

ASX Announcement

27 November 2020

H1 earnings growth and inventory investment positions Wingara for a strong H2

Overview of H1 FY21 (vs H1 FY20)

- Revenue up 22.3% to \$18.3 million, which is in line with growth in cash receipts
- EBITDA more than doubled to \$2.7 million
- Underlying EBIT of \$1.2 million (H1 FY20: loss of \$1.7 million)
- Reported NPAT loss of \$0.3 million (H1 FY20: profit of \$1.4 million), with underlying NPAT improved by \$2.5 million to a loss of \$0.3 million
- Net tangible assets continue to grow, up 30.3% to \$19.1 million
- JC Tanloden production output up 50% to 25.97K MT
- Austco Polar volumes remained favourable despite macro conditions
- Placement of approx. \$5 million strengthened balance sheet to support growth

Wingara AG Limited (ASX: WNR), the 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 six months period ending 30 September 2020 (H1 FY20).

H1 FY21 financial and operational performance has laid the foundations for H2 FY21

(\$m unless otherwise stated)	H1 FY21	H1 FY20	Change
Revenue	18.3	15.0	22.3%
Reported EBITDA	2.7	1.3	102.4%
Reported EBIT	1.2	2.5	(53.3)%
Reported NPAT	(0.3)	1.4	<<
Underlying EBIT (excluding net gain on property disposal)	1.2	(1.7)	>>
Underlying NPAT (excluding net gain on property disposal)	(0.3)	(2.8)	833%
Operating cashflow	0.2	2.8	<<
Inventories	5.5	4.1	34.7%
Net debt	2.5	3.9	(35.2)%
Net Tangible Asset	19.1	14.6	30.3%
Hay volumes MT (JCT)	25,974	17,300	50.0%
Available Hay MT (JCT)	20,290	2,434	733.6%
Blast carton numbers (Austco)	822,840	901,344	(8.7)%

Reflecting on H1 FY21, Managing Director & CEO Gavin Xing said:

“Over the past six months, we have continued to build Wingara’s agricultural infrastructure platform. In an unprecedented half-year of global events as a result of the COVID-19 pandemic, we were able to strengthen Wingara’s commercial position through solid supplier and customer relationships, a successful oversubscribed capital raising that provided additional growth capital, and a focus on executing the Company’s strategic initiatives.

“The financial results achieved demonstrates that the business platform is scalable with revenue up 22% to \$18.3 million, reported EBITDA more than doubling to \$2.7 million and underlying EBIT up from

a loss of \$1.7 million in H1 FY20 to a profit of \$1.2 million. The business delivered the \$2.9 million turnaround in half yearly EBIT with minimal Covid-19 related financial support from the government.”

Benefits from scaling of business platform flowing through

Revenue was up 22% to \$18.3 million during H1 FY21, reflecting a strong performance by JC Tanloden with production output growing 50%, offsetting reduced Austco Polar revenue given the impact of COVID-19 and strikes on port operations. The demand for Australian fodder product in Asia continued to grow whilst Austco Polar experienced a 9% reduction in overall blast volumes (compared to year to date Australian slaughter rates being down 34% with frozen meat exports down 15%)

JC Tanloden

- H1 FY21 production up 50% (on H1 FY20) at 25,974 MT
- Overall export demand was, and continues to be, solid, with key Asian economies recovering following re-opening post COVID-19
- Inventory up 734% to 20,290 MT (compared to 2,434 MT in H1 FY20), a necessary reserve to meet future sales

Austco Polar Cold Storage

- Despite a fall in overall volumes over H1 FY21 (compared to H1 FY20) in line with an overall decline in Australian meat exports, Austco Polar has performed solidly in light of significant challenges from the global economic environment
- Austco Polar blast carton volumes remained constant across quarters in H1 FY21, with blast carton volumes of 823k for HY21 (even though revenue decreased)

Underlying EBIT grows strongly

Excluding the gain on the sale and leaseback of Austco Polar’s property in H1 FY20, underlying EBIT grew from a loss of \$1.7 million in H1 FY20 to a profit of \$1.2 million in H1 FY21. This was even after allowing for abnormal COVID-19 related increase in freight costs over the past six months.

Growing cash receipts and investment in working capital to drive growth

H1 FY21 customer receipts were up 22.3% to \$18.3 million (compared to H1 FY20). Operating net cash inflow in H1 FY21 of \$0.2 million was generated in line with the company’s long term growth strategy as increased fodder was purchased given the growing demand for Wingara’s product.

Placement raised approx. \$5 million to fund immediate growth opportunities for fodder export

On 14 August 2020, Wingara raised approx. \$5 million via an oversubscribed single tranche share placement (Placement), 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.

Commenting on the Company’s outlook for H2 FY21, Mr Xing said:

“The strength of Wingara’s platform and operating model has enabled the Company to navigate through the COVID-19-related challenges and difficult macro-economic environment over the past six months, while establishing strong foundations for further growth of revenue and earnings.

“We have prepared JC Tanloden for the 2020/21 harvest season and expect an overall improvement

in our capacity utilisation rate. The Company's 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 with efficient cost management and low capital-intensity providing a trading buffer in the current export climate."

"Our current balance sheet enables us to strategically build-up fodder inventory to support sales growth, with export market demand expected to continue to exceed supply. With the groundwork laid for improved capacity utilisation, Wingara is well placed to meet demand, scale its operations, and further improve returns going forward."

Investor briefing

Gavin Xing (Managing Director & CEO) and Zane Banson (CFO) will host an investor webinar at 9:00am AEDT on Wednesday, 2 December 2020. To attend the webinar, please pre-register at: https://us02web.zoom.us/webinar/register/WN_tkDmM5TBC_QqwHHU2SgA.

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.