
**FY24 ANNUAL GENERAL MEETING – EXECUTIVE 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 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 Annual General Meeting as a physical meeting therefore only shareholders, or appointed proxies and corporate representatives, who attend in person today will be able to participate in the meeting. However, shareholders were able to vote, appoint a proxy and lodge questions in advance of the meeting, as outlined in the notice of meeting. Voting on all resolutions is by way of a Poll and attending shareholders and proxies have been provided poll voting cards to vote on all resolutions.

All details regarding this Annual General Meeting were released to the ASX Announcements Platform on 28 June 2024 and are published on our website.

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

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

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

I would also like to introduce our two Company Secretaries, Andrew Metcalfe, and Andy Baldwin 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.

FY24 review

Namoi Cotton delivered improved operating and financial performance in FY24, from the delivery of operating and capital initiatives combined with an above average volume. I would like to highlight four points regarding our performance in FY24.

Firstly, safety. We are committed to a safe workplace and engaged culture. We are pleased to report our safety initiatives are delivering continuous improvement in safety with a lag metric of LTIFR¹ of 4.15 in FY24, a 45% improvement compared to FY23 and below industry averages².

Second, ginning volume. We processed an above average ginning volume of 1.16 million bales in the 2023 season, similar to the 2022 season. We achieved improved productivity with a return to normal weather conditions along with 4PP initiatives³ that increased gin capacity.

Third, company earnings. We generated an EBITDA⁴ of \$22.9 million and NPAT⁵ of \$6.9 million in FY24. This represents a 27% increase in EBITDA from FY23, with a similar ginning volume. The result was driven by increased contribution from ginning and supply chain, partly offset by additional corporate costs associated with the strategic review process.

Fourth, capital management. The company has been focused on strengthening the balance sheet after the recent drought and then paying dividends. Our term debt⁶ on 29 February was \$24.5m, a reduction of \$8.0m, with a gearing ratio of 14%⁷ which is at the lowest level in the last 10 years. I am pleased this enabled us to declare a dividends totalling 1.5 cents for the full year.

2024 season and FY25 outlook

I want to acknowledge the hard work and dedication of our team again this season. To deliver a premium service for our growers, our focus has been to retain local and international skilled and engaged staff. This was demonstrated in our recent staff engagement survey, where 82% of our staff indicated they are proud to work at Namoi Cotton with an engagement score of 79%, a significant increase from 52% in 2023.

To date for the 2024 season we have ginned around 800,000 bales against an expected volume of 1.0 to 1.1 million bales, from a forecast Australian cotton production of 4.9 million bales⁸. This is on the high side of our expected ginning volume announced on 17 April 2024.

While our ginning fees this season have kept pace with CPI, we continue to face significant inflationary pressure in input costs and particularly energy charges. Ginning productivity and supply chain utilisation has been negatively impacted by rainfall during picking, interrupting the delivery of cotton modules and lowering cotton quality. However, the Company's overall performance is expected to be supported by additional volumes and cottonseed marketing.

KCC update

As announced at our 2023 Annual General Meeting, we paused the 4PP initiatives so we can refocus our resources on delivering the Kimberley Cotton Company (KCC) gin project at Kununurra, WA. Namoi Cotton has a 17.2% interest in KCC with a \$4 million investment and will be the gin operator.

I am pleased to advise that the KCC gin project is going well, currently on budget and on time for commissioning in mid-2025. We are now working with KCC to develop the gin operating arrangements.

I want to thank our staff who have project managed the construction, fabricated ancillary ginning equipment and who will start installing the gin next month.

2025 (FY26) season outlook

Above average rain in most of our production valleys, and above average dam water storage levels, are expected to support above average cotton planting at the end of 2024 for the 2025 season. Industry participants are forecasting Australian 2025 season cotton production to be around 5 million bales⁹, similar to the 2024 season.

Off-market takeover offers

The Board announced a strategic review on 29th June 2023. This strategic review assessed a range of options to achieve two objectives. Firstly, to maximise value for our shareholders as our share price did not reflect the book value of our assets. Secondly, to explore participation in industry consolidation to deliver a sustainable and stronger business for our growers and staff.

We received off-market takeovers offers from Louis Dreyfus Company Melbourne Holdings Pty Ltd (LDC) and subsequently from Olam Agri Australia Pty Ltd (Olam), subsidiaries of two global commodity trading companies. Their interest demonstrates the market's high regard for Namoi Cotton's business.

As at the date of today's meeting, the Independent Directors of Namoi Cotton (with Sarah Scales abstaining from making a recommendation, due to her association with LDC), are currently recommending that Namoi Cotton shareholders accept the Olam takeover offer, in its current form, of \$0.70 per share (and reject the LDC takeover offer, in its current form, of \$0.67 per share), in the absence of a superior proposal and subject to BDO Corporate Finance Ltd, the independent expert, continuing to conclude that the Olam takeover offer is fair and reasonable to Namoi Cotton Shareholders.

The Olam takeover offer represents a premium of approximately 97% over the price of \$0.355 per Namoi Cotton share, which was the closing Namoi Cotton share price on 27 November 2023, before LDC's initial non-binding, indicative and conditional offer to Namoi Cotton was announced on 28 November 2023.

Both takeover offers are subject to conditions, including ACCC clearance. The current proposed dates for the ACCC's decision in relation to the LDC takeover offer is 1st August 2024 and for the Olam takeover offer is 22nd August 2024. We understand both Olam and LDC are working with the ACCC to address the ACCC's concerns. We are engaging with the ACCC in this process.

The Board will continue to keep shareholders and the market informed of material developments associated with the takeover offers.

The Independent Directors believe this is the right time for Namoi Cotton to be part of an international company that has scale and access to capital. Both LDC and Olam would bring capability that will complement our business in two ways. Firstly, diversification to manage variable cotton volume, which could be negatively impacted by government water policies in the short term and the changing climate in the long term. Secondly, scale to maintain and continue to invest in upgrading, and continuous improvement of, our ginning network, which is being negatively impacted by increasing input costs and in particular energy charges.

Namoi Cotton has a proud history, operating for over 60 years. As Australia's pioneering cotton ginner, we have played a fundamental role in the success of the Australian cotton industry. We are also pleased that both LDC and Olam have stated their intentions are to retain the Namoi Cotton brand name, to continue the operation and investment in Namoi Cotton's gins, to maintain an office in Toowoomba and to continue the employment of Namoi Cotton's present employees under their current terms of employment.

In conclusion, I would like to thank the Namoi Cotton team for their dedication during this strategic review. I would also 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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¹ LTIFR: Lost Time Injury Frequency Rate.

² <https://data.safeworkaustralia.gov.au/interactive-data/lost-time-injury-frequency-rates>.

³ Company strategy to increase through the cycle EBITDA from gin productivity and other improvement initiatives across the business.

⁴ EBITDA: 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).

⁵ NPAT: Profit (Loss) attributable to the members of Namoi Cotton Limited.

⁶ Term debt facilities are committed, non-amortising lines utilised to fund capital projects relating to the plant, property and equipment of the business.

⁷ Gearing ratio: Net Debt divided by Net Debt plus Total Equity. Where Net Debt is Current plus non-current interest-bearing liabilities plus lease liabilities and equipment loans less cash and cash equivalents.

⁸ Cotton Compass 24 June 2024.

⁹ Cotton Compass 27 May 2024.