

ASX Announcement

19 August 2020

Wingara CEO & Executive Chairman's 2020 AGM address

It's with great pleasure that I welcome you to the 2020 Annual General Meeting of Wingara AG Limited.

For those of you who don't know me, my name is Gavin Xing, and I am the CEO & Executive Chairman of our Company. With me today are:

- Jeral D'Souza, Independent Non-executive Director
- Zane Banson, CFO & Executive Director; and
- David Christie, Independent Non-executive Director, and Non-executive Chair-elect.

Enhancing corporate governance

As Wingara continues with its growth strategy, we recently announced David's appointment to the role of Independent Non-Executive Chairperson from 1 January 2021, to allow for an effective handover period. Since joining the Wingara Board in June this year, David has provided valuable counsel and a different perspective given his 20-plus years' international experience in law, M&A, and strategy within the banking and ASX listed environment.

I will take on the role of Managing Director & CEO, as Wingara is now at the point where an Independent Non-executive Chairperson is needed to oversee governance matters so I can focus on strategic opportunities. I am delighted that David has accepted the Board's invitation for this role.

Four years of growth with financial discipline

Wingara's FY20 financial performance reflected the successful execution of our focused growth strategy and a resilient business model. Revenue exceeded \$35 million for the first time, and over the past four years has grown at a cumulative annual growth rate (CAGR) of 42%.

Considering a turbulent macro-economic environment due to recent bushfires, drought and COVID-19, Wingara's revenue still increased by 20% from FY19. Operating cashflow has increased 7x over the four years to \$1.5 million in FY20, while EBIDTA (including a net capital gain) grew 45% to \$7.5 million, growing at an 88% CAGR.

Our focus has been on successfully integrating our new assets and firming up our cash position to underpin Wingara's next growth phase, which I'll talk about more shortly.

A diversified agricultural products platform

Over FY20, Wingara further strengthened its position in the protein supply chain, specialising in the processing, storage and marketing of Australian agriculture produce for export markets.

Though trading activity has experienced volatility, a record quarter for sale of hay in Q4 FY20 and continued supply of packaged frozen meat at projected levels, demonstrates the success of our previous investments into distribution and capacity at both JC Tanloden and Austco Polar.

With continued operational momentum, Wingara has a strong foundation for further improvement in FY21 and beyond. Our utilisation rate of 50% at JC Tanloden and 85% for Austco Polar provides further opportunities that are only constrained by available capital that can be deployed to adequately meet working capital requirements.

Driving growth amid COVID-19

Wingara and our related businesses have the privilege of being considered essential services. As a result, we have continued operating through COVID-19.

Wingara has not received any Government support related to COVID-19, such as JobKeeper, and proactive risk management procedures have been implemented to keep our people safe and minimise disruption since late February 2020.

Reflecting the higher cash receipts available to Wingara, Q1 FY21 continued the momentum from Q4 FY 20 with a 31.3% increase in cash receipts to over \$10 million. Growing cash receipts have been used for debt reduction and investment in restocking inventory to maintain revenue growth.

Substantial output capacity at JC Tanloden is available to be capitalised to drive further revenue increases based on offshore demand. At the same time, Austco Polar's asset base is ready to be tapped into for the global protein trading platform.

Oversubscribed equity placement facilitates immediate growth opportunities

On 14 August, Wingara announced that it had received firm commitments to raise approximately \$5 million. We were very pleased with the strong level of support that resulted in the equity placement being oversubscribed. I would like to thank our existing shareholders for their continued support, and welcome the new sophisticated and institutional investors that are joining our register, who we look forward to working with.

I would also like to thank our corporate adviser, Market Eye, and our lead manager, Blue Ocean Equities, for navigating Wingara through the successful placement.

The \$5 million from the equity placement will be used to facilitate immediate growth opportunities for fodder export within JC Tanloden and increase long term shareholder value:

- Approximately \$1 million will be used to build new infrastructure that will add 10,000MT of additional storage capacity
- Approximately \$3.7 million will be used to purchase additional hay inventory to deliver up to 25,000MT more output in 2021; and
- Approximately \$0.3 million will be used to cover the costs of the offer and working capital.

Fodder export through JC Tanloden's business planning and hay accumulation strategy for the coming season is well underway, with the objective of improving our processing capacity utilisation rate from approximately 50% to 75% in CY 2021. The upcoming harvest should provide some of the best yield conditions for oaten hay, which gives Wingara the opportunity to capitalise on the strong market demand in Asia.

In closing, I would like to thank my fellow directors for their strategic contributions during the year and for their continued commitment, dedication and ongoing support with a consistently increasing workload and time commitment. I would also like to thank all of you, our shareholders, for your continued support over the year and your ongoing support as we look to continue to deliver on the exciting growth opportunities we see for our business, staff, customers and shareholders.

This announcement has been authorised for release by the Board of Wingara.

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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.