

ASX Announcement

24 January 2024

Quarterly Activities Report**Q3 FY24 headlines:**

- **Epsom site performing well, notwithstanding Q3 receipts lower than expected due to slow start to new season orders**
- **2023/24 hay cutting season completed with ample volumes of export grade hay available**
- **Reinstatement of China export licence for Epsom site was achieved in December**
- **Softening of customer demand from key Asian markets impacting margins as major processors discount to keep market share and offload lower quality hay from previous seasons. Customers pushing new season orders into Q4**
- **\$0.7m cash held in escrow relating to Raywood sale was released on 14 October 2023**

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 quarter's activities report alongside its Appendix 4C (Quarterly Cashflow Report) for the three months ended 31 December 2023 (Q3 FY24).

Commenting on Q3 FY24, Wingara's Managing Director and Chief Executive Officer Marcello Diamante said:

"The quarter's performance has largely been in line with previous quarters with a focus on continued minimisation of the business' cash burn until the Epsom Site the 2023/2024 hay season commences. I'm happy to note that the Epsom site is performing well with the 2023/24 hay now being processed and although cash receipts are lower than expected, inventory build-up of finished product will support receipts and inventory purchases in Q4.

The 2023/24 cutting season was completed during the quarter, with above average yields recorded and high quality export grades being easily sourced. This contrasts with WA where below average yields have been recorded, and SA achieving high yields but relatively poorer quality to Vic/WA. This has resulted in higher-than-expected oaten hay prices in Victoria as processors bid strongly for high quality hay.

Positively, the Epsom site was formally re-established for the Chinese export license in December 2023. We note that customer demand from China has not rebounded as expected, notwithstanding we have already booked orders for delivery in Q4. We are currently seeing lower than expected demand across key Asian markets, with continued discounting by majors keeping pricing lower than expected, impacting margins. We do not anticipate sentiment to change in Q4 until after the Chinese New Year holiday period.

We continue to focus on the success and profitability of the Epsom business, we are continuing to explore market opportunities that suit the Wingara platform, as they present themselves."

Commercial activities:**Raywood site:**

During the quarter, we received the residual escrow payment of \$700 thousand in respect of the sale of Raywood site in April 2023. This release concludes the sale of Raywood and cash injection will support our oaten hay purchasing requirements into the future.

Epsom site:

The site has commenced processing 2023/24 hay. The business is investing time and resources into the site to improve the overall capacity and reliability of the site, with a view to reduce the fixed operating costs of the facility. Recent civil improvements completed in October/Early November has enabled the site to manage recent wet weather and flooding events around Bendigo.

Financial results:

Receipts from customers and net cash from operating activities were \$874 thousand and a deficit of \$288 thousand respectively for Q3 FY24. This reflected the operating environment where the business commenced producing however lower than expected orders due to continued softening of demand and pricing impacted on receipts. We saw inventory build-up of finished products in December which will be sold into Q4 receipts.

Summary of expenditure for the December 2023 quarter and related party payment include:

- Product manufacturing and operating costs \$549 thousand: this includes payments for inventory processing, shipping, maintenance and equipment hire; and
- Staff costs \$526 thousand: this includes staff costs associated with the production, sales and marketing, maintenance, finance and management of the Company.

Current cash and cash equivalents as at 31 December 2023 sit at \$1.795 million.

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates outlined in the Company's Appendix 4C for the quarter relate to fees and salaries paid to directors.

This announcement has been approved for release by the Board of Directors of Wingara AG Limited.

For further information please contact:

Marcello Diamante

Managing Director and Chief Executive Officer

E: marcello.diamante@wingaraag.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/>

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. 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 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	874	2,899
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(271)	(1,510)
- Hay Purchases	(278)	(1,373)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(526)	(2,060)
(f) administration and corporate costs	(88)	(348)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	13
1.5 Interest and other costs of finance paid	(6)	(24)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(288)	(2,403)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(33)	(120)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment	700	13,376
	(j) investments		
	(k) intellectual property		
	(l) 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)	-	(169)
2.6	Net cash from / (used in) investing activities	667	13,087

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		
3.5	Proceeds from borrowings	69	71
3.6	Repayment of borrowings	(96)	(8,834)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid	-	(1,053)
3.9	Other (provide details if material)		
	- Payment for leased assets (i)	(74)	(220)
3.10	Net cash from / (used in) financing activities	(101)	(10,036)

(i) The Group has adopted accounting standard AASB 16 Leases with effect from 1 April 2019. In accordance with the requirements of AASB 16 cash payments for the Group's Lease Liabilities are presented within financing activities

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,517	1,147
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(288)	(2,403)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	667	13,087
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(101)	(10,036)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,795	1,795

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	1,204	1,517
5.2	Call deposits	591	-
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)	1,795	1,517

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	143
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000									
7.1	Loan facilities	-	-									
7.2	Credit standby arrangements	14	-									
7.3	Other (please specify)	-	-									
7.4	Total financing facilities	14	-									
7.5	Unused financing facilities available at quarter end		14									
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.											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Facility</th> <th style="width: 20%;">Facility Limit (\$,000)</th> <th style="width: 30%;">Drawdown (\$,000)</th> </tr> </thead> <tbody> <tr> <td>Corporate Card</td> <td style="text-align: center;">14</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">14</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>			Facility	Facility Limit (\$,000)	Drawdown (\$,000)	Corporate Card	14	-	Total	14	-
Facility	Facility Limit (\$,000)	Drawdown (\$,000)										
Corporate Card	14	-										
Total	14	-										

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(288)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,795
8.3	Unused finance facilities available at quarter end (item 7.5)	14
8.4	Total available funding (item 8.2 + item 8.3)	1,809
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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: -	
8.6.2	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: -	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: -	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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: 24/01/2024.....

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.