



ASX RELEASE

20 December 2021

QUARTERLY ACTIVITY REPORT AND APPENDIX 4C – NAMOI COTTON LIMITED (ASX: NAM)

Namoi Cotton Limited ('**Namoi**' or the '**Company**') is pleased to provide its Appendix 4C cash flow statement for the quarter ended 30 November 2021 ('**Q3-22**'), along with the following update.

Business activities in the Third Quarter (Q3-22)

There was no material change in the activities of the Company during Q3-22.

The ginning season is now complete with our ginning volumes reaching 492,989 bales. This is in line with our investor presentation to the market on 29 October 2021 and compares with 124,000 bales last season.

The Company's Q3-22 cashflow covers the beginning of maintenance in preparation for the coming season together with receipts from customers for by-products.

Net cash outflow from operating activities in Q3-22 totalled \$9.0 million (Q3-21: net cash inflows \$1.9 million). Receipts from customers totalled \$59.3 million during Q3-22 (Q3-21: \$14.4 million) and compare to product manufacturing and operating costs of \$64.6 million for the same period (Q3-21: \$9.8 million), reflecting increased ginning volumes versus the same period last year.

Staff plus other administration and corporate costs totalled \$3.2m in Q3-22 (Q3-21: \$3.0 million).

Payments to related parties represent payments made to Grower Directors for the supply of cotton lint, by-products, and services less the cost of ginning cotton. These payments are included within product manufacturing and operating costs and were made in the ordinary course of business.

Material Developments

The Company released its Half Year Report and Accounts, together with an Investor Presentation on 29 October 2021 in which it announced:

- the outlook for Australian cotton production to be 4.6m bales¹ for the 2022 season;
- renewal and expansion of the Company's debt facilities to 31 October 2024; and
- a continuation in the Company's 4PP Strategy and gin-ready program.

Cotton growing areas in NSW and QLD have experienced flooding in November and December which may result in a loss of crops in areas that do not have the protection of levees and may result in a revision in early 2022 to the forecast Australian cotton production for the 2022 season.

¹ ABARES forecast (September 2021)

This announcement was approved by the Board of Namoi Cotton.

For further information, please contact:

Namoi Cotton Limited
John Stevenson
Chief Executive Officer
(07) 4631-6104

<end>

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Namoi Cotton Limited

ABN

76 010 485 588

Quarter ended ("current quarter")

30 November 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	59,254	279,352
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(64,600)	(268,816)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(2,982)	(11,664)
(f) administration and corporate costs	(255)	(1,409)
1.3 Dividends received (see note 3)		
1.4 Interest received		5
1.5 Interest and other costs of finance paid	(380)	(1,062)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		237
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(8,963)	(3,357)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(1,006)	(2,008)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	22	416
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)	(13)	455
2.6 Net cash from / (used in) investing activities	(997)	(1,137)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		10,640
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		(295)
3.5 Proceeds from borrowings		4,100
3.6 Repayment of borrowings	(207)	(8,635)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(207)	5,810

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	11,753	270
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(8,963)	(3,357)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(997)	(1,137)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(207)	5,810
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,586	1,586

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,586	11,753
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,586	11,753

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	185
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	80,119	42,619
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	80,119	42,619
7.5 Unused financing facilities available at quarter end		37,500

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The following secured facilities were in place with Commonwealth Bank of Australia ('CBA') at quarter end:
A term debt facility of \$42 million which was fully drawn. This is a committed, non-amortising line utilised to fund capital projects relating to the plant, property, and equipment of the business.
A committed borrowing base facility of \$17.5 million of which \$0.0 million was drawn. This is a non-amortising line of credit utilised to fund day to day expenses of the Company including specific funding needs for cotton seed inventory and debtors, ginning consumables, and general working capital needs.
A further uncommitted facility of \$10.0 million, not currently utilised, is available.
A trade advance facility of \$5.0 million, not currently used
The term debt and committed borrowing base facilities both mature on 30 October 2024. The weighted average variable interest rate on the Company's interest-bearing loans is 2.92% p.a.
Equipment loans for gin packaging and logistics supply chain equipment totalling \$0.619 million which have an average term of 1.8 years with the average interest rate implicit in the contracts of 4.74% p.a.
Additionally, an overdraft facility of \$5.0 million with the CBA is also available at a line fee of 0.68% and an interest rate (currently 3.20%). This facility is not currently utilised.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(8,963)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,586
8.3 Unused finance facilities available at quarter end (item 7.5)	37,500
8.4 Total available funding (item 8.2 + item 8.3)	39,086
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.36

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **20 December 2021**

Authorised by: Board of Namoi Cotton Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.