

2022 AGM – Chairman’s address to shareholders
NAMOI COTTON LIMITED (ASX: NAM)

Good morning, ladies and gentlemen, on behalf of the Board, I would like to begin by acknowledging the Traditional Owners of the land on which we meet today, the Jagera, Giabal and Jarowair people. We also acknowledge the Traditional Owners of Country in the communities in which we operate as well as throughout Australia. We pay our respects to Elders past and present.

Welcome to the annual general meeting of Namoi Cotton Limited. My Name is Tim Watson, the 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 members present in the room today, we also have members who are joining this meeting virtually.

For virtual members, if we experience technical issues throughout the AGM and they are not resolved within 5 minutes, we will adjourn the meeting and reconvene at 12noon Brisbane time today.

It is the Board’s intention to hold every shareholder meeting in person however, we do recognise that widely adopted technology now allows for the pairing of a physical meeting with a virtual component. We believe the benefits from such pairing including more flexibility, increased reach, maximised attendance, and better engagement, outweigh the increased organisation requirements and the risk of technical difficulties.

I note that based on the proxy votes lodged it is apparent that we will receive more than 25% “No” votes for Resolution 5 which would have approved the Company to hold wholly virtual meetings. It was not the Board’s intention to hold fully virtual meetings however, in extreme circumstances such as we experienced during the COVID-19 pandemic, there are instances when this could be required. We accept shareholders’ feedback in regards this resolution.

All details regarding this AGM were released to the ASX Announcements Platform on 19th June 2022 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 a Quorum is present, and I declare the meeting open.

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

1. Juanita Hamparsum
2. Joe Di Leo
3. Ian Wilton, and
4. Robert Green.

The Company's Chief Executive Officer, John Stevenson, is present today in person in Toowoomba, as is the Company's Auditor, Wade Hansen representing Ernst & Young who is available to answer questions in relation to the audit of the company's financial accounts.

Computershare representatives are 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 Namoi Cotton team led by our CEO, John Stevenson. I would also like to take this opportunity to introduce and welcome our chief Financial Officer and Company Secretary, Sonya Ryan, who joined us this year and who will be in charge of the meeting today.

Later in the meeting, John and Sonya will report on the detailed business performance and outlook, as well as provide an update on our strategic plans going forward.

On the 30th of October this year, Namoi Cotton will reach a historic milestone when we celebrate our 60th continuous year of business. Namoi Cotton came into being following a meeting of growers in Wee Waa on October 30, 1962. Namoi Cotton has played a fundamental role in the success of the Australian cotton industry to date. Your board and the management team are committed to ensure that Namoi Cotton maintains that relevance and influence on the Australian cotton landscape now and long into the future.

The 2021 season (i.e. FY2022) was the start of a turnaround in the cotton industry after several years of punishing drought in Eastern Australia. Although our 2021 production volumes were below average, we have reported our first positive EBITDA since FY2019.

For the 2022 season and the medium-term beyond that, the outlook for cotton production is exceptional. Good water availability and strong prices will encourage growers to continue planting cotton as a preference. We will deliver increased earnings and cashflow in the coming years and I assure you that the Board is focussed on ensuring capital is allocated appropriately to maximise shareholder value. That is, to shareholders in the form of dividends, financiers in terms of debt repayment and, growers in terms of investment in our facilities and services. We maintain a focus on reducing debt and only investing capital in projects that deliver returns in excess of our cost of capital. In future years we intend to return to paying dividends to shareholders as cashflow allows.

The Board and management are proud of our history as a grower-based organisation. Later today you will be voting on a resolution regarding maintaining the Grower Director representation rule.

Your Board has recommended you vote against the resolution and the votes received indicate the resolution will not be upheld

Rest assured we will always value and maintain a deep connection with our grower base, which today is represented more in terms of service delivery as opposed to direct ownership and Board representation. It is your boards intention to include a provision in the board charter to maintain at least 2 directors with current or recent cotton growing experience.

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

Before we commence the formal meeting, I note that based on the proxy votes lodged it is apparent that we will receive more than 25% “No” votes for our Remuneration Report (i.e. Resolution 1) which constitutes a first strike under The Corporations Act 2001.

The feedback I have received from most shareholders is that they are supportive of our remuneration principles whilst questioning the best way to link remuneration with increased shareholder value. However, our largest shareholder (Samuel Terry Asset Management – STAM) have submitted a proposal to modify our long term and short-term incentive plans to be in their words *“more aggressively aligned with shareholder outcomes”*. The major changes proposed by STAM include non-executive Directors together with key management being remunerated via share rights which vest based on share price performance, as well as an increase in the % of remuneration received in shares versus cash.

In accordance with the ASX Corporate Governance Principles and Recommendations, your board does not support performance-based remuneration for non-executive Directors given that it may lead to bias in their decision-making and compromise their objectivity. We will continue to discuss these matters with STAM and other shareholders prior to reporting on how we have taken these issues into account in our Remuneration Report next year.

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

For further information please contact:

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