

2021 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Dear Shareholders

Welcome to the Namoi Cotton Limited 2021 Annual General Meeting.

This year we focussed on simplifying our business whilst strengthening our operations and balance sheet ultimately pursuing a strategy to create superior value for growers and shareholders. Namoi Cotton’s business spans fibre, feed, the supply chain and marketing, with cotton ginning being at the core.

Our Vision is to be the leading Australian cotton agribusiness, achieved by linking our growers to global markets.

FY2021 was possibly our most challenging year on record given drought and Covid related issues. Despite those challenges, we finished the year in a strengthened position ready to capitalise on improved seasonal conditions. We are heading in the right direction, but there is still more work to do.

Our FY2021 results were negatively impacted by a severe drought in 2018 and 2019, resulting in record low cotton production. We ginned 0.12 million bales in FY2021, representing 21% of the estimated Australian cotton crop. That number of bales is 75% below the prior year’s volumes and 85% below average Namoi Cotton volume.

In response to those historically low volumes, we focused our attention on managing costs. We have reduced our cost base which will give us more flexibility in future low volume seasons. I would note the \$2.1 million in grants we received in FY2021 from the Commonwealth Government’s JobKeeper program was a welcome support.

With such low volumes in FY2021, our revenue was insufficient to cover indirect costs resulting in a loss before tax of \$16.5 million or an \$8.9 million loss excluding our share of losses from joint ventures and associates. Reporting this loss is disappointing for all involved however, we recognise the effort from management and staff in minimising the impact of the extremely low volume. We remain focussed on the need to increase our earnings, manage risk and, generate a sound return on assets for our shareholders.

The board recognises our continued improvement in safety, reflected in a further year on year reduction in our lost time injury frequency ratio (LTIFR). The team at Namoi Cotton strives to ensure everyone returns home from work healthy and happy every day.

The restructure to our Namoi Cotton Alliance (‘NCA’) business, we announced during the year simplifies and significantly de-risks our business. We made a strategic decision to realign our

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marketing and supply chain activities, reducing our exposure to the trading and marketing of lint cotton.

We own a 15% share in our new joint venture with Louis Dreyfus Company, called Namoi Cotton Marketing Alliance ('NCMA'), which has assumed the trading and marketing lint cotton business and related debt from NCA.

Namoi Cotton earns a fee for every ginned bale offered to NCMA and maintains a share in NCMA's earnings. Significantly, as part of the restructure, Namoi Cotton's exposure to any potential future losses or profits of the NCMA joint venture have been capped at \$1.5m per annum.

Our joint venture partner has the responsibility of ensuring NCMA's operations are fully funded.

We maintain a majority 51% share in Namoi Cotton Alliance ('NCA') which is now focussed on generating margin and free cashflow from our quality warehouse infrastructure and supply chain, for the NCMA and other cotton merchants and commodities.

Following the NCA restructure and assumption of NCMA funding by our joint venture partner, the Group's debt profile has been streamlined into long-term core debt, which is matched against the earnings profile of our infrastructure, plus revolving working capital and equipment lines to support operations.

Our goal is to manage net debt levels to ensure we have flexibility during seasonal downsides as well upsides. Debt management will be a focus for us as we return to improved seasonal conditions.

In May this year, Namoi Cotton successfully raised \$10.7m in new equity via a \$7.2m placement plus a \$3.5m Share Purchase Plan, both of which were issued at \$0.34 per share.

I would like to take this opportunity to thank those existing shareholders who supported the capital raise and welcome the new Namoi shareholders who participated in the placement.

The 2021 cotton crop is predicted to be 2.7 million bales (prior year was 0.6 million bales) with some of our production valleys still impacted by water availability in 2020. The Group is forecasting to gin 0.5 million bales from the 20-21 crop, including 100% of joint venture gins, which is more than three times higher than the prior year.

Water availability drives cotton production. Flooding rains this year in eastern Australia has increased water availability and will support increased cotton production in the coming seasons. Dam levels are a lead indicator for future cotton production with cotton production directly correlated to water availability. As of July 2021, dam water capacity in our catchment areas has increased to 64% compared to 23% the same time last year. I refer you to the chart in John's presentation which highlights this correlation.

Current water availability will support increased cotton planting for the 2022 growing season (FY2023) and potentially for the 2023 season (FY2024). ABARES' most recent forecast of Australian cotton production (released in June 2021) is 4.2m bales, which is 56% higher than the current season.

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Covid-19 has had a disruptive impact on global markets and supply chains. Economic and logistical uncertainty has resulted in price volatility, which in turn has increased execution risk for export cotton. We expect this period of uncertainty and increased risk should continue for the short to medium term.

There are both opportunities and challenges ahead for Namoi Cotton. With our simpler de-risked business structure and a more variable cost base, we are better able to translate increased volume from forecast improved seasonal conditions into earnings and cashflow.

This will underpin our strategic road map to:

Strengthen our core ginning business through improved service and new products to growers while reducing cost, and

Grow our core business by unlocking additional value from cotton co-products and pursuing opportunities into new geographies.

Our Goal is to maximise Namoi Cotton's upside and minimise the downside financial impact going forward.

The close of today's meeting will see the retirement of one of our long-standing grower directors, Glenn Price.

Glenn has been a tireless contributor to the board of Namoi Cotton.

Glenn has been through the ups and the downs of Namoi Cotton and ultimately been a part of the successful transition from a co/op to the current ASX listed structure.

Namoi Cotton is a better business from Glenn's involvement.

On behalf of the board, I would like to thank Glenn for his effort and input over that time.

The board will continue to undertake a search process to find a suitably qualified person to fill the vacancy.

During the year, Michael Renehan resigned from his then position as Chief Executive Officer ('CEO') to pursue other opportunities. We thank Michael for his contribution to Namoi Cotton. Our then Chief Financial Officer ('CFO'), John Stevenson accepted the interim role before being appointed as our full time CEO in June after completing an external search process. We thank John for his dedication and effort as the Company Financial Officer and are pleased to have been able to appoint him to the Chief Executive Officer role.

We are undertaking a search process to fill the subsequent Company Chief Financial officer vacancy.

Our people have been challenged given the circumstances and I thank the executive team and all staff for their dedication and persistence throughout these difficult times. It is a credit to the

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strength of the Namoi Cotton character that we maintain our standards, resilience, and motivation during this time of significant change for the Company.

I extend my thanks to my fellow Directors for their dedication and resilience over the past 12 months to get Namoi Cotton to its present position.

To our growers, thank you for your support during this unprecedented drought and we look forward to working with you in the coming seasons.

Finally, thank YOU, our shareholders for your ongoing commitment to Namoi Cotton.

This announcement has been authorised for release by Namoi's Board of Directors.

Yours faithfully

Tim Watson

Chairman

Namoi Cotton Limited

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