

ASX Announcement

30 October 2020

Wingara positioned for a strong second half

Activities report for Quarter ended 30 September 2020 (Q2 FY21)

Key highlights

- Increasing cash receipts – H1 FY21 up 22% to \$19.15 million (vs H1 FY20)
 - Q2 FY21 up 1% to \$9.13 million (vs Q2 FY20) with reduction in Austco Polar cash receipts mainly offset by growth in JC Tanloden
- JC Tanloden production output in H1 FY21 is up 50% to 25.97K MT (vs H1 FY20)
- Austco Polar remains resilient, with only a 9% reduction in overall blast volumes despite logistical constraints due to COVID-19 and industrial action in Sydney port.

Wingara AG Limited (ASX: WNR), the owner and operator of value-add, mid-stream assets specialising in the processing, storage and marketing of agriculture produce for export markets, is pleased to provide this quarterly activities report alongside its Appendix 4C (Quarterly Cashflow Report) for the quarter ended 30 September 2020 (Q2 FY21).

	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21
	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20
Receipts from customers	7.63	8.13	9.34	10.58	10.02	9.13
Net Cash from Operation activities	1.93	1.09	(1.13)	(0.32)	(0.02)	(0.53)
Hay volumes MT (JCT)	8,175	9,125	10,449	14,279	11,839	14,135
Available Hay MT (JCT)	8,981	2,434	18,515	15,777	16,278	20,290
Blast cartons (Austco)	488,852	412,492	712,118	517,510	409,647	413,193

Reflecting on Q2 FY21, Managing Director & CEO Gavin Xing said:

“Over the second quarter of FY21, Wingara was able to navigate through serious COVID-19-related challenges in a tough macro-economic environment while setting strong foundations for the Company’s next phase of revenue growth.

“We have prepared JC Tanloden for the 2020/21 harvest season and expect an overall improvement in our capacity utilisation rate. The Company’s current commercial standing will support the execution of our hay inventory accumulation strategy to deliver increased production output in the coming 12 months and beyond.

“Austco Polar is operating effectively despite COVID-19 and international shipping logistic challenges. Efficient cost management and the relatively low capital-intensity of operations have provided a buffer against the worst effects of the pandemic. Austco has so far achieved blast carton volumes of 823k for HY21, even though revenue has decreased somewhat.”

Revenue growth continues over H1 FY21

Wingara is now well-positioned to step up into its next phase of growth, with a diversified asset investment model proving extremely resilient in an adverse commercial environment. Increased fodder export revenues have protected the Company from a reduction in blast carton volumes. Export

market demand should continue to exceed supply. With the groundwork laid for improved capacity utilisation, Wingara is well placed to meet demand.

JC Tanloden

- H1 FY21 production was up 50% (on H1 FY20) at 25,974 MT
- Overall export demand is solid, with key Asian economies recovering following re-opening post COVID-19
- Inventory has increased 734% in H1 FY21, to 20,290 MT (compared to 2,434 MT in H1 FY20), a strong lead indicator of future sales

Austco Polar Cold Storage

- Despite a fall in overall volumes over H1 FY21 (compared to H1 FY20), Austco Polar has performed strongly in light of significant challenges from the economic environment
- Austco Polar blast carton remained constant across quarters in FY21

	Q2 FY20	Q2 FY21	H1 FY20	H1 FY21
	30-Sep-19	30-Sep-20		
Receipts from customers	8.13	9.13	15.76	19.15
Net Cash from Operating Activities	1.09	(0.53)	3.02	(0.55)
Hay volumes MT (JCT)	9,125	14,135	17,300	25,974
Available Hay MT (JCT)			2,434	20,290
Blast cartons (Austco)	412,492	413,193	901,344	822,840

Placement raises \$5.037 million to fund immediate growth opportunities for fodder export

On 14 August 2020, Wingara raised \$5.037 million via an oversubscribed single tranche share placement (Placement). The Placement was priced at \$0.19 per ordinary share, and was supported by both existing and new sophisticated and institutional investors. Funds raised from the Placement are being used to facilitate immediate growth opportunities for fodder export within JC Tanloden.

Growing cash receipts and investment in working capital to drive growth

Q2 FY21 customer receipts were up 1.03% to \$9.13 million (compared to Q2 FY20). Operating net cash outflow for Q2 FY21 of \$(0.50) million reflected the Company's strategic inventory build-up to support future sales.

The table below provides a summary of Receipts and Expenditures for Q2 FY21 and FY21 year to date business activities (refer also the accompanying Appendix 4C):

	FY2021 (3 months to 30 Sep 2020) \$'000	FY2021 (YTD) \$'000
Receipts from customers	9,128	19,147
Operating costs	(6,297)	(12,848)
Research & Development	-	-
S,G&A (corporate overhead)	(3,069)	(6,337)
Investing activities	-	-
Financing payments / receipts	(267)	(466)

Other	(29)	(45)
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Notes:

- (1) Numbers in the table are presented on a cash basis, consistent with the Appendix 4C
- (2) Expenditures include allocations of Staff Costs, which are shown as a separate line in the Appendix 4C

Quarterly activities investor briefing

Gavin Xing (Managing Director & CEO) and Zane Banson (CFO & Executive Director) will host an investor webinar at 09:00am ADST on Wednesday, 4 November 2020. Following the presentation, participants will have an opportunity to ask them questions.

To attend the webinar, please pre-register at:

https://us02web.zoom.us/webinar/register/WN_AaUoEpefS_6ju6WoclVufA

This announcement has been approved for release by the Board of Directors of Wingara AG Limited.

For further information please contact:

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About Wingara AG Limited:

Wingara AG Limited aims to be the leader in the sale of agricultural products to the domestic and international markets, particularly focusing on the export of hay products to Asia. By adhering to the highest standards of production we ensure a reliable source of hay to our clients, enabling them to meet their business demands confident in the quality of our product.

We are also dedicated to supporting local producers and our commitment to providing an equitable relationship with Australian farmers allows us to source the best product available. Wingara is committed to ensuring we uphold the highest standards of integrity throughout the organisation, ensuring that we create an environment in which individuals continue to strive to meet our goals.

Forward-Looking Statements:

Certain statements made in this release are forward-looking statements and are based on Wingara AG's current expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements. Although Wingara AG believes the forward-looking statements are based on reasonable assumptions, they are subject to certain risks and uncertainties, some of which are beyond Wingara AG's control, including those risks or uncertainties inherent in the process of both developing and commercialising technology. As a result, actual results could materially differ from those expressed or forecasted in the forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Wingara AG will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

Appendix 4C

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

Name of entity

Wingara AG Ltd

ABN

58 009 087 469

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,128	19,147
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,336)	(5,130)
Hay Purchases	(3,961)	(7,718)
(c) advertising and marketing	(19)	(68)
(d) leased assets	(758)	(1,507)
(e) staff costs	(2,172)	(4,509)
(f) administration and corporate costs	(120)	(253)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(267)	(466)
1.6 Income taxes paid	(29)	(45)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(534)	(549)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(721)	(1,715)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(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)	(150)	(300)
2.6	Net cash from / (used in) investing activities	(871)	(2,015)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,037	5,037
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	(315)	(315)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(488)	(1,078)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(75)	(184)
3.9	Reduction in debt facility – available for redraw	(3,380)	(3,380)
3.10	Net cash from / (used in) financing activities	779	80

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,592	3,450
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(534)	(549)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(871)	(2,015)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	779	80
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	966	966

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	966	1,592
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)	966	1,592

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	187
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<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.</i> <i>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	11,216	6,828																												
7.2	Credit standby arrangements	40																													
7.3	Other (please specify)																														
7.4	Total financing facilities	11,256	6,828																												
7.5	Unused financing facilities available at quarter end		4,428																												
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.																														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Facility</th> <th style="width: 15%;">Facility Limit (\$,000)</th> <th style="width: 15%;">Drawndown (\$,000)</th> <th style="width: 20%;">Interest Rate</th> </tr> </thead> <tbody> <tr> <td>Inventory Loan Facility</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">1,620</td> <td>BBSY + 1.42</td> </tr> <tr> <td>Westpac Facility - Elect Performance Group</td> <td style="text-align: center;">1,885</td> <td style="text-align: center;">1,885</td> <td>BBSY + 1.72</td> </tr> <tr> <td>Asset finance facility</td> <td style="text-align: center;">3,731</td> <td style="text-align: center;">3,323</td> <td>4.94%</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: center;">600</td> <td style="text-align: center;">-</td> <td>4.59%</td> </tr> <tr> <td>Corporate Card</td> <td style="text-align: center;">40</td> <td style="text-align: center;">-</td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: center;">11,256</td> <td style="text-align: center;">6,828</td> <td></td> </tr> </tbody> </table>			Facility	Facility Limit (\$,000)	Drawndown (\$,000)	Interest Rate	Inventory Loan Facility	5,000	1,620	BBSY + 1.42	Westpac Facility - Elect Performance Group	1,885	1,885	BBSY + 1.72	Asset finance facility	3,731	3,323	4.94%	Bank overdraft	600	-	4.59%	Corporate Card	40	-		Total	11,256	6,828	
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8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(534)
8.2	Cash and cash equivalents at quarter end (item 4.6)	966
8.3	Unused finance facilities available at quarter end (item 7.5)	4,428
8.4	Total available funding (item 8.2 + item 8.3)	4,860
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	9
	<i>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.</i>	
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: 30 October 2020

Authorised by: By the board.....
(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.