

ASX Announcement

31 July 2023

Quarterly Activities Report**Q1 FY24 headlines:**

- **The sale of the Raywood facility completed, with net proceeds of \$12.67m received. \$0.7 million currently held in escrow to be released in Q3.**
- **Challenging economic conditions in overseas Fodder markets persist resulting in discounting, lower production and sales volume impacting operating performance during the quarter.**
- **Investment in the Epsom facility continues as the business looks to reduce prior season hay inventories and lower its cost base.**
- **Seasonal rain during the quarter was favourable for growing oaten hay crops. We remain positive that the new hay season will bring above average yields in late Q3/early Q4.**

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 30 June 2023 (Q1 FY24).

Commenting on Q1 FY24, Wingara's Managing Director and Chief Executive Officer Marcello Diamante said:

"The quarter's performance has largely been driven by the sale of the Raywood facility and preparing the business for the 2023/24 hay season.

Challenging economic conditions in key fodder markets of Japan, South Korea and China saw material discounting on this season's hay and straw products during the quarter and this is reflected in our operational performance. We expect these conditions will persist for the industry in the next quarter however, its impact on Wingara will be minimal given the sale of Raywood and its associated inventory.

We look forward to the coming 2023/24 season, with seasonal rain during the June quarter being favourable for oaten hay crops in our catchment area. We remain positive that the new hay season will bring above average yields in late Q3/early Q4 and look forward to updating the market with a clearer position on this in the next quarterly update.

Our focus remains with keeping costs and cash burn as low as possible without impacting operating leverage for the next season and explore market opportunities for the Wingara platform."

Commercial activities:**Raywood site:**

The completion of the sale of the Raywood Facility to Balco Australia occurred during this quarter with net proceeds of \$12.67 million after repayment of Balco debt and working capital adjustments. A final settlement receipt of \$0.7 million related to the sale is expected in October 2023 and will be reflected in the December quarter's cashflow.

Epsom site:

Management is judiciously managing its cash reserves, whilst ensuring the Epsom Site is operational and efficient for 2023/24 hay season commencing in Q3. Capital investment during this quarter and next quarter will focus on increasing plant reliability and critical spares. The next quarter will see run down of this season low quality inventory to free up storage onsite and position itself to benefit from early access to new season oaten hay if favourable conditions persist.

Appointment of new CFO and Company Secretary:

On 1 June 2023, Wingara appointed Giuseppe (Joe) Rinarelli as its new CFO on a part time. The transition into the CFO role has been very smooth and Joe has been active in executing the business cost-saving exercises. On 30 June, Joe was also appointed as Wingara's Company Secretary.

Financial results:

Receipts from customers and net cash from operating activities were \$1.58 million and a deficit of \$1.49m, respectively for Q1 FY24. This reflected the challenging operating environment requiring discounting on current season product impacting on production volumes and sales.

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

- Product manufacturing and operating costs \$1,896,000: this includes payments for inventory, inventory processing, shipping, maintenance and equipment hire; and
- Staff costs \$1,063,000: this includes staff costs associated with the production, sales and marketing, maintenance, finance and management of the Company. In addition restructuring costs were incurred as we downsized our workforce and head office following the sale of the Raywood Site.

Capital management:

Investing activities of \$12.5m, include \$12.67m in net cash receipts associated with the sale of the Raywood facility, excluding balances held in escrow to be received in Q2 FY2024.

Net financing cash outflow from financing activities of \$9.9m, include the repayment of bank-held financing facilities \$8.7m and payment of dividend to shareholders of \$1m.

Current cash and cash equivalents as at 30 June 2023 sit at \$2.27 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:

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Managing Director and Chief Executive Officer

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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.

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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,579	1,579
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(802)	(802)
Hay Purchases	(1,094)	(1,094)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(1,063)	(1,063)
(f) administration and corporate costs	(98)	(98)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(12)	(12)
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	(1,490)	(1,490)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities		
(h) businesses		
(i) property, plant and equipment		
(j) investments		
(k) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(l) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses	12,670	12,670
	(c) property, plant and equipment	7	7
	(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)	(169)	(169)
2.6	Net cash from / (used in) investing activities	12,508	12,508

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		
3.6	Repayment of borrowings	(8,679)	(8,679)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid	(1,053)	(1,053)
3.9	Other (provide details if material)		
	Payment for leased assets (i)	(163)	(163)
3.10	Net cash from / (used in) financing activities	(9,895)	(9,895)

(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 (3 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	1,147	1,147
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,490)	(1,490)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	12,508	12,508
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9,895)	(9,895)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,270	2,270

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	2,270	2,270
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)	2,270	2,270

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	210
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
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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.

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)	(1,490)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,270
8.3	Unused finance facilities available at quarter end (item 7.5)	14
8.4	Total available funding (item 8.2 + item 8.3)	2,284
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.5

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.

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, the entity has sold its Raywood facility during the June 2023 quarter, accordingly operating expenditure is expected to substantially reduce.

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 is expecting to take advantage of its debt free position and look to take on working capital financing with its bankers.

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 curtailed cost base following the sale of its Raywood facility and is looking to take on working capital financing.

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: 31/07/2023

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.