

ASX Announcement

31 January 2022

Quarterly Activities Report**Q3 FY22 highlights:**

- **Operating cash receipts of \$14.5 million, up 42% on Q3 FY21 and 19% on prior quarter**
- **Positive operating cash flow of \$0.2 million at the end of Q3 FY22, up 28% on pcq and 44% on prior quarter**
- **Omicron impacting business from December 2021**
 - **JC Tanloden production sales volume output of 21,675 MT, up 43% on the pcq but down 11% on prior quarter**
 - **Austco Polar volume ended on 406k cartons, down 4% and 19% on pcq and prior quarter, respectively**

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 2021 (Q3 FY22).

Commenting on Q3 FY22, Wingara's Chief Executive Officer James Whiteside said:

"Over the last 6 months, we had commenced a range of turn-around initiatives including the review of roles, responsibilities and reporting lines, new operating and financial reporting and the introduction of a sales and operations planning ("S&OP") process. Improved collaboration and transparency is resulting in efficiencies reflected in EBITDA margins and lower fixed costs. There is still more work required to improve operational efficiencies and plant uptime.

"Operational improvement was evident in our Q3 FY22 performance recording cash receipts of \$14.5 million (up 42% on pcq) and delivering positive operating cash flows of \$0.2 million (up 28% on pcq).

"In line with the broader economy in the current climate, the Omicron variant has had a number of adverse impacts on the business, with major disruptions at both JC Tanloden and Austco Polar. This has been reflected in cancelled work shifts, unavailability of key personnel and recruitment of new staff substantially compromised. In addition, substantial delays and cost increases in international sea freight have impacted margins and delays are being experienced in securing plant spare parts and consumables. The subsequent impact on revenue is putting significant pressure on EBITDA results.

"The team continue to remain focused on cash flow and operating margins, with a number of initiatives in play to counter the increased operational risks that COVID-19 has brought."

Record cash receipts performance and another quarter of positive operating cash flow confirmed

(\$m)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	TOTAL	Q1 FY22	Q2 FY22	Q3FY22	TOTAL
	Jun-20	Sep-20	Dec-20	Mar-21*	FY21	Jun-21	Sep-21	Dec-21	FY22 YTD
Receipts from customers	10.02	9.13	10.19	10.48	39.82	11.6	12.2	14.5	38.3
Net Cash from Operating activities	0.73	0.23	0.18	1.01	2.15	1.45	0.16	0.23	1.84
Hay volumes MT (JCT)	13,736	13,921	15,161	21,093	63,911	19,852	24,344	21,675	65,871
Available Hay MT (JCT)	16,278	20,290	19,390	12,217	12,217	10,520	11,476	12,069	12,069
Blast cartons (k) (Austco)	394	403	422	423	1,642	471	499	406	1,376

*Receipts from customers exclude bad debts of \$0.93m

Wingara has delivered receipts from customers of \$14.5 million through increased production as a result of improved operating processes when compared to Q2. With that, we have been able to maintain positive operating cash flow ending the period on \$0.2 million, up 28% on pcp.

JC Tanloden

- Hay volumes processed at JCT ended Q3 FY22 on 21,675 MT (+42% on pcp and -12% on Q2 FY22).
- Strong export demand remains in all markets but hindered by COVID-19 impacts on supply chain
- COVID-19 response has been managed well to date, but the Omicron variant has introduced new challenges in managing the work force. Machine downtime increasing in December, putting pressure on EBITDA margins as freight costs rise and fixed costs per tonne are impacted by lost production.

Austco Polar Cold Storage

- The sale process of Austco Polar continues with several parties actively engaged.
- COVID-19 impacts on the meat industry have been widely reported and has resulted in blast volume performance for Q3 down by 4% and 19% when compared to pcp and prior period, respectively
- A number of margin improvement initiatives are resulting in steady EBITDA improvement

Financial update

Receipts from customers were \$14.5 million for Q3 FY22. Financing repayments of \$2.3m relating mainly to a temporary pay down of our revolving loan facility following the successful capital raise in September and lease repayments.

The table below provides a summary of Receipts and Expenditures and business activities for Q3 FY22 (refer also the accompanying Appendix 4C):

	Q2 FY22 (3 months to 31 Dec 2021) \$'000	FY22 (YTD) \$'000
Receipts from customers	14,461	38,300
Operating costs	(9,539)	(24,427)
SG&A (corporate overhead)	(4,695)	(12,030)
Investing activities	(501)	(1,671)
Financing payments / receipts	(2,256)	159

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

Payments to related parties over Q3 FY22 were \$70,654, 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:

Jae Tan
Chief Financial Officer
E: jae.tan@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 2021

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	14,461	38,300
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,648)	(11,537)
Hay Purchases	(4,891)	(12,890)
(c) advertising and marketing	(108)	(150)
(d) leased assets	-	-
(e) staff costs	(3,874)	(9,897)
(f) administration and corporate costs	(293)	(636)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(332)	(1,259)
1.6 Income taxes paid	43	43
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	(131)	(131)
1.9 Net cash from / (used in) operating activities	227	1,843
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(501)	(1,468)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) intellectual property		
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		48
	(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)		(251)
2.6	Net cash from / (used in) investing activities	(501)	(1,671)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	25	4,600
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	3,712	4,337
3.6	Repayment of borrowings	(4,930)	(5,672)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(88)	(381)
	Payment for leased assets (i)	(975)	(2,725)
3.10	Net cash from / (used in) financing activities	(2,256)	159

(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	4,781	1,920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	227	1,843
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(501)	(1,671)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,256)	159
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,251	2,251

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	2,251	4,781
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)	2,251	4,781

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	71
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	11,357	9,311																																
7.2	Credit standby arrangements	40	-																																
7.3	Other (please specify)																																		
7.4	Total financing facilities	11,397	9,311																																
7.5	Unused financing facilities available at quarter end		2,086																																
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;">4,300</td> <td>BBSY + 1.12%</td> </tr> <tr> <td>Westpac Facility - Elect Performance Group</td> <td style="text-align: right;">678</td> <td style="text-align: right;">678</td> <td>BBSY + 1.58%</td> </tr> <tr> <td>WBC BBBL</td> <td style="text-align: right;">1,860</td> <td style="text-align: right;">1,860</td> <td>BBSY + 1.55%</td> </tr> <tr> <td>Asset finance facility</td> <td style="text-align: right;">3,219</td> <td style="text-align: right;">2,473</td> <td>4.94%</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">600</td> <td style="text-align: right;">-</td> <td>4.59%</td> </tr> <tr> <td>Corporate Card</td> <td style="text-align: right;">40</td> <td style="text-align: right;">-</td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">11,397</td> <td style="text-align: right;">9,311</td> <td></td> </tr> </tbody> </table>			Facility	Facility Limit (\$,000)	Drawdown (\$,000)	Interest Rate	Inventory Loan Facility	5,000	4,300	BBSY + 1.12%	Westpac Facility - Elect Performance Group	678	678	BBSY + 1.58%	WBC BBBL	1,860	1,860	BBSY + 1.55%	Asset finance facility	3,219	2,473	4.94%	Bank overdraft	600	-	4.59%	Corporate Card	40	-		Total	11,397	9,311	
Facility	Facility Limit (\$,000)	Drawdown (\$,000)	Interest Rate																																
Inventory Loan Facility	5,000	4,300	BBSY + 1.12%																																
Westpac Facility - Elect Performance Group	678	678	BBSY + 1.58%																																
WBC BBBL	1,860	1,860	BBSY + 1.55%																																
Asset finance facility	3,219	2,473	4.94%																																
Bank overdraft	600	-	4.59%																																
Corporate Card	40	-																																	
Total	11,397	9,311																																	

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	227
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,251
8.3	Unused finance facilities available at quarter end (item 7.5)	2,086
8.4	Total available funding (item 8.2 + item 8.3)	4,337
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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:

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: 31/01/2022.....

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.