



Annual General Meeting FY2022

CEO & CFO Presentation Business performance and outlook

STRENGTHEN, STRATEGY & EXECUTION

19 July 2022 - Authorised for release by Namoi Cotton's Board of Directors



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Notes

Numbers in this document are subject to rounding and stated in Australian dollars unless otherwise noted.

References to "Namoi" or the "Company", are references to Namoi Cotton Limited ABN 76 010 485 588, or its subsidiaries.

Our purpose and values

We are Australia's leading and pioneer cotton agribusiness providing growers an independent pathway to market



Common purpose and values



Safety

We place safety and health first



Teamwork

We build strong partnerships with our customers and each other



Integrity

We keep our promises



Excellence

We are efficient and effective and get the job done








Business performance



Business highlights

Positive EBITDA in FY2022 with increased volume and preparing for above average FY2023 volume

FY2022 vs FY2021 Highlights

Ginned Bales ⁽¹⁾	NPAT ⁽⁶⁾	EBITDA ⁽⁴⁾	Core Debt ⁽⁷⁾	LTIFR ⁽⁸⁾
0.49mb  0.12mb	\$(4.4)m  \$(14.4)m	\$1.6m  \$(12.7)m	\$45.1m  \$49.9m	15  9

Positive EBITDA	Executing 4PP Strategy	Positive outlook for FY2023
<p>Volume</p> <ul style="list-style-type: none"> 0.49 million bales ginned⁽¹⁾ <ul style="list-style-type: none"> 40% below average⁽²⁾ <p>Earnings</p> <ul style="list-style-type: none"> \$1.6m EBITDA⁽⁴⁾ \$2.8m Gross EBITDA⁽⁵⁾ <p>Debt</p> <ul style="list-style-type: none"> \$4.7m reduction in core debt⁽⁷⁾ 	<p>Strategic initiatives</p> <ul style="list-style-type: none"> Strengthen ginning network <ul style="list-style-type: none"> Increase productivity New sources of revenue Innovative solutions for growers <p>Northern Australia</p> <ul style="list-style-type: none"> Kimberley gin discussions North QLD gin opportunities 	<ul style="list-style-type: none"> Above average cotton production of 5.6 million bales 2022 season⁽³⁾ Forecast ginning volume <ul style="list-style-type: none"> 1.1-1.2m bales Expect similar volume in 2023 given current water availability Gin-ready preparation in FY2022 <ul style="list-style-type: none"> \$8.5m additional expenditure Staff to operate 24 hours/day

(1) Include 100% of bales at joint venture gin ('mb' is million bales)

(2) Average of 830,000 bales based on 10 year moving average of total ginning volume

(3) ABARES forecast for cotton production in QLD and NSW (June 2022)

(4) EBITDA is a non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortisation including share of profit from joint ventures and associates excluding impairments and decrements

(5) Gross EBITDA is EBITDA plus add back share of NCA depreciation and interest (i.e. share of NCA EBITDA) less Jobkeeper payment

(6) Net Profit after Tax

(7) Core debt is total interest-bearing liabilities less cash and cash equivalents and less cottonseed inventory

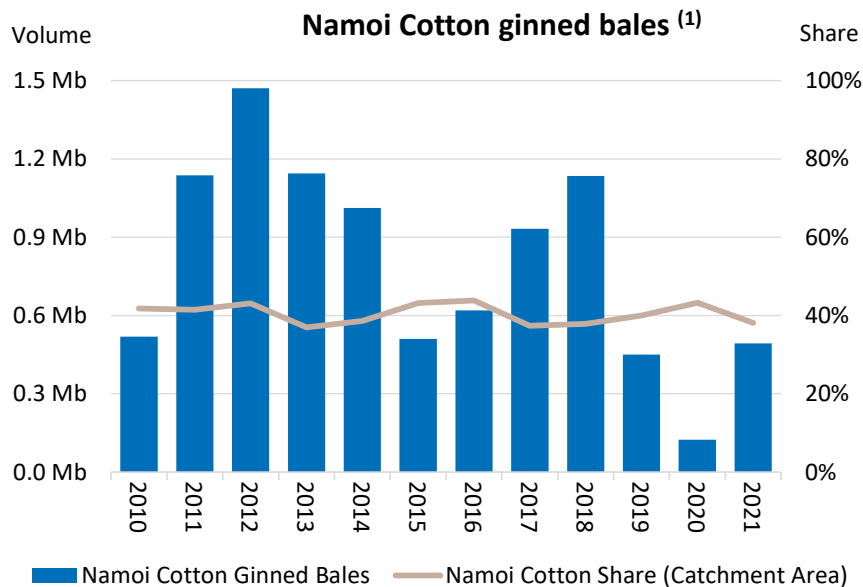
(8) Lost Time Injury Frequency Rate

Volume drivers

Increased ginning volume in 2021 season (FY2022) with improved seasonal conditions but 40% below average

2021 ginning season

- 493,000 bales ginned in 2021 season
 - ~40% share of Namoi Cotton's catchment areas
- 4 fold volume increase in 2021 volume vs 2020 season
 - However 40% less than average⁽⁵⁾



Volume metrics

Cotton production

	FY2022	FY2021	
Australia ⁽²⁾	2.7m bales	0.5m bales	5.3x
Catchment area ⁽²⁾	1.3m bales	0.3m bales	4.5x

Namoi volume		FY2022	FY2021	
	Cotton ginned	493,000 bales ⁽⁴⁾	124,000 bales	4.0x
	Cottonseed sold	130,000 tonnes	34,000 tonnes	3.8x
	Warehouse shipped ⁽³⁾	677,000 bales	131,000 bales	5.2x
Grain & seed packing ⁽³⁾	124,000 tonnes	100,000 tonnes	1.2x	

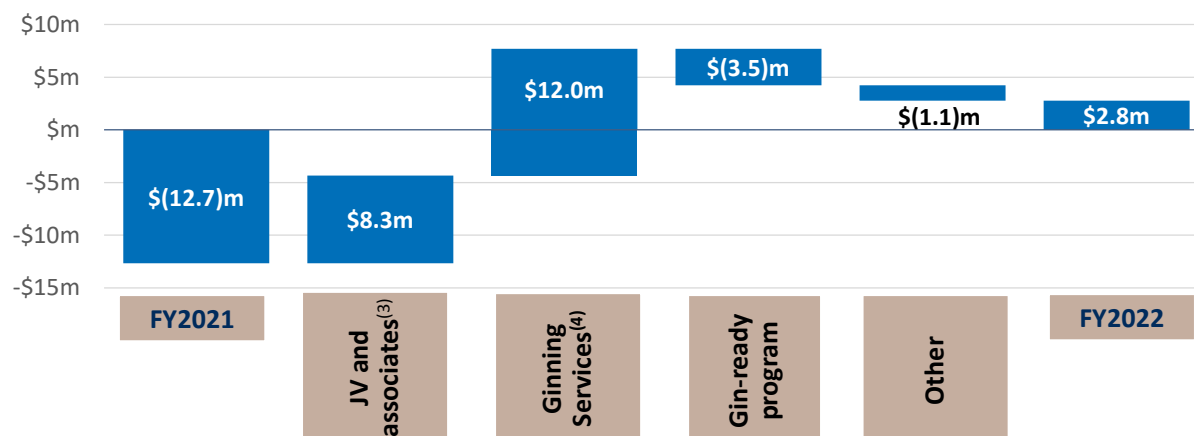
(1) Namoi ginned bale volume by season (excluding closed Ashley gin volume)
 (2) Australian production - ABARES Mar 2022 (NSW & QLD). Namoi catchment area – Cotton Compass Mar 2022
 (3) Managed by NCA – 51% owned by Namoi Cotton
 (4) Include 100% of bales at joint venture gin
 (5) Average of 830,000 bales based on 10 year moving average of total ginning volume

Earnings

\$15.4m turnaround in Gross EBITDA with increased volume and increased contribution from joint ventures

Income Statement (\$m)	FY2022	FY2021	Movement
Profit after tax	(4.4)	(14.4)	10.0
EBITDA ⁽¹⁾	1.6	(12.7)	14.3
Gross EBITDA ⁽²⁾	2.8	(12.7)	15.4

FY2021 to FY2022 Gross EBITDA⁽¹⁾ Bridge



Note: See Namoi Cotton FY22 Full Year Report for definitions and explanations of terms and numbers:

- (1) EBITDA is a non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortisation including share of profit from joint ventures and associates excluding impairments and decrements
- (2) Gross EBITDA is EBITDA plus add back share of NCA depreciation and interest (i.e. share of NCA EBITDA) less JobKeeper payment
- (3) NCA (Namoi Cotton Alliance – 51% interest), NCPS (NC Packing Services Pty Ltd – 51% interest) and NCMA (Namoi Cotton Marketing Alliance – 15% interest)
- (4) Ginning Services include earnings from ginning and sale of co-products (cottonseed and mote) but excluded expenses for Gin-ready program
- (5) FY2020 used as a comparison year given similar volume (FY2020 ginning volume for 2019 season is 450k bales). Total staff cost less unallocated staff cost divided by ginned bales for FY2022 vs FY2020

Positive EBITDA

- NPAT of \$(4.4)m
- EBITDA of \$1.6m⁽¹⁾
- Gross EBITDA of \$2.8m⁽²⁾

JVs and associates

- \$8.3m increase with NCA restructure⁽³⁾

Ginning services contribution

- \$12.0m increase with volume
- Strong demand for cottonseed
- Disciplined cost management
 - 9% lower labour cost / ginned bale compared to FY2020⁽⁵⁾

Gin-ready program

- \$3.5m additional expense to prepare for above average 2022 season

Balance sheet

Strong asset backing from a strengthened balance sheet with reduced debt and lower gearing

Balance Sheet (\$m)	FY2022	FY2021	Movement
Net Assets	115.6	106.8	8.8
Net tangible asset / share	\$0.67	\$0.76	\$(0.09)
Net Debt ⁽¹⁾	48.6	50.8	(2.2)
Core Debt ⁽²⁾	45.1	49.9	(4.7)
Gearing Ratio ⁽³⁾	29.6%	32.2%	(2.6)%

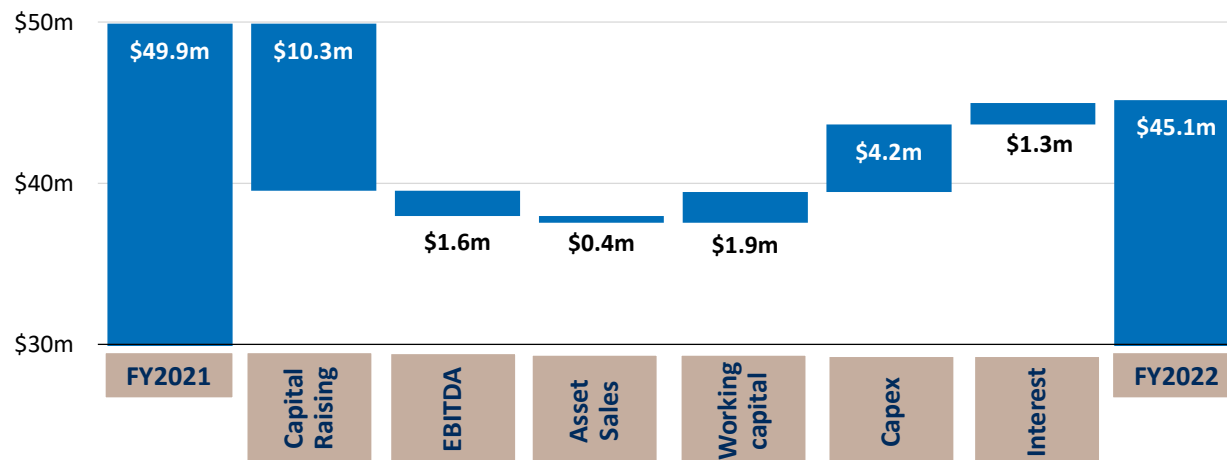
Strong asset backing

- Net assets of \$115.6m
- NTA of \$0.67 per share

Reduced debt

- Improved gearing⁽³⁾ of 30%
- Net debt⁽¹⁾ of \$48.6m
- Core debt⁽²⁾ of \$45.1m
 - Reduced by \$4.7m

Core Debt Bridge



Note: See Namoi Cotton FY2022 Full Year Report for definitions and explanations of terms and numbers

- (1) Net Debt - Current plus non-current interest-bearing liabilities plus lease liabilities and equipment loans less cash and cash equivalents
- (2) Core debt - Net Debt less cottonseed inventory
(Note: More relevant debt metric for agribusinesses given the marketable and liquid characteristics of traded cottonseed)
- (3) Gearing Ratio - Net Debt / (Net Debt plus Equity)

Cashflow

\$10.3m capital raising funded the Gin-ready program for 2022 season and applied to debt reduction

Cashflow (\$m)	FY2022	FY2021	Movement
Net cash inflow (outflow) ⁽¹⁾	(7.5)	(3.4)	(4.1)
Capital raising	10.3	0	
Applied to debt & cash ⁽²⁾	(2.9)	3.4	

Gin-ready program (\$m)	FY2022	FY2021	Additional
Maintenance	(3.3)	(1.3)	(2.0)
Capital expenditure	(4.2)	(0.2)	(4.0)
Operating supplies	(7.5)	(6.5)	(1.0)
Staff capability ⁽⁴⁾	(4.1)	(2.7)	(1.4)
Additional expenditure			(8.5)

Cash deployed to be gin-ready

- \$10.3m capital raising deployed to be gin ready and reduce debt
 - \$7.5m net cash outflow⁽¹⁾ from operating and investing activities
 - \$2.9m net cash applied to reduce debt and cash⁽²⁾
- \$8.5m additional expenditure in FY2022 (vs FY2021) to prepare for and manage 2022 season:
 - Capex: \$4m
 - Maintenance: \$2m
 - Operating supplies: \$1m
 - Capability: \$1.4m for additional support staff⁽⁵⁾

Note: See Namoi Cotton FY2022 Full Year Report for definitions and explanations of terms and numbers

(1) Net cash inflow/(outflow) - Net cash from operating activities plus net cash from investing activities

(2) Applied to debt & cash - Capital raising less Net Cash inflow/(outflow)

(3) Includes \$2.8m proceeds from the sale of property, plant and equipment

(4) Unallocated employee benefit expense

(5) Majority of additional support staff appointed on term contracts. (Include \$0.5 million accrual for short term incentive)

Strategy update



We are more than a ginner

Namoi Cotton's business spans fibre, feed, supply chain and marketing with ginning being at its core



Ginning & Feed

Cotton Ginning

Network of gins at 9 sites serving >200 growers

Average 830,000 bales⁽¹⁾
Capacity 1.5m bales

Co-products

Network of 9 sheds marketing cottonseed to 30+ feed buyers

Marketing cotton waste



Supply Chain & Marketing

Supply Chain

3 warehouses and 2 grain storages with 3 terminals

Packing export containers (managed by NCA⁽²⁾)

Cotton Marketing

Cotton classing
Lint origination and trading

Exporting to 8+ countries (managed by NCMA⁽³⁾)





(1) Based on 10 year moving average of total ginning volume

(2) NCA JV with Louis Dreyfus Company (LDC) - Namoi has 51% interest

(3) NCMA JV with LDC - Namoi has 15% interest

4PP Strategy

Strengthen and differentiate our core business to defend volume and increase margin

4 Strategic Pillars		Deliverables
	1. Leading service and cost position Partner growers with a superior network → deliver a premium ginning service	<ul style="list-style-type: none">• Increase ginning productivity• Optimise quality outcomes• Automation and variabilise cost structure
	2. Innovative and sustainable solutions Empower growers with differentiated products → unlock the value of cotton	<ul style="list-style-type: none">• New value-add products• Digital platform and marketing tools• Re-shape and optimise supply chain
	3. Broaden revenue base Geographically diversify network and grow the core → manage variability	<ul style="list-style-type: none">• Increased earnings from co-products• Value-add feed solutions• Scale and diversify ginning network
	4. Great place to work Attract and retain talented staff → safe and engaging environment	<ul style="list-style-type: none">• Safe and engaged workforce• Ginning and casual talent pipeline• Transformation readiness

Northern Australia

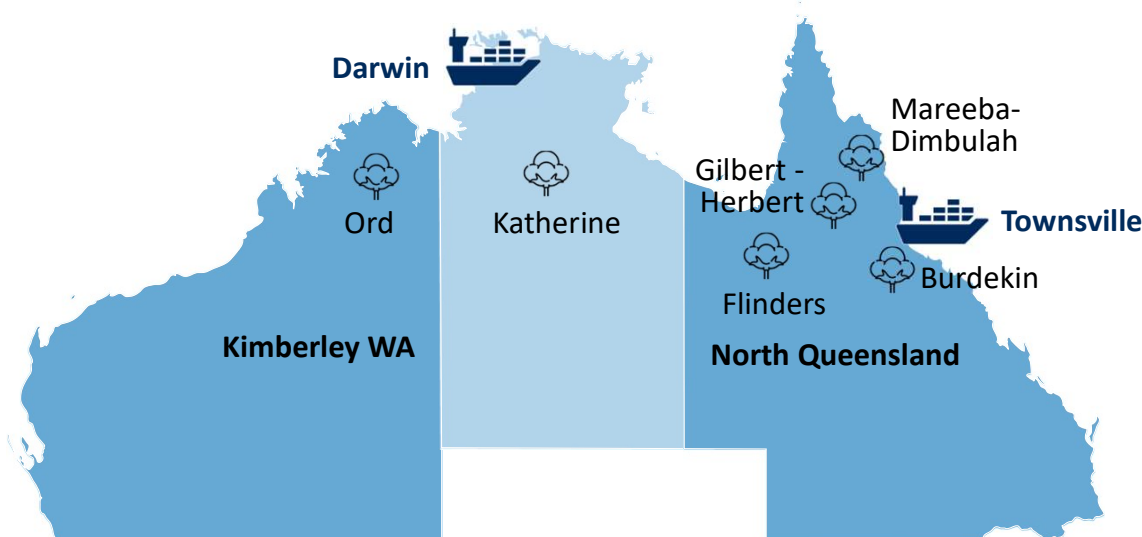
Exploring opportunities in northern Australia to grow and diversify our ginning footprint and earnings

Kimberley WA

- Entered MoU with Kimberley Cotton Company
 - Equity investment with local growers
 - Supply ancillary gin equipment and installation
 - Operate gin under a long-term agreement

North Queensland

- Exploring joint venture gin
- Assessing optimal location
 - Working with local growers
 - Working with local councils and QLD Government



Potential future cotton production

- 6 major cotton growing areas
- Could support up to 4 cotton gins
- Expected cotton production
 - Current: 160,000 bales⁽¹⁾
 - 5 years: >400,000 bales⁽²⁾
 - 10 years: >600,000 bales⁽²⁾

(1) Cotton Compass forecast for 2022 season (March 2022)

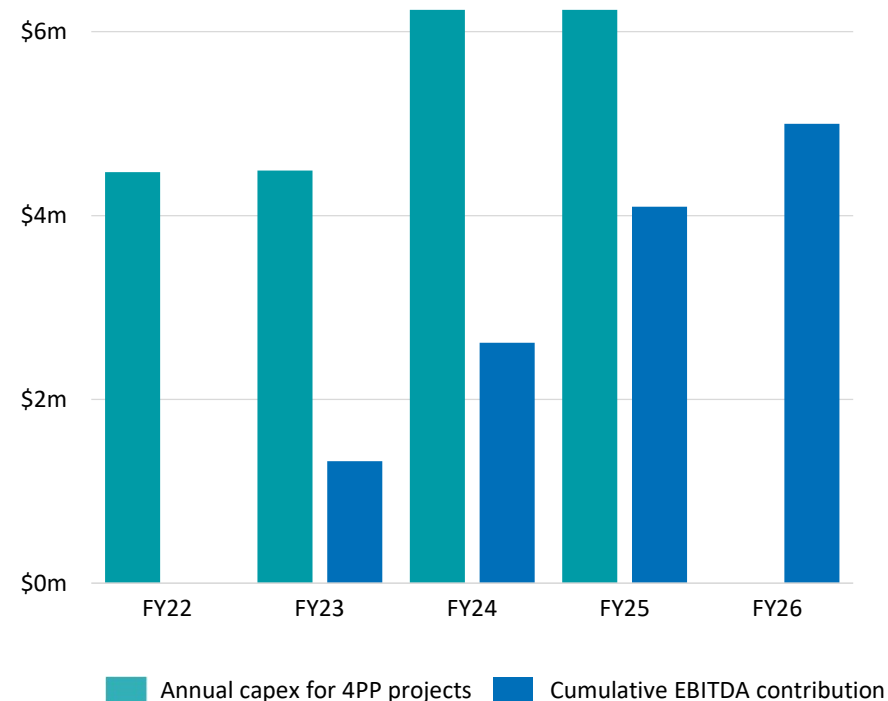
(2) Forecasts from industry reports

4PP Strategy - Target

Target to increase through the cycle EBITDA by \$5m⁽¹⁾ by leveraging our existing network and capability

4 Year Targets	
Grow earnings Increase EBITDA \$5m ⁽¹⁾ in average year	Competitive cost Reduce variable operating cost by 10%
Premium service Improve quality and reduce ginning time	Leading team Engagement >65% LTIFR <10
Capital expenditure	
<ul style="list-style-type: none"> • Estimated \$21m capex for 4PP projects⁽¹⁾⁽²⁾ • Projects to enhance existing infrastructure • Target return >20% EBITDA ROA⁽³⁾ 	
Funding	
<ul style="list-style-type: none"> • Intend to fund 4PP projects from operating cashflow • Reduce term debt by \$9.5m⁽⁴⁾ from cashflow 	

4PP Strategy through the cycle target⁽¹⁾



(1) Exclude potential northern Australia opportunities
 (2) Growth capex in addition to stay in business capex

(3) EBITDA ROA is through the cycle Target EBITDA / Total estimated capex
 (4) Meet obligation with Commonwealth Bank to amortise \$42 million term debt to \$32.5 million by 2024

4PP Strategy - Execution

Execution of 4PP Strategy projects will deliver cost savings and new revenue in FY2023

4PP Strategy projects delivered for 2022 season



1. Leading service & cost position

- Merah North Gin upgrade (\$2.1m)
 - Increased productivity and quality
- Wathagar Gin upgrade with partner
 - Dual feeder to optimise quality



2. Innovative solutions

- Track received and outturn cotton quality
 - Trialing new sensors and system
- New grower products launched
 - Module Cash Advance for growers
 - Bale pad tender for growers



3. Broaden revenue base

- Boggabri cottonseed shed (\$2.5m)
 - New markets and lower freight costs
- Updated systems including CRM



4. Great place to work

- Safety management system (DoneSafe)
- Developed international talent pipeline
- Staff engagement action plans



(1) Under construction

Business outlook

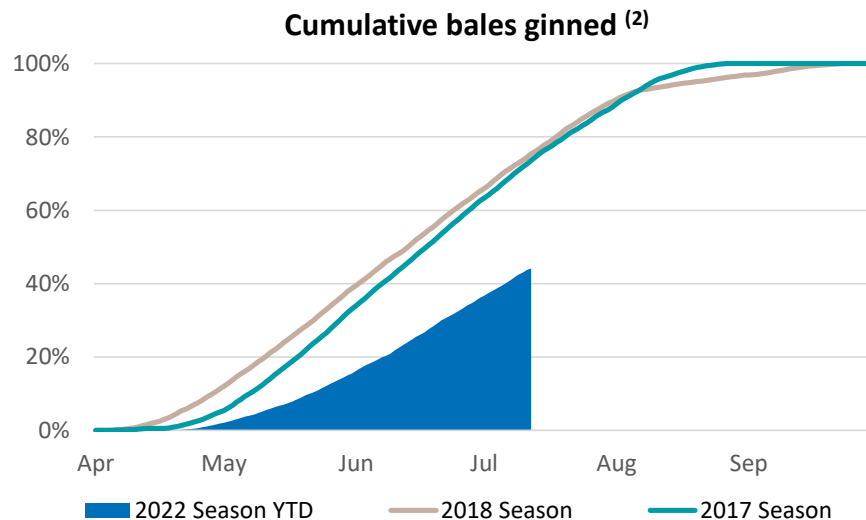


2022 season update

Ginning forecast 1.1-1.2 million bales and delivering a premium service in challenging industry conditions

Season progress

- YTD ~585,000 bales ginned
- Gins operating 24 hours a day⁽¹⁾
- 4 weeks behind past seasons⁽²⁾ due to wet weather



(1) All gins except North Bourke

(2) Compared to 2017 and 2018 seasons with a similar ginned bale volumes

Industry conditions

Maintaining premium service to growers

- Optimising ginned quality
- Balancing service and cost

A Wet weather

- Extended ginning season
- Lower productivity with high moisture cotton

B Input costs

- Increased gas and diesel cost
- Increasing labour cost
- However, our electricity rate is hedged

C Supply chain

- Increased cost and capacity constraints
- Rail disruptions with flooding events

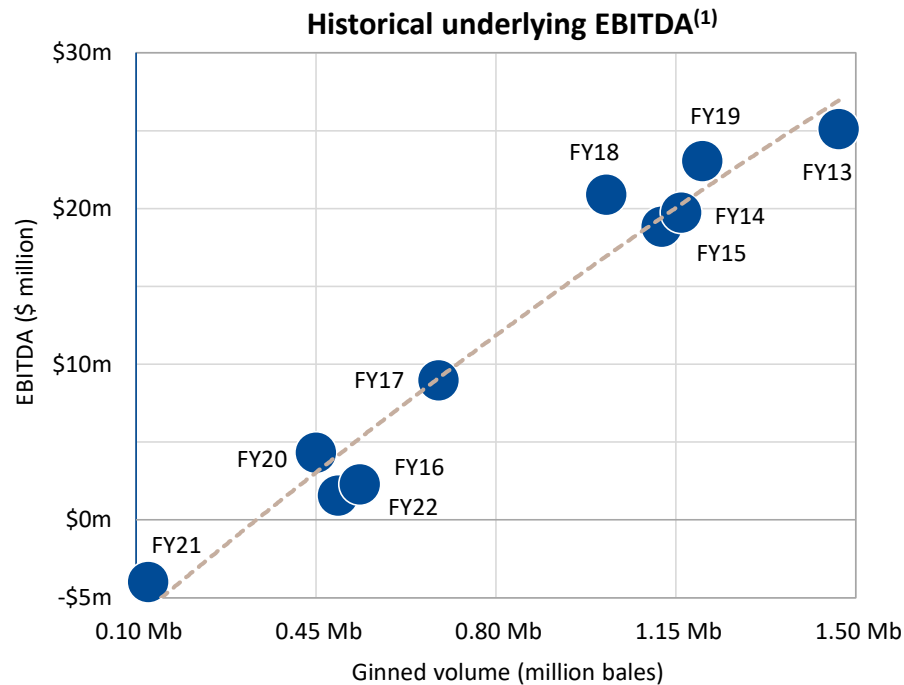
D Cottonseed

- Strong demand supporting margins

FY2023 – good prospects

Increased earnings with above average volume in FY2023 but managing increased cost base

Volume underpin earnings



(1) Underlying EBITDA is reported EBITDA less share of profit (losses) from JVs and associates
 (2) All gins except North Bourke
 (3) ABARES forecast (June 2022)

Volume drivers

- Above average hectares with potential yield upside
- On track to gin 1.1-1.2 million bales in 2022
 - >90% ginning volume contracted

	2022F	2021	
Australia (NSW/QLD)⁽³⁾	5.6m bales	2.7m bales	2.1x
Cotton ginned	1.1-1.2m bales	0.49m bales	2.3x
Cottonseed sold	~300,000 tonnes	130,000 tonnes	2.3x

Margin drivers

- Increase in gin operating costs
- Strong lint and cottonseed prices and margins

FY2024 – good season prospects

High water availability expected to support above average cotton volume in 2023 and earnings in FY2024

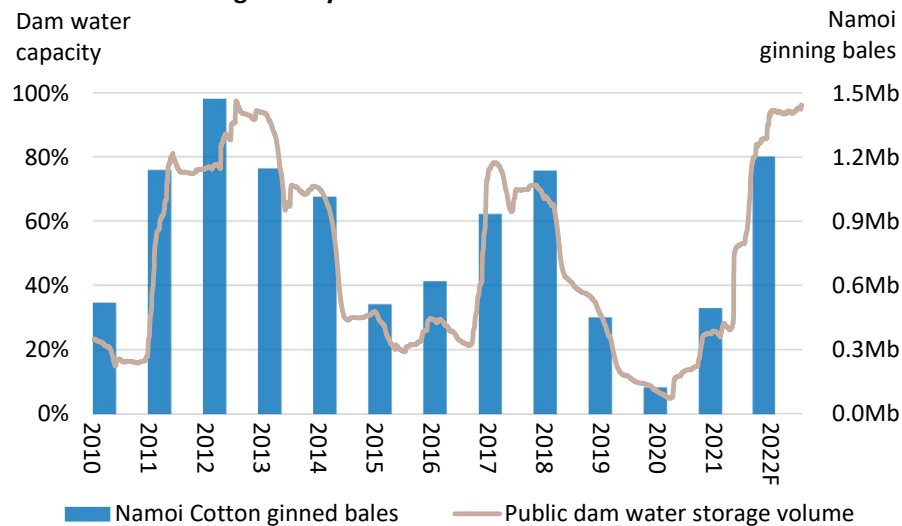
Good fundamentals

- 10-year high in public dam water at 96% capacity⁽¹⁾
 - Support above average plant for 2023 season
- Above average cotton lint and cottonseed prices
 - Growers entering forward contracts

Preliminary production forecast

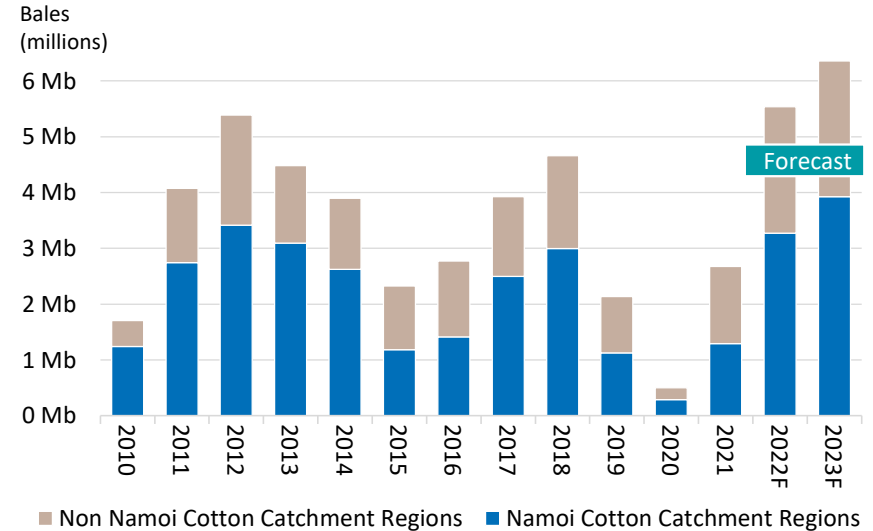
- Forecast above average 2023 cotton production
 - ABARES⁽²⁾: 5.5m bales (2022 - 5.6m bales)
 - Cotton Compass⁽³⁾: 6.4m bales (2022 – 5.5m bales)

Regional System Dam Water - Lead Indicator ⁽¹⁾



(1) Bureau of Meteorology (BOM) – weighted average water capacity in rural system public dams in Namoi catchment valleys (BOM rural systems of Border Rivers, Macintyre, Gwydir, Namoi, Macquarie, Lachlan) as at 11 July 2022

Australian Cotton Production ⁽⁴⁾



(2) ABARES forecast (June 2022) (3) Cotton Compass forecast (June 2022)

(4) Total - ABARES. Namoi Cotton Catchment - Cotton Compass. 2023F - Cotton Compass

Thankyou



John Stevenson
Chief Executive Officer



Sonya Ryan
CFO & Company Secretary



