at $1.5 million due to the 'cap and collar' arrangement; and
- FY24 revenue and net profit was approximately $422.4 million and $41.7 million respectively. Notwithstanding, due to the 'cap and collar', Namoi only received $1.5 million;

- **Profit/(loss) from associates and joint ventures**: As at FY24, the approximate $1.5 million represents Namoi's share of the profits in NC Packing;
- **Cottonseed and other goods purchased for resale, raw materials and consumables and distribution costs**: Namoi does not report on the gross profit contribution of its various revenue streams. Namoi does report on the EBITDA contribution of its ginning segment and supply chain and marketing segment. Specifically, we note that:
  - The ginning segment (that include the marketing of co-products) experienced an increase in EBITDA from $8.7 million in FY22 to $28.8 million in FY24, representing a 231% increase; and
  - The supply chain and marketing segment also experienced an increase in EBITDA from $2.1 million in FY22 to $6.6 million in FY24 representing a 214% increase;
- **Impairment reversal**: In FY21, the NCA Joint Venture conducted an impairment test at the joint venture level which resulted in an impairment charge being recorded in the NCA Joint Venture's result. Given the impairment taken at the joint venture level, the impairment charge previously recorded by Namoi against its investment was reversed; and
- **Other expenses**: Namoi groups several smaller, individually immaterial expense items and reports them as 'other expenses' such as audit fees, consulting, business travel, information technology, insurance to name a few.

5.7.3 Statements of Financial Position

Table 5.7 summarises Namoi's statements of financial position as at 28 February 2021, 28 February 2022, 28 February 2023 and 29 February 2024.

Table 5.7: Namoi's Summarised Consolidated Statements of Financial Position

($'000)	As at 28-Feb-21 Audited	As at 28-Feb-22 Audited	As at 28-Feb-23 Audited	As at 29-Feb-24 Audited
Current assets				
Cash and cash equivalents	497	2,856	4,877	7,531
Trade and other receivables	2,196	6,365	14,296	6,879
Inventories	7,445	9,670	24,304	14,091
Assets held for sale	837	-	-	-
Prepayments	767	614	1,044	924
Derivative financial instruments	7,481	67	277	-
Total current assets	**19,223**	**19,572**	**44,798**	**29,425**
Non-current assets				
Property, plant and equipment	129,703	153,080	158,151	157,227
Investment in associates and joint ventures	21,300	(1,312)	101	4,209
Investment in NCMA	-	248	255	728
Total non-current assets	**151,003**	**152,016**	**158,507**	**162,164**
Total assets	**170,226**	**171,588**	**203,305**	**191,589**
Current liabilities				
Trade and other payables	4,315	6,083	13,077	7,030
Current borrowings	5,664	3,659	13,717	2,024
Provisions	1,671	2,450	2,523	4,444
Derivative financial instruments	5,996	52	405	112
Total current liabilities	**17,646**	**12,244**	**29,722**	**13,610**
Non-current liabilities				
Non-current borrowings	45,639	45,964	38,326	29,184
Provisions	185	177	167	61
Deferred tax liabilities	-	-	1,419	5,396
Total non-current liabilities	**45,824**	**46,141**	**39,912**	**34,641**
Total liabilities	**63,470**	**58,385**	**69,634**	**48,251**
Net assets	**106,756**	**113,203**	**133,671**	**143,338**
Equity				
Issued capital	37,639	47,984	61,142	61,142
Reserves	70,075	72,991	76,338	80,068
Retained earnings	(958)	(7,772)	(3,809)	2,128
Total equity	**106,756**	**113,203**	**133,671**	**143,338**

Source: Namoi FY22, FY23 and FY24 annual reports

With reference to Table 5.7 above, we note the following:

- **Cash and cash equivalents**: Having regard to cash and cash equivalents period-end we note the following in addition to the analysis of Namoi's historical cash-flow statements in Section 5.9.4 below:
  - The FY21 cash balance reflects the drought conditions which supressed revenue;
  - The FY22 cash and cash equivalents balance of $2.9 million is mostly negated by a $2.4 million bank overdraft balance included in current borrowings;
  - The FY22 bank overdraft balance was completely repaid in FY23 such that the period-ending balance was nil; and
  - Similarly, there is no bank overdraft balance at the end of FY24;
- **Trade and other receivables**: We note the increase between FY21 to FY24. Trade and other receivables include trade receivables from contracts with customers, less an allowance for impairment loss, contract assets and other receivables. The increase in trade and other receivables from FY22 to FY23 was a result of weather events leading to increased cotton moisture and an extension of the ginning season by six weeks. Namoi usually aims to market and deliver all or most cottonseed volumes by the February year-end. We note that trade and other receivables in FY24 has returned to levels broadly in line with FY22;
- **Inventory**: Total inventories have increased from FY21 to FY24 (from $7.4 million to $14.1 million). Inventories include seed and moss, cottonseed and operating supplies and spares. As stated above, the extension of the ginning season saw Namoi hold more inventory on hand as at 28 February 2023 than it normally would, with most of the increase driven by the cottonseed inventory balance;
- **Derivative financial instruments** decreased from FY21 as a result of adjustments relating to the change in accounting treatment in for the provision of ginning services, marketing of cottonseed and marketing of cotton lint;
- **Property, plant and equipment**: Namoi's property, plant and equipment is largely comprised of ginning infrastructure, plant and equipment, warehouses, non-ginning infrastructure, capital works in progress and right-of-use assets. For completeness, we note that the increase in property, plant and equipment of $23.4 million between FY21 and FY22 is the result of the re-statement of the FY22 financial statements discussed previously which resulted in Namoi's interest in the assets and liabilities of the NCA Joint Venture being included in Namoi's consolidated financial statements. The increase also included a $4.7 million revaluation increment;
- **Current assets held for sale**: The FY21 balances relates to ginning assets from a joint venture which was subsequently disposed of;
- **Investment in associates and joint ventures**: This balance relates to Namoi's ownership interest in NC Packing services Pty Ltd ('NPCS') and KCC. As discussed earlier in Section 5.0, NCPS is a joint venture with LDCA. The Company have determined that Namoi has joint control over NCPS due to the terms of the NCA Joint Venture Agreement which requires joint approval of the annual operating plan. Also, as discussed earlier in Section 5.0, KCC is an associate in which Namoi holds a 17.3% ownership interest as well as investments in the form of convertible note financial instruments. Namoi's investments, in shares and convertible notes, in KCC is recognised based on Namoi's capital contribution;
- **Investment in NCMA**: This balance relates to Namoi's ownership interest in the NCMA Joint Venture. The balance in the Statement of Financial Position represents Namoi's rights to net assets of the NCMA Joint Ventures;
- **Trade and other payables**: Accounts payable generally increased from FY21 to FY24 (peaking in FY23 in line the extension of the ginning season) as a result of increased volume-driven activity in the business;
- **Current borrowings**: at FY24 include equipment finance of $1.0 million, a loan from Cargill of $0.8 million, and lease liabilities of $0.2 million;
- **Total provisions:** This balance includes employee leave entitlements and employee variable compensation;
- **Non-current borrowings**: As at FY24, the balance is comprised of:
  - A term debt facility of $24.5 million which was fully drawn as at 31 August 2023. The term debt facility is through the Commonwealth Bank of Australia ('CBA') and has been renewed and extended to 30 October 2026;
  - Lease liabilities of $3.2 million and equipment finance loans of $1.5 million; and
  - The decrease in non-current borrowings from FY22 to FY23 was funded through a renounceable pro-rata entitlement offer raised in November 2022, leading to a reduction of $9.9 million ($3.5 million of which was paid in advance of its February 2024 due date). The subsequent decrease from FY23 to FY24 was primarily driven by a reduction in the balance of the term debt facility (decreasing from $32.6 million in FY23 to $24.5 million in FY24).

5.7.4 Statements of Cash Flows

Table 5.8 summarises Namoi's Statement of Cash Flows for the 12-month periods ended 28 February 2021, 28 February 2022, 28 February 2023 and 29 February 2024.

Table 5.8: Namoi's Summarised Consolidated Statements of Cash Flows

($'000)	12-months ended 28-Feb-21 Audited	12-months ended 28-Feb-22 Audited	12-months ended 28-Feb-23 Audited	12-months ended 29-Feb-24 Audited
Cash flow from operating activities				
Receipts from customers (inclusive of GST)	79,724	310,430	817,258	659,815
Payments to suppliers and employees (inclusive of GST)	(30,014)	(77,822)	(194,073)	(193,791)
Payments to growers (inclusive of GST)	(55,771)	(215,702)	(619,272)	(431,244)
Government grants	2,088	-	-	
Realised gains/(losses) on derivatives	(25)	(584)	(3,208)	(1,093)
Interest received	8	7	36	376
Interest paid	(1,627)	(1,941)	(3,108)	(2,760)
Net cash provided by/(used in) operating activities	**(5,617)**	**14,388**	**(2,367)**	**31,303**
Cash flow from investing activities				
Payments for property, plant and equipment	(170)	(5,067)	(9,823)	(5,277)
Proceeds from sale of property, plant and equipment	2,816	426	62	30
Investment in Kimberley Cotton Company Limited (KCC)	(400)	-	(1,414)	(2,631)
Distributions from NCMA	-	790	1,385	1,027
Net cash provided by/(used in) investing activities	**2,246**	**(3,851)**	**(9,790)**	**(6,851)**
Cash flow from financing activities				
Dividends paid	-	-	-	(963)
Proceeds from issuing of ordinary shares	-	10,345	13,158	-
Proceeds from borrowings	8,500	30,967	30,000	12,600
Repayment of borrowings	(4,350)	(52,469)	(27,175)	(33,478)
Proceeds from equipment loans	-	573	2,211	1,388
Repayment of equipment loans	(1,007)	(736)	(812)	(1,150)
Repayment of other loans	-	(316)	(426)	(16)
Payment of principal portion of lease liabilities	(234)	(445)	(416)	(179)
Net cash provided by/(used in) financing activities	**2,909**	**(12,081)**	**16,540**	**(21,798)**
Net increase/(decrease) in cash	**(462)**	**(1,544)**	**4,383**	**2,654**
Add cash at the beginning of the financial year	731	2,038	494	4,877
Cash at end of the financial year	**269**	**494**	**4,877**	**7,531**

Source: Namoi FY22, FY23 and FY24 annual reports

With reference to Table 5.8 above, we note the following:

- **Net cash flow from operating activities:** We understand the following:
  - Receipts from customers and payments to growers increased between FY21 and FY24. We note:
    - Their value, as presented on the cash flow statement, includes cash inflows and outflows associated with the purchase and sale of lint cotton where Namoi acts as a marketing agent. These transactions are netted out in the statement of comprehensive income;
    - In day-to-day operations, through the ginning season, Namoi receives payment from the NCMA Joint Venture and subsequently remits the payments to the growers for the same amount which inflates values when comparing the cash-flow statement to the statement of comprehensive income; and
    - As a result of the above, the progressive increase in cotton volumes from FY21 to FY24 led to an increase for both Namoi and its related joint ventures, all of which impacted the cash-flow statement's balances;
  - Payments to suppliers and employees increased over the FY21 to FY24. We note:
    - Namoi increased the purchase of cottonseed, with increased cottonseed prices, on which the Company generates a trading margin;
    - The increase in ginning volumes over the years led to a rise in the number of ginning staff employed and an increase in the use of casual employees. The introduction of a short-term incentive program to retain staff, given the shortage of regional labour, further increased employee costs; and
    - The progressive increase in cotton production from FY21 to FY24 saw higher volumes of bales passing through the NCA Joint Venture's warehouse. As Namoi proportionally consolidates its share of the NCA Joint Venture (51%), Namoi's also saw an increase in the associated freight costs to move bales in and out of warehousing;
- **Net cash from investing activities:** The net balance fluctuated between FY21 and FY24 due to the disposal of equipment in FY21 and capital investments in FY23 to prepare the business for the upcoming ginning season (please see below);
- **Net cash from financing activities:** The net balance fluctuated between FY21 and FY24 due to:
  - Namoi completing two capital raises, a raise of $10.3 million in May 2021 and a subsequent raise $13.2 million in November 2022 (each net of transaction costs);

- The raise of $10.3 million in May 2021 was used to fund a $4.7 million reduction in core debt and to support $8.5 million in capital expenditure to prepare for the 2022 ginning season; and
- The $13.3 million raised in November 2022 was used to fund a $9.9 million reduction in term debt facilities and a capital expenditure program including the investment in Kimberly Cotton Company;

- FY22 repayment of borrowings ($52 million) includes the repayment of the NCA Joint Venture's working capital facility. This facility related to the cotton lint marketing activities which was completely repaid upon the restructure of the NCA Joint Venture and the creation of the NCMA Joint Venture;
- FY23 proceeds from borrowing ($30 million) resulted from Namoi fully drawing on the Company's working capital facility, with $12.7 million left unpaid at balance sheet date. A further $10 million was used to repay part of Namoi's term loan balance;
- The majority of the 4PP Strategy's initial capital program was funded from the capital raise which occurred in FY22. The proceeds from the capital raise in FY23 was also used to fund Namoi's investments in the KCC gin project; and
- In FY24, Namoi paid a dividend of $0.005 per share (representing the first dividend paid since FY19). On 17 April 2024, the Directors declared a dividend of $0.01 per ordinary share to be paid on 10 May 2024. This is in line with Namoi's dividend policy which aims to pay dividends in average and above average seasons.

6.0 Industry Overview

The information presented in this section has been compiled from a range of publicly available sources, together with information taken from various databases to which we subscribe. BDOCF has not independently verified any of the information and we recommend that users of this Report refer to the original source of any information listed in this section. This section should be referred to as a guide only.

6.1 Overview

Cotton competes with synthetic fibres, influenced by changing consumer preferences and a push for sustainability.

In the global cotton market, Australian cotton plays an important role but faces challenges in supply from variable rainfall and climate change. The Australian Bureau of Agricultural and Resource Economics ('ABARES') forecasting a reduction in production in 2024 season compared to 2023 season. Despite this, available water in storage for irrigation is expected to support above average production in the 2024 season.

Australia's cotton industry, known for high-quality cotton, is innovative with advanced farming practises to enhance productivity and sustainability. Furthermore, navigating economic uncertainties, resource competition, and market shifts through innovation and sustainable practices is vital for maintaining Australia's position in the export of cotton lint to the global spinning and textile industry.

6.2 Global Cotton Industry

Cotton is the most used natural fibre in the world, representing almost a quarter of all fibres processed by the global textile sector. [7] Largely known for its versatility, performance, and comfort, it is used to create a variety of fabrics and products that are strong, water-absorbent, and comfortable. Figure 6.1 provides a summary of the cotton production cycle in Australia.

Figure 6.1: Cotton Production Cycle in Australia

Growing

Depending on region, crops are planted as either irrigated or dryland crops generally between September and November of each year.

Harvesting

Cotton is harvested, between March and May, by mechanical pickers that separate the cotton from the bush. Cotton is transported to the gin.

Ginning

At the gin, lint and cottonseed are separated. Cotton lint is then cleaned and pressed into cotton bales. Cottonseed is stored and marketed.

Classing

Cotton bales are classed and graded into varying quality grades, determined by features such as fibre length and colour.

Spinning

Cotton bales are exported in containers to overseas spinning mills where it is combed and twisted into cotton yarn.

Textiles

Cotton yarn purchased by textile companies where it is knitted or woven and used in products such as clothes, homewares and denim.

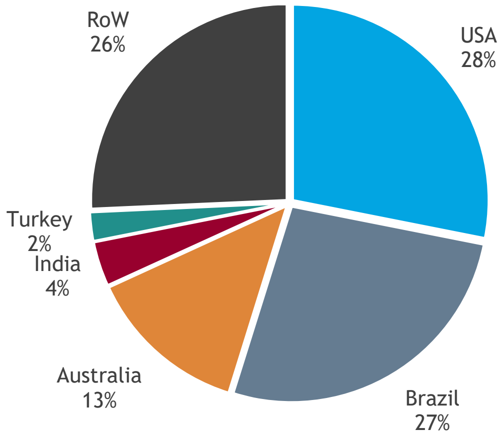
Source: Adapted from Cotton Australia: Guide to Australian Cotton and comments from Management

The cultivation of cotton is widespread, with major producing countries including India, China, the United States ('US'), and Brazil. Currently, an estimated 25 million tonnes of cotton are being produced worldwide. According to the United States Department of Agriculture ('USDA'), the major exporters of cotton in the world are the US and Brazil, with Brazil forecasted to surpass the US by 2023-24.

Amongst the major cotton exporters, Australia contributes approximately 13% as seen on Figure 6.2, despite only producing approximately 4.8% of the cotton in the world[8] due to no domestic consumption in Australia and strong demand for Australia's premium quality cotton by overseas spinners. Australian cotton is consumed around the world and especially throughout Asisa including Bangladesh, China, India, Indonesia, Korea, Malaysia, Pakistan, and Vietnam.[9]

[7] *Accessed via the Form for the Future article "Climate adaptation and mitigation needs in the cotton sector: Five trends shaping the future of cotton" dated August 2023. [Climate adaptation and mitigation needs in the cotton sector: Five trends shaping the future of cotton | Forum for the Future]*
[8] *Accessed via the USDA report "Cotton: World Markets and Trade" dated January 2024.*
[9] *Accessed the via Australian Trade and Investment Commission article "Australian cotton spins export success in Indonesia" dated July 2023.*

Figure 6.2: Overview of Cotton World Exports[10]



Source: USDA report 2023/24 Trade Outlook

6.2.1 Cotton Demand Dynamics

The cotton plant is a versatile crop with nearly every component having commercial value beyond just textiles:

- Cotton fibres of the cotton plant are processed into yarn, creating soft, breathable fabrics widely used in apparel, bedding, and bath linens; and
- Cottonseed is either used as a whole seed by the livestock market or can be crushed into meal and hulls for high-protein livestock feed with cottonseed oil (extracted from the seed) can be used in cooking and manufacturing products like shortening and margarine and other applications in cosmetics, such as lotions and soaps.

Genetically modified cotton varieties are either herbicide tolerant, resistant to major insect pests, such as bollworm, or both. These traits assist growers to reduce pest and weed management costs and may reduce the environmental impacts compared with conventional cotton[11]. As 99.5% of cotton grown in Australia[12] is genetically modified, Australian growers have benefited from increased production yields and improved sustainability.

Cotton consumption is significantly influenced by global textile demand and competition from synthetic fibres. Over recent decades, the demand for textile fibres has sharply increased, driven by population and income growth in low- and middle-income countries. However, this expanding demand has been largely met by synthetic fibres, preferred for their durability, wrinkle resistance, and cost-effectiveness, leading to a decline in natural fibre consumption, with cotton's market share dropping to 23.3% by 2022.[13]

The future of global cotton use is intertwined with the economic growth of developing and emerging economies, which are expected to drive demand. Traditional consumption centres like China have witnessed a shift toward synthetic fibres, leading to the relocation of yarn production to countries like Vietnam and Bangladesh, influenced by factors such as labour costs.

Looking into 2024, there's cautious optimism for cotton demand. Improved economic conditions and the easing of COVID-19 restrictions in major markets like China are expected to drive global consumption. However, challenges persist, including increased production costs, consumer demand fluctuations, and supply chain disruptions. Factors like tighter monetary policy, higher inflation, and geopolitical tensions also impact cotton demand.[14] According to the USDA, world cotton consumption in 2023-24 is projected to decrease, with reductions in countries like India, Indonesia, Pakistan, Uzbekistan, and Turkey.[15]

6.2.2 Pricing

Global cotton prices are intricately affected by macroeconomic factors, supply-demand dynamics, and external shocks. Key trading and pricing hubs are in New York and Liverpool, with the Cotlook A Index serving as a crucial reference for international pricing, averaging the lowest upland raw cotton price quotations. The sector is vulnerable

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[10] *Data based on USDA's export outlook as at January 2024 for the season beginning August 1st.*
[11] *Accessed via National Cottonseed Council of America article "Cottonseed" not dated. Cotton: From Field to Fabric- Cottonseed*
[12] Genetically modified cotton in Australia: https://www.ogtr.gov.au/sites/default/files/files/2021-06/23_-_genetically_modified_gm_cotton_in_australia.pdf
[13] *Accessed via OECD report "OECD-FAO Agricultural Outlook 2023-2032: Cotton" not dated.*
[14] *Accessed via Cotton Grower article "NCC 2023 Cotton Outlook: Consumption Rebounds, Economic Pressure Remains" dated February 2023. 2023 World Cotton Outlook: Consumption Rebounds but Economic Pressure Remains*
[15] *Accessed via USDA Report "World Agricultural Supply and Demand Estimates" dated January 2024.*

to various factors, including economic downturns, supply disruptions, Chinese consumption patterns, and events like the COVID-19 pandemic, all contributing to price volatility.[16]

Cotton prices have historically shown significant fluctuations, such as the peak in March 2011 at USD 2.27 per pound, driven by supply constraints and market speculation.[17] Recovery from global economic downturns and increased consumer activity can stimulate demand for producers to increase output, while production increases in countries like Brazil may alleviate market tensions. However, challenges like droughts and geopolitical tensions, including the Ukraine war and US-China relations, continue to influence prices. For example, droughts in the US, the largest cotton exporter, led to a 19% reduction in production and an 11% decrease in exports, significantly impacting global prices.[18]

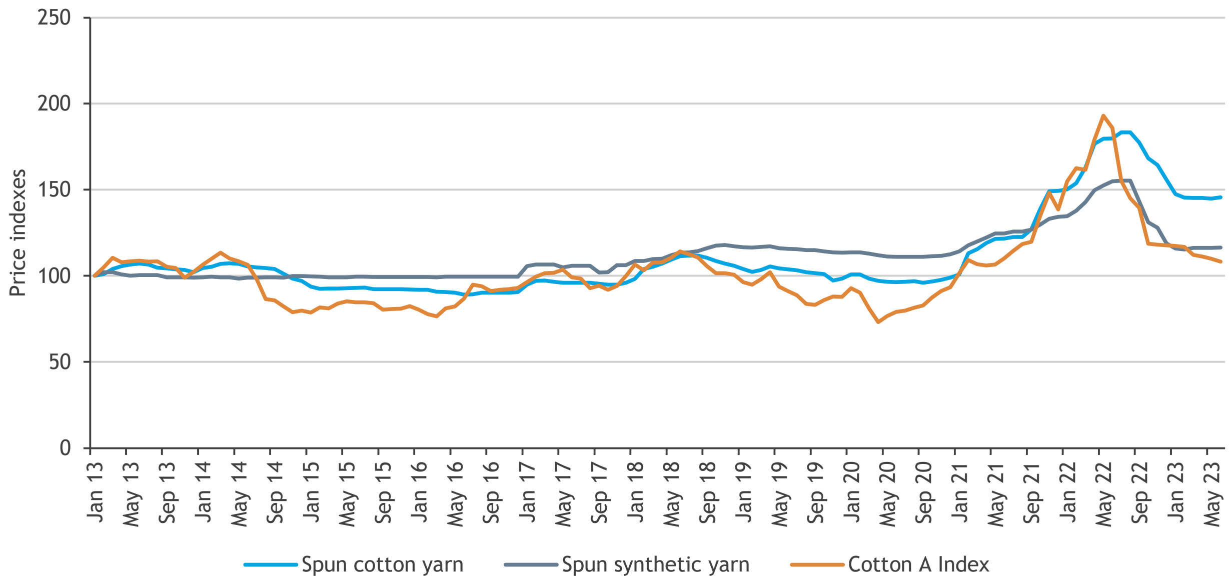
Moving into 2024, the cotton industry may continue to experience pricing pressures amid economic uncertainties and potential recession risks, potentially impacting consumer expenditure on cotton products. Other factors contributing to a possible decline in cotton prices include increased cotton supply couple with faltering demand.

Cotton's competition with synthetic fibres like polyester and nylon, linked to crude oil prices, also plays a role. In the long term, cotton prices are expected to decrease due to productivity gains and ongoing competition with synthetics, as previously discussed. Figure 6.4 outlines the cotton and textile prices over the past 10 years.

The global cotton market is also shaped by political and economic events, such as the Russia-Ukraine war and China's market decisions, causing disruptions and volatility that affect the entire supply chain. This volatility particularly impacts smallholder farmers, who often receive the lowest profits despite high production costs.

Moreover, the quality and grade of cotton are crucial in pricing. For instance, Australia, known for its premium quality cotton and proximity to the major importing countries, enables its growers to compete into overseas markets and command higher prices, distinguishing it from other global cotton-producing regions.[19]

Figure 6.3: Cotton and Synthetic Textile Price Indexes



Source: Cotton Outlook: CotLook Indices Historical Data; Federal Reserve Economic Data Producer Price Index by Commodity: Textile Products and Apparel (2023)

6.2.3 Key Themes Affecting the Cotton Market

Cotton competes in the use of agricultural farmland with crops such as soybeans and corn (in Americas) and cereal grains (in Australia). At the end market manufacturing level, cotton fibre faces competition from synthetic fibres like polyester and viscose.

The cotton industry is continuing to advance with a key emphasis on enhancing environmental sustainability and maintaining economic viability throughout its entire value chain. Cotton farms are urged to make farming practices more eco-friendly whilst keeping those same practices cost-effective for both farmers and manufacturers. The adoption of genetically modified seed has been a crucial development in this regard, significantly reducing the need for herbicides, insecticides, and water for cotton cultivation.

[16] *Accessed via International Institute for Sustainable Development Global Market report "Cotton prices and sustainability" dated January 2023.*
[17] *Accessed via Trading Economics article "Cotton" not dated.* [Cotton - Price - Chart - Historical Data - News (tradingeconomics.com)]
[18] *Accessed via New South Wales Department of Primary Industries "Cropping Cotton" not dated.* [Cotton (nsw.gov.au)]
[19] *Accessed via Rural Funds Management article "Australian Cotton Production: Advancements and Global Impact" dated August 2023. Australian Cotton Production: Advancements and Global Impact | Rural Funds Management*

Advancements in production techniques have decreased labour needs and reduced costs from the farm to the bale. Given that energy and labour costs in cotton spinning and textiles are high, the textile industry has increasingly moved to countries with lower expenses, primarily to benefit from cheaper labour.

6.2.4 Cost of Production

Cotton production is an input-heavy process, especially in terms of water and fertiliser, leading to fluctuating production expenses.

Globally, cotton farmers in developing countries face challenges within the value chain. Typically lacking market information, they also have less bargaining power compared to ginners or traders. As reported by the International Cotton Advisory Committee in 2016, the global average cost to produce a kilogram of raw cotton stood at USD 0.46, excluding expenses related to land rent and seeds.[20] The major cost drivers in cotton production are fertilisers and the harvesting process, contributing to 24 percent and 13 percent of the overall costs, respectively. Given this, farmers can sometimes struggle to meet production costs, let alone make a profit.

These conditions do not reflect the current state of the Australian cotton industry, given large scale farms and sophisticated farmers using highly mechanised systems. Furthermore, in Australia, cotton yields are the highest in the world, primarily because of irrigation and advanced agronomic practises.[21]

Ginners play a significant role in the value chain and can obtain 2-5% of the final sales price of a clothing item. Management have noted that ginning fees have not kept pace with inflation due to excess industry capacity and grower bargaining power.

The price of a garment is substantially higher than the value of the cotton fibre it contains. Large international retailers dominate the value chain, leveraging their position to influence production locations and prices. While a slight increase in the raw cotton price could significantly benefit farmers, it would have a minimal impact on retail prices, as these are more influenced by the value added in later stages of the production process[22].

6.3 Australian Cotton Industry

6.3.1 Australian Cotton Industry Overview

Cotton production plays an important role in the agricultural landscape of eastern Australia. Approximately two-thirds of Australia's cotton originates from New South Wales, with the remaining production predominately from Queensland. Smaller but increasing amounts are grown in northern Western Australia, northern Queensland, and the Northern Territory. [23]

The cotton industry in Australia has seen considerable benefits from advancement in plant breeding and agronomics. These developments have paved the way for increased yield and extending cotton production into new regions. Cotton production is greatly influenced by the availability of irrigation water as a cotton crop requires an average of 6.7 megalitres per hectare ('ML/ha'). For context, this water requirement is lower than the requirements of rice at 11.5 ML/ha but higher than fruit and nut trees (5.1 ML/ha) and vegetables (4 ML/ha).

There have been improvements in water-use productivity among Australian cotton growers, with a water-use productivity increase of 52% since 1997. This is further emphasised by the 97 percent increase, since 1992, in the amount of cotton lint produced per megalitre of water, meaning growers use almost half the amount of water, per unit of output, then they previously did.[24]

Figure 6.5 demonstrates the importance of water availability for cotton production in Australia. The Murray Darling Basin, specifically, accounts for 91 percent of Australia's total cotton farms and cotton area and determines a substantial amount of the cotton that is produced in Australia annually.[25]

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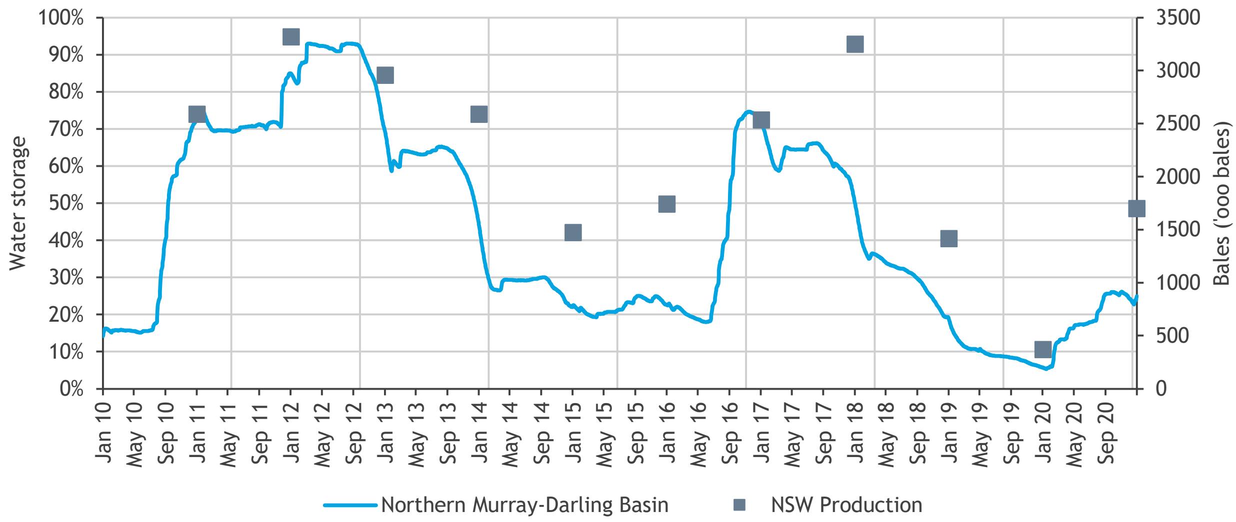
[20] *Accessed International Cotton Advisory Committee report "Cost of Production of Raw Cotton" dated October 2016.*
[21] *Accessed via Rural Funds Management article "Australian Cotton Production: Advancements and Global Impact" dated August 2023.*
[22] *Accessed via International Institute for Sustainable Development report "Cotton Prices and Sustainability" dated January 2023.*
[23] *Accessed via Cotton Australia article "Where is Cotton Grown?" not dated.* [Cotton Australia | Where is cotton grown?]
[24] *Accessed via Cotton Australia article "Cotton's Water Use" not dated.* [Cotton Australia | Cotton's water use]
[25] *Accessed via ABARES article "Cotton farms in the Murray-Darling Basin" dated November 2019.* [Cotton farms in the Murray-Darling Basin - DAFF (agriculture.gov.au)]

Figure 6.4: Total Cotton Production in New South Wales Compared to Water Availability



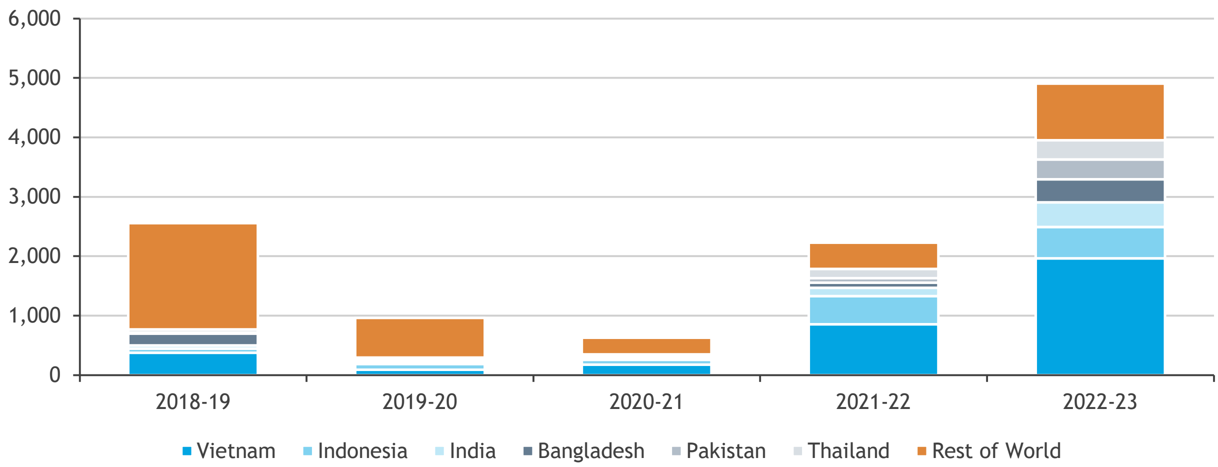
Source: The Bureau of Meteorology Water Storages (2021); ABARES Crop Report (2023)

While Australia's overall contribution to global cotton production is relatively small, it is a major exporter of high quality cotton lint, exporting over 99% of its raw cotton production each year. Despite producing approximately 4.8% of the world's cotton, it represents approximately 10 to 13 percent of the world exports in cotton.[26]

As seen in Figure 6.6, Australian's cotton exports saw an increase in 2022-23, reaching $4.9 billion for 1.28 million tonnes, a significant rise from $2.2 billion and a 69% volume increase compared to 2021-22. Vietnam, the largest market, accounted for 40% of these exports by both value and volume, with exports more than doubling to $1.96 billion. Pakistan, another key importer, witnessed a substantial rise in Australia cotton imports, primarily due to a 35% decrease in its own domestic production caused by flooding.

Previously, China was a major importer of Australian cotton, however, informal restrictions have limited imports in more recent times. With some speculation around Australian cotton slowly finding its way back to China, the volume remains small, and the industry's focus on diversifying markets continues to be crucial for overall sustainability.[27]

Figure 6.5: Australian Cotton Exports by Value



Source: S&P (2023) Global Trade Atlas

[26] *Accessed via United States Department of Agriculture report "Australia: Cotton and Products Annual" dated March 2023.*
[27] *Accessed via Australian Cotton Shippers article "What's all the fuss about China" dated March 2023.*

6.3.2 Australian Cotton Production by Region

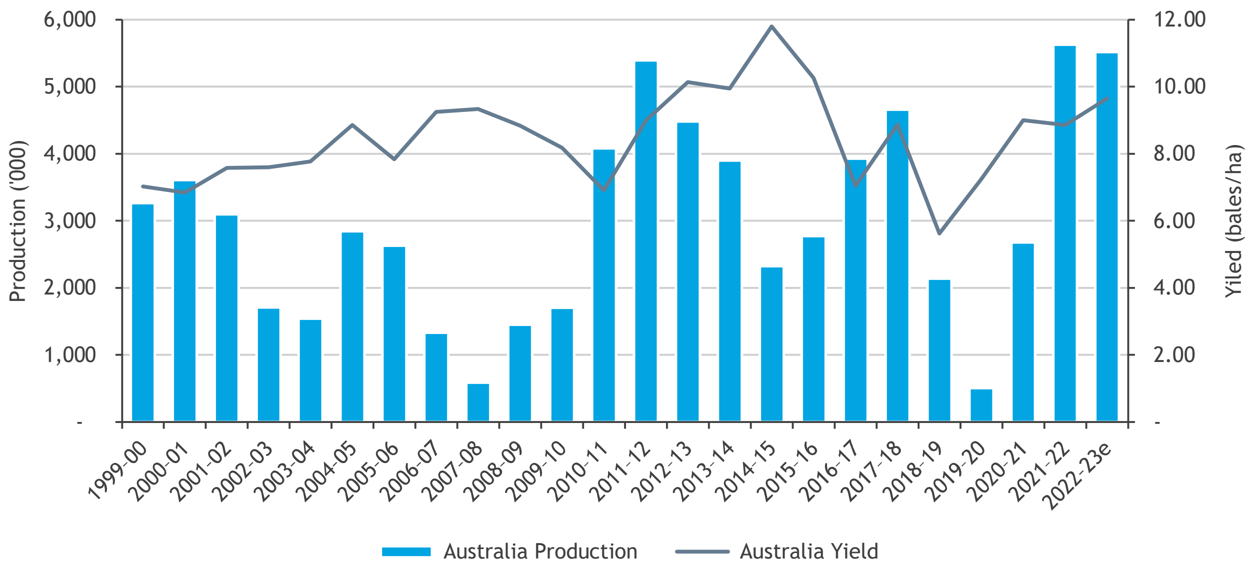
Figure 6.8 provides an overview of major cotton production areas within Australia. By region, Gwydir and Namoi valleys are the top producers of cotton within Australia.

The 2022 season production was a record supported by good availability of water for irrigation. However, wet conditions delayed sowing and milder temperatures leading to a delayed harvest and lower quality cotton especially in NSW. The 2023 season production faced wet conditions reducing planted area in central and southern NSW. However, northern NSW (and QLD) experienced drier and warmer conditions with some regions seeing a notable increase in yield.

Total cotton production for Australia, as shown in Figure 6.7, has been above average in recent years:

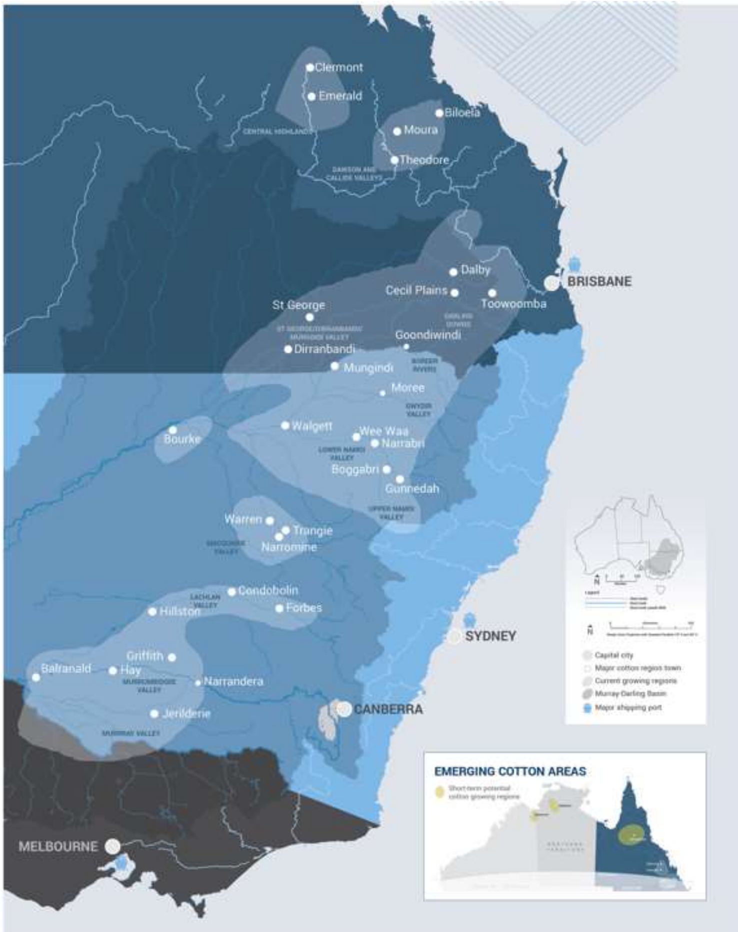
- In the 2023 season, production in the major producing areas in NSW was estimated to be 3.2 million bales, a 12% decrease from the record 2022 season with 3.7 million bales. Despite this reduction, the output was considerably higher than the 10-year average of 2.1 million bales.
- In the 2023 season, production in the major producing areas in QLD was estimated to be a record 2.2 million bales, a 21% increase from the 2022 season with 1.9 million bales. The output was considerably higher than the 10-year average of 1.1 million bales.

Figure 6.6: National Production and Yield



Source: ABARES Australian Crop Report (2023)

Figure 6.7: National Cotton Production Areas

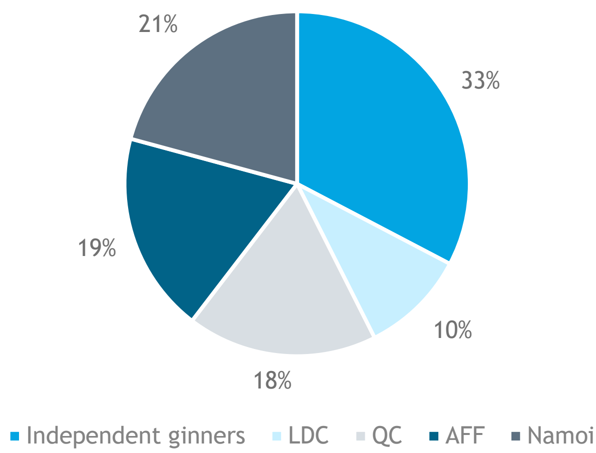


Source: Cotton Australia: Cotton Growing Regions

6.3.3 Australian Cotton Gin Market

In the Australian cotton industry, cotton growers contract ginning services and sell their cotton lint and cottonseed to ginners and/or cotton merchants. Figure 6.9 presents an overview of the main cotton gin market industry participants and their percentage share.

Figure 6.8: Estimated Share of Australian Cotton Ginning



Source: Management

1 Note: Queensland Cotton Limited (QC) is a subsidiary of Singapore based Olam

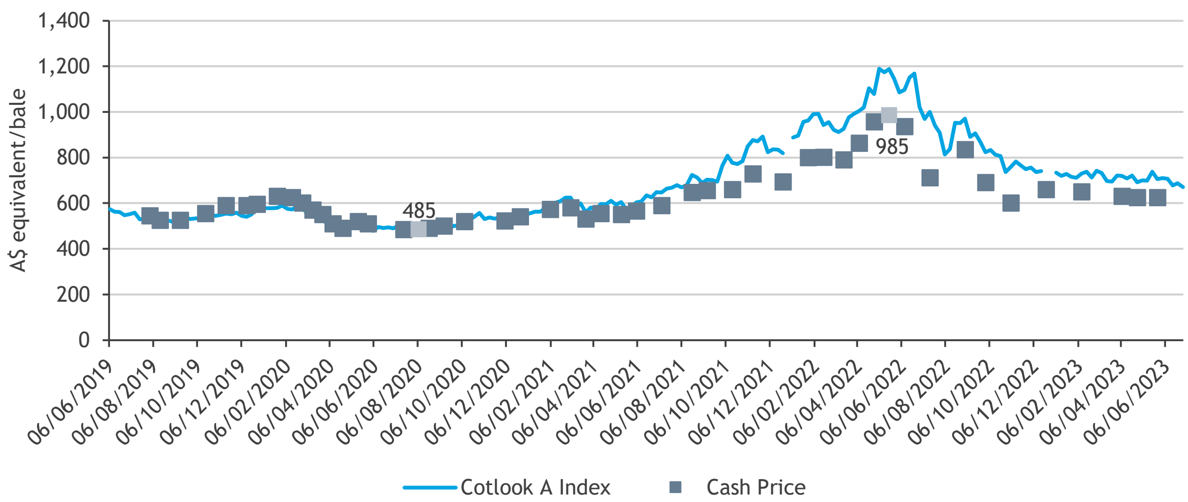
2 Australian Food and Fibre (AFF)

The industry is subject to the uncertainties of variable planting and growing conditions, with the availability of water in the Murray Darling Basin being a primary determinant of annual cotton output.

In 2014, policy changes made by the Chinese Government removed artificial support for cotton prices, which had implications for global cotton supply and consequently negatively impacted the price of cotton. Recent geopolitical shifts, like China's informal restrictions on Australian cotton in 2020, also had an impact on prices, which led to cotton merchants diversifying their markets, with exports to countries like Vietnam doubling[28].

While the Cotlook A Index provides a benchmark for international cotton prices, the cash price per bale in Figure 6.9 represents the direct market price at which cotton bales are sold and purchased, reflecting localised pricing dynamics that can differ from the broader trends indicated by global indices (arising from China's informal import restrictions, supply chain costs and cotton quality). The volatility of cotton prices can be seen in Figure 6.9 where the cash price per bale decreased to $485 in the middle of 2020 and reached $985 per bale in 2022.

Figure 6.9: Australian and International Benchmark Cotton Prices



Source: Cotton Outlook (2023): Cotlook Indices Historical Data; Rain Agribusiness (2023): The Rain Gauge Monthly Newsletter

6.3.4 Australian Cotton Industry Outlook

Cotton production will continue to fluctuate over the coming years with the industry dependent on water irrigation sourced from the Murray Darling Basin (and other waterways). Additionally, there is an anticipated increase in competition for water extraction licenses in the Murray Darling Basin, which may impact the industry. Environmental concerns and the potential effects of climate change could also further constrain water irrigation allowances.

The industry is facing increased competition from government policy to divert water away from agricultural use and growing demand for the use of land and irrigation water for fruits and nuts. Farms in the Murray Darling Basin are undergoing consolidation and increasingly adopting irrigation methods. There's a notable rise in large-scale fruit and nut tree farms, employing cultivation techniques like those used in cotton farming. These enterprises, reporting profit margins comparable to those of cotton growers, are expected to benefit from the higher demand growth for fruits and nuts, leading some cotton farmers to shift towards these sectors.

Despite all this, in 2022-23 ABARES forecasts Australian cotton lint exports to reach approximately 1,500,000 tonnes (6.6 million bales), the second highest on record. Technological advancements are also anticipated to support the industry with the adoption of process automation and agricultural robotics becoming increasingly prevalent in cotton farming. As the cost of these technologies becomes more affordable, their use is expected to rise, potentially enhancing production yield and profitability.[29]

Forecast above average cotton production for the forthcoming 2024 season is:

- ABARES forecast 5 million bales (5 March 2024); and
- Cotton Compass forecast 4.7 million bales (5 May 2024).

[28] *Accessed via IBISWorld report "Cotton Ginning in Australia" dated April 2023.*
[29] *Accessed via IBISWorld report "Cotton Growing in Australia" dated October 2023.*

7.0 Common Valuation Methodologies

A 'fair market value' is often defined as the price that reflects a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm's length. The valuation work set out in this Report assumes this relationship.

RG 111 outlines several methodologies that a valuer should consider when valuing securities or assets for the purposes of, among other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. The valuation methodologies we have considered in this Report include the discounted cash flow ('DCF'), capitalisation of maintainable earnings ('CME'), asset-based valuation ('ABV') and market-based valuation ('MBV') methodologies.

RG 111 does not prescribe which methodology should be used by the expert, but rather notes that the decision lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the securities or assets being valued.

7.1 Discounted Cash Flows ('DCF')

The DCF approach calculates the value of an entity by adding all of its future net cash flows discounted to their present value at an appropriate discount rate. The discount rate is usually calculated to represent the rate of return that investors might expect from their capital contribution, given the riskiness of the future cash flows and the cost of financing using debt instruments.

In addition to the periodic cash flows, a terminal value is included in the cash flow to represent the value of the entity at the end of the cash flow period. This amount is also discounted to its present value. The DCF approach is usually appropriate when:

- An entity does not have consistent historical earnings but is identified as being of value because of its capacity to generate future earnings; and
- Future cash flow forecasts can be made with a reasonable degree of certainty over a sufficiently long period of time.

Any surplus assets, along with other necessary valuation adjustments, are added to the DCF calculation to calculate the total entity value.

7.2 Capitalisation of Maintainable Earnings ('CME')

The CME approach involves identifying a maintainable earnings stream for an entity and multiplying this earnings stream by an appropriate capitalisation multiple. Any surplus assets, along with other necessary valuation adjustments, are added to the CME calculation to calculate the total entity value.

The maintainable earnings estimate may require normalisation adjustments for non-commercial, abnormal or extraordinary events.

The capitalisation multiple typically reflects issues such as business outlook, investor expectations, prevailing interest rates, quality of management, business risk and any forecast growth not already included in the maintainable earnings calculation. While this approach also relies to some degree on the availability of market data, the multiple is an alternative way of stating the expected return on an asset.

The CME approach is generally most appropriate where an entity has historical earnings and/or a defined forecast or budget. Further, a CME is usually considered appropriate when relevant comparable information is available.

7.3 Asset Based Valuation ('ABV')

An ABV is used to estimate the fair market value of an entity based on the book value of its identifiable net assets. The ABV approach using a statement of financial position alone may ignore the possibility that an entity's value could exceed the book value of its net assets. However, when used in conjunction with other methods which determine the value of an entity to be greater than the book value of its net assets, it is also possible to arrive at a reliable estimate of the value of intangible assets including goodwill.

Alternatively, adjustments can be made to the book value recorded in the statement of financial position in circumstances where a valuation methodology exists to readily value the identifiable net assets separately and book value is not reflective of the true underlying value. Examples of circumstances where this type of adjustment may be appropriate include when valuing certain types of identifiable intangible assets and/or property, plant and equipment.

The ABV approach is most appropriate where the assets of an entity can be identified and it is possible, with a reasonable degree of accuracy, to determine the fair value of those identifiable assets.

7.4 Market Based Valuation ('MBV')

An MBV methodology determines a value for an entity by having regard to the value at which securities in the entity have recently been purchased. This approach is particularly relevant to:

- Entities whose shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where a sufficient volume of shares is traded, and the shares are traded over a sufficiently long period of time; and/or
- Entities for which it is possible to observe recent transactions relating to the transfer of relatively large parcels of shares (e.g. recent capital raisings).

For listed entities, the range of share prices observed may constitute the market value of the shares in circumstances where sufficient volumes of shares are traded, and the shares are traded over a sufficiently long period of time. Share market prices usually reflect the prices paid for parcels of shares not offering control to the purchaser.

7.5 Industry Based Metrics (Comparable Analysis)

It is often appropriate to have regard to industry specific valuation metrics in addition to the traditional valuation approaches outlined above. These metrics are particularly relevant in circumstances where it is reasonably common for market participants to have regard to alternative measures of value.

8.0 Valuation of Namoi

This section sets out our valuation of the shares in Namoi and is structured as follows:

- Section 8.1 sets out our view of the most appropriate approach to value Namoi;
- Section 8.2 sets out the summary of our valuation of Namoi having regard to a sum-of-parts approach;
- Section 8.3 sets out our valuation of Namoi's existing core operations;
- Section 8.4 sets out our valuation of Namoi's option to increase its interest in the NCMA Joint Venture;
- Section 8.5 sets out our valuation of Namoi's 4PP initiative;
- Section 8.6 sets out our valuation of Namoi's interest in KCC;
- Section 8.7 sets out our valuation of Namoi's remaining assets and liabilities;
- Section 8.8 sets out our valuation of Namoi having regard to a MBV approach;
- Section 8.9 sets out our conclusion on the value of Namoi for the purposes of this Report; and
- Section 8.10 sets out a cross-check to our valuation of Namoi having regard to net assets.

8.1 Our Valuation Approach for Namoi

We have considered each of the valuation methodologies outlined in Section 7 above and determined, in our view, the most appropriate methodologies for calculating the value of Namoi. In our view, it is appropriate to use a sum-of-parts valuation approach for Namoi to allow for the different risk profile of certain parts of Namoi's operations. Table 8.1 below summarises our valuation methodology as it relates to the different 'parts' of Namoi.

Table 8.1: Summary of Valuation Methodologies Utilised in our Sum-of-the-Parts Valuation

Category	Description
Namoi's business operations (including its interests in various joint ventures)	The variability of rainfall and available water in storage for irrigation heavily affects the earnings of Namoi, with Namoi's historical unadjusted EBITDA figures having ranged significantly, with a low of -$71 million and a high of $25 million since FY12. During this time period, there have been five years with EBITDA over $20 million and four years with negative EBITDA. The seasonality and variability in the weather means: ▸ it is more difficult to apply a DCF methodology which relies on projections that predict the future cash flows of a company using assumptions about the company's future performance. Specifically, in the absence of a long-term weather forecast that can be relied upon, it is not possible to predict in a sufficiently reliable way each year's cash flows; and ▸ it is difficult to rely on any one year's EBITDA for the purposes of a valuation. Noting the above difficulties in forming a view on any one year's earnings, in practice, acquirers typically form a view on a sustainable EBITDA figure by considering earnings over a full weather cycle. In our view, it is appropriate to adopt a CME methodology to value Namoi's core business operations that has regard to: ▸ Earnings potential over a suitably long period of time and range of weather cycles; and ▸ Normalisation adjustments to compare the Company's EBITDA results each year on a like-for-like basis, accounting for any material changes to Namoi's underlying operations, structure, and earnings stream.
Namoi's option to increase its interest in the NCMA Joint Venture	As detailed in Section 5.0, Namoi holds a contractual option to increase its interest in the NCMA Joint Venture from 15% to 35% for an exercise price of $1 and a cash contribution equivalent to 35% of all capital or participant loan contributions made by LDCA to the NCMA Joint Venture, less any capital previously returned. Despite its 15% interest, Namoi's exposure to the financial risks and returns of the NCMA Joint Venture are currently contractually limited to (+/-) $1.5 million annually and these earnings form part of Namoi's core business operations. Namoi does not contribute to the financing needs of the NCMA Joint Venture. The exercise of the option by Namoi would, effectively, expose Namoi to the full risks and benefits of the NCMA Joint Venture as well as require the Company to contribute to the NCMA Joint Venture's on-going financing needs which is currently US$110 million. We have separately considered the value of the option on a stand-alone basis.

Category	Description
Namoi's 4PP initiatives	As detailed in Section 5.0, Management has developed a series of initiatives to improve the financial performance of the existing core business. Management have advised that whilst some benefits have been realised, the full benefits (and associated investments) of the 4PP initiative are still some time away. Management has provided us with a forecasted EBITDA impact of some of the initiatives planned which, in our view, makes this value stream suitable for use in a CME valuation. For clarity, we have distinguished between the earnings stream of Namoi's existing core business from the earnings stream of the 4PP initiative due to differences in the range of possible outcomes between the two.
Namoi's interest in KCC	As detailed in Section 5.0, Namoi's interest in the KCC gin project includes multiple earnings streams (e.g. residual interest in the earnings of KCC, convertible note debt instruments, project management fees, equipment installation, sale of equipment, etc.). For this reason, we have considered Namoi's investment in KCC separately from Namoi's existing core business and the 4PP initiatives.
Namoi's deferred tax losses	We have adopted a DCF methodology to estimate future tax savings from loss utilisation and discount them to present value, in addition to probability weighting the likelihood they could be used at all by a marginal acquirer.
Other assets / liabilities	In relation to all other assets and liabilities of Namoi, including surplus assets, surplus liabilities, cash and debt-like items, we have adopted an ABV valuation methodology.

Source: BDOCF Analysis

We have also considered an MBV approach for Namoi (refer to Section 8.8). In relation to the MBV approach, we note it is generally possible to complete an MBV for a company when there is readily observable market for the trading of the company's shares. The shares of Namoi are traded on the ASX. It is possible to consider the valuation of Namoi using the MBV methodology as there is a readily observable market for the trading of shares in Namoi.

8.2 Summary of Sum-of-Parts Valuation of Namoi

Our sum-of-parts valuation of Namoi is set out in Table 8.2 below.

Table 8.2: Sum-of-parts Valuation of a Namoi Share

$M	Section	Low	High
Core operations	Section 8.3	101.3	139.5
Option to increase interest in the NCMA Joint Venture	Section 8.4	10.0	10.0
4PP initiative (net of future investments)	Section 8.5	7.5	15.0
KCC investments and contracts (net of CAPEX and working capital)	Section 8.6	7.3	10.8
Enterprise value of Namoi		**126.1**	**175.3**
Value of Namoi's remaining assets and liabilities	Section 8.7	(19.2)	(11.7)
Equity value of Namoi attributable to all shareholders		**106.9**	**163.6**
Number of Namoi fully diluted shares on issue (millions of shares)	Note 1	208.8	208.8
Value per Namoi ordinary share ($/share) - controlling interest		**0.51**	**0.78**

Source: BDOCF Analysis

1 As set out in Section 5.0, Namoi intends on vesting the outstanding performance rights and intends to redeem the residual capital stock (that has not been converted by stockholders). For the purpose of our valuation, we have considered the 205.3 million ordinary shares on issue and assumed that the 1.8 million outstanding performance rights and 1.6 million non-converted residual capital stock will convert into ordinary shares.

8.3 Valuation of Namoi's Existing Core Operations

Our CME valuation of Namoi's existing core operations is set out as follows:

- Section 8.3.1 sets out how we determined our adopted maintainable earnings figure for Namoi;
- Section 8.3.2 sets out our view on an appropriate capitalisation multiple to adopt for Namoi; and
- Section 8.3.3 sets out our calculation of the enterprise value of Namoi's existing core operations.

8.3.1 Adopted Maintainable Earnings

Methodology

In our view, it is appropriate to adopt EBITDA as an earnings measure for the purpose of determining the fair value of Namoi's existing core operations using a CME valuation methodology. We have adopted normalised EBITDA as opposed to other earnings measures for the following reasons:

- EBITDA is independent of the direct financial impacts of a company's capital structure and taxes;
- Adopting EBITDA as an earnings measure assists in removing irregularities that may arise from difference in depreciation and amortisation accounting policies of different companies, including those that may arise from acquisition related amortisation; and
- Whilst the EBITDA of Namoi is seasonal and sensitive to weather patterns and cycles (e.g. droughts, wet seasons, etc.), Management have provided us with historical EBITDA results for the period from FY12 to FY24 to enable us to 'look-through' the impact of weather patterns and assess a maintainable level of EBITDA.

When calculating the maintainable earnings of the Company, it is important to have regard to the earnings adopted for assessing the multiples derived from the identified broadly comparable trading and transaction data. In this regard, we note:

- Historical and forward-looking enterprise value ('EV') to EBITDA trading multiples have been referred to for the broadly comparable listed companies; and
- Historical EV to EBITDA transaction multiples has been referred to for the broadly comparable companies as forecasts are generally not available.

Sustainable EBITDA and the VA Report

Due to the seasonality and unpredictability of the weather that heavily affects the earnings of Namoi, Namoi's historical unadjusted EBITDA figures have ranged significantly, with a low of -$71 million and a high of $25 million since FY12. During this period, there have been five years with EBITDA over $20 million and four years with negative EBITDA. This significant range of EBITDA results over the 13-year period makes it difficult to rely on any one year's EBITDA and, in practice, acquirers typically form a view on a sustainable EBITDA figure by having regard to history.

In September 2023, Namoi engaged an external advisor to prepare the VA Report that we have been provided with. The VA Report adopts an annual sustainable EBITDA of $14.6 million, determined through the historical analysis and forecasting of key inputs separated into four key components: ginning, cottonseed, mote, and other items. The following inputs were considered important to the chosen sustainable EBITDA:

- **Total & revenue bales**: a figure of 827,461 total bales (100% joint venture gin basis) was determined on a gin-by-gin basis by Namoi and reflects 52% of Namoi's ginning capacity;
- **Ginning income per bale**: the aggregate FY24 forecast price of $69.56 per bale was used;
- **Variable costs & indirect costs per bale:** $27.88 and $11.29 per bale respectively was chosen using the weighted average of FY12 to FY24F adjusted for CPI;
- **Non-allocable ginning costs:** calculated using the weighted average of FY12 to FY24F, $11.1 million was used and this figure reflects support charges which tend to vary with the volume of bales;
- **Tonnes of cottonseed traded:** 235,578 tonnes per year was determined as the sustainable figure, with this being determined as 0.31 tonnes of cottonseed for every revenue bale;
- **Contribution margin per tonne of cottonseed**: calculated using the historical weighted average of cottonseed contribution margin between FY12 to FY24F, $22.11 per tonne was determined which includes the forecast 4PP per tonne cost saving of $1.60 per tonne (but not any of the yet to be actioned 4PP initiatives);
- **Moss bales**: 7,313 bales per year was determined as 0.01 bales per sustainable ginned bales, which reflects the average historical moss bales per ginned bales between FY12 to FY24F;
- **Contribution margin per moss bale:** $202.20 per moss bale was determined using the weighted average between FY12 to FY24F;
- **Corporate costs:** using the CPI adjusted average between FY12 to FY24F, $7.4 million per annum was determined for directors, general corporate and IT services costs;
- **Other income:** $1.8 million per annum was determined using the FY24 forecast for the value class, NCA and NCMA management fees and NC Packing income;
- **Joint venture interests:** a sustainable income of $2.6 million per annum was determined using management's long-term view of sustainable earnings from their joint venture interests following the FY21 restructure.

The sustainable EBITDA of $14.6 million included in the VA Report falls within the range of the maintainable EBITDA that we have adopted for our valuation although the approach we have taken to estimate our range differs from the VA Report, as discussed below. For completeness, we note that the VA Report's $14.6 million of sustainable EBITDA does not include the anticipated forward benefits of the 4PP initiative nor the investment and arrangements with KCC.

Normalised EBITDA - Historical Earnings and Near-Term Forecast

To determine an appropriate maintainable EBITDA for Namoi for the purpose of our valuation, we have considered the historical normalised EBITDA of the Company and considered the financial performance, operating environment, and prospects of Namoi. To assist in comparing historical financial periods on a like-for-like basis, we have considered adjustments to remove the financial impacts of, for example, one-off or non-recurring events as well as any corporate restructuring activities.

Namoi is responsible for the financial information. BDOCF has not performed any audit or review of any type on the historical financial information of Namoi, and we make no statement as to the accuracy of the information provided. BDOCF has not completed any formal audit, review or due diligence procedures on the financial information provided to us beyond a critical analysis of the assumptions adopted and enquiry of Management.

Table 8.3 below sets out the normalised EBITDA of Namoi for the financial years FY12 to FY24. The normalisation adjustments are explained in Table 8.4 below.

Table 8.3 Namoi Historical EBITDAs and Normalisation Adjustments

(M'$)	Ref	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Reported EBITDA		-71.1	22.7	24.2	22.8	- 1.9	8.9	20.2	17.2	- 4.2	-12.7	2.4	18.0	22.9
Add NCA Depreciation	A	-	-	0.8	0.8	1.0	1.1	1.2	1.3	1.3	1.3	-	-	-
Adjusted EBITDA		**-71.1**	**22.7**	**25.0**	**23.6**	**- 0.9**	**9.9**	**21.4**	**18.5**	**- 2.9**	**-11.4**	**2.4**	**18.0**	**22.9**
Normalisation adjustments - Discontinued Operations														
Lint marketing	B	78.5	- 1.3	- 3.9	-	-	-	-	-	-	-	-	-	-
Warehousing and logistics	C	4.1	-	0.5	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Closed gins	D	- 1.9	- 1.4	- 1.0	- 1.9	0.0	- 1.0	- 0.7	- 0.9	0.3	0.1	-	-	-
Cargill JV	E	- 0.6	- 3.1	0.9	- 0.2	0.3	- 0.8	1.5	4.9	- 1.2	0.0	-	-	-
Normalisation adjustments - Restructure & strategy adjustment														
Strategy work & consulting	F	1.1	3.4	1.8	0.2	0.2	0.6	2.4	0.4	0.3	1.3	0.5	0.0	1.4
One-off Adjustments														
Asset sales	G	- 0.0	- 0.0	-	- 0.1	- 0.0	- 0.0	0.0	0.1	0.0	- 0.7	0.1	- 0.0	-
Stores write off	G	-	-	-	-	-	-	-	-	-	-	-	- 1.2	- 0.6
JobKeeper	H	-	-	-	-	-	-	-	-	-	- 2.1	- 0.2	-	-
Classing rent adjustments	I	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	- 0.8	-	-	-
Normalised EBITDA[1]		**10.3**	**20.4**	**23.5**	**22.0**	**- 0.1**	**8.8**	**24.7**	**23.2**	**- 3.3**	**-13.5**	**2.8**	**16.9**	**23.7**
Normalised EBITDA		**For the period FY12 to FY24: Average = 12.3, Median = 17.2**												
Normalised EBITDA		**For the period FY12 to FY19: Average = 16.6**								**For the period FY20 to FY24: Average = 5.3**				

Source: Management

1 Some figures have been rounded to the nearest hundredth of thousand for clarity of presentation.

Table 8.4 below sets out a brief explanation of each of the normalisation adjustments included in Table 8.3.

Table 8.4: Earnings Normalisation Adjustments Commentary

Reference	Commentary
A	▸ **Adding back NCA Depreciation:** As discussed in Section 5.0, Namoi reassessed the accounting treatment for its interest in the NCA Joint Venture from the equity accounting basis to accounting for the Company's rights and obligations in the NCA Joint Venture's assets, liabilities, revenues, and expenses. For the financial periods from FY14 to FY21 (the NCA Joint Venture was created in FY13), Namoi's share of the depreciation recorded in the NCA Joint Venture must be added back to present results on an EBITDA basis.

Reference	Commentary
B	▸ **Lint margin and lint marketing:** Prior to the formation of the NCA Joint Venture, discussed in Section 5.0, Namoi operated its own lint and lint marketing businesses. The results of the lint/marketing businesses are excluded from the FY12 to FY14 periods due to the following reasons: • Significant losses were incurred due to: - A squeeze in the cotton futures prices and Namoi's inability to fund the required margin calls associated with its derivative position, leading to Namoi liquidating its futures hedges; and - Customer defaults with the subsequent fall in cotton futures prices which, at the time, the Company viewed as an unprecedented event. • The lint marketing and logistics business model was reorganised with the formation of the NCA Joint Venture due to: - Namoi's ability to leverage LDCA's commercial capabilities and larger available funding; and - Improved visibility and clarity on profitability. Management have indicated that prior to the creation of the NCA Joint Venture, the Company was using an internal 'bundled' transfer price to measure its cost of goods sold. With the separation of Namoi's operation from the NCA Joint Venture, and the NCA Joint Venture servicing third parties directly, the Company was able to create a stand-alone supply chain which led to improvements in profitability. • Namoi's interest in the lint margin/marketing business changed from 100%, prior to the creation of the NCA Joint Venture, to 51% once the NCA Joint Venture was created and, ultimately, the transfer of the cotton trading and marketing activities to the NCMA Joint Ventures, of which Namoi only owns 15%. ▸ The quantum of the normalisation adjustment is based on the actual impact that the lint marketing business had on reported EBITDA from FY12 to FY14. For the reasons stated above, FY12 was a particularly bad year with significant losses. Namoi's reported EBITDA for FY13 and FY14 however included a slight profit for the lint marketing business which has been reversed in the normalisation adjustments.
C	▸ **Warehousing and logistics**: Namoi's warehousing and logistics business was also impacted by the creation of the NCA Joint Venture and those events which we listed above and, consequently, required similar normalisation adjustments to present earnings on a 'look-through' basis.
D	▸ **Closed gins**: This adjustment removes the earnings of the Ashley gin which was closed in 2019 and the residual costs associated with the closure of the Myall Vale and Carinda gins.
E	▸ **Cargill joint venture**: Namoi divested its interest in a joint venture with Cargill in FY20. This adjustment removes the financial impact of Namoi's interest in this joint venture.
F	▸ **Strategy work & consulting:** During the observed period, Namoi incurred costs in relation to several strategic projects such as the sale of an ownership interest in the NCA Joint Venture to LDCA in FY13, the subsequent company restructure and creation of the NCMA Joint Venture in FY21, the re-structure of Namoi's share capital to become a publicly listed entity in FY17 and, most recently, the strategic review which led to the proposed scheme announced on 19 January 2024 which has since been superseded by the Offer. Each strategic event generated non-recurring costs and are normalised.
G	▸ **Asset sales and store write-offs**: For the analysed period, Management have identified several one-off and/or non-recurring transactions which are not part of its core operations. For instance, from time-to-time, Management can generate a profit on the sale of surplus assets. We also understand that Namoi implemented a new inventory store system which resulted in the Company expensing certain inventory items. We consider it appropriate to adjust for these items.
H	▸ **JobKeeper:** We have normalised the impact of government subsidies which Namoi has received in response to the economic impacts of the COVID-19 pandemic.
I	▸ **ACS rent adjustment:** The Wee Waa site is on land owned by the NCA Joint Venture. Namoi pays rent to the NCA Joint Venture for use of office space, classing services and workshops. In 2020, Namoi discovered that the NCA Joint Venture had been inadvertently overcharging rent to ACS for its use of the cotton classification shed. This adjustment reflects the reversal of this overcharge.

Source: Management and BDOCF analysis.

Adopted Maintainable Earnings

In our opinion, it is appropriate to adopt an annual maintainable earnings figure of between $13.5 million to $15.5 million for the purpose of the valuation set out in this Report. In forming our view, we have considered:

- Namoi's corporate structure changed because of the formation of the NCA Joint Venture and the NCMA Joint Venture and the sale of an interest in both joint ventures to LDCA. Management have advised between FY14 and FY23, Namoi's net share of the contribution from both the NCA and NCMA Joint Ventures (combined) ranged from a $4.6 million profit to a $7.3 million loss, at the EBITDA level;

- The normalised earnings calculated in Table 8.3 above. We note:
  - Over the last 13 historical periods, the Company's historical (and unadjusted) earnings experienced volatility with four years of negative EBITDA (FY12, FY16, FY20 and FY21), one year of marginal profitability (FY22) and five years where EBITDA exceeded $20 million. One of the reasons for the earnings volatility is the peaks and troughs of available rainfalls/water levels on which the cotton industry is dependent (as illustrated in the total Australian cotton output chart in Section 6.3.2);
  - For the most recent 5-year period of FY20 to FY24, the average normalised EBITDA was $5.4 million while over the preceding 8-year period, the average normalised EBITDA was $16.6 million. As detailed in Figure 6.7 in Section 6.3.2, we note that the challenging financial results of FY20 and FY21 correlate with the lower levels of cotton production across Australia;
  - FY21 was a particularly challenging financial period due to drought conditions which limited cotton growth. The normalised EBITDA in FY21 was negative $13.5 million; and
  - The FY24 normalised EBITDA was one of the better years with financial results driven by a higher level of rainfall with above average and favourable supply chain conditions which increased Joint Venture earnings. The normalised EBITDA for FY24 is approximately $23.6 million.
- As discussed in Section 6.0, our research indicates that there is no consensus on the near forecast of Australia's cotton production. In this context, we would expect that Namoi's earnings will remain difficult to forecast;
- Because of Namoi's dependence on weather conditions outside of the Company's control, it is unlikely that an acquirer would value the business based on its peak earnings or based on the Company's worst earnings. Rather, an acquirer would look to form a view on a sustainable EBITDA based on the underlying drivers impacting volatility in historical performance;
- As previously highlighted, the VA Report prepared by Management's external advisors adopted a sustainable EBITDA level of $14.6 million per annum, including Namoi's share of the profit generated by its interests in joint ventures but excluding the forward benefits of the 4PP Strategy or Namoi's investment in KCC;
- Management have indicated that as at July 2023, an EBITDA up-lift of $1.5 million has been factored in the Company's earnings. The VA Report's sustainable EBITDA of $14.6 million considers this $1.5 million but does not include a further $3.7 million of annual EBITDA up-lift which Management intends on generating once the 4PP Strategy is finalised. We have considered the remaining impacts of the 4PP initiative in Section 8.5 below; and
- We understand that the lint marketing and trading business is subject to a greater level of risk and reward trade-off. As detailed in Section 5.0, the lint marketing and trading business is confined to the NCMA Joint Venture. Because of contractual arrangements with LDCA which extend beyond Namoi's 15% interest in the NCMA Joint Venture, the Company's financial upside (or financial risk) is capped at $1.5 million, in effect limiting the business's ability to grow its earnings.

8.3.2 Capitalisation Multiple Adopted for Namoi

We have selected an appropriate multiple to apply to Namoi having regard to our research relating to the following:

- Multiples derived from the share market prices of companies which may be considered to be broadly comparable to Namoi; and
- Historical EV to EBITDA multiples derived from sales transactions where the target entity may be considered to be broadly comparable to Namoi.

In selecting an appropriate multiple, we have also had regard to our own assessment of Namoi's financial performance, risk and future growth prospects.

Comparable Trading Multiples

It is useful to analyse the trading multiples of comparable listed companies to assist with determining an appropriate capitalisation multiple for Namoi. In this Report, we have conducted research into comparable share market multiples of listed companies.

Based on our research in databases to which we subscribe, we did not identify a comparable 'pure play' company which operates solely or mostly in the cotton industry. For this reason, we have extended our search to the broader agricultural industry which includes cotton but also the farming of various products (e.g. fruits, vegetables, various grains).

Trading multiples are generally reflective of market trades in a minority parcel of shares. A summary of our trading multiples analysis is set out in Table 8.5 below including multiples based on historical financial year ('FY') results and the last twelve months ('LTM') of each comparable company's last reported financial results as well as, when available, estimates of results for the next twelve months ('NTM'). Please refer to Appendix B for more information.

Table 8.5: Average and Median Historical EV/EBITDA Multiples of Broadly Comparable Companies

	EV/EBITDA Multiple (FY)	EV/EBITDA Multiple (LTM)	EV/EBITDA Multiple (NTM)
Average	7.8x	8.3x	7.3x
Median	8.2x	8.5x	7.3x

Source: Capital IQ, BDOCF Analysis

We note from our research that broadly comparable companies trade, on average, at historical EBITDA multiples of 7.8x times, LTM EBITDA multiples of 8.3x and NTM EBITDA multiples of 7.3x.

While providing useful information, the results of our trading multiples analysis should be considered with an appropriate amount of caution. Although the listed companies referred to for our analysis are considered broadly comparable to Namoi, differences exist between Namoi and each of the companies. Specifically, we note that:

- The comparable companies differ in size to Namoi across several financial metrics including market capitalisation, revenue and EBITDA;
- Some of the comparable companies' property, plant and equipment (and therefore implied value) includes significant property holdings which makes them different from Namoi;
- The products and services provided by each of the comparable companies is often different to those provided by Namoi's. For instance, Namoi's core business focuses solely on a single commodity, cotton, and its co-products. In comparison, most of the comparable companies identified in our research have a more diversified portfolio of products and revenue streams;
- The revenue and earnings growth profiles of the comparable companies differ to those of Namoi. For instance:
  - All cotton lint originated from growers by Namoi must be on-sold to the NCMA Joint Venture and, therefore, LDCA; and
  - Namoi's exposure to the rewards (and risks) of the part of the cotton value chain which has the greatest upside, cotton trading and marketing, is capped at $1.5 million annually via its interest in the NCMA Joint Venture;
- The geographic regions in which comparable companies operate are often different to those of Namoi. Namoi operates solely in Australia and mostly in the New South Wales region, whereas some of the comparable companies are more geographically diversified;
- Some of the comparable companies are listed on different exchanges compared to Namoi; and
- The industries that the customers of comparable companies operate in are often different to those of Namoi.

Comparable Transaction Multiples

Based on our research and the databases we subscribe to, we have considered sales transactions from a broad range of companies within the broader Australian agricultural industry, including various grain companies, farming companies, agricultural products companies and one pure-play cotton company which we consider comparable to Namoi.

A transaction price can provide evidence of earnings multiples that may be appropriate to use for valuation purposes. The acquisition price also generally represents the market value of a controlling interest in the company being analysed and therefore usually incorporates a premium for control. Each sales transaction is the product of a combination of factors which may or may not be specific to a transaction, including:

- Economic factors;
- General investment and share market conditions;
- Strategic importance to the acquirer;
- Synergistic benefits specific to the acquirer; and
- The number of potential buyers.

An analysis of selected transactions involving companies in the agricultural industry considered broadly comparable to Namoi is set out in Appendix B. Table 8.6 below sets out a summary of this analysis.

Table 8.6: Implied Average and Median for Historical and Sustainable EV/EBITDA Multiple of Broadly Comparable Transactions

	Implied EV/Sustainable EBITDA Multiple	Implied EV/EBITDA Multiple (Historical)
Average	10.2x	11.2x
Median	10.2x	10.5x

Source: Capital IQ, BDOCF Analysis

In relation to our research we note:

- The recent (e.g. last five years) transactions we have identified relate to transactions in various parts of the agricultural industry (e.g. malt, fruits, citrus, farming and honey) and not 'pure play' companies operating within the cotton industry;

- Generally, many of the transactions where the target is most comparable to Namoi are somewhat dated and imply EV/EBITDA multiples which tend to be higher than the EV/EBITDA multiples of comparable listed entities identified above; and
- One transaction specifically targeted a direct competitor of Namoi in the Australian market, Queensland Cotton, and implied a historical EV/EBITDA multiple of approximately 10.0x and implied a sustainable EBITDA multiple of 8.1x. We consider this transaction to be of particular interest due to the following information:
  - Although the transaction dates back to 2007, approximately 17 years ago, the acquirer was Olam Investments Australia Pty Ltd ('Olam Investments'), a competitor of both Namoi and the LDC Group in the Australia cotton industry. Olam is also LDC's current competitor for the acquisition of Namoi;
  - As part of this acquisition, Olam Investments increased its offer twice before Olam Investments ultimately won against a competing bid from the LDC Group. In many respects, this transaction mirrors the current competitive bidding process for the acquisition of Namoi between LDC and Olam;
  - At the time, an independent expert had assessed that Queensland Cotton could generate a sustainable EBITDA, under average seasonal conditions, of approximately $35.5 million. For reference, in Queensland Cotton's final annual report as a publicly listed company, Queensland Cotton reported an actual EBITDA of approximately $28.5 million;
  - The transaction presented several strategic opportunities for Olam Investments with the combination of its existing Australian business to Queensland Cotton's Australian business creating the third largest and most diversified global cotton company. The LDC Group's own competing bid also represented evidence of a strategic opportunity to bring consolidation to the Australian cotton industry. In many respects, this mirrors the on-going competitive bidding process between Olam and LDC for the acquisition of Namoi;
  - It is possible that the acquisition generated synergies unique to Olam Investments and its related entities (or the LDC Group) which justified both parties putting forward multiple competing bids and, ultimately, raising the offer price and the implied EV/EBITDA multiple.

Appropriate Multiple to Apply to the Earnings of Namoi

To determine an appropriate multiple to adopt for the purpose of valuing Namoi in this Report, we have considered a range of factors specific to Namoi which may differ from the comparable companies and transactions analysed, including:

- The historical performance of Namoi and the historical volatility of Namoi's earnings relative to the earnings of comparable trading companies;
- The historical volatility of Namoi's earnings relative to those targets which we identified as part of comparable transactions;
- The risk associated with Namoi's revenues, and cash-flows, which are exposed to a single commodity (cotton) and its co-products. Comparable trading companies are typically more diversified and their revenues are generated from a broader or more varied portfolio of products; and
- Namoi's existing relationship with LDCA. Namoi and LDCA are highly integrated via two joint ventures governed by several contractual arrangements overseeing various aspects of cotton lint marketing and warehousing that include the pricing and on-selling of cotton, lint, day-to-day operations, branding, etc. Whilst Namoi has respectively a 51% and 15% of the NCA and NCMA Joint Ventures, the level of integration which results from the various contractual arrangements in place would require a marginal acquirer to partner and work closely with LDCA, making it difficult to operate Namoi as a purely 'stand-alone' company.

Having regard to the comparable listed company data, sales transaction and commentary set out above as a guide, together with our own assessment of factors specific to Namoi, in our view, it is appropriate to apply a multiple with the range of 7.5 times to 9.0 times Namoi's EBITDA which we have determined for Namoi and on a controlling basis.

8.3.3 Enterprise Value of Namoi's Core Operations

Table 8.7 below summarises our calculation of the enterprise value of Namoi.

Table 8.7: Enterprise Value of Namoi's Existing Core Operations

$M	Section	Low	High
Maintainable earnings	Section 8.3.1	13.5	15.5
EBITDA multiple (times)	Section 8.3.2	7.5x	9.0x
Enterprise value of Namoi core business		**101.3**	**139.5**

Source: BDOCF Analysis

Having regard to Table 8.7 above, we have calculated the enterprise value of Namoi's existing core operations to be within the range of $101.3 million to $139.5 million on a controlling interest basis.

8.4 Valuation of Namoi's Option to Increase its Interest in the NCMA Joint Venture

As discussed in Section 5.2, Namoi holds an option to increase its share in the NCMA Joint Venture from 15% to 35%. The CME valuation of Namoi's existing core operations discussed previously allows for the earnings in Namoi's existing interest in the NCMA Joint Venture (15%) based on the 'cap and collar' arrangement. The CME valuation does not incorporate any (potential) incremental earning resulting from a scenario where Namoi would exercise its option.

In forming a view on the value of Namoi's option we have considered the following:

- The NCMA Joint Venture involves the trading and marketing of cotton lint, a business which Namoi was solely operating prior to 2013, being the creation of the NCA Joint Venture. The business incurred material losses in FY12 (totalling $104.3 million including financing costs) which contributed to Namoi ultimately divesting a portion of the business to LDCA;
- The option is to increase from a stake of 15% to 35% (a 20% absolute increase) which remains a minority stake in the NCMA Joint Venture;
- The exercise price of the option:
  - A payment of $1; and
  - A contribution by Namoi (upon exercise of the option) of a cash amount equal to 35% of the capital (or participant contribution) required by the NCMA Joint Venture, less any capital returned to LDCA by the NCMA Joint Venture. Whilst the exact amount of this cash amount would need to be estimated and agreed with LDCA, generally, we understand that funding is currently the sole responsibility of LDCA. For example, NCMA's current funding facility provided by LDCA is US$110 million;
- In circumstances that Namoi exercises its option, this would effectively end the 'cap and collar' arrangement and Namoi would need to contribute to the financing (and potential losses if any) of NCMA which we understand the Company is not currently prepared to do beyond Namoi's (+/-) $1.5 million, as discussed in Section 5.0;
- The absence of a change of control clause in NCMA Joint Venture (in relation to the identity of persons holding securities issued by Namoi) does mean that, in theory, an acquirer other than LDC could acquire Namoi and exercise the option. However, such an acquirer would need to exercise the option relatively quickly after acquisition. On this we note that:
  - The option's original expiry date was 1 March 2024, unless the SIA between Namoi and LDC failed to be implemented; and
  - As indicated in LDCA's takeover letter sent to the ASX on 29 April 2024, the SIA between Namoi and LDCA has been terminated pursuant to the Offer Agreement and LDCA and Namoi have agreed that the call option's expiry date has been extended by a year, confirming that the expiry date is now 1 March 2025;
- To exercise the option before 1 March 2025, an acquirer of Namoi would need to have access to sufficient funding to contribute the required 35% of the undisputed amount of the balance of all the capital or participant loan contributions made by LDCA (less capital returned);
- The hypothetical acquirer of Namoi would need to be prepared to work closely with LDCA to operate the NCMA and NCA Joint Venture and meet all contractual obligations discussed in Section 5.0. An acquirer of Namoi in a potential transaction is likely to ascribe a lower value to the option on the basis of the 35% interest (i.e. a minority interest) with LDCA as the counterparty (relative to a controlling or 100% interest in the NCMA Joint Venture); and
- The NCMA Joint Venture (following the restructure in 2020) has only three years of historical financial results available with net profit and revenue experiencing volatility. This increases the difficulty for an acquirer to reliably estimate the cash-flows of the NCMA Joint Venture. Management are of the view that the most recent three year period of the NCMA Joint Venture has been particularly favourable and that future performance may not be as favourable.

After considering the above, in our view, it is appropriate to adopt a value for the call option of $10.0 million.

8.5 Valuation of Namoi's 4PP initiatives

As detailed in Section 5.0, the Company has progressed the series of activities and strategic pillars included in Namoi's 4PP Strategy. In our view, it is appropriate to allow a value of $7.5 million to $15.0 million for the future incremental benefits, net of capital expenditures ('CAPEX') investments, that may be generated by the 4PP Strategy. In forming our view we considered:

- As at 15 February 2024, the Company had already invested $7.1 million. in CAPEX in relation to this initiative and Management considers that the Company's earnings have already benefitted from a $1.5 million up-lift in the form of recurring, annual EBITDA improvements;
- Management have indicated that a remaining $14.1 million in CAPEX would be required, going forward, to finalise the 4PP initiatives;
- On completion, Management estimates that the 4PP Strategy may deliver an additional $3.7 million of annual, recurring, EBITDA. We consider that in circumstances that this additional EBITDA is realised, our adopted multiple from Section 8.3.2 would apply to increase the value of Namoi;

- The 4PP Strategy is temporarily on hold as Namoi focuses its resources on delivering the KCC gin project; and
- The industry knowledge and expertise, in addition to the financial resources, required by a marginal acquirer (such as LDC or Olam) to successfully continue the 4PP Strategy and generate the incremental benefits noted above.

8.6 Valuation of Namoi's Interest in the KCC Gin Project

As discussed in Section 5.0, we understand that Namoi's interest in the KCC gin project includes a minority interest in the share capital and convertible notes of KCC as well as one-time revenue streams derived from the delivery of multiple services set via contractual arrangements as well as recurring revenue from operating the gin project.

In forming a view on the value of Namoi's interest in the KCC gin project we have considered the following:

- Share capital:
  - We understand that the KCC gin project is under construction and not expected to be operational until July 2025. Management have indicated that neither KCC's share capital, as a whole, nor Namoi's individual interest in KCC have ever been fair valued;
  - Management have also advised that the KCC gin project's capital structure includes financing provided by the Northern Australia Infrastructure Facility (commonly referred to as 'NAIF'). The KCC gin project's priority, once cash is generated from operations, is repayment of the NAIF facility. Management is currently not forecasting any near-term capital return (that is, dividends) from its equity interest; and
  - Accordingly, Namoi's investment is currently held at the contributed capital value of $39,000.
- Convertible notes:
  - We understand the following as it relates to the terms and conditions under which the convertible notes have been issued:
    - The convertible notes attract interest at a rate of 4.67% per annum;
    - KCC holds the right to convert the outstanding convertible notes into ordinary shares between 1 January 2026 and the repayment date of 31 December 2032;
    - If the convertible notes have not been redeemed or otherwise converted, the convertible notes will be repaid to their noteholders by KCC to an amount equivalent to the aggregate face value and the accrued interest on those convertible notes; and
    - Noteholders hold anti-dilutive rights whereby if a reorganisation event occurs which affects KCC share capital, the number of shares into which the convertible notes will be adjusted such that the value of each of the convertible note is not adversely affected by the reorganisation event.
  - As the period under which KCC can exercise its option to convert convertible notes into shares has yet to be reached, convertible note holders are currently entitled only to the face value of their investment plus any accrued interest. Management have advised that the KCC Board has exercised its right under the convertible note agreement to capitalise the interest until the gin is operational. Accordingly, Namoi has not recognised any accrued interest as at the date of this Report; and
  - As at the date of this Report, Namoi carries its convertible notes investment at the contributed capital amount of $3.9 million.
- Gin operating services:
  - Namoi's contractual arrangement is to provide operating services, working capital, mobile equipment, and maintenance. In exchange, Namoi will receive a combination of base fee per unit/bale, an annual fixed fee, a per unit/bale equipment usage fee and a support service fee,
  - At the time of this Report, Management have estimated that:
    - The total EBITDA impact of this operation will be equivalent to between $0.7 million to $0.8 million per annum (excluding interest from convertible notes) going forward;
    - To support this operation, Namoi will provide fully maintained mobile equipment and, if required, up to $1.4 million in working capital funding for the gin operation. Management believes that, in the near term, this working capital funding is unlikely to be used; and
    - Management has estimated that approximately $1.5 million in mobile equipment CAPEX will need to be invested by Namoi to service this contract.
  - We understand that the gin operating services which Namoi will provide to KCC are akin to Namoi's existing core operations. Different to Namoi's existing operations, most of the earnings from KCC will be in the form of fixed fees for services. However, the KCC gin project is subject to other risks including, but not limited to, the following:

- On-going construction risk: Potential construction delays and production ramp-up issues may push cash-flows further into the future such that the value of this earning stream, in today's dollars, is lower than would otherwise be the case; and
- Volume risk: Cotton bale production and the level of throughput ramp up is uncertain. Under the contract's terms, a component of Namoi's remuneration is based on $/unit variable component which is therefore also uncertain and which makes the forecasting of the contract's profitability difficult.

- On balance, considering the factors above, we have assumed the ginning contract's value is between $3.4 million and $4.9 million. The range was calculated as the total EBITDA impacted expected of $0.7 million to $0.8 million per annum multiplied by our adopted multiple from Section 8.3.2, less the cost of the mobile equipment required of $1.5 million.

- Other one-time earnings stream: Based on materiality, we have combined all other one-time earning streams (project management, supply of gin equipment, and installation of equipment services) into a value based on the latest earnings forecast estimates provided by Management.

Table 8.8 below summarises our valuation of the impact of Namoi's various arrangements with the KCC gin project.

Table 8.8: Impact of Namoi's Interests and Contractual Arrangements with KCC

Item	Nature of Namoi's investment	Low $M	High $M
Shares[30]	Capital contributed	0.1	0.1
Convertible notes[31]	Capital contributed	3.9	3.9
One-time earnings total value	Various	1.1	1.1
Gin operating services (net of mobile equipment)	Contractual arrangement	3.8	5.7
Net working capital	Optional requirement	(1.4)	nil
Total KCC value (net)		**7.3**	**10.8**

Source: BDOCF Analysis

1 Table 8.8 includes some rounding for presentation purposes.

Having regard to Table 8.8 above, we have calculated the net impact of Namoi's investment in and contractual arrangements with KCC to be within the range of $7.3 million to $10.8 million.

8.7 Valuation of Namoi's Remaining Assets and Liabilities

The valuation of a company adopting a CME valuation methodology based on a multiple of EBITDA excludes, amongst other issues, the impact of the Company's debt on the financial results as well as the value of any surplus assets or liabilities (i.e. those assets and liabilities which are not required for the usual business operations).

When adopting the CME valuation methodology to calculate the value of the equity in a company, it is appropriate to add the company's surplus cash and cash equivalents, subtract the value of interest-bearing liabilities, and add (subtract) the value of any surplus assets (liabilities) to the enterprise value.

Our ABV valuation of Namoi's remaining assets and liabilities is set out as follows:

- Section 8.7.1 sets out our consideration of Namoi's Tax Losses;
- Section 8.7.2 sets out our consideration of Namoi's net debt position; and
- Section 8.7.3 sets out the value we have adopted for Namoi's remaining assets and liabilities.

8.7.1 Namoi's Deferred Tax Losses ('the Tax Losses')

As at 29 February 2024, Management have assessed that the Company has approximately $81.7 million in Tax Losses which, assuming a corporate tax rate of 30%, represents potentially $24.5 million in value to Namoi.

Our CME valuation of Namoi's existing core operations does not take into consideration the potential value of these Tax Losses. For this reason, we are separately considering the value of the Tax Losses in our sum-of-parts valuation. Specifically, we have considered the following:

- Earnings uncertainty: Namoi's ability to utilise the Tax Losses is dependent on generating taxable income. As shown in Table 8.3 above, Namoi's historical earnings have been volatile. Management expects that the Company will report positive taxable net income for FY25 although, at the time of this Report, the cotton ginning season has not yet started and it is too early to confidently forecast earnings;
- For completeness, we note that over the four most recent financial years, Namoi reported the following:
  - FY24: Taxable net income of approximately $10.8 million (before deferred tax losses were applied);

[30] The contributed capital value of Namoi's interest is $39,000 which has been rounded to the nearest hundred thousand in the table for presentation.
[31] As stated, Management have advised that the accrued interest owed to investors, including Namoi, have been deferred at the time of this Report.

- FY23: Taxable net income of approximately $6.8 million (before deferred tax losses were applied);
- FY22: Net loss for tax purposes of approximately $5.3 million; and
- FY21: Net loss for tax purposes of approximately $21.9 million;

- Time value of money: Because of the combined uncertainty in earnings, Namoi's tax losses would not provide full immediate benefits. The value of the Tax Losses needs to be discounted using an appropriate discount rate reflective of an acquirer's assessment. The present value of the Tax Losses would likely be less than $24.5 million and vary depending on the potential acquirer's view on the likelihood and timing of their use; and
- Regulatory uncertainty: There is some uncertainty as to whether the Tax Losses would be usable to a prospective acquirer. Some prospective acquirers may conclude that the Tax Losses have no value whilst others may form an alternate view considering their own circumstances or advice from independent tax advisors.

After considering the above, we consider it appropriate to allow a value in the range of $7.5 million to $15 million for Namoi's Tax Losses.

8.7.2 Namoi's Net Debt Position

To determine the value of Namoi's net debt position, we have considered the information included in the Company's 29 February 2024 annual report to identify potential surplus assets and liabilities of the Company and have made inquiries with Management in relation to any material adjustments required to reflect the fair market value of the assets and liabilities.

Table 8.9: Namoi's Net Debt Position as at 29 February 2024

$M	
Cash and cash equivalents[1]	4.5
Borrowings (current and non-current)[2]	(31.2)
Net debt position	**(26.7)**

Source: Namoi's FY24 annual report

2 Cash and cash equivalents as at 29 February 2024 adjusted for cash outflows associated with announced and yet to be completed corporate activities, including the payment of announced permitted special dividend and the redemption of outstanding residual capital stock.

3 Borrowings relate to term debt and include both current and non-current balances as at 29 February 2024.

8.7.3 Summary Valuation of Namoi's Remaining Assets and Liabilities

Table 8.10 below presents a summary of our valuation of Namoi's remaining assets and liabilities.

Table 8.10: Summary of Namoi's Remaining Assets and Liabilities

$M	Low	High
Tax Losses	7.5	15.0
Net debt items	(26.7)	(26.7)
Total Remaining Assets and Liabilities	**(19.2)**	**(11.7)**

Source: BDOCF

Having regard to Table 8.10, in our view, it is appropriate to adopt a value for Namoi's remaining assets and liabilities of negative $19.2 million to negative $11.7 million.

Refer to Section 8.2 above for our conclusion on the sum of parts value.

8.8 MBV of Namoi

This section sets out our MBV of Namoi by considering:

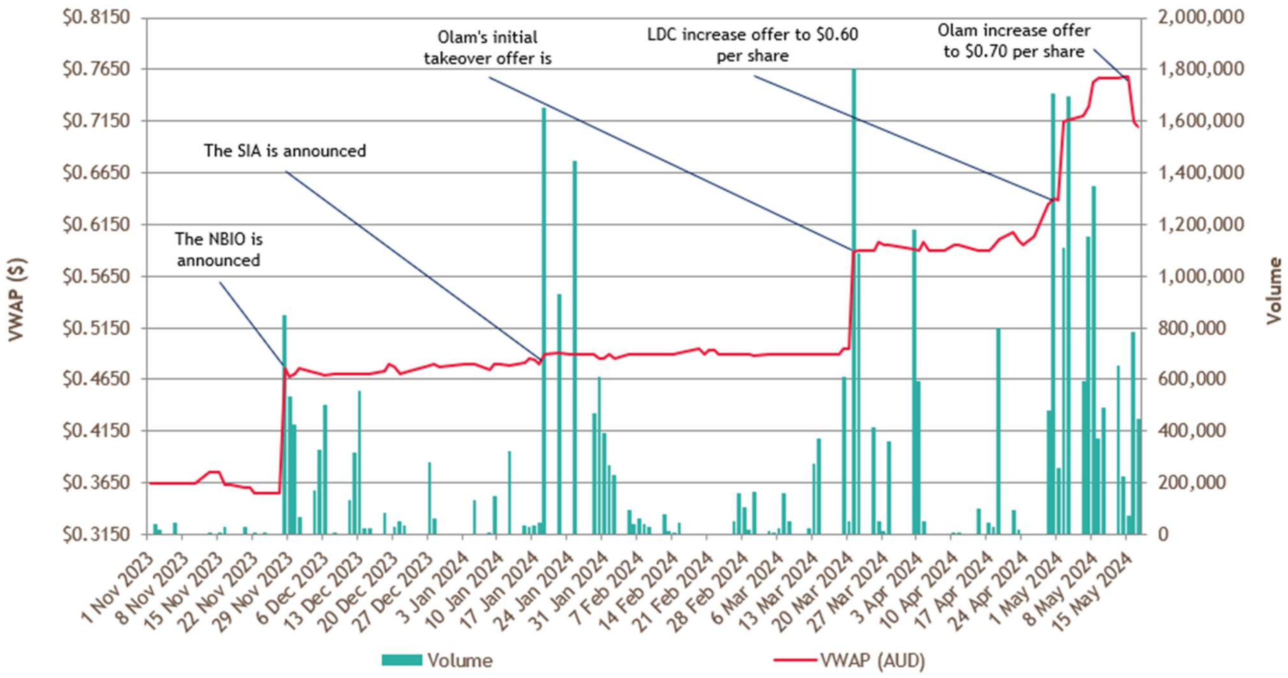
- Section 8.8.1 sets out our analysis of the recent share trading data relating to Namoi; and
- Section 8.8.2 sets out our analysis of the liquidity of Namoi ordinary shares; and
- Section 8.8.3 sets out our conclusion on the on the MBV value of Namoi.

8.8.1 Analysis of Namoi's Share Trading Data

Namoi's ordinary shares are listed on the ASX and trade under the ticker 'NAM'. Information relating to the recent share trading data of Namoi's ordinary shares along with an analysis of recent announcements made by Namoi to the ASX are set out in Section 5.6 of this Report.

As mentioned previously, there was movement in Namoi's share price in the lead up to the announcement of the SIA due to the Company's announcement of the NBIO. Namoi's share price continues to be impacted by the counteroffers being made by Olam and LDC. To assist in understanding the share price movements over this period, we have set out in Figure 8.1 below the share price from 1 November 2023 (being the beginning of the month the NBIO was announced) to 8 May 2024.

Figure 8.1: Graph of Namoi Share Price from 1 November 2023 to 17 May 2024



Source: Capital IQ as at 20 May 2024

For the purposes of our MBV, we have assessed the low daily VWAP, VWAP and high daily VWAP of Namoi shares over 1 week, 1 month, 3 months, 6 months, 9 months and 12 months up to and including 27 November 2023, being the Pre-Announcement Date. We have set this information out in Table 8.11 below.

Table 8.11: Namoi's VWAPS for Specified Periods up to and Including 27 November 2023

Period	VWAP up to and Including 27-Nov-2023	Low Daily VWAP up to and Including 27-Nov-2023	High Daily VWAP up to and Including 27-Nov-2023
1 Week	$0.3583	$0.3550	$0.3603
1 Month	$0.3642	$0.3550	$0.3800
3 Months	$0.3741	$0.3400	$0.4150
6 Months	$0.4073	$0.3400	$0.4500
9 Months	$0.4086	$0.3400	$0.4500
12 Months	$0.4280	$0.3400	$0.4811

Source: Capital IQ as at 23 January 2024

Having regard to the information set out above, in our view it is appropriate to adopt a value of $0.35 to $0.45 per Namoi share on a minority interest basis for our market-based valuation. The low end of our range reflects the low daily VWAP (from 6 months to 12 months) up to and including 27 November 2023 while the high end of the range reflects the high daily VWAP (for 6 months and 9 months) up to and including 27 November 2023. The VWAPs for each period of time fall within this range. For completeness, we note that we did not consider the VWAP's up to and including 18 January 2024 due to the share price mostly reflecting LDCA's offer price following Namoi's announcement of the NBIO (on 28 November 2023).

8.8.2 Liquidity of Namoi Shares

Information on the liquidity of Namoi shares is set out in Section 5.6 of this Report. Table 5.6 sets out that over the period December 2022 to 27 November 2023 approximately 6.03% of total shares on issue were traded.

In our view, while this indicates that Namoi's shares display a relatively low level of liquidity, Namoi's level of liquidity is nonetheless appropriate for considering an MBV in this Report.

8.8.3 Conclusion on the MBV valuation

While there will be entities listed on the ASX which demonstrate a higher degree of liquidity than Namoi, we are of the view that the trading pricing in Namoi shares on the ASX present relevant information in relation to the market's view of minority holdings in Namoi. By way of example, we note the movements post the release of announcements relating to earnings and the Proposed Tranaction itself, as shown in Figure 5.3 above, show the market incorporating new information into the pricing of Namoi shares. Nothing in the data from the trading prices of Namoi indicates that trading prices have been materially and persistently impacted by illiquidity relative to the supply and demand through the period shown in Figure 5.3 above. In no period, through the historical period we have analysed for our MBV, has there been significant gaps without trading activity.

In our view:

- There is consistent trading in the Company's securities, even if at smaller volumes;
- We have no information to suggest that specific trades have unduly de-coupled the trading data relative to the value of minority parcels of shares in Namoi; and
- While there is a degree of volatility in the trading prices of Namoi shares, this volatility is not outside the relativities of our valuation range.

As stated above, in our view it is appropriate to adopt a value of $0.35 to $0.45 per Namoi share on a minority interest basis for our market-based valuation. Having regard to our control premium discussion set out in Appendix A, the application of a control premium in the range of 20% to 30% to this valuation range would result in a value (of a Namoi share on a controlling interest basis) of $0.42 to $0.59.

8.9 Conclusion on the Value of Namoi Shares

In our view, for the purpose of our assessment of the Offer set out in this Report, it is appropriate to adopt a value in the range of $0.42 to $0.78 per Namoi share on a controlling interest basis. In relation to our value range we note:

- We had regard to our sum-of-parts methodology and MBV methodology;
- The wide value range under the sum-of-parts methodology (relative to the MBV) is being driven by the range of potential outcomes associated with:
  - successfully executing the 4PP strategy;
  - being able to generate sufficient profits to utilise the historical tax losses; and
  - Namoi's option to increase its interest in the NCMA Joint Venture;
- The upper half of the MBV range overlaps with the lower end of the sum-of-parts valuation range;
- The low end of our adopted valuation range is based on the low end of our MBV. We note:
  - In the absence of a takeover offer, Namoi itself could struggle to realise any upside value with its 'business as usual' operations;
  - Both the Offer (from LDC) and the counteroffer from Olam remain subject to ACCC approval and there is no certainty that this will be obtained.[32] In circumstances that one of the bidders is unable to obtain ACCC approval then Namoi, in the absence of another bidder, is unlikely to be able rely on competitive tension to obtain a superior offer. In this circumstance a lower multiple may be applied to be business and less value assigned to the 4PP strategy, historical tax losses and/or NCMA Joint Venture; and
  - While Namoi has a relatively low level of liquidity, there has been regular trading in the Company's shares and, over the period 1 December 2022 to 27 November 2023, there has been no significant but unexplained movements in Namoi's share price outside the range set out in Table 5.6 (i.e. the Namoi share price over this period has traded in the range of $0.34 to $0.48); and
- The higher end of our valuation range is based on our sum-of-parts methodology and assumes that a marginal acquirer is able to unlock additional value relative to Namoi on a 'business as usual' basis and that the purchase price is the result of a competitive bidding process.

8.10 Comparison of Valuation to Net Assets

We have cross-checked the equity values adopted in Table 8.2 above with the net asset value of Namoi as at 29 February 2024 being the Company's most recent audited balance sheet.

Table 8.12 provides a high-level summary of Namoi's net assets. In relation to Table 8.12 we note the following:

- We have separately set out the value of the ginning infrastructure and remaining items of property, plant and equipment. We have done this to show their overall materiality relative to the remaining assets and liabilities;
- Effective 29 February 2012, Namoi changed its accounting policy for the measurement of ginning infrastructure from deemed cost to fair value. As stated in Namoi's FY24 Annual Report "the methodology used in determining the fair value of the relevant ginning assets was the Discounted Cash Flow (DCF) approach. The DCF method provides a valuation based on the formulation of projected future cash flows over a ten-year period (plus a terminal value), which was then discounted at an appropriate independently assessed discount rate. Cash flows included in the DCF

[32] By way of example, we note the ACCC announcement on 16 May 2024 titled "Louis Dreyfus Company's proposed acquisition of Namoi Cotton raises concerns" resulted in the daily VWAP on this day being $0.7151 with a low and high share price of $0.69 and $0.745 respectively. This is a reduction in trading from 8 May 2024 (the date that the Olam offer increased to $0.70) to 15 May 2024 which was in the range of $0.74 to $0.77 with a VWAP of $0.7549.

model are intended to represent a market participants long term view of the margin to be generated by the gin assets”; and

- We have separately set out the value of the net assets assuming that the ginning infrastructure was valued at cost, consistent with the remaining items of property, plant and equipment. The value we have used is based on Namoi’s FY24 Annual Report which states “the carrying value of ginning infrastructure that would have been recognised had these assets been held under the cost model is $62,272 thousand (2023: $64,112 thousand).”

Table 8.12: Adjusted and Non-Adjusted Net Asset Values of Namoi

($’000)	Value in accounts	Adjusted ginning infrastructure value
Current assets	29,425	29,425
Ginning infrastructure	126,000	62,272
Plant and equipment (excluding ginning infrastructure)	31,227	31,227
Other non-current assets	4,937	4,937
Current liabilities	-13,610	-13,610
Non-current liabilities	-34,641	-34,641
Net assets	**143,338**	**79,610**
Net assets per share	**$0.694**	**$0.386**

Source: Namoi’s FY2024 Annual Report

In relation to Table 8.12 above, we note:

- The net assets per share shown in Table 8.12 based on the value of Namoi net assets in the accounts of $0.694 broadly aligns with the upper half of our adopted valuation range; and
- The net assets per share shown in Table 8.12 based on the adjusted ginning infrastructure value of $0.386 is slightly below the low end of our adopted valuation range.

Based on the above comparison, we consider the net asset cross-check provides broad support for our assessed value of Namoi.

APPENDIX A: CONTROL PREMIUM ANALYSIS

A controlling interest in a company is usually regarded as being more valuable than a minority interest as it provides the owner with control over the operating and financial decisions of the company, the right to set the strategic direction of the company, control over the buying, selling and use of the company's assets, and control over appointment of staff and setting financial policies.

The increase in value for a controlling interest is often observed where an acquirer launches a takeover bid, or some other mechanism for control, for another company. For the purposes of our research on control premiums, we have defined a controlling interest to be an interest where the acquirer has acquired a shareholding of greater than 50% in the target company.

Generally, control premiums may be impacted by a range of factors including the following:

- Specific acquirer premium and/or special value that may be applicable to the acquirer;
- Level of ownership in the target company already held by the acquirer;
- Market speculation about any impending transactions involving the target and/or the sector that the target belongs to;
- The presence of competing bids; and
- General market sentiment and economic factors.

To form our view of an appropriate range of control premium applicable to Namoi for the purposes of this Report, we have considered information which includes:

- Recent independent expert's reports which apply control premiums in the range of 20% to 40%;
- Various industry and academic research, which suggests that control premiums are typically within the range of 20% to 40%;
- Our own research on control premiums implied by the trading data of ASX listed companies. The average and median control premium found in our research are approximately within the range of 20% and 40%, based on one-day, one-week, and one-month prior trading prices;
- Various valuation textbooks; and
- Industry practice.

Having regard to the information set out above, in our view, it is appropriate to consider control premiums within the range of 20% to 40%. Specifically for the purposes of assessing the Offer within the context of this Report, we have adopted 20% to 30% being the low to mid point of the range.

In forming the view to adopt our range, we had regard to matters including Namoi's existing relationship with LDC. Namoi and LDC are highly integrated via two joint ventures governed by several contractual arrangements overseeing various aspects of cotton lint marketing and warehousing that include the pricing and on-selling of cotton, lint, day-to-day operations, branding, etc. Whilst Namoi has respectively a 51% and 15% of the NCA and NCMA Joint Ventures, the level of integration which results from the various contractual arrangements in place would require a marginal acquirer (other than LDC) to partner and work closely with LDC, making it difficult to operate Namoi as a purely 'stand-alone' company. In our view, this reduces the control premium that may be paid in the circumstances of Namoi.

APPENDIX B: COMPARABLE TRADING COMPANIES AND PRECEDENT TRANSACTION ANALYSIS

This section sets out information in relation to comparable companies that we consider broadly comparable to Namoi. The information set out below includes a summary of the information that we have considered and the assumptions that we have adopted. This section is set out as follows:

- Section B.1 summarises trading multiples and descriptions for those listed companies we consider broadly comparable to Namoi in addition to providing an overview of each company; and
- Section B.2 summarises transaction multiples and descriptions of transactions where we consider the target to be broadly comparable to Namoi.

B.1 Trading Multiples of Comparable Companies

It is useful to analyse the current trading multiples of exchange listed comparable companies to assist with the determination of an appropriate capitalisation multiple. Comparable trading multiples need to be treated with caution as not all companies operating in comparable industries can be readily compared to Namoi. With this as a caveat, the usual step in applying a multiple based valuation methodology is to construct a multiple from market information. The multiple is then adjusted for specific company differentiators.

Table B.1 and B.2 below set out the metrics and descriptions of the companies we consider broadly comparable to Namoi. For Table B.1 specifically, we have considered three separate methodologies to estimate an EV/EBITDA multiple:

- Financial year ('FY'): This EV/EBITDA multiple considers each listed companies' EBITDA as calculated by CapIQ based on each company's most recently published annual results;
- Last-twelve-months ('LTM'): This EV/EBITDA multiple considers each listed companies' EBITDA as calculated by CapIQ based on each company's last twelve months of published financial reports, including quarterly and/or mid-year financial results where applicable; and
- Next-twelve-months ('NTM'): This EV/EBITDA multiple considers each listed companies' forward (forecast) EBITDA based on broker estimates, as available in CapIQ. As at the date of this Report, no forecast EBITDA estimate was available for Olam Group Limited.

Table B.1: Broadly Comparable Trading Company Multiples (EBITDA)

Company	Financial Reporting Period	Country	Market capitalisation ($m)	FY	LTM	NTM
Australian and New Zealand Diversified Agriculture Companies						
GrainCorp Limited	Sept-23	Australia	1,762	7.5x	7.5x	8.2x
Elders Limited	Sept-23	Australia	1,322	9.4x	9.4x	9.0x
PGG Wrightson Limited	Jun-23	New Zealand	123	5.9x	8.2x	6.8x
Australian and New Zealand Primary Products Companies						
Inghams Group Limited	Jun-23	Australia	1,409	9.0x	111.4x	6.8x
Ridley Corporation Limited	Jun-23	Australia	698	9.0x	9.0x	7.3x
Sanford Limited	Sept-23	New Zealand	349	10.1x	10.1x	6.4x
New Zealand King Salmon Investments Limited	Jan-24	New Zealand	125	3.0x	3.0x	4.2x

Company	Financial Reporting Period	Country	Market capitalisation ($m)	FY	LTM	NTM
Global Agriculture Companies						
Archer-Daniels-Midland Company	Dec-23	United States	46,053	8.3x	8.7x	8.3x
Wilmar International Limited	Dec-23	Singapore	22,191	12.8x	12.8x	10.4x
Bunge Global SA	Dec-23	United States	22,345	4.9x	5.1x	7.6x
Olam Group Limited (Note 1)	Dec-23	Singapore	4,927	8.2x	8.2x	n/a
The Andersons, Inc.	Dec-23	United States	2,870	5.7x	5.9x	5.8x
Mean			**8,681**	**7.8x**	**8.3x**	**7.3x**
Median			**1,1,586**	**8.2x**	**8.5x**	**7.3x**
Min			**123**	**3.0x**	**3.0x**	**4.2x**
Max			**46,053**	**12.8x**	**12.8x**	**10.4x**

Source: Capital IQ as at 7 May 2024, BDO Analysis

1 No broker forecasts available in CapIQ.

Although the companies listed in Table B.1 above may be considered broadly comparable to Namoi, differences exist between Namoi and each of the comparable companies. Specifically, we note that:

- Most companies in Table B.1 are larger in size compared to Namoi in terms of market capitalisation;
- Several companies in Table B.1 have property, plant and equipment which includes material property holdings balances (e.g. land, freehold land, etc.) which can influence the size of their enterprise value and makes them less comparable to Namoi;
- Whilst Namoi operates solely in Australia, the geographic regions in which most of the companies operate extend beyond Australia;
- The products and services offered by the companies in Table B.1 are often different to the ones provided by Namoi. Some companies offer a broad range of products and have diversified revenue streams compared to Namoi which focuses solely on cotton and its co-products;
- Some of the comparable companies are listed on different exchanges compared to Namoi; and
- The industries that each comparable company operate in are often different compared to Namoi.

Our analysis of the companies listed in Table B.1 has highlighted a number of differences between those companies and Namoi. Generally, Olam Group Limited’s involvement in the Australian cotton industry makes it the most comparable to Namoi. However, Olam Group Limited is larger than Namoi, more diversified geographically, has a broader portfolio of products and revenue and is listed in Singapore.

On balance, all other things being equal, we would expect that given the differences highlighted above, Namoi would attract a lower multiple than the majority of the companies listed in Table B.1.

Table B.2: Broadly Comparable Company Descriptions

Company	Company description
GrainCorp Limited	GrainCorp Limited operates as an agribusiness and processing company in Australasia, Asia, North America, Europe, the Middle East, North Africa, and internationally. It operates through two segments, Agribusiness and Processing. The company handles and trades in wheat, barley, sorghum, corn, oilseeds, pulses, organics, animal fats, and used cooking oils and vegetable oils for animal feed purposes; handles, processes, and stores grains and oilseeds; refines, bleaches, deodorizes, and blends edible fats and oil products; and crushes, processes, manufactures, and distributes edible oils. It also supplies vegetable oil and molasses-based feed supplements to enhance farm productivity; and produces canola oil and canola meal. In addition, the company provides blended and single oils, infant nutrition, bakery products, margarines, spreads, and frying shortening; crushes oilseed products used in cooking oils, spreads and shortenings, prepared foods, meal for dairy, poultry and livestock, cosmetics, and lubricants; and operates bulk port terminals. Further, it engages in the procurement, shipping, accreditation, and value-added supply of tallow and used cooking oil. GrainCorp Limited was founded in 1916 and is headquartered in Sydney, Australia.

Company	Company description
Elders Limited	Elders Limited provides agricultural products and services to rural and regional customers primarily in Australia. The company operates through Branch Network, Wholesale Products, and Feed and Processing Services segments. It supplies rural farm inputs, such as seeds, fertilizers, agricultural chemicals, animal health products, and general rural merchandise, as well as professional production and cropping advisory services; and provides retail services through corporate owned stores and through the Ag, Horse, and Pet brand names to independently owned member stores. The company also provides on-farm sales to third parties, regular physical, and online public livestock auctions, as well as directly sells through its owned and third-party feedlots and livestock exporters; agency services for the sale of greasy wool and grain; and brokering services for wool growers. In addition, it markets farms, stations, and lifestyle estates; residential real estate agency and property management services; and water broking and commercial real estate. Further, the company provides a range of banking and insurance products and services; and operates AuctionsPlus, an online livestock auction platform. Additionally, it is involved in grain-fed distribution, beef grass-fattening operations, cow manure processing, and irrigated corn production activities. Elders Limited was founded in 1839 and is headquartered in Adelaide, Australia.
PGG Wrightson Limited	PGG Wrightson Limited engages in the provision of goods and services for agricultural and horticultural sectors in New Zealand. The company operates in two segments: Agency, and Retail & Water. It operates rural supplies stores that offer a range of products, such as seed, ag chem, fertilizer, bulk feed, pet supplies, machinery, animal health, fencing, and water and irrigation equipment. The company is also involved in the provision of crop monitoring and protection, and testing and technical services, as well as irrigation products and services plant nutrition and organic options for grape and vegetable growers and pip and stone fruit exporters. In addition, it offers agency services for the sale and purchase of livestock through auction, private sale, on farm sales and specialist stud stock sales; and auctions, sells, and markets wool sourced from wool growers and manufacturers. Further, the company engages in the provision of effluent dispersal and stock water systems; and design, plan, retail, construction, onsite consultation, installation, maintenance, and repair of agricultural and horticultural irrigation systems, as well as water reticulation and dairy farm requirements in dairy sheds. Additionally, it is involved in the listing and sale of lifestyle, residential, and commercial properties; and provision of insurance risk advisory and brokerage services, covering rural, lifestyle, and bull insurance solutions. PGG Wrightson Limited was founded in 1841 and is headquartered in Christchurch, New Zealand.
Inghams	Inghams Group Limited, together with its subsidiaries, produces and sells chicken and turkey products in Australia and New Zealand. The company provides frozen, gluten free, and ready to cook chicken and turkey products under the Ingham's brand name. It also offers stock feeds for poultry and pig industries. Inghams Group Limited was founded in 1918 and is based in North Ryde, Australia.
Costa Group Holdings Limited	Costa Group Holdings Limited produces, packs, and markets fruits and vegetables to food retailers. It operates through three segments: Produce, Costa Farms and Logistics, and International. Produce segment engages in farming, packing, and marketing of berries, mushrooms, glasshouse grown tomatoes, citrus, and avocados and bananas primarily to food retailers. Its Costa Farms and Logistics segment operates logistics, wholesale, and marketing services including warehousing and ripening facilities, and trading within Australia. International segment engages in licensing blueberry varieties in Australia, the Americas, China, Africa, and internationally; and berry farming activities in Morocco and China. It also exports its products. The company was founded in 1888 and is headquartered in Docklands, Australia.
Ridley Corporation Limited	Ridley Corporation Limited, together with its subsidiaries, provides animal nutrition solutions in Australia. It operates through two segments, Packaged Feeds and Ingredients, and Bulk Stockfeeds. The company provides feeds for horses, chicken and poultry dairy cattle, beef cattle, sheep, goats, alpacas, llamas, kangaroos and wallabies, guinea pigs, rats, and mice; monogastric and ruminant commercial feeds; aquafeed for salmon, prawns, barramundi, yellowtail kingfish, and trout, as well as mulloway, silver perch, and other native species; and rendered poultry, red meat, and fish products. It offers its products primarily under the Ridley, Barastoc, Cobber, Rumevite, Primo, Monds Feed, LNT, and PALASTART brands. The company also exports its products. Ridley Corporation Limited was incorporated in 1987 and is headquartered in Melbourne, Australia.
Sanford Limited	Sanford Limited engages in the harvesting, processing, and selling of seafood products. It operates through Wildcatch and Aquaculture segments. The company catches and processes inshore and deepwater fish species, as well as farms, harvests, and processes mussels and salmon. Its seafood products include Antarctic toothfish, arrow squid, barracouta, gemfish, ghost shark, greenshell mussels, hake, hapuku, hoki, john dory, kahawai, king salmon, lemon sole, ling, monkfish, New Zealand sole, orange roughy, red cod, scampi, silver warehou, smooth oreo dory, snapper, southern blue whiting, trevally, and yellowbelly flounder. It operates in New Zealand, North America, China, Australia, Europe, Other Asian countries, Japan, the Middle East, South Korea, Hong Kong, Central and South America, Africa, and Pacific. The company was founded in 1881 and is headquartered in Auckland, New Zealand.
New Zealand King Salmon Investments Limited	New Zealand King Salmon Investments Limited, together with its subsidiaries, engages in the farming, processing, and sale of premium salmon products in New Zealand, North America, Australia, Japan, Europe, and internationally. It offers whole fish, fillets, raw portions, cold smoked, wood roasted, salmon and potato cakes, caviar, oil, kibble, and pet treats, as well as ready to cook portion with sauce sachet. The company sells its products to chefs, consumers, retailers, and wholesalers under the Ōra King, Regal, Southern Ocean, Omega Plus, and New Zealand King Salmon brands. New Zealand King Salmon Investments Limited was incorporated in 2008 and is headquartered in Nelson, New Zealand.

Company	Company description
Archer-Daniels-Midland Company	Archer-Daniels-Midland Company procures, transports, stores, processes, and merchandises agricultural commodities, products, and ingredients in the United States, Switzerland, the Cayman Islands, Brazil, Mexico, Canada, the United Kingdom, and internationally. The company operates in three segments: Ag Services and Oilseeds, Carbohydrate Solutions, and Nutrition. It originates, merchandises, stores, and transports agricultural raw materials, such as oilseeds and soft seeds. The company also engages in the agricultural commodity and feed product import, export, and distribution; and structured trade finance activities. In addition, it offers vegetable oils and protein meals; ingredients for the food, feed, energy, and industrial customers; crude vegetable oils, salad oils, margarine, shortening, and other food products; and partially refined oils to produce biodiesel and glycols for use in chemicals, paints, and other industrial products. Further, the company provides peanuts, peanut-derived ingredients, and cotton cellulose pulp; sweeteners, corn and wheat starches, syrup, glucose, wheat flour, and dextrose; alcohol and other food and animal feed ingredients; ethyl alcohol and ethanol; corn gluten feed and meal; distillers' grains; and citric acids. Additionally, the company provides natural flavors, flavor systems, natural colors, proteins, emulsifiers, soluble fiber, polyols, hydrocolloids, probiotics, prebiotics, enzymes, and botanical extracts; and other specialty food and feed ingredients; edible beans; formula feeds, and animal health and nutrition products; and contract and private label pet treats and foods. It also offers futures commission merchant; commodity brokerage services; cash margins and securities pledged to commodity exchange clearinghouses; and cash pledged as security under certain insurance arrangements. The company was founded in 1902 and is headquartered in Chicago, Illinois.
Wilmar International Limited	Wilmar International Limited operates as an agribusiness company in Singapore, South East Asia, the People's Republic of China, India, Europe, Australia/New Zealand, Africa, and internationally. The company operates through four segments: Food Products, Feed and Industrial Products, Plantation and Sugar Milling, and Others. The Food Products segment engages in the processing, branding, and distribution of a range of edible food products, including vegetable oil produced from palm and oilseeds, sugar, flour, rice, noodles, specialty fats, snacks, bakery, and dairy products. The Feed and Industrial Products segment is involved in the processing, merchandising, and distribution of products, such as animal feeds, non-edible palm and lauric products, agricultural commodities, oleochemicals, gas oil, and biodiesel. The Plantation and Sugar Milling segment engages in the cultivation and milling of palm oil and sugarcane. The Others segment provides logistics and jetty port services, as well as engages in investment activities. As of December 31, 2022, Wilmar International Limited owned an oil palm plantation covering an area of 231,697 hectares. The company was formerly known as Ezyhealth Asia Pacific Ltd and changed its name to Wilmar International Limited in July 2006. Wilmar International Limited was founded in 1991 and is headquartered in Singapore.
Bunge Global SA	Bunge Global SA operates as an agribusiness and food company worldwide. It operates through four segments: Agribusiness, Refined and Specialty Oils, Milling, and Sugar and Bioenergy. The Agribusiness segment purchases, stores, transports, processes, and sells agricultural commodities and commodity products, including oilseeds primarily soybeans, rapeseed, canola, and sunflower seeds, as well as grains comprising wheat and corn; and processes oilseeds into vegetable oils and protein meals. This segment offers its products for animal feed manufacturers, livestock producers, wheat and corn millers, and other oilseed processors, as well as third-party edible oil processing and biofuel companies for biofuel production applications. The Refined and Specialty Oils segment sells packaged and bulk oils and fats that comprise cooking oils, shortenings, margarines, mayonnaise, renewable diesel feedstocks, and other products for baked goods companies, snack food producers, confectioners, restaurant chains, foodservice operators, infant nutrition companies, and other food manufacturers, as well as grocery chains, wholesalers, distributors, and other retailers. This segment also refines and fractionates palm oil, palm kernel oil, coconut oil, and shea butter, and olive oil; and produces specialty ingredients derived from vegetable oils, such as lecithin. The Milling segment provides wheat flours and bakery mixes; corn milling products that comprise dry-milled corn meals and flours, wet-milled masa and flours, and flaking and brewer's grits, as well as soy-fortified corn meal, corn-soy blends, and other products; whole grain and fiber ingredients; die-cut pellets; and non-GMO products. The Sugar and Bioenergy segment produces sugar and ethanol; and generates electricity from burning sugarcane bagasse. Bunge Global SA was founded in 1818 and is headquartered in Chesterfield, Missouri.
Olam Group Limited	Olam Group Limited engages in the sourcing, processing, packaging, and merchandising of agricultural products worldwide. It operates through Olam Food Ingredients, Olam Agri, and Remaining Olam Group segments. The company offers cocoa, coffee, dairy, nuts, and spices; grains and oilseeds, integrated feed and proteins, edible oils, rice, specialty grains and seeds, cotton, rubber, animal feed and protein, poultry breeding, wood products, and commodity financial services; confectionery products, such as lollipop under the OK Pop brand and candies in the milk, mint, and flavoured segments; biscuits, including milk cookies, wafers, and cocoa biscuits under the Perk, Chic Choc, and King Crackers brand names; Noodles under the Cherie brand name; tomato mix, which is used to prepare jollof rice, stews, soups, and various other items under the Tasty Tom, De Rica, and Festin brand name; and drinking yoghurt. It also operates AtSource, a platform for agricultural supply chains. Olam Group Limited was founded in 1989 and is headquartered in Singapore.

Company	Company description
The Andersons, Inc.	The Andersons, Inc. operates in trade, renewables, and plant nutrient sectors in the United States and internationally. It operates through three segments: Trade, Renewables, and Plant Nutrient. The company's Trade segment operates grain elevators; stores commodities; and provides grain marketing, risk management, and origination services, as well as sells commodities, such as corn, soybeans, wheat, oats, and corn oil. This segment also engages in the commodity merchandising business, as well as offers logistics for physical commodities, such as whole grains, grain products, feed ingredients, domestic fuel products, and other agricultural commodities. Its Renewables segment produces, purchases, and sells ethanol, and co-products, as well as offers facility operations, risk management, and marketing services to the ethanol plants it invests in and operates. The company's Plant Nutrient segment manufactures, distributes, and retails agricultural and related plant nutrients, liquid industrial products, corncob-based products, and pelleted lime and gypsum products, as well as turf fertilizer, pesticide, and herbicide products; and crop nutrients, crop protection chemicals, and seed products, as well as provides application and agronomic services to commercial and family farmers. In addition, this segment produces corncob-based products for laboratory animal bedding and private-label cat litter, as well as absorbents, blast cleaners, carriers, and polishers; professional lawn care products for golf course and turf care markets; fertilizer and weed, and pest control products; pelleted lime, gypsum, and value add soil amendments; and micronutrients, and soil amendments, as well as industrial products comprising nitrogen reagents, calcium nitrate, deicers, and dust abatement products. The Andersons, Inc. was founded in 1947 and is based in Maumee, Ohio.

Source: Capital IQ

B.2 Multiples of Comparable Transactions

To assist us in determining the most appropriate capitalisation multiple to apply to the maintainable earnings of Namoi, it is useful to analyse recent sales transactions involving companies operating in a similar industry.

The price achieved in a sales transaction generally provides reliable evidence of earnings multiples for a valuation as it represents the market value of a controlling interest (including a control premium) in the asset being acquired. We note, however, that each sales transaction is a product of a combination of factors which may or may not be specific to the proposed transaction, including:

- Economic factors;
- Regulatory framework;
- General investment and share market conditions;
- Synergy benefits specific to the acquirer; and
- The number of potential buyers.

We have conducted research into transactions involving companies that operate in the agricultural industry. The information needs to be considered with caution for reasons which include the following:

- The transactions often involve agricultural companies that differ in size compared with Namoi;
- The transactions involve agricultural companies operating in different product segments to Namoi; and
- The financial information available on each of the transactions is limited.

The results of our independent research, based on databases we subscribe to, is detailed in Table B.3 below.
A description of each of the target companies in the broadly comparable transactions set out in Table B.3 and Table B.4 below.

Table B.3: Historical Comparable Transactions

Target	Acquirer	Completion date	Implied EV ($M)	Implied Historical EV/EBITDA	Implied Sustainable EV/EBITDA
United Malt Group Limited	Malteries Soufflet SAS	Nov-23	2,152	19.6x	11.5x
Costa Group Holdings Limited	Various (**Note 1**)	Feb-24	2,485	11.4x	9.9x
Business and Assets of 2PH Farms Pty Ltd (**Note 2**)	Costa Group Holdings Limited	Jul-21	200	6.9x	n/a
Ruralco Holdings Limited	Landmark Operations Limited (nka: Nutrien ag Solutions Limited)	Sep-19	636	10.3x	n/a
Capilano Honey Limited	ROC Capital Pty Ltd; Wattle Hill Capital; Wattle Hill RHC Fund 1	Dec-18	210	13.0x	12.7x
GrainCorp Limited (**Note 3**)	Archer Daniels Midland Company	n/a	3,257	7.87x	8.4x
AWB Limited (**Note 4**)	Agrium Inc.	Aug-10	1,633	10.6x	10.4x
Queensland Cotton Holdings Limited (**Note 5**)	Olam International Limited	Jun-07	287	10.1x	8.1x
Mean			**1,358**	**11.2x**	**10.2x**
Median			**1,135**	**10.5x**	**10.2x**
Min			**200**	**6.9x**	**8.1x**
Max			**3,257**	**19.6x**	**12.7x**

Source: Capital IQ as at 7 May 2024 and additional sources detailed below.

1 This transaction was the subject of a scheme of arrangement and successfully closed during February 2024. Costa Group Holdings Limited was subsequently de-listed from the ASX. BDOCF extracted information from the Independent Expert Report included with the scheme booklet included in the ASX announcement dated 11 December 2023.

2 Information sourced by BDOCF from the Costa Group Holdings Limited Independent Expert included in the ASX announcement of Costa Group Holdings Limited dated 11 December 2023.

3 This transaction was approved by the Board of GrainCorp Limited and recommended to shareholders but ultimately rejected by the Treasurer of Australia on 29 November 2013 citing concerns over the control of key infrastructure such as silos and ports. BDOCF has extracted information from the announcement to the ASX dated 24 June 2013 (including the transaction scheme booklet and independent expert report) to estimate the implied enterprise value. This estimate includes a total cash offer of $13.20 per share, 228.9 million ordinary shares on a fully diluted basis and $235.7 of surplus assets and liabilities for an implied enterprise value of $3,257.2 million. The most recent historical EBITDA was extracted from GrainCorp's FY12 Annual report ($413.9 million) for an implied EV/EBITDA multiple of 7.9x.

4 BDOCF has extracted information from the announcement to the ASX dated 5 October 2010 (including transaction scheme booklet and independent expert report) as well as AWB Limited's FY09 Annual Report and FY10 Half-Year Report to estimate the transaction's implied enterprise value and implied EBITDA. The enterprise value estimate includes an all cash-offer of $1.50 per share, 824.3 million fully diluted shares on issue, approximately $604 million in surplus asset and liabilities for a total implied enterprise value of $1,841 million. The most recent historical EBITDA was extracted from the FY09 Annual Report ($174 million) and excludes the EBITDA of discontinued/held for sale operations for an implied multiple of 10.56x.

5 BDOCF has extracted information from various Bidder Statement announcements from Olam Group Limited, the acquirer, including the final take-over offer dated 21 June 2007, as well as Queensland Cotton Holdings Limited's 28 February 2007 Annual Report and the Independent Expert Report included in the ASX Announcement dated 3 April 2007 by Queensland Cotton Limited. The enterprise value estimate includes an all-cash offer of $5.90 per share, 28.2 million of fully diluted shares on issue, approximately $115 million of surplus assets and liabilities for a total enterprise value of approximately $287 million. Queensland Cotton Limited's final FY07 reported historical EBITDA of approximately $28.5 million brought the transaction's implied EV/EBITDA multiple at approximately 10.07x. The independent expert estimated that Queensland Cotton's sustainable EBITDA, under average seasonal conditions, was approximately $35.5 million per annum at the mid-point of the expert's estimate range.

Table B.4: Target Descriptions - Broadly Comparable Transactions

Company	Company description
United Malt Group Limited	United Malt Group Limited processes and supplies malt and craft ingredients to brewers, distillers, and food markets in North America, the United Kingdom, Europe, Australia, and Asia. The company operates through Processing and Warehouse & Distribution segments. It is also involved in the distribution and sale of bagged malt, hops, yeast, adjuncts, and related products to craft brewers. The company was incorporated in 2009 and is headquartered in Vancouver, Washington. As of November 15, 2023, United Malt Group Limited operates as a subsidiary of Malteries Soufflet SAS.
Costa Group Holdings Limited	Costa Group Holdings Limited produces, packs, and markets fruits and vegetables to food retailers. It operates through three segments: Produce, Costa Farms and Logistics, and International. Produce segment engages in farming, packing, and marketing of berries, mushrooms, glasshouse grown tomatoes, citrus, and avocados and bananas primarily to food retailers. Its Costa Farms and Logistics segment operates logistics, wholesale, and marketing services including warehousing and ripening facilities, and trading within Australia. International segment engages in licensing blueberry varieties in Australia, the Americas, China, Africa, and internationally; and berry farming activities in Morocco and China. It also exports its products. The company was founded in 1888 and is headquartered in Docklands, Australia.
Business and Assets of 2PH Farms Pty Ltd	2PH Farms sold their citrus growing assets to Costa Group Holdings Limited.

Company	Company description
Ruralco Holdings Limited	Ruralco Holdings Limited sells and markets merchandise, fertilizers, water products, and financial services products to rural and related customers in Australia. It operates through Rural Services, Water Services, Live Export, and Financial Services segments. The company offers agronomic advisory and agency services, as well as sells supplies, such as fertilizers, crop-protection products, and general farm merchandise; and insurance broking, finance broking, and commodity advice and analysis services. It is also involved in the sale of domestic, civil, industrial, and agricultural irrigation products and parts; design, construction, installation, and maintenance of on-farm water infrastructure solutions; and brokering the purchase and sale of temporary and permanent water entitlements, as well as export of feeder and slaughter cattle. In addition, the company provides grain trading services; wool marketing services; livestock specialist services, including advice on buying and selling livestock, herd selection, and genetics for dairy and beef cattle and sheep; and agricultural advisory, risk analysis, and management services. Further, it engages in the marketing and selling rural, rural lifestyle, commercial, and residential real estate properties. Ruralco Holdings Limited is based in Macquarie Park, Australia. As of September 30, 2019, Ruralco Holdings Limited operates as a subsidiary of Landmark Operations Limited.
Capilano Honey Limited	Capilano Honey Limited packs and sells honey under the Capilano brand in Australia and internationally. It also exports its products. The company was founded in 1953 and is headquartered in Richlands, Australia. As of December 5, 2018, Capilano Honey Limited was taken private.
GrainCorp Limited	GrainCorp Limited then operated as an agribusiness and processing company in Australasia, North America, and Europe. It operates through two segments, Agribusiness and Processing. The company handles and trades in wheat, barley, sorghum, corn, oilseeds, pulses, organics, animal fats, and used cooking oils and vegetable oils for animal feed purposes; handles, processes, and stores grains and oilseeds; refines, bleaches, deodorizes, and blends edible fats and oil products; and crushes, processes, manufactures, and distributes edible oils. It also supplies vegetable oil and molasses-based feed supplements to enhance farm productivity; and produces canola oil and canola meal. In addition, the company provides blended and single oils, infant nutrition, bakery products, margarines, spreads, and frying shortening; crushes oilseed products used in cooking oils, spreads and shortenings, prepared foods, meal for dairy, poultry and livestock, cosmetics, and lubricants; and operates bulk port terminals. Further, it engages in the procurement, shipping, accreditation, and value-added supply of tallow and used cooking oil. GrainCorp Limited was founded in 1916 and is headquartered in Sydney, Australia.
AWB Limited	AWB Ltd., originally known as the Australian Wheat Board, is a leader in the Australian grain marketing industry. With a rich history dating back to its establishment for the centralised marketing of wheat, AWB has evolved into a diversified agricultural business. The company specialises in the storage and handling, origination, trading and processing of grain and oilseeds to both domestic and international markets.
Queensland Cotton	Queensland Cotton Holdings Pty Ltd. engages in procuring, packing, and delivering cotton to consumers worldwide. It also operates cotton ginning facilities in Queensland and New South Wales. Queensland Cotton Holdings Pty Ltd. was formerly known as Queensland Cotton Holdings Limited and changed its name to Queensland Cotton Holdings Pty Ltd. in 2007. The company was founded in 1921 and is based in Brisbane, Australia. As of July 17, 2007, Queensland Cotton Holdings Pty Ltd. operates as a subsidiary of Olam International Limited.

Source: Capital IQ and BDOCF Analysis