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ASX Announcement

28 May 2021

Wingara delivers resilient FY21 performance despite COVID-19

Overview of FY21 (underlying[1] basis unless stated otherwise):

- **Revenue up 8% to $38.0 million; in line with growth in cash receipts**
- **JC Tanloden production output up 56% to 65.6k MT**
- **Austco Polar blast volumes down 21% reflective of unfavourable macro environment**
- **Maintained EBITDA profitability at $2.5 million (FY20: $3.3 million)**
- **NPAT loss of $3.2 million (FY20: $3.5 million loss)**
- **Reported NPAT loss of $6.2 million (FY20: $0.8m profit)**
- **Restructuring completed and governance increased to support future growth**

Wingara AG Limited (ASX: WNR, “Wingara” or “the Company”), owner and operator of value-add, mid-stream assets specialising in the processing, storage and marketing of agricultural produce for export markets, is pleased to announce its results for the 12 months ended 31 March 2021 (FY21).

(Underlying basis $ million unless otherwise stated)	FY21	FY20	Change
Revenue	38.0	35.1	8.3%
Gross Profit	17.0	16.3	4.3%
EBITDA	2.5	3.3	(24.2)%
EBIT	(0.4)	(1.3)	(69.2)%
NPAT	(3.2)	(3.5)	(8.6)%
Reported NPAT	(6.2)	0.8	<<
Reported Operating cashflow	0.3	1.5	(80.0)%
Inventories	2.1	4.1	(48.8)%
Net debt	6.0	3.9	(53.8)%
Net Tangible Asset	13.0	14.6	(11.0)%
Hay volumes MT (JCT)	65,575	42,028	56.0%
Available Hay MT (JCT)	12,217	15,777	(22.6)%
Blast carton numbers (k) (Austco)	1,674	2,131	(21.4)%

Reflecting on FY21, Interim-CEO and CFO Zane Banson said:

“We were pleased with the top line performance of the business, particularly in light of the challenging economic backdrop in FY21. JC Tanloden’s production output of 65,575 MT [+56%], exceeding our 75% production capacity milestone, was a key highlight and proves up our thesis for the long term growth opportunity in this business. Conditions faced by Austco Polar have been more

[1] A reconciliation of reported to underlying results is provided in Appendix to the investor slide deck lodged alongside the FY21 results

challenging and we are currently reviewing optimal asset utilisation for this segment, in line with the strategic direction for the group.

"Whilst profitability was not at the level we aspired to in FY21, we exited the year in a far stronger operational position than we went into it, after executing on a range of strategic and restructuring initiatives. Our governance and oversight has increased, we locked in $1.0 million of annualised cost savings in Q4 FY21, we refreshed both the Board and management team, and we maintained a prudent balance sheet."

JC Tanloden underpins revenue growth

Revenue was up 8% to $38.0 million during FY21, reflecting a strong performance by JC Tanloden with production output growing 56% driving 27% growth in its revenue, more than offsetting the 22% decline in Austco Polar revenue given contractions in livestock markets and lower volume of slaughter rates over the past 18 months following the drought and cattle restocking. The demand for Australian fodder product in Asia continued to grow whilst Austco Polar experienced challenging trading conditions.

JC Tanloden

- FY21 production up 56% to 65,575 MT, driving revenue growth of 27% to $27.6 million
- Strong export demand, with key Asian economies recovering post COVID-19 and stable demand from China
- Exceeded 75% production capacity milestone in Q4 FY21
- EBITDA margin of 11% (FY20: 14%) was impacted by increased and abnormally high logistic surcharges with reduced shipping services caused from COVID-19.

Austco Polar Cold Storage

- Blast carton volumes improved in H2 FY21 over H1 FY21, though overall volume for the year was down 21%
- Volumes reflect contractions in livestock markets and a lower volume of slaughter rate over the past 18 months, as a flow on from the drought and cattle restocking
- Board and management are currently reviewing optimal utilisation for the asset.

FY21 restructuring and increased governance provide strong foundations going forward

Whilst FY21 underlying EBITDA profitability was slightly down at $2.5 million (FY20: $3.3 million) and underlying EBIT improved to a $0.4 million loss (FY20: $1.3 million loss), group profitability and cash generation was not at targeted levels in FY21, with an underlying NPAT loss of $3.2 million and operating cash inflow of $0.3 million.

In light of suboptimal performance, the Board and management reviewed governance frameworks and restructured the business over the course of FY21, executing on a range of initiatives:

- Independent Chair and fully independent Board was established, instilling robust corporate governance and oversite across the business

- James Whiteside was appointed CEO (commencing 1 July 2021) to a refreshed and motivated Executive team
- Annualised savings of $1.0 million were executed in Q4 FY21, with full year benefit to flow in FY22
- Approximately $5 million was successfully raised early in the financial year. The Company remained prudently geared as at 31 March 2021 with $6.0 million in net debt
- Inventory levels have been right-sized for shorter turnover cycles and higher volumes of production
- Transparency has increased to address customer retention and debt recoverability
- Austco Polar asset utilisation is currently under review
- Capital projects have been put on hold, pending commencement of the new CEO.

Commenting on the Company's outlook for FY22, Independent Non-executive Chair David Christie said:

"As we look ahead, Wingara is well placed for growth and to continue enhancing returns. With the improvement in operations executed on in FY21, the focus of our incoming CEO James Whiteside in FY22 will be on strategic initiatives and driving long term sustainable growth in the business.

"JC Tanloden is expected to carry strong volume run-rates into FY22 at an improved level of efficiency. Early signs are looking positive for the 2021/22 harvest and export demand is expected to continue to exceed supply. The business has scope for market share gains in existing markets and we are also exploring new export market entry opportunities.

"Despite the better H2 FY21 performance in Austco Polar, challenging industry conditions are not expected to abate in the near term. We are implementing a range of initiatives to increase revenues in FY22 and managing the business towards cash breakeven.

"Cost effectiveness and efficiency is expected to improve across the group, with the full year benefit of $1 million in annualised cost savings to come through in FY22 and implementation of the Lean Program across all business segments. In addition, with a prudent balance sheet and the Austco Polar strategic review underway, Wingara has capacity for strategic acquisitions that are complementary to core capabilities."

Investor briefing

David Christie (Chair) and Zane Banson (Interim-CEO and CFO) will host a conference call at 11:00am AEST today. To avoid a queue while calling please pre-register for the briefing at the following link: **https://s1.c-conf.com/diamondpass/10014176-9hach3.html**

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

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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.