

ASX Announcement

28 April 2020

**WINGARA 4C COMMENTARY
Q4, FY20 Highlights**

Wingara AG Limited (“Wingara” or “the Company”) owns and operates value-add, mid-stream assets specialising in the processing, storage and marketing of agriculture produce for export markets through two businesses: JC Tanloden (JCT), and Austco Polar Cold Storage (APCS). The Company continues to build an agricultural infrastructure platform based on a tolling style revenue model. Wingara is pleased to provide its 4C report demonstrating a continued organic growth trajectory.

	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	TOTAL	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	TOTAL
	June 2018	September 2018	December 2018	March 2019	FY19	June 2019	September 2019	December 2019	March 2020	FY20
Receipts from customers	\$6.05m	\$8.78m	\$8.45m	\$6.69m	\$29.97m	\$7.63m	\$8.13m	\$9.34m	\$10.58m	\$35.68m
Net Cash from Operating activities	\$1.03m	\$2.02m	(\$1.10m)	(\$3.20m)	(\$1.25m)	\$1.93m	\$1.09m	(\$1.13m)	(\$0.32m)	\$1.58m
Hay volumes MT (JCT)	10,421	18,695	10,257	6,895	46,268	8,175	9,125	10,449	14,279	42,028
Blast cartons (Austco)	448,435	334,044	471,237	562,648	1,816,364	488,852	412,492	712,118	517,510	2,130,972

In summary, the following key highlights have contributed to an overall improvement to the Company's results:

- **Business update:** Wingara has maintained operations at all sites despite the macro landscape significantly deteriorating during the quarter. The Company's investment strategy and focus has provided resilience against the current global turmoil. This is demonstrated by JCT's fodder export volumes continuing to increase to just under 15,000 MT for the quarter and is on track to produce 55,000 to 60,000 MT for the 2020 calendar year. APCS' clients continue to export red protein, albeit at a slower pace due to both shipping restrictions and 'lock down' in some of their key overseas markets.
- **COVID-19 impact on business:** Despite the challenges faced by various sectors in the economy, Wingara has implemented the necessary risk management procedures to minimise disruption to the Company. To date COVID-19 has had a limited impact on the Company with the most significant being the slowdown at ports. This has seen the export team working around the clock to get orders on ships without significant delays, but we are seeing increasing disruptions and schedule changes from global shipping liners which may impact our working capital going forward.
- **Receipts from customer:** Cash receipts exceeded \$10.58m in March 2020 quarter which is 58% improvement from March 2019 quarter. The primary driver behind the performance coming from JCT with an increased production of 37% from the previous quarter and in excess of 100% improvement on the March 2019 quarter.
- **APCS:** APCS performed well in the Dec 2019 quarter as a result of Capex to increase capacity, but volumes reduced materially in March 2020 quarter due COVID-19. Nonetheless, when compared to the same period in March 2019, the throughput figures remained strong in March 2020 quarter with only an 8% reduction. The investment Wingara allocated 12 months ago provided the Company with options to limit the negative financial impact but it is expected APCS's throughput volume will slow down until the coming Spring.

- **JCT:** The capital benefit realised from the sale and lease back of APCS allowed the Company to secure sufficient fodder product to meet export customers' demand. While we continue to source additional volume from the open market based on available finance, JCT enjoyed its best quarterly export production to date. We note September 2018 quarter's throughput volume was higher, however over half of that can be attributed to domestic sales. The export demand remains robust for fodder and we will continue to work with our shipping partners to fulfil customers demand based on available inventory.
- **Banking:** Wingara continues to work closely with our bankers, Westpac, to ensure we are positioned to withstand further deterioration in the economy and to take advantage of opportunities as they arise. Wingara is grateful for the continued support of our bankers.

Wingara continues to pursue its growth strategy to build a sustainable marketing and processing platform in the protein supply chain. The platform is service oriented and focus on strategic mid-stream assets which have high quarantine / quality standards. These strategic logistics and processing assets in the supply chain will provide greater control over the quality and movement of products while generating sustainable cashflow.

The Appendix 4C follows.

For further information 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")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,584	35,680
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,540)	(9,529)
Hay Purchases	(4,038)	(9,806)
(c) advertising and marketing	(13)	(89)
(d) leased assets	(822)	(2,098)
(e) staff costs	(2,934)	(10,598)
(f) administration and corporate costs	(374)	(1,017)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	5
1.5 Interest and other costs of finance paid	(156)	(941)
1.6 Income taxes paid	(23)	(28)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	-	(1)
1.9 Net cash from / (used in) operating activities	(316)	1,578
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(469)	(1,861)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	21,028
	(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)	(200)
2.6	Net cash from / (used in) investing activities	(619)	18,967

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		(40)
3.5	Proceeds from borrowings	2,550	2,550
3.6	Repayment of borrowings	(255)	(19,949)
3.7	Transaction costs related to loans and borrowings	(4)	(4)
3.8	Dividends paid		
3.9	Other (provide details if material)	(97)	(302)
3.10	Net cash from / (used in) financing activities	2,194	(17,745)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,191	664
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(316)	1,578
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(619)	18,967
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,194	(17,745)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	(14)
4.6	Cash and cash equivalents at end of period	3,450	3,450

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	3,450	2,191
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)	3,450	2,191

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	139
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

7. Financing facilities

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.

7.1 Loan facilities
7.2 Credit standby arrangements
7.3 Other (please specify)
7.4 Total financing facilities

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
11,932	11,069
120	80
12,052	11,149

7.5 Unused financing facilities available at quarter end

903

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.

Facility	Facility Limit (\$,000)	Drawdown (\$,000)	Interest Rate
WBC Inventory Loan Facility	5,000	5,000	BBSY + 1.46%
WBC Facility - Elect Performance Group	2,368	2,368	BBSY + 1.90%
WBC Asset finance facility	3,964	3,701	4.94%
WBC Bank overdraft	600	0	6.84%
WBC Standby Letter of Credit or Guarantee Facility	80	80	
Corporate Card	40	-	
Totals	12,052	11,149	

8. Estimated cash available for future operating activities
\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(316)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,450
8.3	Unused finance facilities available at quarter end (Item 7.5)	903
8.4	Total available funding (Item 8.2 + Item 8.3)	4,353
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	13.77

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

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:

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:

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:

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: 28 April 2020

Authorised 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.