
FY2023 AGM – CHAIRMAN’S ADDRESS TO SHAREHOLDERS
NAMOI COTTON LIMITED (ASX: NAM)

Good morning ladies and gentlemen, on behalf of the Board, welcome to the Annual General Meeting (AGM) of Namoi Cotton Limited. My name is Tim Watson, the Executive Chairman of the Company, and Chair of today’s meeting.

We are holding today’s AGM as a hybrid meeting allowing shareholders to attend in person and virtually via webinar as permitted under our constitution.

As such, in addition to shareholders present in the room today, we also have shareholders who are joining this meeting virtually. We believe the benefits of a hybrid meeting, including flexibility and increased reach, outweigh the organisation requirements and risk of technical difficulties. For virtual members, if we experience technical issues and they are not resolved within 5 minutes, we will adjourn this meeting and reconvene at 12 noon Brisbane time today.

All details regarding this AGM were released to the ASX Announcements Platform on 19 July 2023 and are published on our website.

Voting on all resolutions is by way of a Poll and you have been provided access to the online voting platform for this purpose via the notice of meeting. Shareholders attending the meeting in person at Toowoomba are provided Poll voting cards to vote on all resolutions.

Our Company Secretary, Sonya Ryan, has advised that we have a quorum, and I declare the meeting open.

It is my pleasure to introduce the other members of our Board who are attending in person:

1. Robert Green,
2. Juanita Hamparsum,
3. Sarah Scales, and
4. Ian Wilton.

James Davies is attending virtually.

I would also like to introduce our Chief Financial Officer and Company Secretary, Sonya Ryan, who will run the meeting today. The Company’s auditor, Simon Crane representing KPMG, is present today and is available to answer questions in relation to the audit of the Company’s financial accounts.

Computershare representatives are also in attendance and Jessie Yerma will act as returning officer for the purpose of the Poll.

I would like to acknowledge the hard work and dedication of our team last year in one of our more challenging seasons. I also take this opportunity to thank John Stevenson, our former Chief Executive Officer, for his contribution and hard work providing stability during this period.

Later in this meeting, Sonya and I will report on the business performance for FY2023, the outlook for this season and the next, as well as outlining our priorities for the next 12 months.

I would now like to take the opportunity to highlight three points.

Firstly, we safely managed record volumes last season in difficult conditions. We ginned 1.17 million bales of cotton lint which is 40% above our sustainable ginning volume of 830,000 bales.

This led to an improved financial result with an EBITDA of \$18.3 million and a NPAT of \$4.0m.

However, our financial results were negatively impacted by wet weather, multiple flood events, shortage of labour and supply chain disruptions in 2022. These events increased the cost of labour and energy, reducing ginning margin, and increased distribution costs, reducing cottonseed margin.

Furthermore, inadequate processes impacted the timely reporting of distribution costs in cottonseed margins. Following a review by BDO, our internal auditor, we have improved our reporting processes and systems.

In response, we are committed to improving our earnings and cashflow. We are pausing planned future projects outlined previously in the 4PP program for 12 months, to refocus our resources on delivering the Kimberley Cotton Company gin project. We have commenced a program aiming to reduce fixed costs by \$2 million to improve underlying earnings and cashflow in FY2024 and into FY2025.

Secondly, I thank our shareholders for their support in our \$14.1 million underwritten renounceable rights offer that was completed on 2nd November 2022 last year. I also thank our two largest shareholders, Samuel Terry Asset Management and Louis Dreyfus Company, for underwriting this rights offer.

This capital raise enabled us to fund our investment in Kimberley Cotton Company, providing us to grow our footprint into northern Australia. The capital raise also strengthened our balance sheet, returning our core debt and gearing back to pre-drought levels and placing Namoi in a strengthened position going forward.

Following the capital raising, we appointed two new directors to fill casual vacancies and/or as an additional director in accordance with our constitution. We welcomed James Davies, a nominee by Samuel Terry Asset Management and Sarah Scales, a nominee by Louis Dreyfus Company. Both directors are eligible for election today, with the full support of the Board.

Thirdly, on 29th June 2023 the Board announced a strategic review and appointment of an advisor to assist with this review.

Last year, Namoi Cotton celebrated our 60th continuous year of business. As Australia's leading cotton ginner, we have played a fundamental role in the success of the Australian cotton industry.

This is underpinned by our network of 10 cotton gins across NSW and southern QLD, supported by warehousing and packing, linking our growers to global markets.

However, our share price does not reflect the book value and replacement value of our unique network of infrastructure and capabilities. This strategic review will assess a range of options to maximise value for our shareholders including industry consolidation, delivering a sustainable and stronger business for our growers and staff.

In conclusion, I would like to thank my fellow directors for their contribution and support over the last year and, importantly to you our shareholders, thank you for your continued support.

Authorised for release by Namoi Cotton's Board of Directors.

For further information please contact:

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