

ASX Announcement

28 April 2023

Quarterly Activities Report

Q4 FY23 headlines:

- **The sale of the Raywood facility for \$15.0m, excluding working capital adjustments, was completed on 14 April 2023 meaning the proceeds will be reflected in the June 2023 quarterly cash flow report.**
- **Receipts this quarter of \$5.5m, down 32% from prior quarter as export markets reduce exposure to current season Victorian hay due to poorer quality caused by the weather events late last year as well as Chinese New Year shutdown. This resulted in a deficit of \$1.3m in Net cash flows from operating activities.**
- **Production volumes will be minimal until the new Hay Season in the December 2023 quarter as the business continues its focus on reducing its cost base to meet current season outlook and investing in its Epsom facility to meet its revised growth strategy.**

Wingara AG Limited (ASX: WNR), (WNR or Company) 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 March 2023 (Q4 FY23).

Commenting on Q4 FY23, Wingara's Managing Director and Chief Executive Officer Marcello Diamante said:

"Whilst performance was below par this quarter, it reflects the difficult market conditions being faced in the Eastern States given the quality of this season's hay. The recently completed sale of the Raywood Facility to Balco Australia enables the business to ride out a challenging season, invest for the next season and focus our attention on exploring new opportunities to compliment our existing operations at Epsom. The Raywood Site sale proceeds will be reflected in the June quarterly update.

Post transaction, the business is debt-free, and we are working on reducing our cost base to reflect a lower throughput business. It is expected sales volume for the next two quarters will be minimal given the low demand however we will use this opportunity to invest in resetting our operational processes and culture at Epsom in time for the new hay season."

Challenging operating environment

(\$m)	Q1 FY22 Jun-21	Q2 FY22 Sep-21	Q3 FY22 Dec-21	Q4 FY22 Mar-22	TOTAL FY22 YTD	Q1 FY23 Jun-22	Q2 FY23 Sep-22	Q3 FY23 Dec-22	Q4 FY23 Mar-23	TOTAL FY23 YTD
Receipts from customers	11.6	12.2	14.5	12.8	51.1	13.7	15.0	8.1	5.5	42.3
Net Cash from Operating activities	1.5	0.2	0.2	2.4	4.2	1.2	1.0	0.0	-1.3	0.8
Total Hay volumes MT (JCT)	19,852	24,344	26,919	25,466	96,581	26,949	24,491	18,001	12,867	82,308
Available Hay MT (JCT)	10,520	11,476	12,069	8,389	8,389	6,390	4,607	7,520	3,215	3,215

Hay volumes processed at JC Tanloden ended Q4 FY23 on 12,867MT, down 26% and 49% on prior quarter, respectively, as a result of the lower demand from customers combined with business interruptions due to safety upgrades as part of the completion of the sale of the Raywood facility.

Financial update

Receipts from customers and net cash from operating activities were \$5.5 million and a deficit of \$1.3m, respectively for Q4 FY23. Investing activities include refurbishment of the Epsom facility in preparation for post transaction operations. Net financing cash inflow from financing activities of \$1.7m relate to fluctuations in our revolving loan facility and repayments of lease liabilities. The table below provides a summary of Receipts and Expenditures and business activities for Q4 FY23 (refer also the accompanying Appendix 4C):

	Q4 FY23 (3 months to 31 Mar 2023) \$'000	FY223 (YTD) \$'000
Receipts from customers	5,485	42,285
Operating costs	(5,525)	(29,865)
SG&A (corporate overhead)	(1,280)	(11,653)
Investing activities	(144)	616
Financing (payments) / receipts	1,697	(1,864)

Note: Numbers in the table are presented on a cash basis, consistent with the Appendix 4C.

The sale of the Raywood facility for \$15.0m, excluding working capital adjustments, was completed on 14 April 2023 meaning the proceeds will be reflected in the June 2023 quarterly cash flow report.

Payments to related parties over Q4 FY23 were \$48,462, which included fees 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 March 2023

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	5,485	42,285
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,588)	(14,718)
Hay Purchases	(3,937)	(15,148)
(c) advertising and marketing	-	-
(d) leased assets		
(e) staff costs	(1,019)	(9,868)
(f) administration and corporate costs	(129)	(904)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(132)	(845)
1.6 Income taxes paid	-	(36)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	-	
1.9 Net cash from / (used in) operating activities	(1,320)	766
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(79)	(461)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses	-	1,208
	(c) property, plant and equipment	-	25
	(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)	(65)	(156)
2.6	Net cash from / (used in) investing activities	(144)	616

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	4,050	11,450
3.6	Repayment of borrowings	(1,996)	(9,739)
3.7	Transaction costs related to loans and borrowings	-	(14)
3.8	Dividends paid		
3.9	Other (provide details if material)	(4)	(79)
	Payment for leased assets (i)	(353)	(3,481)
3.10	Net cash from / (used in) financing activities	1,697	(1,863)

(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 (12 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	914	1,628
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,319)	766
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(144)	616
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,697	(1,863)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,147	1,147

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	1,147	914
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)	1,147	914

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	48
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	10,121	9,248																																				
7.2	Credit standby arrangements	25	-																																				
7.3	Other (please specify)	-	-																																				
7.4	Total financing facilities	10,146	9,248																																				
7.5	Unused financing facilities available at quarter end		898																																				
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: 15%;">Facility Limit (\$,000)</th> <th style="width: 15%;">Drawdown (\$,000)</th> <th style="width: 20%;">Interest Rate</th> </tr> </thead> <tbody> <tr> <td>Inventory Loan Facility</td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">5,000</td> <td>BBSY + 1.12%</td> </tr> <tr> <td>Westpac Facility - Elect Performance Group</td> <td style="text-align: right;">436</td> <td style="text-align: right;">436</td> <td>BBSY + 1.58%</td> </tr> <tr> <td>WBC BBBL</td> <td style="text-align: right;">1,830</td> <td style="text-align: right;">1,830</td> <td>BBSY + 1.55%</td> </tr> <tr> <td>Commercial Loan</td> <td style="text-align: right;">780</td> <td style="text-align: right;">780</td> <td>5.00%</td> </tr> <tr> <td>Asset finance facility</td> <td style="text-align: right;">1,475</td> <td style="text-align: right;">1,202</td> <td>5.50%</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">600</td> <td style="text-align: right;">-</td> <td>8.09%</td> </tr> <tr> <td>Corporate Card</td> <td style="text-align: right;">25</td> <td style="text-align: right;">-</td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">10,146</td> <td style="text-align: right;">9,248</td> <td></td> </tr> </tbody> </table>			Facility	Facility Limit (\$,000)	Drawdown (\$,000)	Interest Rate	Inventory Loan Facility	5,000	5,000	BBSY + 1.12%	Westpac Facility - Elect Performance Group	436	436	BBSY + 1.58%	WBC BBBL	1,830	1,830	BBSY + 1.55%	Commercial Loan	780	780	5.00%	Asset finance facility	1,475	1,202	5.50%	Bank overdraft	600	-	8.09%	Corporate Card	25	-		Total	10,146	9,248	
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8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,320)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,147
8.3	Unused finance facilities available at quarter end (item 7.5)	898
8.4	Total available funding (item 8.2 + item 8.3)	2,045
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.5
	<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: No, as the entity has sold its Raywood facility on 14 April 2023.	

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: Yes, the entity has sold its Raywood facility on 14 April 2023 for \$15.0m to extinguish its debt facilities and fund the business going forward.

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: Yes, the business has right sized its cost base following the sale of its Raywood facility to meet current season outlook.

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.

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: 28/04/2023.....

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.