

ASX Announcement

29 October 2021

Quarterly Activities Report***Strong support from Shareholders drives increase production for JC Tanloden by 66%*****Q2 FY22 highlights:**

- **Strong cash receipts of \$12.2 million, up 34% on Q2 FY21**
- **Positive operating cash flow of \$0.2 million**
- **JC Tanloden export volume output of 23,459 MT, up 66% on the pcg**
- **Austco Polar volume improved to 499k cartons, up 21% on the pcg**

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 September 2021 (Q2 FY22).

Commenting on Q2 FY22, Wingara's Chief Executive Officer James Whiteside said:

"We are pleased to receive the strong support of our institutional and retail investors this quarter, raising \$4.6m of growth capital to drive a significant increase in production from existing infrastructure and to support an additional hay baling machine. The commissioning of the additional hay baling machine has been completed on time and is now operational.

"The strategic review of Austco Polar during the quarter concluded that the business is non-core. As a result, a sale process has commenced to realise the business's value. While that process is being conducted, there remains a strong focus on its operational efficiency and volumes and operating margins are improving.

"JC Tanloden, has had a strong quarter with record export sales of 23,459 MT. This is an increase over the prior comparative period and Q1 FY22 of 66% and 12%, respectively. This increase has been largely due to improved plant uptime, increased operating hours and the installation of the new press.

"H1 FY22 was not without its challenges with the macroeconomic conditions present in FY21 continuing into FY22. These include significant shipping delays and cost increases as a consequence of the impact of Covid-19 on global supply chains, and ongoing challenges securing a stable and engaged workforce. Notwithstanding these complexities, I am delighted with what our new management have been able to accomplish in such a short period of time to ensure the business quickly returns to profitability. We are on track to achieve the EBITDA before significant items guidance provided to support the capital raise of between \$2.85m to \$3.5m."

Positive operating cash flow confirmed

(\$m)	Q1 FY21 Jun-20	Q2 FY21 Sep-20	Q3 FY21 Dec-20	Q4 FY21 Mar-20*	TOTAL FY21	Q1 FY22 Jun-21	Q2 FY22 Sep-21	TOTAL FY22 YTD
Receipts from customers	10.02	9.13	10.19	10.48	39.82	11.6	12.2	23.8
Net Cash from Operating activities	0.73	0.23	0.18	1.01	2.15	1.45	0.16	1.61
Export hay volumes MT (JCT)	11,839	14,135	16,771	22,830	65,575	21,007	23,459	44,466
Available Hay MT (JCT)	16,278	20,290	19,390	12,217	12,217	10,520	11,476	11,476
Blast cartons (k) (Austco)	410	413	426	425	1,674	471	499	970

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

Wingara has continued to maintain positive operating cash flow during the quarter, with \$0.16 million in operating cash generation. The 30% reduction in net cash from operating activities from the pcg was due to higher shipping and port storage costs caused by the substantial global disruption to container freight from Covid-19. Notwithstanding, the focus on machine uptime, employee efficiency and the commissioning of an additional hay bailing machine has resulted in increased production and record top-line receipts enabling the business to remain operating cash flow positive and setting the business up for H2 FY22.

JC Tanloden

- Export hay volumes at JCT continue to hit record highs ending Q2 FY22 on 23,459 MT (+66% and +12% on pcg and Q1 FY22, respectively).
- Strong shareholder support for the successful commissioning of an additional press at the Raywood facility with cash and revenue contribution expected from Q3 onwards.
- Strong export demand remains in all markets.
- We are currently actively engaged with growers to quantify both the positive and negative impacts of the west spring in south eastern Australia, and to ensure we have contracted sufficient quantities of high quality hay to meet our strong demand.

Austco Polar Cold Storage

- Following the announcement on 24 August 2021, the structured sale process of Austco Polar has now commenced. The market is forecast to recover quickly as Victoria emerges from lockdown, which will drive interest in the business from a number of market players.
- Blast volumes for Q2 FY22 ended on 499k cartons, representing an increase on pcg and Q1FY22 of 21% and 6%, respectively.
- Management continue to focus on margin improvement initiatives.

Financial update

Receipts from customers were \$12.2 million for Q2 FY22. Successful institutional and retail capital raise of \$4.57m (or \$4.42m net of transaction costs of \$0.15m).

The table below provides a summary of Receipts and Expenditures and business activities for Q2 FY22 (refer also the accompanying Appendix 4C):

	Q2 FY22 (3 months to 30 Sep 2021) \$'000	FY22 (YTD) \$'000
Receipts from customers	12,240	23,839
Operating costs	(8,287)	(14,888)
SG&A (corporate overhead)	(3,792)	(7,336)
Investing activities	(484)	(1,170)
Financing payments / receipts	3,443	2,416

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

Payments to related parties over Q2 FY22 were \$93,404, which included fees paid to directors.

Other business updates

Effective November 1, Ms Vanessa Chidrawi will be replaced as Company Secretary by Natalie Climo.

Ms Climo has 12 years-experience working in the corporate sector. Previously she was an in-house lawyer for a global oil and gas company, and more recently as a company secretary for a portfolio of ASX listed, unlisted Australian and foreign companies. Admitted as a lawyer to the Supreme Court of Queensland, Ms Climo has extensive experience in company secretarial and governance management of ASX listed and unlisted companies and has a comprehensive understanding of the ASX listing rules, the ASIC regulatory environment and the Australian Corporations Law.

Commenting on the appointment, James Whiteside said: "On behalf of the Board and management, I'm delighted to welcome Natalie and look forward to working with her. We would like to sincerely thank Ms Chidrawi for her contributions over the last 7 months and thank her for the substantial contribution she has made."

Half year results will be released on 25th November 2021.

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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12,240	23,839
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(3,773)	(6,889)
Hay Purchases	(4,514)	(7,999)
(c) advertising and marketing	(19)	(42)
(d) leased assets	-	-
(e) staff costs	(3,098)	(6,023)
(f) administration and corporate costs	(163)	(343)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(512)	(928)
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	161	1,615
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(412)	(967)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	46	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)	(118)	(251)
2.6	Net cash from / (used in) investing activities	(484)	(1,170)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,575	4,575
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	145	625
3.6	Repayment of borrowings	(272)	(741)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(222)	(293)
	Payment for leased assets (i)	(783)	(1,750)
3.10	Net cash from / (used in) financing activities	3,443	2,416

(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 (6 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	1,661	1,920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	161	1,615
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(484)	(1,170)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,443	2,416
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	4,781	4,781

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	4,781	1,661
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)	4,781	1,661

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	93
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	12,834	10,458
7.2	Credit standby arrangements	40	-
7.3	Other (please specify)		
7.4	Total financing facilities	12,874	10,458
7.5	Unused financing facilities available at quarter end		2,310
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)	Interest Rate
Inventory Loan Facility	5,000	5,000	BBSY + 1.42
Westpac Facility - Elect Performance Group	919	919	BBSY + 1.72
WBC BBBL	1,890	1,890	BBSY + 1.67
Asset finance facility	3,425	2,649	4.94%
Bank overdraft	1,600	-	4.59%
Corporate Card	40	-	
Total	12,874	10,458	

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	161
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,781
8.3	Unused finance facilities available at quarter end (item 7.5)	2,310
8.4	Total available funding (item 8.2 + item 8.3)	7,091
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: 28/10/2021.....

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.