

ASX Announcement

27 July 2020

Strong growth in quarter cash receipts, up 31% to over \$10 million
Q1 FY21 activities report for Quarter ended 30 June 2020
Key highlights

- Cash receipts up 31.3% to \$10.02 million (vs Q1 FY20)
- Business is improving its overall revenue profile amid the current COVID-19 pandemic
- JC Tanloden continues to deliver output, up 45% to 12KT (vs Q1FY20)
- Austco Polar Cold Storage has seen a drop in blast volume by 16% to 410K (vs Q1FY20) due to the global economic impact of COVID-19
- Appointment of David Christie as a Non-executive Director, and resignation of Mark Hardgrave

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 June 2020 (Q1 FY21)

Reflecting on Q1 FY21, Executive Chairman Gavin Xing said: "The first quarter results maintained its momentum from Q4 FY20. The benefits from the investment over FY20 are now flowing through into consistent business performance. Our drive for growth has seen revenue reach over \$20 million for the six-months period ending 30 June 2020. Q1 cash receipts achieved the \$10 million mark again following a strong Q4 FY20. We expect to produce a consistent output from JC Tanloden in Q2 FY21 before the new harvest season. We have clear visibility on several exciting opportunities to enhance Wingara AG's organic growth trajectory and leverage the agricultural infrastructure platform we have built that is based on a tolling style revenue model."

Revenue growth continues in Q1 FY21

Wingara's diversified asset investment model produced a solid result amid the extraordinary global economic environment that has been impacted by COVID-19. Although the revenue base from red protein service fell, the fodder export volume continued to support the Company's overall performance. Year on year quarterly revenue growth, and the redeployment of profits from the sale and lease back of Austco Polar, allowed hay inventory volume to increase by 81% from Q1 FY20, which will allow us to tap into our processing capacity for the coming quarters.

(\$m)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	TOTAL	Q1 FY21
	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	FY20	30-Jun-20
Receipts from customers	7.63	8.13	9.34	10.58	35.68	10.02
Net Cash from Operating activities	1.93	1.09	(1.13)	(0.32)	1.58	(0.02)
Hay volumes MT (JCT)	8,175	9,125	10,449	14,279	42,028	11,839
Available Hay MT (JCT)	8,981	2,434	18,515	15,777	45,707	16,278
Blast cartons (Austco)	488,852	412,492	712,118	517,510	2,130,972	409,647

JC Tanloden

- JC Tanloden's output in any given month is dependent upon hay inventory available and purchase capability at harvest (October to February each year). A base inventory of approximately 3-4 months is maintained to meet forward production. This is allowing for an average monthly 4,000 to 5,000 MT production, which we have seen over the first half of calendar year 2020
- The focus for Q1 FY21 was to not only meet production targets, but also take delivery of sufficient hay volume for the coming quarter to mitigate any risks posed by COVID-19
- Overall export demand is solid, with China in particular showing signs of recovery post its economy re-opening after COVID-19
- Business planning and hay accumulation contracting for next season is well underway with the objective to improve capacity utilisation from the current 50% to 75% based on 110,000 MT processing capacity.

Austco Polar Cold Storage

- Historically, Q1 ending June, sees less volume from the peak in Q3 due to the slowdown in lamb exports. Nonetheless, volume was affected by COVID-19 in key global markets
- The investment and capital work completed over FY20 has improved efficiency and reduced average variable cost
- With the closure of various processing facilities in Victoria due to COVID-19, Q2 FY21 is expected to have similar blast volumes
- Victoria is showing positive signs of a strong lamb season post re-stocking and we are working with key clients to plan for the coming season.

COVID-19 update and outlook

Wingara continues to take a proactive approach to COVID-19 by implementing strict risk management procedures to minimise business disruption. Social distancing, mask and glove adoption, COVID-testing and associated employee support, was initiated in March 2020. Fortunately, our employees and their families have not been affected by COVID-19 so far and there has been no severe impact to operations.

Nonetheless, resources are stretched to ensure a safe working environment while dealing with the social impact of the virus. We have seen disruptions to international shipping services caused by reduction and/or rescheduling of services. Our export team has done a tremendous job working with our clients to manage potential delays.

Director appointment/resignation

On 9 June 2020, David Christie (GAICD) was appointed to Wingara's Board as a Non-executive Director. David's governance background and proven record in building successful businesses will bring invaluable experience and be an instrumental part of the Wingara team.

Mark Hardgrave has stepped down from his role as a Non-executive Director, and the Company thanks him for his contribution and wish him all the best in his future endeavours.

Growing cash receipts and investment in working capital to drive growth

Q1 FY21 customer receipts were up 31.3% to \$10.02 million (Q1 FY2020: \$7.63 million) reflecting improvement in fodder output. Wingara has not received any Government support, such as JobKeeper, related to COVID-19.

Operating net cash outflow for the quarter of \$(0.02) million, compared to an inflow of \$1.93 million in Q1 FY2020 as a result of inventory building. Within this cash outflow amount was \$(6.6) million in working capital relating to product manufacturing and hay purchases that were up 116% as the company scaled up its operations to take advantage of good growing conditions and increased supply.

The table below provides a summary of Receipts and Expenditures for Q1 FY21 business activities (refer also the accompanying Appendix 4C):

	FY2021 YTD (3 months) \$'000
Receipts from customers	10,019
Operating costs	(6,551)
Research & Development	-
S,G&A (corporate overhead)	(2,470)
Investing activities	-
Financing payments / receipts	(948)
Other	(65)

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

Related party transactions

An amount of \$159 thousand was paid to Directors in fees and salaries during Q1 FY2021 and no fee was paid to a Director in relation to consulting services provided.

Quarterly activities investor briefing

A group webinar briefing is being held at 11am today, Monday 27 July 2020. To register for the webinar please click here:

https://us02web.zoom.us/webinar/register/WN_65n_YhVJQrOVeHdPD6uh7A.

This announcement has been approved for release by the Board 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.