

NAMOI COTTON LIMITED (ASX: NAM)
RECEIPT OF NON-BINDING INDICATIVE OFFER FROM LOUIS DREYFUS COMPANY

Namoi Cotton Limited ('Namoi') advises that it has received a non-binding, indicative and conditional offer ('NBIO') from Louis Dreyfus Company Asia Pte. Ltd. ('LDC') to acquire the remaining 83% of issued shares in Namoi that it does not currently own, by way of a scheme of arrangement ('Scheme'), for a total cash consideration of \$0.51 per share. The NBIO permits Namoi to pay a dividend of \$0.01 per share to Namoi shareholders prior to Scheme implementation, which is not conditional on the Scheme proceeding and which would reduce the cash consideration to \$0.50 per share.

Details of NBIO

The NBIO, with a total cash consideration of \$0.51 per share, represents a premium of 44% to the last closing share price of \$0.355 per share and a premium of 37% to the three-month VWAP of \$0.372 per share¹.

The NBIO was submitted by LDC following Namoi's strategic review process, which Namoi announced on 29 June 2023. As part of this process, Namoi reviewed a wide range of options to seek to maximise value for Namoi shareholders and to deliver a stronger business.

The NBIO is subject to a number of conditions, including (but not limited to):

- completion of confirmatory due diligence to the satisfaction of LDC; and
- entry into a Scheme Implementation Agreement ('SIA') that will be subject to a range of conditions, including regulatory approvals (Australian Competition and Consumer Commission, Foreign Investment Review Board and Australian Securities and Investment Commission) and Namoi shareholder approval at a Scheme meeting.

Louis Dreyfus Company

LDC is Namoi's joint venture partner in Namoi Cotton Alliance ('NCA') and Namoi Cotton Marketing Alliance ('NCMA')² and also holds a 17% shareholding ownership stake in Namoi.

As the most preferred outcome of a detailed strategic review, Namoi Cotton Executive Chairman, Mr Tim Watson commented that "Combining Namoi's ginning business with LDC is designed to create a strengthened and sustainable business for our grower customers and staff. This proposal builds on our existing relationship with LDC in our lint marketing and warehousing joint venture business for the past ten years."

LDC values the capability and relationships built by Namoi over the past 60 years and intends to operate all Namoi's gins in the normal course, maintain an office in Toowoomba and retain the Namoi Cotton brand name.

¹ Closing price and three-month VWAP as at 27 November 2023.

² LDC has a 49% interest in NCA (warehousing business) and 85% interest in NCMA (lint marketing business).

Board intention

Following careful consideration of the NBIO, the Namoi Board (with Sarah Scales abstaining) has determined that it is in the best interests of Namoi shareholders to progress the NBIO and to allow LDC to undertake confirmatory due diligence to enable it to provide a binding proposal and to negotiate and enter into a binding SIA.

If LDC provides a binding proposal consistent with the terms of the NBIO and, subject to entry into a binding SIA in a form acceptable to Namoi, each member of the Board of Namoi (other than Sarah Scales who is abstaining) intends to recommend that Namoi shareholders vote in favour of the potential transaction, in the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the potential transaction is in the best interests of Namoi shareholders.

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

Next steps

The NBIO is conditional on providing LDC with certain exclusivity rights. Accordingly, Namoi has agreed to provide LDC with the opportunity to conduct due diligence on an exclusive basis until the earlier of the date that a binding SIA is signed and 31 January 2024 ('Exclusivity Period').

During the Exclusivity Period customary exclusivity restrictions apply, including "no shop", "no talk", "no due diligence" and "notification" obligations. After 4 weeks, being on and from 27 December 2023, the Namoi Board is able to exercise its fiduciary out to deal with potentially superior proposals from competing acquirers. In certain circumstances, including if Namoi breaches certain exclusivity restrictions, Namoi has agreed to reimburse LDC's incurred due diligence costs up to a maximum amount of A\$500,000.

A summary of the binding exclusivity terms is attached to this announcement.

At this stage Namoi shareholders do not need to take any action. Namoi will continue to keep shareholders and the market informed of developments associated with the NBIO in accordance with its continuous disclosure obligations.

The Namoi Board notes that there is no certainty that the engagement between Namoi and LDC will result in LDC providing a binding proposal that is capable of being recommended, the entry into a binding SIA, or completion of the potential transaction.

Blackpeak Capital is acting as financial advisor to Namoi. KWM is acting as legal advisor to Namoi.

This announcement was approved by the Board of Namoi Cotton.

For further information, please contact:

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

Appendix: Summary of binding exclusivity and cost-reimbursement arrangements

Issue	Terms
Exclusivity Period	<p>Namoi agrees to deal exclusively with LDC in relation to the proposed transaction (and Namoi and LDC agree to negotiate with each other in good faith) up until the earlier of:</p> <ul style="list-style-type: none"> (a) the date on which a binding SIA is signed; and (b) 31 January 2024.
No shop	<p>During the Exclusivity Period, Namoi must not directly or indirectly initiate, solicit, encourage (including by providing information to any person) or invite a Competing Offer.</p> <p>A “Competing Offer” is any proposal or offer which, if entered into or completed, would result in any third-party acquiring voting power in Namoi of more than 10% or otherwise acquiring an economic interest in all or a substantial part of the property or assets of Namoi.</p>
No talk	<p>Subject to the fiduciary out which will apply from 26 December 2023, during the Exclusivity Period, Namoi must not directly or indirectly, participate in any discussions or negotiations with any person regarding a Competing Offer even if:</p> <ul style="list-style-type: none"> (a) that person’s Competing Offer was not solicited by Namoi; or (b) that person has publicly announced their Competing Offer.
No due diligence	<p>Subject to the fiduciary out which will apply from 26 December 2023, Namoi must not directly or indirectly, assist any person (other than LDC), to undertake a due diligence review, or otherwise provide any non-public information in relation to all or substantially all of the assets and business of Namoi.</p>
Fiduciary out	<p>Each of the “no talk” and “no due diligence” restrictions do not apply after 26 December 2023 to the extent that the relevant restriction restricts Namoi or the Namoi Board (or Namoi’s representatives) from taking or refusing to take any action with respect to an actual, proposed or potential Competing Offer (which was not solicited, encouraged, initiated or invited by Namoi or its representatives in breach of the “no shop” restriction), provided that the Namoi Board has determined in good faith that, after having received written legal advice from its external legal advisors, that failing to respond to such a genuine Competing Offer would be reasonably likely to constitute a breach of the Namoi Board’s fiduciary or statutory obligations.</p> <p>Nothing prevents Namoi from continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to any proposed transaction or its business generally or fulfilling its continuous disclosure requirements.</p>

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<p>Notification of Competing Offer</p>	<p>During the Exclusivity Period, Namoi must promptly (and in any event, within 24 hours) notify LDC in writing of any approach, inquiry or proposal made by any person to it or any of its representatives in relation to an actual, proposed or potential Competing Offer (including, for the avoidance of doubt, any request or proposal to which the “no talk”, “no due diligence” and/or fiduciary out provisions may apply), and as part of that notification will provide all the material details of the approach (including the price (or if not cash, implied value), form of consideration, conditions precedent, timing, break fee provisions (if any) and other key terms of any Competing Offer and the identity of the proponents of any such proposal) in each case to the extent known by Namoi.</p>
<p>Cost Reimbursement</p>	<p>If:</p> <ul style="list-style-type: none"> (a) Namoi breaches any of its “no shop” obligations; (b) another party successfully acquires control of Namoi or all or a substantial part of the business and assets of Namoi; or (c) prior to entry into a SIA between Namoi and LDC (or its nominee), Namoi terminates discussions with LDC about the proposed sale of the shares in Namoi not presently owned by LDC, <p>Namoi will reimburse LDC’s incurred due diligence costs (comprising financial & tax (Ernst & Young), legal (PwC Legal) and environmental (Arcadis) due diligence costs) and payments made to other advisors incurred up to a maximum amount of A\$500,000.</p>
<p>Governing Law</p>	<p>The provisions are governed by the laws of Queensland.</p>