

ASX Announcement

30 April 2021

Wingara delivers strong quarterly revenues and positive operating cash flow*Activities report for Quarter ended 31 March 2021 (Q4 FY21)***Q4 FY21 highlights:**

- **Strong underlying cash receipts of \$10.5 million¹ (3Q21: \$10.2 million, 4Q20: \$10.6 million)**
- **Positive operating cash flow, including lease payments (pre AASB 16)**
- **JC Tanloden production output of 22.8 MT, up 60% on Q4 FY20**
- **Record monthly production result in March, reflecting continued export demand from all key regions**
- **Austco Polar volume sustained at Q3 FY21 run-rate**
- **Post-quarter end, appointed James Whiteside as CEO**

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 quarterly activities report alongside its Appendix 4C (Quarterly Cashflow Report) for the three months ended 31 March 2021 (Q4 FY21).

Reflecting on Q4 FY21, Wingara's Independent Non-executive Chair David Christie said:

"We are pleased to deliver another strong quarter of revenue and return the business to positive operating cash flow [pre AASB 16] in the fourth quarter of FY21. Over the quarter JC Tanloden delivered 60% growth in hay volume to new record levels, with March a new record month."

"Not only did we see benefits coming through at the volume and revenue levels, we also saw initial returns on the work undertaken to right-size the Group's cost base, with \$1.0 million of annualised savings locked in. Having delivered positive operating cash flow in our seasonally biggest quarter, we are pleased with the Group's solid performance to close out what was a challenging year in FY21."

"As we look ahead, Wingara and in particular JC Tanloden, is well placed to meet demand and continue to improve returns going forward. Taking comfort from the consistent delivery of quarterly revenues during FY21, the improvement in operations seen in the past quarter, and a new management team put in place, our focus in FY22 has returned to strategic initiatives that will drive long term growth in the business."

¹ Excluding bad debt of \$0.93 million

Return to positive operating cash flow in Q4 FY21

(\$m)	Q4 FY20	TOTAL	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	TOTAL
	Mar-20	FY20	Jun-20	Sep-20	Dec-20	Mar-21	FY21
Receipts from customers	10.58	35.68	10.02	9.13	10.19	10.48¹	39.8¹
Net Cash from Operating activities – pre AASB 16	(0.32)	1.58	(0.02)	(0.53)	(0.52)	0.35	(0.73)
Hay volumes MT (JCT)	14,279	42,028	11,839	14,135	16,771	22,830	65,575
Available Hay MT (JCT)	15,777	70,860	16,278	20,290	19,390	12,217	68,175
Blast cartons (k) (Austco)	518	2,131	410	413	426	425	1,290

Receipts from customers increased incrementally to \$10.5 million¹ from the strong run-rates achieved in Q3 FY21, taking FY21 revenue to \$39.8 million¹, up 11.6% on FY20. This was driven by strong growth in JC Tanloden, which increased volume by 60% for the quarter and 56% for the year, with a strong contribution from all export regions.

Following \$1.0 million of annualised cost savings implemented over the course of Q4 FY21, along with continued and focussed improvement of operations, profitability improved the past quarter, with Net Cash from Operating Activities returning to positive territory. On an underlying basis, excluding the provision for bad debt from a Chinese customer, operating cash flow would have been \$1.3 million in Q4 FY21 and in line with expectations considering seasonality.

The review of carrying value of inventory per the Q3 FY21 Quarterly Activities Report is ongoing. Any resulting adjustment will be reflected in the FY21 accounts.

JC Tanloden

- Q4 FY21 production was up 60% on Q4 FY20, to 22,830 MT. This was also a sequential improvement on the strong Q3 FY21, and was a new record for the business with March also being a record month
- Revenue growth was similarly strong for the quarter reflective of continued demand from international hay customers
- Overall export demand remains solid across all key Asian markets.

Austco Polar Cold Storage

- The macro market environment remained broadly unchanged during the quarter
- The positive volume run-rates achieved in Q3 FY21 were maintained in Q4 FY21
- Revenue was similarly sustained quarter on quarter, remaining resilient despite COVID-19 impacts

¹ Excluding bad debt of \$0.93 million

Financial update

Reported receipts from customer were \$9.5 million (net of bad debt) for Q4 FY21, totalling \$38.9 million (unaudited) for FY21. The operating net cash flow result of \$1.0 million for Q4 FY21 (FY21: \$2.2 million unaudited) is before any adjustments and reflects adoption of AASB 16, with operating lease payments of \$0.7 million (FY21: \$2.9 million) accounted for in cash flow from financing activities.

The table below provides a summary of Receipts and Expenditures for Q4 FY21 and FY21 business activities (refer also the accompanying Appendix 4C):

	FY2021 (3 months to 31 Mar 2020) \$'000	FY2021 (YTD) \$'000
Receipts from customers	9,548	38,887
Operating costs	(5,371)	(24,999)
S,G&A (corporate overhead)	(3,163)	(11,733)
Investing activities	(626)	(3,791)
Financing payments / receipts	(670)	107

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

Payments to related parties over Q4 FY21 were \$165,381, which included fees paid to directors.

Appointment of James Whiteside as CEO

Post quarter-end (as announced on 21 April 2021) James Whiteside was appointed Chief Executive Officer, effective 1 July 2021. James has over 28 years' agricultural sector experience including 13 years in executive roles. He has a strong understanding of agricultural value chains, including sourcing, logistics, price risk management, export market development and international trade. James also has strong industry networks and credibility, having spent much of his time working with growers.

Zane Banson, Interim-CEO, will return to the role of CFO on James' commencement.

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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 E: ronn.bechler@marketeye.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 2021

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	9,548	38,887
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,734)	(10,791)
Hay Purchases	(2,638)	(14,210)
(c) advertising and marketing	(41)	(139)
(d) leased assets	-	-
(e) staff costs	(2,613)	(9,791)
(f) administration and corporate costs	(384)	(858)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(155)	(924)
1.6 Income taxes paid	31	(20)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	1,014	2,154
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(475)	(3,175)
(d) investments		(33)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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		18
	(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)	(151)	(601)
2.6	Net cash from / (used in) investing activities	(626)	(3,791)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		5,037
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	(1)	(316)
3.5	Proceeds from borrowings	1,100	4,900
3.6	Repayment of borrowings	(509)	(1,782)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(364)	(4,008)
	Payment for leased assets (i)	(896)	(3,724)
3.10	Net cash from / (used in) financing activities	(670)	107

(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	2,202	3,450
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,014	2,154
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(626)	(3,791)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(670)	107
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,920	1,920

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	1,920	1,920
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)	1,920	1,920

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	165,381
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	12,478	10,813																																
7.2	Credit standby arrangements	40	-																																
7.3	Other (please specify)																																		
7.4	Total financing facilities	12,518	10,813																																
7.5	Unused financing facilities available at quarter end		1,629																																
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;">4,520</td> <td>BBSY + 1.42</td> </tr> <tr> <td>Westpac Facility - Elect Performance Group</td> <td style="text-align: right;">1,402</td> <td style="text-align: right;">1,402</td> <td>BBSY + 1.72</td> </tr> <tr> <td>WBC BBBL</td> <td style="text-align: right;">1,950</td> <td style="text-align: right;">1,950</td> <td>BBSY + 1.67</td> </tr> <tr> <td>Asset finance facility*</td> <td style="text-align: right;">3,526</td> <td style="text-align: right;">2,941</td> <td style="text-align: right;">4.94%</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">600</td> <td style="text-align: right;">-</td> <td style="text-align: right;">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;">12,518</td> <td style="text-align: right;">10,813</td> <td></td> </tr> </tbody> </table>			Facility	Facility Limit (\$,000)	Drawdown (\$,000)	Interest Rate	Inventory Loan Facility	5,000	4,520	BBSY + 1.42	Westpac Facility - Elect Performance Group	1,402	1,402	BBSY + 1.72	WBC BBBL	1,950	1,950	BBSY + 1.67	Asset finance facility*	3,526	2,941	4.94%	Bank overdraft	600	-	4.59%	Corporate Card	40	-		Total	12,518	10,813	
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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)	1,015
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,920
8.3	Unused finance facilities available at quarter end (item 7.5)	1,629
8.4	Total available funding (item 8.2 + item 8.3)	3,549
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: 30/04/2021.....

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.