

ASX Announcement

26 August 2021

Wingara AGM Leadership Addresses

Wingara AG Limited (ASX: **WNR**) (**Wingara** or **Company**), owner and operator of value-add, mid-stream assets specialising in the processing, storage and marketing of agricultural produce for export markets, presents the remarks of the Company's Chair and CEO, to be presented at the Wingara AG Limited Annual General Meeting today.

This announcement has been authorised for release by the Chair of Wingara AG Limited.

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For further information please contact:

Ronn Bechler, Market Eye

P: +61 (0) 400 009 774

E: ronn.bechler@marketeye.com.au

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.

For further information, please visit: <https://wingaraag.com.au/>

Wingara AG Limited 2021 AGM

Chair's Address

FY21 was a year of both challenges and transformation. Allow me to take you through these at a high level, before handing over to our new CEO, James Whiteside, for his observations on the business, since commencing on 1 July 2021.

From a Board perspective, the clear focus has been on increasing transparency and instilling robust corporate governance across the business. We now have an independent Board, including myself as Independent Chair. In addition we have a clear framework going forward for Wingara's engagement with all stakeholders.

The safety of our team members, and the impact we have on our supply chain partners and the environments in which we work is paramount, and while crucial policies and procedures for operational health and safety were already in place, we are increasing our focus on safety management and the measurement of our safety performance. Further, the reporting of, and discussion on Safety at the Board has been substantially increased. We have also appointed a full-time person to oversee Safety for Wingara.

Despite the COVID-impacted operational challenges in FY21, revenue was resilient, delivering 8% growth to \$38 million. This was underpinned by a record year of production at JC Tanloden, with production volumes up 56% to 65.6k MT. Underlying EBITDA was down 25% to \$2.5 million, reflecting a challenging year for Austco Polar Cold Storage and higher short-term operating costs for JC Tanloden given increased freight charges.

JC Tanloden, along with all international exporters, experienced major interruptions in container freight that significantly increased logistic costs. The depreciation of the US dollar was a headwind to revenue growth during FY21, the hay supply contracts entered into by prior management were not favourable to Wingara, and unfortunately the harvest season was impacted by late season heavy rainfall leading to lower quality hay. Despite this, through operational improvement, JC Tanloden was able to move more containers than prior years, something the business is proud of and has set us up for a stronger performance in FY22.

For **Austco Polar Cold Storage**, the weakening of global export demand for red protein, geo-politics and shipping delays resulted in a tough year for this business. We called out at the FY21 result that Ausco Polar was under strategic review. This review has now concluded and we are looking to exit the business to focus on the core growth opportunities we see for JC Tanloden. James will talk more about this in a moment.

Part of **Wingara's transformation** is the significant progress on corporate governance as noted earlier. In addition, the Board and executive team have completed a full review of roles and responsibilities, which lead to a corporate restructure. The changed management and increased transparency is already seeing results including:

- the appointment of James Whiteside as CEO, who is now leading a refreshed and motivated executive team
- a change in strategic focus back to our core
- completion of the Austco Polar strategic review
- record production during the seasonal peak in Q4 FY21 for JC Tanloden, which was broadly maintained in Q1 FY22

- annualised savings of \$1 million, with the full benefit to be derived from FY22
- reengagement with both growers and export customers in all jurisdictions.

These changes have us **well positioned for growth**. I thank my board colleagues for the advice and support they have provided over the past 12 months, our dedicated and committed team, and our shareholders for their support. We look forward to returning the company to growth for all our stakeholders.

I will now hand over to James to provide an overview of FY21, and importantly more detail on the outlook for FY22.

CEO Address

Good afternoon everyone. My name is James Whiteside and many of you will be aware I commenced as Wingara's CEO on 1 July 2021.

My background is in the agricultural sector, including executive experience at Incitec Pivot and AUSVEG. I have a strong understanding of agricultural value chains, including sourcing, logistics, price risk management, export market development and international trade. I have also run manufacturing and distribution assets not unlike those at Wingara.

With this experience and my strong industry networks, I am confident of working collaboratively with the board and our team to deliver on the Company's potential and drive long term growth in shareholder value.

I was attracted to Wingara for the market position and sustainable growth opportunity within the JC Tanloden business.

We see significant scope to grow within existing markets and will look to expand into new markets. The global market for fodder is highly fragmented. For the export markets which JC Tanloden currently services, Australia's share of the market is currently 16%. JC Tanloden's share is 8% of the Australian export market, so we currently represent only 1.4% of the fodder import markets of China, Japan, Korea and Taiwan.

JC Tanloden delivered a record year of production in FY21 and run-rates were maintained in the first quarter of FY22. **We have made significant progress on plans to further increase production**, recently agreeing to operate an additional hay bailing machine at JC Tanloden's Raywood hay processing facility, which will increase capacity at the site to in excess of 100,000 MT per annum. The agreement reflects a lease and tolling arrangement expected to generate incremental revenue of around \$3 million per annum. The contract commences 1 September 2021.

As David mentioned, the **strategic review of Austco Polar is now complete**. It has become clear to us that Wingara has two very different businesses. JC Tanloden is a value add processing business, while Austco Polar is a service tolling business. Given the differences in models, and the fact that there is very little similarity in customers and markets, the two businesses have been run separately and not enjoyed the synergies as originally expected.

We have now determined that **Austco Polar is non-core to the Company's future growth strategy**. We have appointed a business broker to undertake a structured sale process of Austco Polar, with a view to freeing up capital and resources to focus on the substantial growth opportunities available through JC Tanloden.

We will update the market at the conclusion of the sales process. Until then we will continue to run Austco Polar with an emphasis on safety and operational performance.

With respect to our outlook for FY22, our **strategic focus returns to our core business of hay exporting**. With strong export demand, we are focussed on building on the operational performance that saw volumes increase in FY21 by around 56% and are well advanced on plans to further increase production. We will consider market consolidation opportunities, including strategic acquisitions and opportunities to expand our geographical footprint. In addition, we are looking at new export markets and the addition of other fodder products.

From a productivity and efficiency standpoint to maximise shareholder returns, FY22 will see the full year effect of \$1 million in annualised cost savings achieved in Q4 FY21. In addition, we will implement an operational improvement program based on the principles of LEAN Manufacturing, to improve safety performance, minimise waste, drive cost effectiveness and lift production. There are further opportunities to streamline our processes, optimise our labour force and improve gross margins.

I joined Wingara for the growth opportunities I saw for JC Tanloden. I firmly believe the company has a window of opportunity to build on compelling market fundamentals and am looking forward to having the opportunity to execute on them and deliver growth for all our stakeholders.

I look forward on reporting on our progress in future shareholder updates.

Thank you.