

FY24 Half Year Financial Results

(Half-year ending 31 August 2023)



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25 October 2023

Our Experience. Our Future

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Forward looking statements

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Non-International Financial Reporting Standards (Non-IFRS) information

This presentation may make reference to certain non-IFRS financial information. This information is used by management to measure the operating performance of the business and has been presented as this may be useful for investors. This information has not been reviewed by the Group's auditor.

Change in accounting policies

During FY23 (year ending 28 February 2023), the Company in conjunction with its auditor reassessed its accounting policies:

- Ginning and cottonseed contracts to be in scope of AASB 15 Revenue from Contracts with Customers with no component accounted under AASB 9 Financial Instruments.
- Change in accounting for the NCA joint venture from an equity to a proportional consolidated basis.

The consolidated profit and loss and cashflow statements for H1 FY23 have been restated and used to facilitate comparison with H1 FY24. The financial position statement for H1 FY23 has not been restated and FY23 has been used for comparison with H1 FY24.

Notes

References to "H1 FY24" is half-year to 31 August 2023, "H1 FY23" is half-year to 31 August 2022 and "FY23" is full year to 28 February 2023.

References to "H1" is first half of the financial year (to 31 August) and "H2" is second half of the financial year (to 28 February).

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

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

Namoi Cotton is more than a ginner

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

Cotton Ginning



Cottonseed Marketing



Lint Marketing



Supply chain



Ginning & Co-products

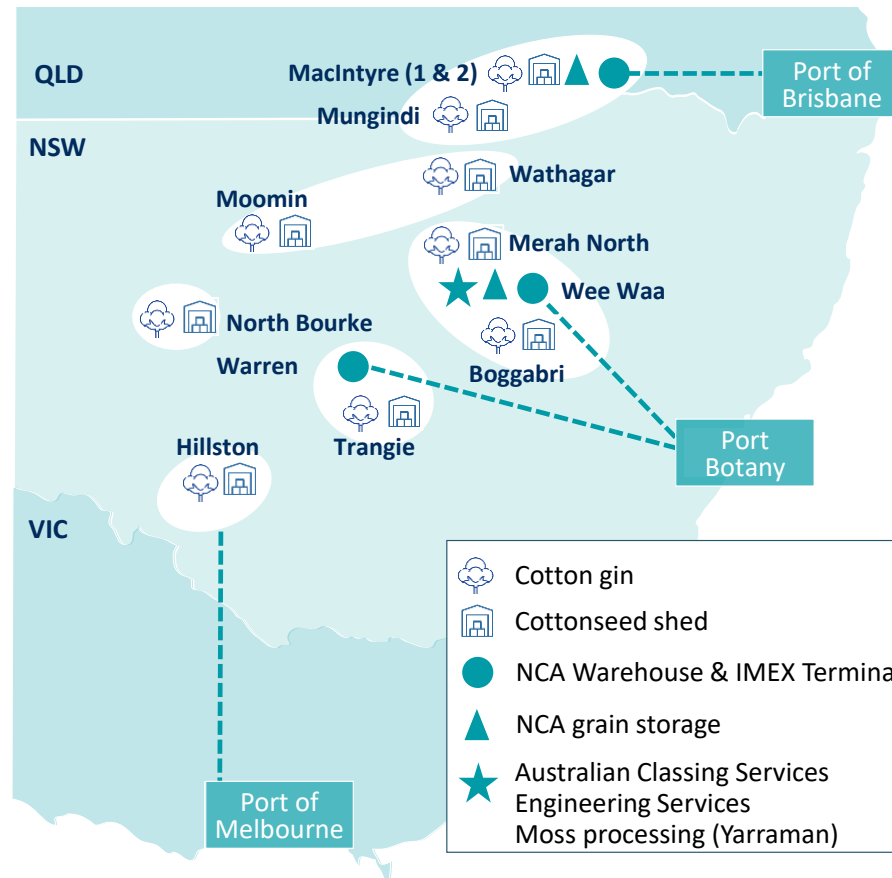
Cotton Ginning

- Network of 10 gins at 9 sites serving ~200 growers⁽¹⁾
- 1.6 million bale capacity
- In-house engineering

Co-products

- Network of 10 sheds
- Marketing cottonseed to local and overseas markets
- Process and marketing cotton mote and trash

(1) Excluding Kununurra, WA gin under construction (Namoi has a 20% interest)



Supply Chain & Marketing

Supply Chain⁽²⁾

- 3 warehouses & terminals
- 2 grain & packing facilities
- Rail and road transport to container ports

Cotton Marketing⁽³⁾

- Cotton lint origination from Namoi network
- Exporting to 8+ countries
- In-house cotton classing⁽⁴⁾

(2) NCA JV with LDC (Namoi Cotton has 51% interest)

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

(4) Australian Classing Services (wholly owned by Namoi)

Business highlights

Strong earnings and cashflow in H1 FY24 with above average ginning volume and return to normal conditions

Half Year Highlights				
Ginned Bales⁽¹⁾ 1.02mb (↑ 0.07mb) [H1 FY23: 0.95mb]	EBITDA⁽²⁾ \$26.9m (↑ \$7.0m) [H1 FY23: \$19.9m]	Profit Before Tax⁽³⁾ \$16.8m (↑ \$5.2m) [H1FY23: \$11.6m]	Core Debt⁽⁴⁾ \$20.0m (↓ \$13.7m) [FY23: \$33.7m]	LTIFR⁽⁵⁾ 4.3 (↓ 6.7) [H1 FY23: 11.0]
Business conditions	Delivering on strategy		Outlook	
Ginning - Return to normal conditions - Record volume at northern gins Cottonseed marketing - Reduced seed yield Joint ventures⁽⁶⁾ - Record warehouse shipments - Minimal supply chain disruptions	4PP initiatives - Completed 4PP initiatives to contribute ~\$1.5m in FY24 - Certain 4PP initiatives deferred to refocus resources for construction of new cotton gin for KCC⁽⁷⁾ Strong balance sheet - Debt metrics at pre-drought levels - CBA debt facilities extended to 2026		FY24 (2023 season) - Ginning volume of 1.16m bales - Increased ginning margin partly offset by lower cottonseed earnings - One-off costs with strategic review FY25 (2024 season) - Forecast average to above average production in our valleys - Forecast ginning volume 0.8-1.0mb	

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

(2) 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)

(3) Net Profit before Tax. The Group recognised a tax expense during the half-year ended 31 August 2023, however, due to the availability of tax losses, no tax payable has been recognised

(4) Core debt is Net Debt (total interest-bearing liabilities less cash and cash equivalents) less seasonal cottonseed inventory held for marketing at cost. More relevant debt metric for agribusinesses given the marketable and liquid characteristics of traded cottonseed

(5) LTIFR - Number of lost time injuries / total hours worked in the financial year × 1,000,000

(6) NCA, NC Packing Services Pty Ltd and NCMA joint ventures with Louis Dreyfus Company

(7) KCC – Kimberley Cotton Company Limited. Namoi has a 20% interest.

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Business performance



MacIntyre Gin

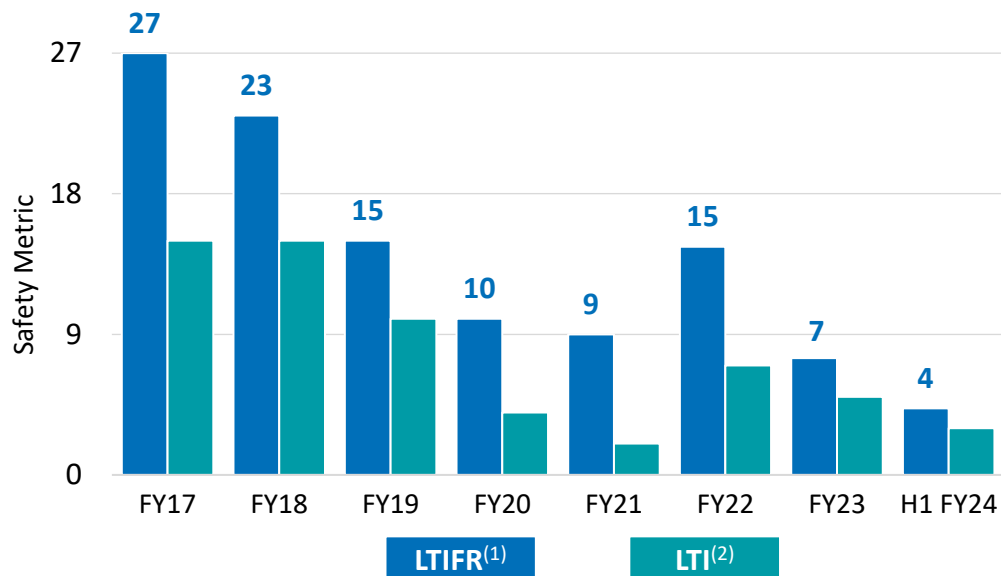
Safety

Commitment to a safe workplace and engaged culture for all employees, contractors and customers

Continuous improvement

- Improved LTIFR⁽¹⁾ safety metric of 4.3
 - 40% reduction vs FY23 [7.5]
 - 60% reduction vs H1 FY23 [11.0]

Safety Lag Indicators



Major initiatives

- On-line learning system successfully deployed
 - Over 500 workers completed training in 2023
- Improved reporting culture of hazards
 - Adoption of user-friendly reporting tool
 - 23% YoY increase in hazard and near miss reports
- Improved management of injured workers
 - Early access to medical assessment for staff at remote locations and rehabilitation programs
- Good feedback from internal and external audits
 - WorkSafe QLD carried out a review of our Safety Management System
 - NSW EPA undertook inspections at 5 gins

(1) LTIFR: Number of lost time injuries in the financial year / total hours worked in the financial year × 1,000,000

(2) LTI: Lost time injury

Season drivers

Above average cotton production with return to normal conditions

2023 season production

- 5.5m bale cotton production in Australia⁽¹⁾
- 3.2m bale cotton production in our catchment valleys⁽²⁾, 10% less than 2022 season
 - Above average production in northern valleys
 - Below average production in southern valleys

2023 season conditions

- Good conditions compared to 2022 season
- Above average cotton prices⁽³⁾

A Weather

- Good cotton quality and low moisture
- Minimal picking and delivery disruptions

B People

- Improved access to casual labour
- International ginnerers retained from prior year

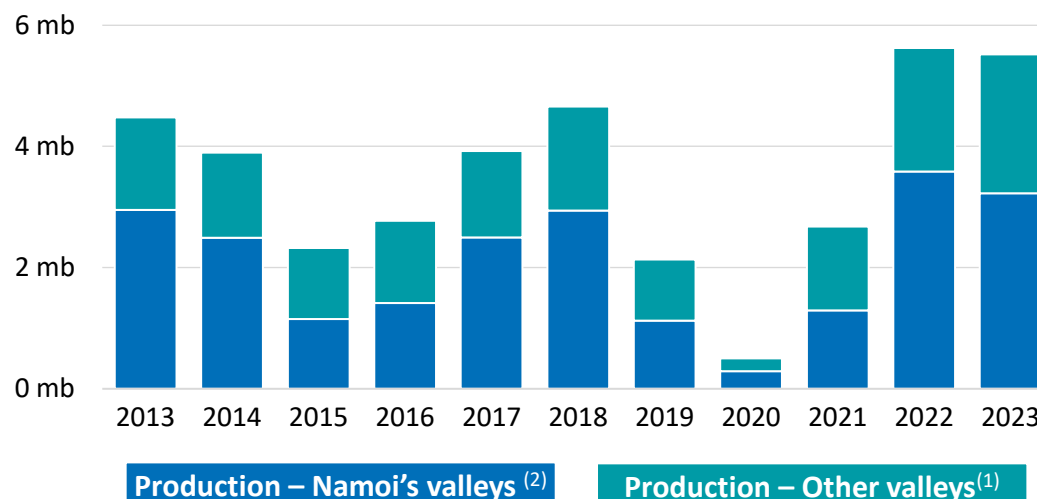
C Supply chain

- Minimal transport disruptions
- Improved access to empty containers

D Energy

- Lower moisture cotton reduced gas consumption
- Electricity prices were hedged for 2023 season

Australian Cotton Production



(1) ABARES for Australian production

(2) Cotton Compass for Catchment Valley production (Macintyre, Mungindi, Gwydir, Walgett, Bourke, Lower Namoi, Upper Namoi, Macquarie and Lachlan valleys)

(3) Cotton Compass average annual cotton prices – September 2023

Business drivers

Increased margin from ginning and joint ventures but reduced earnings from cottonseed marketing

Ginning operations

Strong contribution from ginning

- a) Return to normal conditions
 - Reduced energy consumption compared to 2022 with lower moisture cotton
 - Increased gin speed compared to 2022 with cleaner cotton and few ginning interruptions
- b) Ginning optimisation
 - 4PP upgrades at Merah North and Trangie gins increased productivity by over 10%⁽¹⁾
 - Relocation and consolidation of cotton from North Bourke to upgraded Trangie gin
- c) Margin management
 - Increased fees recouped past cost inflation
 - Reduced staff recruitment costs
 - Electricity rebates from Demand Response program

Co-products⁽²⁾

Reduced contribution from co-products

- a) Pressure on cottonseed margin
 - Below average cottonseed yield
 - Higher supply chain costs for carried over seed
- b) Moss earnings to be generated in second half FY24
 - Most of the 2023 season mote and 2022 carried over mote was processed at Yarraman in H1FY24

Joint Ventures⁽³⁾

Strong contribution from joint ventures

- a) NCA⁽⁴⁾: Record warehouse volume from NCMA and other customers with minimal transport disruptions
- b) NCMA⁽⁵⁾: Reduced lint volume acquired for NCMA with sound margin in a competitive global market

(1) Compared to 2018 and 2017 season with similar ginning volume. See slide 16

(2) Cottonseed marketing and sale of processed mote (into moss)

(3) NCA (and NC Packing Services Pty Ltd) and NCMA joint ventures with Louis Dreyfus Company

(4) NCA and NC Packing Services: 51% owned by Namoi Cotton

(5) NCMA: 15% owned by Namoi Cotton

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Half year performance



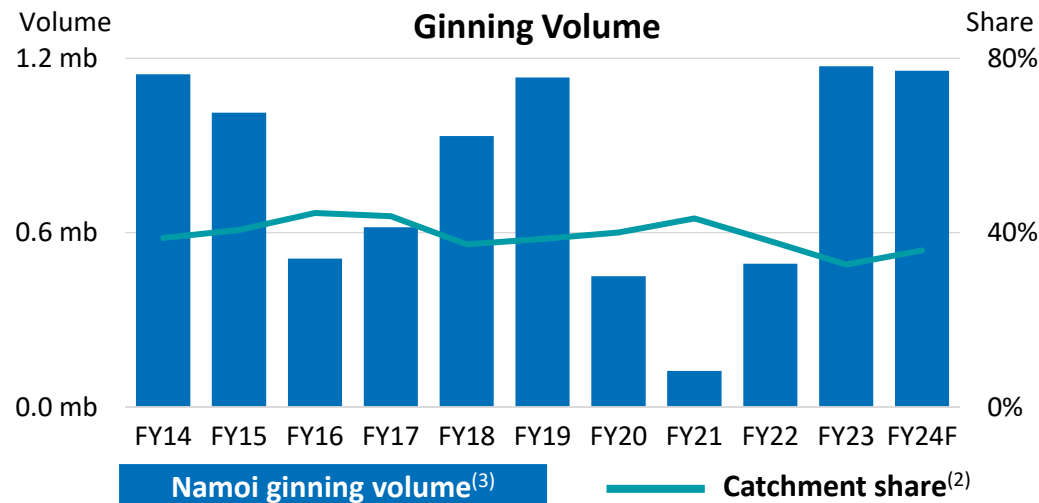
Boggabri Gin

Volume

Similar volume ginned as the prior season (2022) with increased market share

Ginning volume

- 1.02m bales ginned in H1FY24
- Ginning completed on 16 October 2023 with 1.16m bales ginned for the 2023 season
- Increased share in our catchment valleys⁽²⁾ with record volume at our northern gins



- (1) Australian production - ABARES
 (2) Namoi catchment valleys - Cotton Compass (Macintyre, Mungindi, Gwydir, Walgett, Bourke, Lower Namoi, Upper Namoi, Macquarie and Lachlan production valleys)
 (3) Namoi ginned bale volume (100% of JV gins excluding closed Ashley gin)
 (4) Managed by NCA (51% owned by Namoi Cotton)
 (5) Current season lint bales acquired by Namoi on behalf of NCMA (15% owned by Namoi Cotton)

Cotton production

	2023 season	2022 season	
Australia ⁽¹⁾	5.5m bales	5.6m bales	(2)%
Catchment valleys ⁽²⁾	3.2m bales	3.6m bales	(10)%
Catchment share ⁽²⁾	36%	33%	3%

Namoi volumes

	H1 FY24	H1 FY23	
Cotton ginned ⁽³⁾	1,017,000 bales	952,000 bales	7%
Cottonseed shipped	230,000 tonnes	146,000 tonnes	58%
Warehouse cotton shipped ⁽⁴⁾	473,000 bales	290,000 bales	63%
Seed and grain packed ⁽⁴⁾	117,000 tonnes	69,000 tonnes	69%
Cotton lint acquired ⁽⁵⁾	488,000 bales	641,000 bales	(24)%

Earnings

Uplift in earnings driven by increased contribution from ginning operations and joint ventures

	H1 FY24	H1 FY23	Movement
Income Statement (\$m)			
EBITDA⁽¹⁾	26.9	19.9	7.0
Depreciation⁽²⁾	(7.9)	(7.7)	(0.2)
Finance costs - interest	(1.5)	(1.5)	-
Finance costs - FX⁽³⁾	(0.7)	0.9	(1.6)
Profit before tax	16.8	11.6	5.2
Profit after tax⁽⁴⁾	11.4	11.6	(0.2)
Business Segments (\$m)			
Ginning Services⁽⁵⁾	27.8	21.3	6.5
Supply Chain & Marketing⁽⁶⁾	5.3	2.4	2.9
Corporate⁽⁷⁾	(6.2)	(3.8)	(2.3)

Note: Refer to Namoi Cotton FY24 Half Year Report for definitions and explanations of terms and numbers:

- (1) 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 NCPS and NCMA excluding impairments and revaluation decrements on property, plant and equipment held at fair value)
- (2) Ginning infrastructure assets depreciated on a units of production basis over their rolling estimated remaining useful lives of 20 years of sustainable bales
- (3) Finance costs include foreign currency derivatives recorded at fair value through profit or loss
- (4) Group recognised a tax expense for half-year ended 31 Aug 2023, however, due to the availability of tax losses, no tax payable has been recognised
- (5) Ginning Services - earnings from ginning and sale of co-products (cottonseed and moss)
- (6) Supply Chain & Marketing - predominately share of NCA EBITDA and earnings from JVs and associates (NCMA and NCPS)
- (7) Corporate – income and expenditure not allocated to operating segments
- (8) Australian tax losses do not expire, however, any losses carried forward to future years are subject to loss integrity provisions

Highlights

- EBITDA \$26.9m⁽¹⁾ an increase of \$7.0m
- Profit before tax of \$16.8m an increase of \$5.2m (No tax payable given tax losses carried forward⁽⁸⁾)

Segment EBITDA performance

- \$27.8m - Ginning Services⁽⁵⁾
 - Increased margin including cost savings from completed 4PP initiatives
 - Lower cottonseed marketing earnings
- \$5.3m - Supply Chain & Marketing⁽⁶⁾
 - Record warehouse bales with increased portion of volume shipped in first half
- \$(6.2)m – Corporate costs⁽⁷⁾
 - Additional salary and general costs with strategic review and change in CEO

Balance sheet and cashflow

Increased operating cashflow with increased earnings and reduced cottonseed inventory

Balance Sheet (\$m)	H1 FY24	FY23	Movement
Net Assets	145.4	133.7	11.7
Net Assets / Share	71 cents	65 cents	6 cents
Net Debt⁽¹⁾	36.3	47.2	(10.8)
Cottonseed inventory⁽²⁾	16.4	13.4	(3.0)
Core Debt⁽³⁾	20.0	33.7	(13.7)
Cashflow (\$m)	H1 FY24	H1 FY23	Movement
Operating cashflow⁽⁴⁾	15.3	(9.2)	24.4
Cottonseed inventory⁽²⁾	16.4	31.7	(15.3)
Core operating cashflow⁽⁵⁾	31.7	22.6	9.1
Capital expenditure⁽⁶⁾	(5.0)	(4.4)	(0.6)

Highlights

- Net Assets of \$145.4m
- Operating cashflow⁽⁴⁾ of \$15.3m

Commentary

- Net Assets of \$0.71 per share
 - Backed by \$154.2m in plant, property and equipment in Namoi and NCA
- \$31.7m core operating cashflow⁽⁵⁾
 - \$15.3m lower cottonseed inventory
- \$15.3m operating cashflow funded:
 - \$10.8m reduction in Net Debt⁽¹⁾
 - \$5.0m capital expenditure⁽⁶⁾
- Certain 4PP initiatives deferred to refocus resources for new cotton gin for KCC

Note: Refer to Namoi Cotton FY24 Half 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) Cottonseed inventory for marketing which is carried at cost

(3) Core Debt - Net debt less seasonal cottonseed inventory held for marketing at cost (More relevant for an agribusinesses given marketable and liquid characteristics of traded cottonseed)

(4) Operating cashflow - Net cash inflow/(outflow) from operating activities

(5) Core operating cashflow - Operating cashflow less cottonseed inventory. (More relevant for an agribusinesses given marketable and liquid characteristics of traded cottonseed)

(6) Capital expenditure - includes \$1.4m equity investment in Kimberley Cotton Company (KCC) in H1 FY24

Reduced core debt

Balance sheet is well positioned to manage variable seasons with debt metrics at pre-drought levels

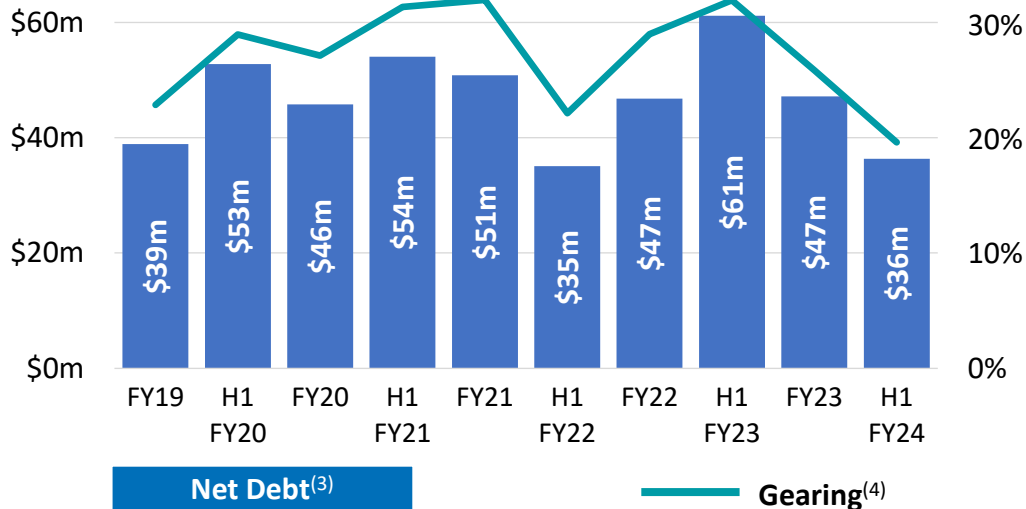
Gearing and Debt Facilities

- \$36.3m Net Debt⁽³⁾ and gearing of 20%
- Significant funding head room with \$72.4m in committed and non-committed debt facilities⁽²⁾

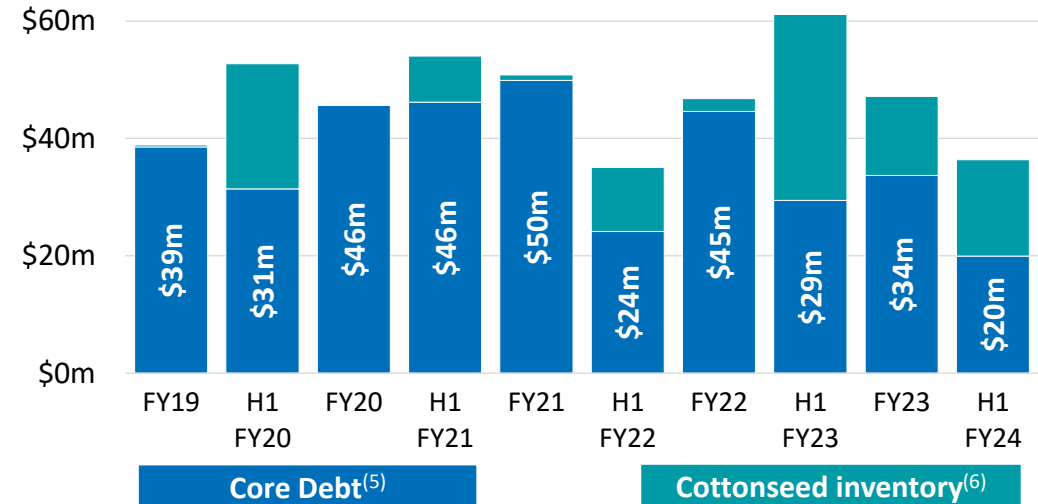
Core Debt

- \$20.0m Core Debt⁽⁵⁾ excluding cottonseed inventory
- Core Debt at below pre-drought levels to manage variable seasons and fund 4PP initiatives

Net Debt and Gearing



Core Debt



Note: Refer to Namoi Cotton FY24 Half Year Report for definitions and explanations of terms and numbers

(1) H1 FY23 and prior full and half-year numbers have not been restated for the consolidation of NCA and revenue treatment of cottonseed

(2) Term debt and working capital debt facilities from Commonwealth Bank of Australia

(3) Net Debt - Current plus non-current interest bearing liabilities plus lease liabilities and equipment loans less cash and cash equivalents

(4) Gearing - Net Debt divided by Net Debt plus Total Equity

(5) Core Debt - Net debt less seasonal cottonseed inventory (More relevant for an agribusinesses given marketable and liquid characteristics of traded cottonseed)

(6) Cottonseed inventory for marketing is carried at cost for H1 FY24 and FY23 and lower of cost and net realisable value in prior periods

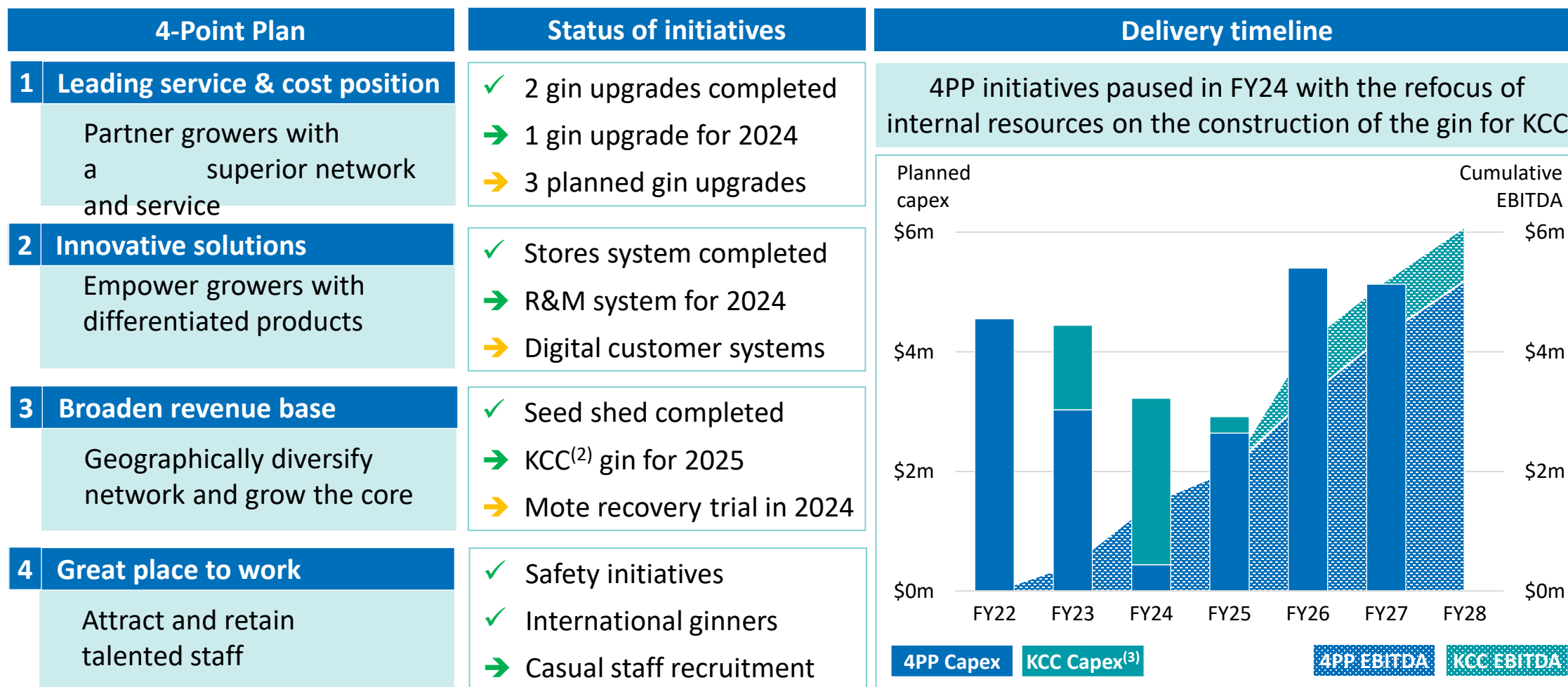
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Strategy update



4PP strategy

Increase through the cycle target EBITDA by ~\$6m from investment of ~\$26m⁽¹⁾ and leveraging our capability



(1) Over a 6 year period to FY27. Include capex and EBITDA for KCC. Growth capex is in addition to stay in business capex of average \$2-3 million per annum

(2) KCC – Kimberley Cotton Company Limited. Namoi has a 20% interest in KCC

(3) Including capex and investment for KCC. Net of margin from the supply of ancillary gin equipment and gin installation services

Meeting target returns

Completed 4PP projects delivered ~\$1.5 million incremental EBITDA⁽¹⁾ with further upside expected in FY25

Gin upgrades

Merah North

- 10% productivity gain
- Realised additional benefits following post commissioning works
- Reduced variable cost
- Increased capacity supported record volume

Trangie

- 14% productivity gain
- Delivered on time for 2023 season
- Reduced variable cost
- Increased capacity used to consolidate cotton from North Bourke gin

Co-product value

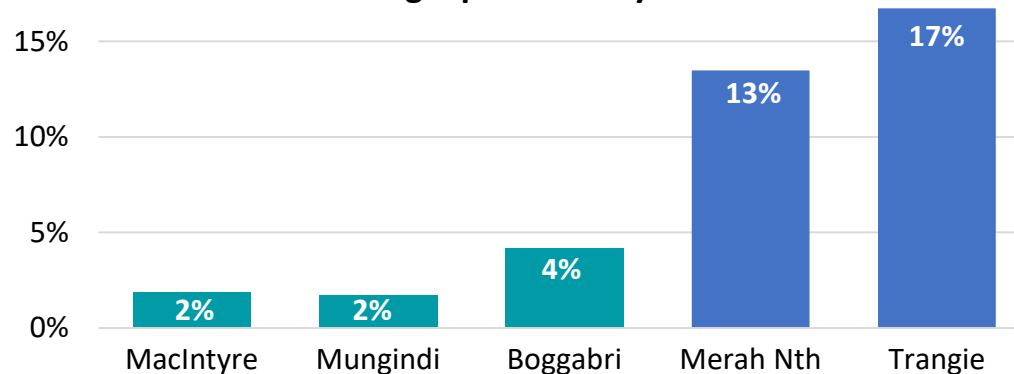
Boggabri cottonseed shed

- 8,000 tonne shed
- Reduce supply chain costs
 - Nil external storage
 - 90% cottonseed delivered to local consumers & packers
 - Continuous ginning

Mote recovery

- Equipment installed at Boggabri gin
- Generate incremental value-add in FY25
 - Increased mote for processing and sale
 - Reduced trash cost

Increased gin productivity in 2023⁽²⁾



(1) Expected EBITDA uplift in FY24. Post implementation review of the Merah North and Trangie gin upgrades and Boggabri cottonseed shed based on cost savings, additional volume and increased margin

(2) 2023 season bales per hour compared to similar 2017 & 2018 seasons for Merah North and Trangie gins (excluding old season cotton) vs similar gins at MacIntyre, Mungindi and Boggabri

Northern Australia

Commenced construction of new cotton gin at Kununurra for Kimberley Cotton Company (KCC)

Kununurra gin construction

Namoi is the Project Manager on behalf of KCC

- Project on budget and on time
- Civil and concrete works well advanced
- Target completion in second half of 2025



Basement works

Namoi services to KCC

Namoi is 20% investor in KCC and gin operator

- Fabrication of ancillary gin equipment at our Wee Waa workshop on schedule for early 2024
- Preparation for installation of Lummus and Namoi gin equipment from mid-2024



Civil & concrete works

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Business Outlook



Mungindi Gin

FY24 and FY25 business priorities

Board and management focus to increase shareholder value and prepare for 2024 season

Leadership

- Tim Watson to continue as Executive Chairman until completion of strategic review
- Team focused on contracting ginning and preparing for 2024 ginning season

Strategic review

- Strategic review exploring opportunities to strengthen our business
- Update expected prior to FY24 year end

Margin management

- Reducing corporate and overhead costs by \$2m in FY25
- Increased ginning fees to recoup cost inflation in 2024 including increased electricity costs

4PP initiatives

- Focus resources for Kununurra gin project for KCC
- Continuing 4PP initiatives to increase through the cycle EBITDA

Renewed debt facilities

- \$76.25 million in banking facilities with CBA⁽¹⁾ renewed and extended to 30 October 2026
- Additional headroom and flexible terms to manage variable seasons

(1) Commonwealth Bank of Australia. Current debt facilities operate to October 2024

2024 season (FY25) outlook

Water availability expected to support average to above average ginning volume for 2024 season

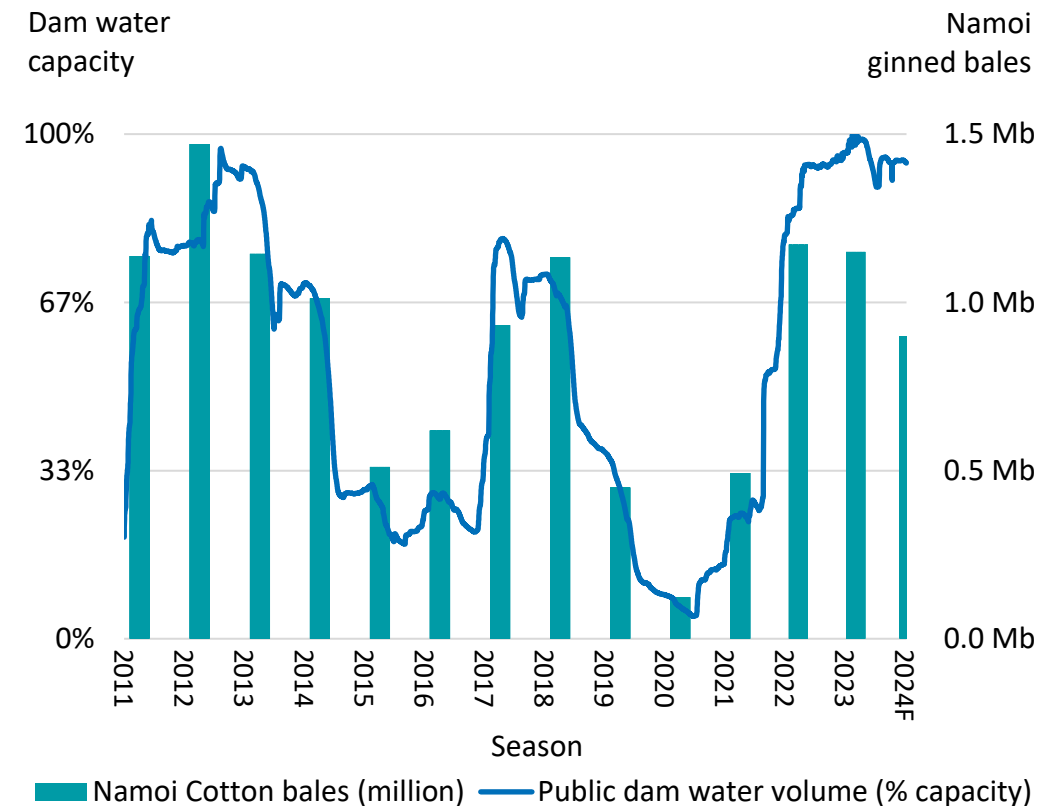
Water availability

- Public dam water at 94% capacity⁽¹⁾
- Despite El Niño conditions, water availability expected to support above average production in 2024 season (FY25)

2024 season outlook

- Forecast Australian cotton production for 2024 season is estimated at 4.4 million bales⁽²⁾
 - Average production in northern valleys, with reduced dryland cotton planting
 - Above average production in central and southern valleys, following below average planting last season
- Forecast average to above average ginning volume⁽³⁾ in 2024 season (FY25) of 0.8-1.0m bales

Lead indicator - regional system dam water⁽¹⁾



(1) Bureau of Meteorology (BOM) as at September 2023 – weighted average water capacity in rural system public dams in Namoi catchment valleys (BOM rural systems of Border Rivers, Macintyre, Gwydir, Namoi, Macquarie, Lachlan)

(2) Cotton Compass (23 October 2023)

(3) Sustainable (through the cycle) ginning volume is 830,000 bales