

TRANSCRIPTION

Company: Nufarm Limited (NUF)

Date: 1 February 2024

Time: 11AM AEDT

[START OF TRANSCRIPT]

John Gillam:

Good morning, ladies and gentlemen. My name is John Gillam. I'm the chair of Nufarm, and welcome to all of you to our 2024 annual general meeting, whether you are in the room with us or participating online. Our company secretary has informed me that we have a quorum present and I officially declare our meeting open. I'm chairing the meeting from our headquarters in Laverton in Melbourne today, and I'm on the lands of the Bunurong people of the Kulin nation, and I wish to acknowledge them as traditional owners. I would also like to pay my respects to their elders, past and present, and to aboriginal elders of other communities who may be joining us today. The notice of meeting dated 15 December 2023 was made available to all shareholders and I propose to take the notice of meeting as read. The online component of today's hybrid meeting is being facilitated by Computershare's online meeting platform. This allows shareholders, proxies, and guests to attend the meeting virtually. All attendees can watch a live webcast at the meeting. In addition, shareholders and proxies can ask questions and submit votes.

Before I turn to how to participate in today's meeting, I'd like to welcome my fellow board members and other guests who are in attendance today. With me today is Greg Hunt, our CEO and managing director. Joining us here in Melbourne are Marie McDonald, Lynne Saint and Alexandra Gartmann. We have Federico Tripodi and Adrian Percy joining us virtually from the United States where it's the early evening for them, and I'm sure you'll all understand that David Jones, who is based in Switzerland at the moment, is an acceptable apology since it's well after midnight for him. In addition, Greg and I are joined in the room by Paul Townsend, our chief financial officer, Kate Hall, our company secretary, and Grant Saligari, our general manager of investor relations. And Grant will be moderating the questions from shareholders later in the meeting. We're also joined by Chris Sargent representing our auditor, KPMG, who is available to answer any questions in relation to the financial year 2023 audit later in the meeting.

This is actually Chris's final audit of Nufarm. Thank you for all your services to us over that time. And we also welcome our incoming audit partner, Vicky Carlson, and I think the official changeover is when I close the meeting. Before we move to the formalities, there are several housekeeping matters regarding how to participate in the hybrid meeting, which I need to work through, so please bear with me. For those attending the meeting online who wish to submit a written question, you may do so at any time during the meeting via the speech bubble icon on your screen. Type your question in the chat box on the right of the screen, and then select send, confirmation that your message has been received will appear above. Please note that while you can submit questions from now on, I will not address them until the relevant time in the meeting when I will also take questions from those in the room with us. Please also note that your questions may be moderated or if we receive multiple questions on one topic, we may choose to amalgamate them together.

For those shareholders participating online who wish to ask a verbal question, an audio questions facility is available during this meeting. Instructions on how to use this facility are shown below the broadcast window on the online platform. If you ask a verbal question, please state your full name before asking your question, and please limit your questions to only one to two questions at a time, and then rejoin the queue to allow others to ask questions. I do expect that we'll be able to answer all your questions today. In the event that we are not in a position to do so, we will answer them in due course via email or posting responses on our website. Depending on your questions, I will make the decision whether I'll answer them or I'll ask a member of management, another director or the auditor to respond. Voting today will be conducted by way of a poll on all items of business. To provide you with enough time to poll, I will surely open voting for all resolutions except item five, the conditional spill resolution, and I'll address item five later in the meeting.

If you're participating online and you're eligible to vote at this meeting, a voting tab is available. Selecting this tab will bring up a list of resolutions and present you with voting options. To cast your vote, simply select one of the options. There is no need to hit a submit or enter button as the vote is automatically recorded. You do, however, have the ability to change your vote up until the time I declare voting closed. For those of you in the room, your voting cards will be collected once voting is closed. And I now declare voting open. Please submit your votes at any time from now until the end of question time. I'll give you a warning before I move to close the voting. Michael Hutchison from Computershare will act as the returning officer for the purposes of conducting and determining the result of the poll, the results of which will be announced to the ASX later today. And that deals with the formalities of today's meeting and I'll now move to my formal address.

Welcome, shareholders and guests, to Nufarm's annual general meeting for the 2023 fiscal year. Today, we have shareholders present both in person and online, so please bear with us as we ensure that everyone enjoys the benefit of full participation. I'm honoured to chair an agricultural company with a unique Australian heritage, a strong global presence and one where cutting-edge science, technology, and innovation are defining and driving long-term growth. My introductory remarks will be followed by a few words from our managing director and CEO, Greg Hunt, after which I will return to the formal business of the meeting.

Nufarm's purpose.

Each year, the world reaches new milestones that serve to reinforce how critical plant science and innovation are to human and environmental health. With the world's population increasing in size and prosperity, farmers around the world must produce more whilst reducing the impact of agriculture on ecosystems. Moreover, with the increasing focus on the impacts of climate change, work to decarbonize our economies continues to intensify. Nufarm's innovation and solutions light the intersection of these megatrends.

Our purpose is to grow a better tomorrow. We strive to use plant science to help agriculture reliably and securely produce enough food, feed, and fuel in sustainable ways that protect the ongoing needs of future generations. Our crop protection products mitigate the production risks faced by farmers from pests, weeds, and diseases, which helps ensure populations have enough food. Further, the contribution of modern crop protection products to sustainable farming practises such as minimum and no-till cropping is an often overlooked fact, and innovative solutions such as our omega-3 canola are helping to reduce pressure on wild fish stocks in our oceans. Our carinata and energy cane crops are poised to provide sustainable feed stocks at a large scale for the rapidly growing biofuels industry as efforts to decarbonize transport accelerate. The synergies available from integrating our core crop protection, seeds, and beyond yield platforms linked with continued investment in innovation and technology will drive long-term growth and strong shareholder returns. I'll now spend some time reviewing the financial year 2023.

FY23 proved to be another watershed year for Nufarm as we continue to build both capabilities within the company and execute on our growth strategy. Our beyond yield growth platforms, which we've been developing over prior years, had a meaningful impact on our results. There has been a decade-long journey for our omega-3 canola platform and we've now entered the exciting stage where this product has been successfully commercialised and we're achieving increased customer adoption and revenues. To that end, we are focused on expanding the significant opportunity in aquaculture and the recent access achieved to the Norwegian market was a very important milestone for the company.

There are a number of wider growth opportunities for the technology in both animal and human nutrition, which we will continue to assess for the best way to generate value for shareholders. The development of a world-class bioenergy platform that can scale production of feed stocks to meet the growing demand for renewable fuel is well advanced.

Our channel partners and grower relationships, coupled with our global partnership with BP, will help us meet this demand by processing feed stocks into renewable fuels for end users. Our carinata crop is now commercialised on multiple continents, and during FY23, we recorded our first revenues for energy cane. Greg will talk to more detail on this during his comments. Strategies to de-risk our crop protection business over the past several years paid off during 2023 as we outperformed many of our global crop protection peers in tighter market conditions. The resilience demonstrated by our businesses in FY23 is testament to the ongoing discipline, strategic and commercial focus from Greg and the Nufarm team. Our confidence in the outlook enabled the board to declare a final dividend of five cents per share, bringing total dividends declared for the year to 10 cents per share, which was in line with the prior year. I'd like to just spend a few moments talking about bioenergy and the Australian market opportunity, and particularly to highlight the significance of opportunities for renewable fuels in the Australian market.

Australia's globally competitive agricultural sector is well-placed to both drive and benefit from the development of a local renewable fuels industry. Australian farmers are already providing feedstocks to support the decarbonization of transportation in Europe. Most of the canola Australia exports to Europe is converted into biofuels, thanks to the incentives for bioenergy production and use available in the EU. Renewable fuels can play a critical role in Australia's energy transition. Bioenergy Australia estimates that 45% of Australia's total energy use comes from liquid fuels. And liquid fuels remain a critical energy source to sectors such as aviation, where electrification and hydrogen power will not be viable options for long-haul flights for the foreseeable future. The Albanese Government has strengthened Australia's response to climate change through legislative emission reduction targets, reforming the Safeguard Mechanism, progressing the Aviation Green Paper, and the formation of the Jet Zero Council. And we were pleased to see that Minister Bowen's latest annual climate change statement highlighted the potential role of low-carbon liquid fuels to strengthen Australia's energy security and create good jobs.

We encourage the Albanese Government to be ambitious in harnessing Australia's natural resources and agricultural capabilities to build a local renewable fuels industry that will unlock another source of revenue for our farmers. Australia urgently needs policies to accelerate the development of a local renewable fuels industry to support the

decarbonization of hard-to-abate sectors like aviation. We have a narrow window of opportunity to achieve this before Australia falls too far behind other countries who already have policies successfully attracting investment to scale up their industries. Our ability to realise this once-in-a-generation opportunity hangs in the balance. Acting with a sense of urgency will accelerate Australia's decarbonization, strengthen our fuel security, create new jobs, and support the rural economy. I'd now like to turn to environmental, social, and government priorities. While Nufarm's products contribute directly to global sustainability goals, within our own operations, we accept the challenge to find new ways to minimise our direct environmental footprint. We are working towards a 30% targeted reduction in scope one and scope two greenhouse gas emissions from our manufacturing sites by 2030.

In FY23, recognising the evolving needs of board level oversight in driving sustainable outcomes, we established the board's sustainability and environment committee and revised the scope of two other board committees. This new committee is specifically charged with overseeing organisational performance in sustainability and environmental affairs. We are committed to diversity and inclusion, and our board composition continues to reflect our commitment to diversity and strong governance. At the date of this meeting, 43% of the board's non-executive directors are women. Across Nufarm, we have a workforce of approximately 3,000 people operating across 32 countries. At the end of FY23, 28% of our global workforce were women, and women comprised 35% of our senior leadership team. I encourage all shareholders to read our sustainability report, which you can access on our website. Turning to matters regarding the board, our board renewal programme completed its final phase in 2023. In November last year, longstanding non-executive directors Gordon Davis and Peter Margin retired from the board, and I would like to take this opportunity to formally thank and recognise them both for their highly-valuable contributions and commitment to Nufarm.

Earlier in the year, we were pleased to welcome to the board... Earlier in the 2023 year, I should say, we were pleased to welcome to the board Federico Tripodi and Adrian Percy as independent non-executive directors. Federico and Adrian are standing for election today and you will hear from both of them shortly. I'm pleased to let you know in advance that they're making terrific contributions in line with their impressive credentials.

Remuneration governance. Since our last AGM, we undertook extensive consultation on our remuneration framework with a wide range of shareholders and their representatives. We have reviewed and reset the remuneration arrangements for Nufarm's executive key management personnel focusing on maintaining a strong alignment between the rewards we provide to attract, retain, and motivate our key people, and the delivery of sustainable

financial returns to our shareholders. We look forward to receiving shareholder support for these changes.

In closing, having endured the impact of volatile and trying conditions in the past, it is pleasing to report a much more resilient result in FY23. Rest assured that significant efforts continue to be made to ensure our businesses are well-positioned to perform well in FY24 and future years. Looking forward, Nufarm is entering a new chapter of transformative growth and we remain on track to meet our publicly-stated FY26 aspirations. On behalf of the board, I would again like to reiterate our thanks to the Nufarm team for their unwavering dedication and commitment. I would also like to thank our customers for continuing to purchase Nufarm products. And to all of our shareholders, thank you for your ongoing support. I'll now pass to your managing director and CEO, Greg Hunt.

Greg Hunt:

Thank you, John. And I add my welcome to everybody joining us today. First, let me recap on the financial year gone by before talking about our growth platforms and the outlook for the new financial year. So financial year 2023 was a successful year for Nufarm. Advancing sustainable agriculture is at the core of our strategy and the investments that we're making in technology and our beyond yield platforms was increasingly evident in our financial results. We delivered revenues of 3.5 billion and EBITDA of 438 million in challenging market conditions, and this result was better than many of our industry peers. We delivered on inventory reduction targets in the second half of the year and we finished the full year with net debt within our target range of 1.5X to 2X EBITDA. We have a strong balance sheet. Earlier in the year, we completed a review of our capital structure which resulted in the 850 million ABL facility to stand alongside the US\$ 350 million notes established at attractive rates in January of 2022.

Earnings from our seed technology segment grew 67% year-on-year, and represented more than 20% of group EBITDA. In our renewable fuels platform, our carinata crop produces a non-food feedstock that can be rapidly expanded on multiple continents to meet the increasing demand of sustainable aviation fuel. During the year, we facilitated the first bulk shipment of carinata under our long-term market development agreement with BP. In 2024, we plan to expand further the carinata plantings in North and South America and undertake first commercial plantings in France and Spain, establishing production in the important European biofuels market. During the year, we recorded our first revenues for energy cane, which is the newest addition to our renewable fuels platform. Energy cane is a high-biomass sugarcane which delivers substantial improvements in ethanol and bioenergy output per hectare when compared with conventional sugarcane, and as an important potential

feedstock for second-generation biofuels. Over time, energy cane has the potential to be a significant part of our renewable fuels platform. These feedstocks are particularly relevant to hard-to-abate transport sectors such as marine and aviation where wind, solar, and hydrogen are unlikely to play a meaningful role.

The International Energy Agency expects global biofuels demand to expand by 25% over the next five years. We believe that the technical profile of carinata and energy cane position them as leading contenders in the renewable energy feedstock sector and will provide additional revenue streams for farmers, long-term regional development, and ultimately national economic growth. Pleasingly, we continue to hit important milestones in our omega-3 platform. This is a very important growth platform for Nufarm. 80% of the world's population does not get enough omega-3, and the demand for omega-3 oils is expected to double by 2050. The current supply comes largely from wild fish stocks which are volatile and over exploited. Our plant-based Aquaterra and Nutriterra products produced from our omega-3 canola will help meet that growing demand in a sustainable way. During the later part of 2023, Norway approved the use of our Aquaterra product in the important aquaculture industry. Norway is the largest producer of farmed salmon globally, and therefore the approval of Aquaterra in this market was a very important and significant milestone in the growth prospects for our omega-3 platform.

We also made the first sale of Nutriterra, which is a source of omega-3 for human use. These achievements are reflected in our confidence and our outlook for omega-3. And we remain on track to deliver between 50 and 70 million of revenue from omega-3 in financial year '24. For a number of years, we have been implementing strategies to de-risk our crop protection business, whilst also prudently deploying capital to achieve growth. During a year in which many of our global peers incurred significant reductions in profitability, our crop protection business recorded a less than 9% year-on-year decline in EBITDA. That decline followed a year of record profitability in financial year 2022. Importantly, we also continue to make significant strides towards innovation in our crop protection portfolio. Our pipeline of new product introductions from internal and partnered research efforts has never been stronger, and it gives us the confidence in continued growth towards our stated aspirations to 2026 and beyond.

In relation to specific markets, North America delivered another solid result. Our commercial relationships with Sumitomo remain positive. We extended our distribution agreements in Canada and in the US turf and ornamental segment, securing our joint position in these important markets. We continue to invest in our supply chain and manufacturing facilities, maintaining our position as a reliable and an efficient supplier to our channel partners. In our

European business, we have been navigating a period of product deregistrations, which in financial year '23 alone had a negative impact of €25 million on our revenues. We were able to largely mitigate this impact with new product introductions and organic growth. We do not expect product deregistrations to have a material impact over the financial years '24 to '26 and we are confident in the growth outlook for our European business. Earnings were impacted by manufacturing interruptions at our WIC site in the UK with under-recoveries of €20 million for financial year '23. The Wyke site is a globally significant operation for Nufarm, where we manufacture high-margin specialty phenoxy herbicides.

In addition to the capital expenditure programme that we announced in February of 2022 to address health, safety, environment, and reliability issues, we are planning a further investment of 140 million to expand phenoxy capacity at the Wyke facility. And finally to the APAC region, we continue to make progress in diversifying the earning space to improve returns. New products launched in Australia, New Zealand, and continued growth in our Indonesian business are building earnings resilience. Discipline on working capital management, particularly in managing inventories of lower-margin foundational products is helping to improve returns. We're also reinvesting in our manufacturing facilities and are making a modest investment to upgrade our 2,4-D facility here in Laverton, which will bolster our competitive position by reducing our manufacturing costs. Turning to the immediate future, as we noted at the time of our financial year '23 earnings call, the first half of financial year '24 was expected to be challenging. And this has proven to be the case over the first quarter as the industry has continued to deal with an overhang of inventory and higher costs of goods which has pressured margins.

Pleasingly, we've seen good rainfall across the east coast of Australia recently, which is expected to lead to increasing demand for crop protection products and improved prospects for the winter crop season. Sales volumes have also improved in North America as our channel partners begin to replenish stocks leading into the spring cropping season, however at lower margins. Generally, across the industry, channel inventories are relatively low following the COVID-related supply disruptions and volatility of active ingredient prices. In addition, grower economics remain favourable with attractive grain prices, a reduction in input costs and favourable seasonal conditions. We therefore expect improved demand for crop protection products in the second half of financial year '24. As a result of the challenging first half conditions in crop protection, we now expect that earnings will be less skewed towards the first half than previously indicated. We expect the group to return to growth in the second half of financial year '24 and we remain on track to meet our financial year '26 aspirations.

As I previously stated, we also remain on track to record 50 to 70 million of revenue from omega-3 in financial year '24. Prices for Aquaterra are expected to remain strong as reduced fishing quotas continue to negatively impact on the availability of fish oil. We're also able to confirm both additional grower contracts and intentions to plant omega-3 canola in 2024. We'll be able to provide additional information when we release our first half results. However, at this stage, our aspirations to at least double revenues from omega-3 in 2025 financial year remain on track. Likewise, we are expanding plantings carinata in 2024. We continue to diversify production across multiple geographies which will help mitigate the potential impact of regional weather events such as the drought that we experienced in Argentina in 2023.

In closing, I'd like to thank all of the team at Nufarm for continuing to deliver for our customers, your unwavering dedication shone through again this year. And to our shareholders, thank you once again for your continued support, your confidence, and your shared belief in the future value to be delivered from our business, and I look forward to providing an update on our first half performance in May. So again, thank you and I'll now hand back to John.

John Gillam:

Thanks, Greg. I'll now move to the discussions on the formal items of business that's set out in the notice of meeting and I'll remind you that the poll is open for voting. If you've not already done so, I encourage you to vote now. The notice of meeting contains all the material information in the board's possession to assist you in determining how you wish to vote. This includes the board's recommendation for shareholders to vote in favour of all resolutions except item five. Our board renewal process concluded in 2023, as I noted in my formal remarks, with the retirements of Gordon Davis and Peter Margin and the appointments of Federico Tripodi and Adrian Percy. Federico and Adrian are both standing for election and I'll invite them to address the meeting along with Lynne Saint who is standing for re-election. Details of each director's skills and experience are contained in the explanatory notes to the notice of meeting. And I'll now invite Federico to address the meeting via our audio link. Federico?

Federico Tripodi:

Thank you, John. Good morning, shareholders. Today, I am standing for election to the board of Nufarm for the first time after joining as an independent non-executive director in June of last year. Thank you to my fellow directors for inviting me to join the Nufarm board and for supporting my election today. Over the last few decades, I have led organisations focused on innovation and growth strategies across the agchem, seed, food, bioenergy, and

feed industries. My past experiences span a career at Monsanto to small entrepreneurial agtech innovators across the Americas, including past executive experiences as the CEO of a publicly-traded agtech company, corporate roles, research and development, boardrooms, and agtech investment.

I believe that technology and innovation can continue to transform our agricultural ecosystem to meet market needs, and that there is an impressive number of new innovations that have not reached the market yet. Most importantly, I believe that the winners will be companies with a global footprint that have a disciplined approach to growth and innovation and that are capable of screening and advancing the right solutions with a strong focus on execution. It is my opinion that Nufarm has the right footprint, execution-minded organisation and an integrated and relevant portfolio of opportunities to propel growth and shareholder value in this space. I look forward to bringing my experiences, time, and commitment to the board, including the innovation committee and the people, safety and remuneration committee, and to contribute to these results supporting a financially responsible, execution-minded path to growth and innovation. Thank you for your support.

John Gillam:

Thanks, Federico. Next, we'll hear from Adrian.

Adrian Percy:

Thank you, John. And good morning, shareholders. Today, I am standing for election to the board of Nufarm for the first time, following my appointment as an independent non-executive director last July. Thank you to my fellow directors for inviting me to join the Nufarm board and for supporting my election today. I'm excited to have the opportunity to join the company at this stage in its development.

I bring to Nufarm my experience from working in executive positions in R&D-based companies in this sector, as well as an advisor and board member to a variety of earlier-stage companies developing transformational technology for the ag sector. I have a strong belief in the necessity and opportunity for Nufarm to move to a more innovative seed and crop protection portfolio that will increase our value to farmers across the world. I look forward to continue working with a board and executive team that values a healthy and productive company culture and is focused on its customers and its mission to both enhance food security and environmental health. I confirm that I have the capacity and desire to contribute as a non-executive director for the next three years, including as a member of the innovation committee and the sustainability and environment committee. Thank you all for your support.

John Gillam:

Thank you, Adrian. And finally, I'll invite Lynne to speak.

Lynne Saint:

Thank you. And good morning, everyone. Today, I'm standing for re-election as an independent non-executive director of Nufarm, and I thank my board colleagues for their support this past three years and for supporting my re-election. I first joined the board of Nufarm in December of 2020, and since then have served on the remuneration, nominations and governance, sustainability and environment, and the audit and risk committees. And since July of '21, as chair of the audit and risk committee. As an executive, my breadth was global, in finance, tax, treasury, ethics and compliance, governance, risk and audit, all skills which in the Nufarm context allow me to serve you well as we drive growth in a prudent, structured, measured way and with sound governance. I look forward to continuing to contribute these skills to Nufarm over the next three years, and I can confirm that I have the capacity and the desire to continue as a non-executive director should I be reelected today. And thank you all for your support.

John Gillam:

Thanks, Lynne. Now we move into the question section of the meeting, and I will shortly take questions on all items of business in the order that they are submitted or on any general questions relating to Nufarm that you have. I encourage you to submit your question via the online platform if you've not already done so. As I mentioned earlier, the poll is open on all items of business except item five. The proxy results for all items of business are now being displayed on the screen. It's there. You can see that proxy voting indicates item one is likely to pass with over 99% support. I note this is on track to be the highest level of support for our remuneration report in the past five years. We're very pleased we've been able to reconcile and address the feedback from a range of shareholders after last year's first strike.

At this stage, item five on the notice of meeting, being the conditional spill resolution, will not be required to be put to today's meeting, and our returning officer will confirm that and the final vote immediately prior to the poll closing. And at this point, regarding item one, we thank the shareholders for their support. I'll now take questions from the floor and I'll ask Grant Saligari, our general manager investor relations to read me the questions submitted online and I'll decide whether to respond myself or ask one of the directors or executives to answer. So stay on your toes, those that are here. Chris Sargent from KPMG, as we introduced at the start, is also available to answer any questions on the audits. Grant?

Grant Saligari:

Yes John

John Gillam:

Questions from the floor. Please raise your hand and we'll pass the microphone to you if there are any. We do have a few queued up online as well.

Steven Mayne

Just the first question on the actual running of the AGM. So interesting decisions to come out to Laverton as opposed to the RACV meetings. Interested your thoughts on that, whether attendance numbers are higher or lower, is it a chance to showcase the company's head office?

John Gillam:

It's definitely the latter, Steven. And thank you for attending. You are here instead of being online. So that's proof that it worked. We've been able to do a site tour, and be able to involve people in their business. I'm also chair of another public company, CSR, where we did this earlier or middle of 2023, and the feedback from shareholders was overwhelmingly positive. They were really pleased to be able to come to the office. Yes, West Gate Bridge and all the works, slightly inconvenient, but we've got more people here than we had last year. Many, many more. So pleasing, and we're committed to having the hybrid format so that if it's too inconvenient, you clearly can still participate and we think that's a very nice balance.

Steven Mayne:

You mentioned CSR where you're chair. So, CSR's net assets are 1.18 billion and the market caps 3.3, so it's got a conservative balance sheet, market caps at 2.1 billion ahead of what the net assets are. It's a different story at Nufarm here claiming the ordinary assets are 2.3 billion and the market cap after today, 6% drop, and share price is down to 1.9. So, our ordinary assets are 400 million above the market cap. So my question is to the auditor and also probably to you Chair have we been vigorous enough in terms of book value talk about continuing to recognise tax losses as an asset and the book value of property plant equipment. So it looks like there's a pretty clear argument for some material writedowns at some point. And if that were to happen, you came to understand how that intersects with banking covenants, the notes et cetera, et cetera. Is there a reason why we're not being a bit more accurate in terms of the carrying values of our assets given what the markets assessment is?

John Gillam:

Look, I understand why you can add up the numbers and ask the question in that form. I'm not going to talk about CSR at a Nufarm meeting. They're incredibly different companies. Firstly, I'm very comfortable and the board is very comfortable that the way we are reporting all that we're required to report is accurate and correct and meets all regulatory requirements. And secondly, this company is much stronger financially now than it was in recent years. Much, much stronger. The intersection of how the market's responding to what it perceives in the future and where we are now is something that we can't control. We do our best to disclose everything that's going on in order that we do our best. We meet all requirements around disclosure. We do our best to make sure that our narrative is properly understood.

But the global ag sector is under a lot of pressure and some of our peers have put out very dire results over the last 24 to... Well, last week or so, including overnight. Greg's comments today should give shareholders a lot of assurance that we are on track in the manner that we felt, and we'll continue to prosecute what is before us. And the fact that we are comfortable to say that our aspirations for FY26 remain on track should also give shareholders a lot of comfort, and hopefully that will reflect in a much stronger share price over time.

John Gillam:

Let's see if there's any more questions around the floor first, and we'll come back to Steven, if you've got some more and we'll go to some online as... Are there any more on the floor? Go two questions per person at a time, and then... None from the floor? Okay, we'll go online. We do have some.

Grant Saligari:

We have several questions to the Chair online to these financial statements and the question from shareholder is, "From your accounts, there's little information about your cost structure, a single undelineated cost of sales. Is there any pressing reasons?"

John Gillam:

It's an interesting question. Since I answered the last financial question, I think it's time you all heard from our chief financial officer, Paul Townsend. I know that we meet statutory requirements in terms of how we report. The question is whether we should disclose more. So perhaps, Paul, you can reflect on that.

Paul Townsend:

We do our accounting standards; I think we also can provide some further color on the notes where we talk about cost of sale and how we arrived at that.

John Gillam:

Yeah. Great. Thank you. Next question.

Grant Saligari:

There is a second question.

John Gillam:

Hang on, we just need to wait for the microphone to come back. This is a low-cost affair. The microphone has to move.

Grant Saligari:

Nufarms businesses seem to have some dependency on the move to Net Zero. Should this [inaudible 00:39:18] such as election in the United States or [inaudible 00:39:23] in the EU and the UK? Do you have a plan?

John Gillam:

An interesting observation. Firstly, the vast majority of what we do doesn't have a dependency on it. So plan A is fine. If whatever reason, there's some deviation in the US that would see particularly our biofuels potential in that market to be somehow slightly reduced, I'll come back to that, I'm sure the rest of the world's demand will more than adequately compensate for that. There's a lot of regulatory advancement that's going on at the moment, all of which looks to be enhancing our prospects and lifting demand with more mandating or encouragement, depending on which each country does. And the other thing to remember about the US is that Washington might say one thing, but big states might do something else. So if Washington were to head left on that particular topic, maybe the likes of California and New York state would go further right. And I choose my left and rights just to enjoy the juxtaposition of where those comments are coming from. So I don't think it's as black and white as to what the question is, but I can understand why you'd had the sentiment. And rest assured, we're in a good spot.

Grant Saligari:

Chair do you want to take a question online?

John Gillam:

Let's finish the online ones, then come back to the floor. That might be easiest for you. And is there anyone online that wanted to ask a question directly? Let's deal with that as well.

Grant Saligari:

There are no more online questions. There are two more submitted.

John Gillam:

Okay, let's deal with the typed ones.

Grant Saligari:

This is just a clarification of terminology Chair. "In the annual report, there was an excellent fact of your operations, what is the difference between a seed R&D centre and a seed innovation centre?"

John Gillam:

That's an excellent question, and if you'd like to join our team as a spot-the-error in the annual report, you're very welcome. I'm told because this question's been around for about an hour now that, over time, we've been using language that's appropriate for each country and so innovation centre for Australia and R&D for the seeds team in Argentina reflects just a local flavour, but we've ironed that out. And if you visit the website now you'll find that there's one term that covers them all because there is no difference.

Grant Saligari:

Final question from the online platform Chair "I had a look at the Wyke website where it seems that business has 85% of the global market [inaudible 00:42:04]. Would you give an indication as to where this revenue is generated geographically?"

John Gillam:

It's a great question and it goes to the heart of why we're investing, what we're investing in Wyke because it's a really important production facility for us, the long term. And I think, Greg, it's a good one for you to expand on.

Greg Hunt:

Okay, thanks. Just as a point of clarification, when we talk 85%, it's not of the global phenoxys market, it's 85% of the specialty phenoxys market. And as I said in my prepared remarks, higher margin, which is why we are investing additional capital in that facility. And when we look at the markets that those specialty phenoxy products get used, it's about 35% in Europe, so domestic market in the way that we think about it, 50% in North America and about 15% in the Australian market.

John Gillam:

Right. There's no more questions online, Grant, and no one wants to type a question over the audio facility?

Grant Saligari:

No

John Gillam:

Okay. In the room? Anyone further? We've got... Okay, we'll go-

Company secretary:

Seems we're having some issues with the microphone. So if you use it for us, and then we'll just restate it into the speaker for the people who aren't-

John Gillam:

Oh, my gosh.

Speaker 9:

It's probably still good for the room.

Speaker 10:

My questions really around the biofuels. So [inaudible 00:43:32] BP as [inaudible 00:43:36]?

John Gillam:

The question's about the biofuels. So just to make sure those online can hear and energy cane and carinata and our BP deal and what's standing in the way of doing more. I can assure you that the theme at every board meeting is how do we do more, because it's the most obvious thing and it's a pretty exciting opportunity we have, managing the balance between developing traits and expanding in areas and working through quarantine and market development issues relevant to each part of the world we want to grow the crop in. But also, then matching that with filling up as much as we can for BP's need. Greg, I don't know if you want to cover in some more sophistication than that.

Greg Hunt:

No, I mean, there are some agronomic issues around carinata. It's a new crop. And often with farmers, if you're talking about a new crop, what will happen is that in the first year, they'll plant a relatively small area, and we think about 3,000 to 5,000 hectares as a development in a new market. And then once farmers understand, "Well, these crops grow in my soils, they grow in my climate, I can get a reasonable yield, I can get paid well for that,"

then what we find is that the volumes grow. And that's been our experience in Argentina where, three years ago, we planted 5,000 hectares, then we went to 15,000, then we went to 30,000, unfortunately, last year and we were impacted by the drought.

But this year, we will plant in Uruguay, Brazil, again in North America, and for the first time, in Spain and France. And typically what we find in year two, three, and four, volumes start to increase. But it's very difficult if it's a new crop to go into a new market and have farmers include a new crop in their rotation at significant volumes. It just doesn't happen like that. Fortunately, it takes some time.

John Gillam:

Terrific. Now, Steven, if you've got some stuff you'd like to chat to me over a cup of coffee, I'd love to, very happy to do that. If you've got a question for the meeting, you're most welcome to put it.

Steven Mayne:

So obviously, last year's protest votes were unusually large to have an [inaudible 00:46:01] actually went down and a big rem strike showing that everything's sweet and happy this year. I'd like you to talk a little bit about how you engaged with your bigger shareholders because you've got an interesting register with the six institutions above 5% and collective with their own 49%, but you've got two very large institutional shareholders in Allan Gray and L1, 15% and 13% respectively. How influential were they in terms of where you landed in the changes you made with REM, and could you also talk about whether they, as your two biggest shareholders, were given any insights into the selections you made on board renewal?

So did you consult with them? Did they make any suggestions on who was coming into the board? We have no problem if they did. I'm just interested in understanding how active and engaged our two biggest institutional shareholders are because they're not the usual passive index funds who never even turn up. They're active, they're engaged, it's an unusual share register. So talk a bit about the level of depth of engagement you have with those two big shareholders in particular.

John Gillam:

I'll deal with the second question first. There was no involvement at all. The board takes sole responsibility for the renewal programme. It's been something that was laid out prior to my joining, and my fellow directors have worked through it in an orderly way thinking of where our business is heading, where we're going to be in 2030, and the type of people we need

around our table to give us the best positive governance and experiential context to get ourselves into the best position we can, given the growth options that we have. And we think we are very pleased with the balance we now have around the table and that's something that we thought through ourselves. And pleasingly, shareholders have been very supportive of that as each step has come, as you can see from the votes for each director who's joined.

On the matter of the REM, I chose my words a bit earlier about reconciling very purposefully. Because last year, our major shareholders were very pleased with our REM structure, but our institutional shareholders represented by proxy votes were not. And it was just an absolute split along that line. We met and we did a couple of things. We accelerated the change to our chair of the remuneration committee and Marie took over a little bit sooner than we had planned so that we could start afresh with dialogue. We met multiple times with the proxy advisors in particular to understand their concerns and to work out how we could reconcile them. And in doing that, we then updated major shareholders on the changes we were likely to make to make sure we didn't lose them on the other side. The worst thing would be they turn up here and have the 50% voted no, vote yes, and the 50% vote yes, vote no. It would've achieved nothing for shareholders, it just created chaos. So we worked very hard on that.

When we had settled on a path that we felt reconciled, we then worked with everyone in a very orderly, simple way just telling them, "Here's where we are heading, what do you think?" And we're really pleased to have a 99% vote because it shows where we would like to be. We also made the choice, and Greg was incredibly supportive of saying, "Well let's put the new rules on his previous year grant," which is I think really giving a lot of respect to all shareholders, and that's received a very high level of support too. So hopefully, that provides the colour you were looking for in asking that question. All right. We've got an online question?

Grant Saligari:

Yes, Chair, we have one further online question. It's a financial question.

Company secretary:

Grant, it might be easier just for John to read it into the microphone.

John Gillam:

All right. The question is, "Why are you not calling in the subordinated notes? The current interest rate for these notes is close to 2% above market rates. I realised the notes are included in the capital section on the balance sheet, and by buying off these notes, could

affect some ratios?" Have we have abridged the question or is that how it's typed? Okay. Paul, you might want to head up a little bit close to here to answer that. I'm trying to think through what the question is...

Company secretary:

Why are you not calling in the subordinated notes?

John Gillam:

Yeah. Why are you not calling in the subordinated notes?

Paul Townsend:

So I guess the short answer to that question is that the step ups are something that we're constantly looking at whether we take the [inaudible 00:51:13] it comes back to [inaudible 00:51:14] balance sheet to do that. But where leverage is at the moment, we were on basis to do that. So they'll stay in place to the extent that we do have capacity and we do not have any alternative investment opportunities, then we look to [inaudible 00:51:34] capacity to work and that may be more additional shareholder return as dividends be a share buyback or [inaudible 00:51:42]. So it's something that we constantly evaluate and have the capacity to consider.

John Gillam:

Thanks, Paul. Nothing further online. Anything further in the room? I just remind everyone, the poll is open but it will be closing soon. So please vote if you're online and you haven't voted already. And if you're in the room and you need to vote, make sure you've got your green shareholder card and you are doing so. Steven.

Steven Mayne:

So the reason I'm here is my father passed away a year ago at 95, and my mother inherited a portfolio of Nufarm notes are her biggest investment at 70k so what do I do and what's going on. So could you just explain a little bit of the history of how... There seemed to be a 2012 issue and it was a 2022 issue. It does seem a bit expensive. And how we finished up with such an unusually large alliance on this structure. Is it the Kiwi heritage through fern where the retail bond market in NZ? And what protection do the holders of these notes have? What powers do you have to cease distributions? Where do the distributions cease? The tools that come into play?

John Gillam:

I'm very sorry for your loss. It's a tough time for anyone to go through. I hope that's all right. I hope your mother as well. As for the technicalities of the New Zealand notes at a very simple level where you hinted at the history of Ferns to Nufarm, et cetera, yes, it is entwined in the history of Nufarm. In terms of the specifics about where they kick in and kick out, I'm looking to Paul and-

Paul Townsend:

So it wasn't 2022 the same issue as 2012. The other important piece is that we get favourable treatment from Standard & Poors from our ratings agency 50% equity, so [inaudible 00:54:05] the returns are effectively guaranteed. We're obligated to pay those returns.

John Gillam:

Not that you can give financial advice, Paul.

Steven Mayne:

I got me a little bit nervous. When I saw that reference to the accounting [inaudible 00:54:27] and credit ratings, and then I saw the disparity between book value and market value, and I started thinking, "Well, what happens if you take it right there?" There's been 38 takeovers in the last four years of current or former ASX 300 companies. So we haven't seen a takeover binge like this for a long time. We lost Costa Group earlier this week, another big ag company. With our share price under pressure, the Chinese government wanted to buy us at \$14 or \$13, Sumitomo came in and bought 20% at \$14 and now down to \$5 have we had any nibbles? Have we had any discussions? Private equity, corporate players? Because everyone else seems to be getting taken out of the market and we are looking directly cheap global business. What is the situation with corporate play at Nufarm behind the register, since Sumitomo exited there's no blocking shareholder. Can you tell us a little bit about any discussions? Have you got the defence people involved? What's the situation with control at Nufarm?

John Gillam:

Steven, you are very experienced in these matters and you know that as a board, this is one of the most sensitive things. And actually, you can't say anything that's useful to answer that question. If something is going on and we are relying on non-disclosure because it's incomplete, then how on earth can I answer it? And if you say nothing's going on, or people might interpret that another way. So it's a very difficult topic. What shareholders be very clearly in their understanding is we are committed to growing this business in a strong,

sustainable way. It wasn't a small thing for us to do to come up with the FY26 aspirations and to publicly state them. And if you look to our FY23 financial statements, what you can see in there, particularly in the REM section, is how we've tied those aspirations to management outcomes. That's a very strong message from the board as to where we are heading and what we are focused on.

And in terms of corporate activity, that is our focus. We believe we are undervalued at the moment and we're determined to change that. What is very interesting in a wider Australian context is the vast majority of Australia's ag sector is privately-owned. Australia has an amazing ag sector. It punches above its weight globally, both in terms of production quality and in innovation in particular. And yet, and the capital markets, it's largely ignored and the short-termism of the capital markets makes it very difficult for the natural cyclicalities of agriculture to be dealt with. So most people go, "Oh, bugger. This, we'll hold it privately." And that's frustrating. But we are determined to give Australian shareholders and those globally that want to invest a chance to be part of what we believe is a very exciting global innovation ag story.

Steven Mayne:

Final contribution, a couple of things on AGM process. I've done 300 online AGMs, so it's unusual to turn up. Great that you're doing hybrid. So thanks for that. You can ditch the telephone. No one ever uses it in the future. Prefer that you don't do questions as a job lot and that you follow the agenda. So when you're sitting at home and you tick, "I've got a question on the LTI," it's a bit tough. It sounds a bit odd because it gets read out if you're doing questions as one job lot, so you don't have a board meeting and say, "Hey, eight hours on the agenda, has anyone got a question on anything?" You'll follow the agenda. So it's more respectful. It's a good process to say, "Item one, any questions? Item two," et cetera, et cetera.

John Gillam:

Well, we'll have to agree to disagree on that. This is an effective way of running a meeting and we've had very good discussions on meaningful things as a result as opposed to... You can generally find, if you stick to the agenda, you have quite meaningless discussions on minutiae. So that's a personal preference where we're comfortable with the manner in which we're doing it and that will be the way we continue.

Steven Mayne:

Okay. Final things on processes. You've put on proxies at the start of the meeting, which has taken the heat out of the room on the REM. A lot of people say, "Oh, we never disclose the

proxies early because we don't [inaudible 00:59:01]." So if you're going to do it early, why don't you just do it with the formal addresses companies doing this now, put the proxies out. You've done the formal addresses at 8:30 this morning, I read them at home and why would they come? They already know what you're going to say. So why don't you just put the proxies out as well early, which more companies are doing, because this is really an election results event. And then we discuss the election results. That's probably what the AGM really is. And you've done really well. 99% in favor.

John Gillam:

Oh, no. I think they went yes, yes, yes, yes, yes-

Steven:

Okay, so the final thing-

John Gillam:

I'm actually doing a cross-audit of all the senior management's voting, Steve, just to zero in on what happened here.

Steven Mayne:

15,000 shareholders, probably 300 voted. To try and get this up, some companies including the ASX, last year are disclosing the results by way of shares and shareholders in a scheme. So Computershare's got the data, you can just put it out there. Now, unfortunately, will show that there was probably a majority of small voters voting against REM, so you'll get in favour of REM, and it'll actually be on those shareholders headcount vote. It'll actually be close to 50/50. But it is still data that we'll encourage retail shareholders to vote, because we just feel powerless because we get swamped by the [inaudible 01:00:38]. If you disclose how we voted, more of us will vote. So that's a transparency question. So when you do the results announcement, can you include the headcount vote? And so if I vote now, I can see my vote and the results as opposed to being swamped by the big instos vote.

John Gillam:

We'll take that on notice for next year. We're locked and loaded on what we'll do with today. Okay? I understand your point. We had a very high level of voting to start with and a very high level of support.

Steven:

And also, could you make a copy of the webcast available online because you do that with your earnings results. You've got a decade of transcripts and audio, but I couldn't find any

record of last year's AGM online. Again, just respecting the small shareholders. Just can you put the... Ideally a transcript so anyone who's not here, and 99% aren't here, can actually see what happened.

John Gillam:

Look, in the end, we want people to participate. If they're able to attend, they can. I don't think it's hard to keep the audio up for long if we took it off after because no one has visited it. Yeah, it's not hard to have it there. So-

Steven Mayne:

IAG has been doing AGM transcripts since 2003. It's just the level of transparency to tell the world, keep a record publicly what happened at the AGM, not just what the chairman and the CEO said, but what the actual-

John Gillam:

Yeah, yeah. I'll take that on notice as well. But it won't be hard for us to put at least the recording of it online for those that are interested. We might try and run down the rabbit hole of whose URL it is to find out who's diving into it. That's just a joker who would be interested in an AGM. All right. I think we're all done. Thank you all for your attendance. It's terrific to be here and be able to welcome you in the Nufarm headquarters. And that concludes the discussion on the items of business and all the matters we needed to cover in our meeting. I just need to check that we collect the cards. That's important. I signed that for you. And any sign that we'll need item five, Michael?

Michael:

No.

John Gillam:

Okay, so we'll keep the poll open while we collect the cards. If you voted online, you don't need to. Did you vote online, Greg?

Greg Hunt:

No, I did not.

John Gillam:

Are you responsible for the percentage of votes in...

Greg Hunt:

I'll be somewhere entitled.

John Gillam:

Part of that 1%. Anyone else that needs to vote? And online for those... How many do we have online? Did we... All right. You done? All right. So we can close... No one's got a card. We can close the meeting. Yes? All right. Thank you. All right. Now I formally close the poll for the meeting. Final poll results will be released to the ASX and posted on Nufarm's website later today. Thank you very much for your participation. On behalf of the board, that's a very sincere thank you from all of us. And the meeting is now closed. Thanks very much.

[END OF TRANSCRIPT]