

Wingara AG Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Wingara AG Limited
ACN: 009 087 469
Reporting period: For the half-year ended 30 September 2021
Previous period: For the half-year ended 30 September 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	32.4% to	24,290,329
Loss from ordinary activities after tax attributable to the owners of Wingara AG Limited	up	1080.0% to	(3,492,855)
Loss for the half-year attributable to the owners of Wingara AG Limited	up	1080.0% to	(3,492,855)

Dividends

There were no dividends paid, recommended or declared during the current or previous financial periods.

Comments

The loss for the Consolidated Entity after providing for income tax amounted to \$3,492,855 (30 September 2020: \$296,008).

Please refer to section Review of operations on page 3 of the accompanying half-year financial report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	8.00	9.82
Net tangible assets per ordinary security (excluding ROU asset but including ROU lease liability)	<u>(22.70)</u>	<u>(30.06)</u>

4. Dividends

There were no dividends paid, recommended or declared during the current or previous financial periods.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year Report.

6. Attachments

Details of attachments (if any):

The Half-year Report of Wingara AG Limited for the half-year ended 30 September 2021 is attached.

7. Signed

Signed



Date: 26 November 2021

Mr David Christie
Non-Executive Chairman
Melbourne

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Wingara AG Limited

ACN 009 087 469

Half-year Report - 30 September 2021

**Wingara AG Limited
Corporate directory
30 September 2021**

Directors	Mr David Christie (Non-Executive Chairman) Mr Steven Chaur (Non-Executive Director) Mr Brendan York (Non-Executive Director)
Chief Executive Officer	Mr James Whiteside
Chief Financial Officer	Mr Jae Tan
Company secretary	Ms Natalie Climo
Registered office	Suite 11, 13 Church Street Hawthorn VIC 3122 Australia
Principal place of business	Suite 11, 13 Church Street Hawthorn VIC 3122 Australia
Share and debenture register	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth 6000 Australia 1300 55 70 10 (within Australia) +61 8 9323 2000 (overseas)
Auditor	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street Melbourne Victoria 3000
Stock exchange listing	Wingara AG Limited shares are listed on the Australian Securities Exchange (ASX code: WNR)
Website	www.wingaraag.com.au

Wingara AG Limited
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30 September 2021

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Wingara AG Limited
Directors' report
30 September 2021

The directors present their report, together with the financial statements, on the consolidated entity, consisting of Wingara AG Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled (together referred to hereafter as the 'Consolidated Entity') at the end of, or during, the half-year ended 30 September 2021.

Directors

The following persons were directors of Wingara AG Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr David Christie - Non-Executive Chairman
Mr Jeral D'Souza - Non-Executive Director (resigned 21 October 2021)
Mr Steven Chaur - Non-Executive Director
Mr Brendan York - Non-Executive Director (appointed 23 September 2021)

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of results and operations¹

Wingara AG Limited is an owner and operator of value-added, mid-stream assets specialising in the processing, storage and marketing of agricultural products for export markets.

The first half of financial year 2022 (H1 FY22) was not without its challenges with the macroeconomic conditions present in financial year 2021 (FY21) continuing into financial year 2022 (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, the new management team lead by CEO James Whiteside (who commenced on 1 July) have been able to, in a short period of time, strengthen the commercial position of the company by focusing on supplier and customer relationships and resetting operating processes and controls to ensure the business quickly returns to profitability.

In addition, during H1 FY22 management concluded that its Service Business operating segment (Austco Polar Cold Storage) was non-core in the context of its go-forward corporate strategy. Accordingly, a business broker has been engaged to run a sale process to realise the business' value. Austco Polar's results from operations for the six months ended 30 September 2021 and 2020 have therefore been re-presented as results from operations held for sale.

¹ Throughout this report, certain financial information is presented which is not prescribed by Australian Accounting Standards ('AAS'), such as EBITDA and EBIT. Earnings before interest and income tax (EBIT) reflects profit for the half year prior to including the effect of net finance costs, income taxes and loss from operations held for sale. Earnings before interest, income tax expense, depreciation and amortisation (EBITDA) reflects profits for the half year prior to including the effect of net finance costs, income taxes, depreciation and amortisation and loss from operations held for sale. The individual components of EBITDA and EBIT are included as line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Reference to results before significant items excludes the financial impacts of capital raise and share placement costs, share-based payment expenses, project related costs, impairment of capital projects and one-off legal fees. The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting

Review of results and operations (continued)

Summary of financial results

	30 September 2021 \$	30 September 2020 \$	Change
Revenue	18,868,803	12,682,766	49%
Gross profit	7,086,649	5,127,531	38%
EBITDA before significant items	572,026	1,704,870	(66%)
EBIT before significant items	(86,636)	1,191,994	(107%)
NPAT before significant items	(1,117,039)	494,384	(326%)
Operations held for sale before significant items	(1,590,494)	(687,905)	131%
Significant items	(785,322)	(102,487)	666%
Net loss attributable to shareholders	<u>(3,492,855)</u>	<u>(296,008)</u>	1080%
Summary of significant items			
<i>From continuing operations</i>			
Capital raise and share placement costs	-	53,878	(100%)
Equity settled share-based payments	105,000	23,609	345%
Forfeited options	(51,151)	-	(100%)
Impairment of capital projects	269,413	-	100%
Project expenses	28,880	-	100%
Legal fees	140,337	-	100%
	<u>492,479</u>	<u>77,487</u>	536%
<i>From operations held for sale</i>			
Impairment of capital projects	236,503	-	100%
Project expenses	56,340	25,000	125%
	<u>292,843</u>	<u>25,000</u>	1071%
Total	<u>785,322</u>	<u>102,487</u>	666%

The Consolidated Entity's total revenues from continuing operations increased by 49% to 18,868,803 (H1 FY21: \$12,682,766) reflecting a strong revenue result from JC Tanloden. This was driven by higher production volumes for the half of 44,095 MT (H1 FY21: 27,657 MT) as a result of higher machinery uptime and increasing daily production hours to 24 hours (H1 FY21: 20 hours).

Gross profit ended the half on \$7,086,649 (H1 FY21: \$5,127,531) representing an increase on prior comparative period of \$1,959,118, or 38%.

The loss attributable to the Consolidated Entity's shareholders of \$3,492,855 (H1 FY21: loss of \$296,008) includes:

- An increase of \$1,895,509 in freight costs to \$3,528,228 (H1 FY21: \$1,632,719) driven by an increase in production volumes, as well as the impact of COVID-19 on the costs associated with logistics, including port storage costs due to shipping delays.
- An increase in indirect employee costs by \$459,832 to \$1,338,634 (H1 FY21: \$878,802) resulting from lower capitalised salaries and wages due to reduced allocation to project work in H1 FY2022.
- Foreign exchange losses of \$610,034 (H1 FY21: \$239,140), an increase of \$370,894 from prior half due to unfavourable currency hedge positions entered into in FY21 with the USD strengthening in the last 4 months.
- A \$369,075 increase in finance costs to \$1,030,403 (H1 FY21: \$661,328) due to higher levels of working capital financing.
- A loss from operations held for sale of \$1,883,337 (H1 FY21: loss of \$712,905).

H1 FY22 reported results include significant items of \$785,322 (H1 FY21: \$102,487) comprising capital project write-offs of \$505,916 (H1 FY21: \$nil) as a result of a review of discontinued company projects, legal fees of \$140,337 (H1 FY21: \$nil) to rectify a 2016 auditor appointment administrative error, share-based payments (net of forfeited options) of \$53,849 (H1 FY21: \$23,609) relating to issue of shares to employees and project related costs of \$85,220 (H1 FY21: \$25,000) which includes divestiture costs pertaining to the sale of Austco Polar and works associated with procuring a new hay bailing machine.

Review of results and operations (continued)

Operational performance

	Fodder JC Tanloden	Corporate	Total continuing business	Service Austco Polar	Total
30 September 2021					
Revenue	\$18,868,803	-	\$18,868,803	\$5,421,526	\$24,290,329
Gross profit	\$7,086,649	-	\$7,086,649	\$1,790,533	\$8,877,182
EBITDA before significant items	\$1,777,126	(\$1,205,100)	\$572,026	\$59,258	\$631,284
EBIT before significant items	\$1,148,875	(\$1,235,511)	(\$86,636)	(\$848,121)	(\$934,757)
30 September 2020					
Revenue	\$12,682,766	-	\$12,682,766	\$5,666,783	\$18,349,549
Gross profit	\$5,127,531	-	\$5,127,531	\$2,364,606	\$7,492,137
EBITDA before significant items	\$2,512,086	(\$807,216)	\$1,704,870	\$980,374	\$2,685,244
EBIT before significant items	\$2,026,012	(\$834,018)	\$1,191,994	\$74,327	\$1,266,321

JC Tanloden

Operating metrics

	30 September 2021	30 September 2020	Change
Production volumes (tonnes)	44,095	27,657	59%
Revenue per tonne	\$428	\$459	(7%)
EBITDA before significant items per tonne	\$40	\$91	(56%)
EBIT before significant items per tonne	\$26	\$73	(64%)

Revenue from continuing operations in H1 FY22 was up 49% to \$18,868,803 (H1 FY21: \$12,682,766), reflecting a strong performance from JC Tanloden.

- Production volumes at JC Tanloden continue to hit record highs ending the half on 44,095 MT (H1 FY21: 27,657 MT), up 59%.
- Strong shareholder support for the successful commissioning of an additional press at the Raywood facility with modest revenue contribution in H1 FY22.
- Strong export demand in all markets.

Revenue per tonne is down by 7% when compared to pcp ending H1 FY22 on \$428 (H1 FY21: \$459) driven by (i) product sales mix with a higher concentration of sales made towards lower hay grades when compared to the prior comparative period; and (ii) the strengthening of the AUD over the last 12 months.

EBITDA for H1 FY22 was \$1,777,126 (H1 FY21: \$2,512,089), down by \$734,963. This was driven by (i) higher freight costs per tonne incurred as a result of COVID-19 impact on the costs associated with logistics channels; (ii) unfavourable hedge positions; and (iii) working through the high price hay contracts entered into during the previous season.

Review of results and operations (continued)

Austco Polar Cold Storage

Operating metrics

	30 September 2021	30 September 2020	Change
Blast volumes (cartons)	970,278	796,994	22%
Revenue per tonne	\$5.59	\$7.11	(21%)
EBITDA before significant items per tonne	\$0.06	\$1.23	(95%)
EBIT before significant items per tonne	\$0.87	\$0.09	(1067%)

Revenue generated by the Austco Polar business decreased during H1 FY22 by 4% to \$5,421,526 (H1 2021: \$5,666,783).

- Austco Polar's services remained resilient with demand for Australian meat exports in Asia continuing to grow. Blast volumes ended H1 FY21 on 970,278, up by 22% when compared to prior comparative period.
- The securing of new customers in H1 FY22 was insufficient to cover the loss of a significant, high revenue per carton, customer in H2 FY21. This resulted in a decrease in revenue per carton by 21% to \$5.59 (H1 FY21: \$7.11).

EBITDA ended the half on \$59,258 (H1 2021: \$980,374), down by \$921,116 due to (i) increases in direct labour costs per hour resulting from labour shortages as a result of the global pandemic; and (ii) higher blast activity for higher cost-to-serve customers continuing from H2 FY21.

Financial position metrics

Reported ²	30 September 2021	31 March 2020	Change
Borrowings ³	\$10,349,895	\$11,005,696	(6%)
Cash	(\$4,780,869)	(\$1,920,453)	149%
Net debt	\$5,569,026	\$9,085,243	(39%)
Net assets	\$15,843,187	\$14,439,930	10%
Net debt to net assets ratio	35%	61%	(26pp)

Net debt as at 30 September 2021 is \$5,569,026 showing a decrease from prior comparative period of \$3,516,217 (or 39%). A successful capital raise in September 2021 of \$4,425,366 (net of transaction costs) from institutional and retail investors, coupled with continued repayments of borrowings from positive cash flows from operations saw a net debt to net assets ratio improve by 26pp to 35% at the end of H1 FY22.

Outlook

Whilst H1 FY22 proved challenging, the focus on machine uptime, employee efficiency and the commissioning of an additional hay bailing machine has resulted in increased production and gross profitability. The focus in H2 FY22 will be on:

- Further increasing machinery uptime through efficient and robust processes without compromising safety.
- Picking up momentum in operating the additional hay bailing machine to its full capacity.
- Continue to engage with growers to quantify both the positive and negative impact of the wet spring in South-East Australia to ensure we have contracted sufficient quantities of high-quality hay to meet strong customer demand and to ensure that higher hay and supply chain costs are recovered from the market.
- Active engagement with JC Tanloden customers to endeavour to cover more of the increase supply change costs in the sales price.
- Continue the process to divest Austco Polar Cold Storage whilst continuing to focus on profit improvement initiatives.

² Includes operations held for sale

³ Excludes impact of AASB 16 lease liabilities

Significant changes in the state of affairs

On 31 August 2021, the Consolidated Entity announced that it is undertaking a 7 for 10 accelerated pro rata non-renounceable entitlement offer (Entitlement Offer). Eligible shareholders under the Entitlement Offer will be able to subscribe for 7 fully paid ordinary shares for every 10 fully paid ordinary shares held (Entitlements) at the Record Date (New Shares). For each New Share issued, 1 free unlisted non-tradeable option with an expiry date of 31 December 2023 and an exercise price of \$0.17 (17 cents) is to be attached.

As a result, on 6 September 2021, the Consolidated Entity issued 2,045,454 fully paid ordinary shares at \$0.11 (11 cents) per fully paid ordinary share and 2,045,454 unquoted options with an expiry date of 31 December 2023 and an exercise price of \$0.17 (17 cents). On 23 September 2021, the Consolidated Entity issued a further 39,549,324 fully paid ordinary shares at \$0.11 (11 cents) per fully paid ordinary share and 39,549,324 unquoted options with an expiry date of 31 December 2023 and an exercise price of \$0.17 (17 cents) per fully paid ordinary share in accordance with the terms of the Entitlement Offer.

On 21 September 2021, the Consolidated Entity granted 938,181 fully paid ordinary shares to employees in accordance with the terms of the Company's Employee Share Scheme. The weighted average fair value of the shares granted was \$0.11 per fully paid ordinary share.

On 23 September 2021, Brendan York was appointed to the Board of Directors as a Non-Executive Director.

Other than disclosed elsewhere in the Directors' Report and the Consolidated Entity's financial statements and notes thereto, there were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 21 October 2021, Mr Jeral D'Souza resigned as a director of the Company.

On 31 October 2021, Ms Vanessa Chidrawi resigned as Company Secretary. On 1 November 2021, Ms Natalie Climo was appointed as the Company's new Company Secretary.

No other matter or circumstance has arisen since 30 September 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr David Christie
Non-Executive Chairman

26 November 2021



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WINGARA AG LIMITED

I declare that, to the best of my knowledge and belief during the period ended 30 September 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck
William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director

Melbourne, 26 November 2021

ACCOUNTANTS & ADVISORS

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Wingara AG Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 September 2021

	Note	Consolidated	
		30 September 2021	30 September 2020
		\$	\$
Revenue		18,868,803	12,682,766
Cost of sales		(11,782,154)	(7,555,235)
Gross profit		7,086,649	5,127,531
Other income		35,168	195,357
Expenses			
Corporate, administration and operating expenses		(1,295,961)	(944,844)
Freight expenses		(3,528,228)	(1,632,719)
Employee expenses		(1,338,634)	(878,802)
Foreign exchange losses		(610,034)	(239,140)
Impairment of capital projects		(269,413)	-
Profit before finance costs, tax and depreciation		79,547	1,627,383
Depreciation		(658,662)	(512,876)
Profit/(loss) before finance costs and tax		(579,115)	1,114,507
Finance costs		(1,030,403)	(661,328)
Profit/(loss) before income tax expense from continuing operations		(1,609,518)	453,179
Income tax expense		-	(36,282)
Profit/(loss) after income tax expense from continuing operations		(1,609,518)	416,897
Loss after income tax expense from operations held for sale	4(a)	(1,883,337)	(712,905)
Loss after income tax expense for the half-year attributable to the owners of Wingara AG Limited		(3,492,855)	(296,008)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Wingara AG Limited		(3,492,855)	(296,008)
<i>Total comprehensive income for the half-year is attributable to:</i>			
Continuing operations		(1,609,518)	416,897
Operations held for sale		(1,883,337)	(712,905)
		<u>(3,492,855)</u>	<u>(296,008)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wingara AG Limited
Consolidated statement of profit or loss and other comprehensive income (continued)
For the half-year ended 30 September 2021

		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Wingara AG Limited			
Basic earnings/(loss) per share	10	(1.20)	0.37
Diluted earnings/(loss) per share	10	(1.20)	0.37
Loss per share for loss from operations held for sale attributable to the owners of Wingara AG Limited			
Basic loss per share	10	(1.40)	(0.64)
Diluted loss per share	10	(1.40)	(0.64)
Loss per share for loss attributable to the owners of Wingara AG Limited			
Basic loss per share	10	(2.60)	(0.27)
Diluted loss per share	10	(2.60)	(0.27)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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Wingara AG Limited
Consolidated statement of financial position
As at 30 September 2021

Note	Consolidated	
	30 September 2021 \$	31 March 2021 \$
Assets		
Current assets		
	4,643,909	1,920,453
	3,780,851	3,458,294
	2,105,901	2,069,511
	66,038	639,959
	<u>10,596,699</u>	<u>8,088,217</u>
4(b)	23,906,180	-
	<u>34,502,879</u>	<u>8,088,217</u>
Non-current assets		
5	15,780,419	20,748,188
	4,301,070	23,241,791
6	1,816,575	1,816,075
	20,585	137,686
	<u>21,918,649</u>	<u>45,943,740</u>
	<u>56,421,528</u>	<u>54,031,957</u>
Liabilities		
Current liabilities		
	7,061,706	6,618,405
7	1,039,000	5,606,000
	948,482	1,538,065
	292,063	677,460
	<u>9,341,251</u>	<u>14,439,930</u>
4(b)	22,111,695	-
	<u>31,452,946</u>	<u>14,439,930</u>
Non-current liabilities		
7	6,770,000	2,266,000
	2,291,043	22,369,455
	64,352	99,745
	<u>9,125,395</u>	<u>24,735,200</u>
	<u>40,578,341</u>	<u>39,175,130</u>
	<u>15,843,187</u>	<u>14,856,827</u>
Equity		
8	29,559,564	25,029,198
	116,726	212,377
	(13,833,103)	(10,384,748)
	<u>15,843,187</u>	<u>14,856,827</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Wingara AG Limited
Consolidated statement of changes in equity
For the half-year ended 30 September 2021

Consolidated	Contributed equity \$	Share based payment reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 April 2020	20,266,704	434,141	(4,259,939)	16,440,906
Loss after income tax expense for the half-year	-	-	(296,008)	(296,008)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(296,008)	(296,008)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	4,722,494	-	-	4,722,494
Share-based payments	-	9,000	-	9,000
Balance at 30 September 2020	<u>24,989,198</u>	<u>443,141</u>	<u>(4,555,947)</u>	<u>20,876,392</u>

Consolidated	Contributed equity \$	Share based payment reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 April 2021	25,029,198	212,377	(10,384,748)	14,856,827
Loss after income tax expense for the half-year	-	-	(3,492,855)	(3,492,855)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,492,855)	(3,492,855)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	4,425,366	-	-	4,425,366
Forfeited and lapsed options	-	(95,651)	44,500	(51,151)
Equity settled share-based payments to employees (note 8)	105,000	-	-	105,000
Balance at 30 September 2021	<u>29,559,564</u>	<u>116,726</u>	<u>(13,833,103)</u>	<u>15,843,187</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Wingara AG Limited
Consolidated statement of cash flows
For the half-year ended 30 September 2021

	Consolidated	
	30 September 2021	30 September 2020
	\$	\$
Cashflows from operating activities		
Receipts from customers	18,077,371	11,883,673
Payments to suppliers and employees	(16,451,509)	(11,399,605)
Interest received	-	145
Interest and other finance costs paid	(1,030,403)	(661,320)
Income taxes paid	-	(44,832)
Net operating cash generated by/(used in) continuing operations	<u>595,459</u>	<u>(221,939)</u>
Net operating cash generated by operations held for sale	<u>457,918</u>	<u>409,082</u>
Net cash generated by operating activities	<u><u>1,053,377</u></u>	<u><u>187,143</u></u>
Cashflows from investing activities		
Payments for plant, equipment, and capital works in progress	(984,617)	(1,423,546)
Proceeds from sale of plant and equipment	215,436	-
Proceeds from release of security deposits	117,101	-
Net cash used in continuing operations' investing activities	<u>(652,080)</u>	<u>(1,423,546)</u>
Net cash used in operations held for sale's investing activities	<u>(276,251)</u>	<u>(708,835)</u>
Net cash used in investing activities	<u><u>(928,331)</u></u>	<u><u>(2,132,381)</u></u>
Cashflows from financing activities		
Proceeds from issue of shares, net of transaction costs	4,425,366	4,722,494
Proceeds from borrowings	480,000	-
Repayment of borrowings	(543,000)	(3,863,000)
Settlement of lease obligations	(657,198)	(449,448)
Net cash from continuing operations' financing activities	<u>3,705,168</u>	<u>410,046</u>
Net cash used in operations held for sale's financing activities	<u>(969,798)</u>	<u>(948,303)</u>
Net cash from / (used in) financing activities	<u><u>2,735,370</u></u>	<u><u>(538,257)</u></u>
Net increase/decrease in cash and cash equivalents	2,860,416	(2,483,495)
Cash and cash equivalents at the beginning of the financial half-year	1,920,453	3,449,108
Less cash and cash equivalents included in assets held for sale group (note 4b)	<u>(136,960)</u>	<u>-</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>4,643,909</u></u>	<u><u>965,613</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Wingara AG Limited
Notes to the consolidated financial statements
30 September 2021

Note 1. General information

The financial statements cover Wingara AG Limited as a Consolidated Entity consisting of Wingara AG Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Wingara AG Limited's functional and presentation currency.

Wingara AG Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Suite 11, 13 Church Street Hawthorn, VIC 3122 Australia.

A Description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 November 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 September 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

This half-year financial report may also include certain non-IFRS measures including earnings before finance costs, tax and depreciation (EBITDA), earnings before finance costs and tax (EBIT) and net profit after tax (NPAT). These measures are used internally by management to assess the performance of the consolidated entity and segments, to make decisions on the allocation of resources and assess operational management.

Operations held for sale - Consolidated statement of profit or loss and other comprehensive income and consolidated statement of cashflows

An operation held for sale is a component of the Consolidated Entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of operations held for sale are presented separately on the face of the statement of profit or loss and other comprehensive income. The comparative net profit for the six months ended 30 September 2020 are re-presented to reflect only the results from continuing operations and separately disclose the results from operations held for sale in one line on the face of the statement of profit or loss and other comprehensive income.

The consolidated statement of cash flows for the six months ended 30 September 2021 and the re-represented comparative cashflows for the six months ended 30 September 2020 are for continuing operations, with the net cashflows from operations held for sale separately disclosed in one line under operating, investing and financing activities.

Operations held for sale: Disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Note 2. Significant accounting policies (continued)

Operations held for sale: Disposal groups classified as held for sale (continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Fair value measurement

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market; or in the absence of a principal market, in the most advantageous market.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

On 24 August 2021, the Consolidated Entity announced that its Service Business operating segment, operated through Austco Polar, is non-core to the Company's future growth strategy given the substantial growth opportunities available through its Fodder Business. A broker has been appointed to undertake a structured sale process of the Service Business.

Subsequent to the aforementioned announcement, the Consolidated Entity has one operating segment, acting as a product processor and marketer of agricultural products in Australia (Fodder Business).

Note 4. Operations held for sale

On 24 August 2021, the Consolidated Entity announced that Austco Polar, its Service Business operating segment, is non-core to the Consolidated Entity's future growth strategy given the substantial growth opportunities available through its Fodder Business. A broker has been appointed to undertake a structured sale process of the Service Business.

Financial performance of operations held for sale

	30 September 2021 \$	30 September 2020 \$
(a) Statement of profit or loss for operations held for sale		
Revenue	5,421,526	5,666,783
Cost of sales	<u>(3,630,993)</u>	<u>(3,302,177)</u>
Gross profit	1,790,533	2,364,606
Other income	3,400	143,556
Corporate, administration and operating expenses	(1,112,103)	(849,853)
Employee expenses	(393,848)	(365,067)
Freight expenses	(285,064)	(337,868)
Impairment of capital projects	<u>(236,503)</u>	<u>-</u>
Earnings before finance costs and tax and depreciation	(233,585)	955,374
Depreciation expense	(907,379)	(906,047)
Earnings before finance costs and tax	(1,140,964)	49,327
Finance costs	(742,373)	(762,232)
Earnings before income tax	(1,883,337)	(712,905)
Income tax expense	<u>-</u>	<u>-</u>
Loss after income tax expense from operations held for sale	<u>(1,883,337)</u>	<u>(712,905)</u>

Note 4. Operations held for sale (continued)

	30 September 2021 \$
(b) Net assets of operations held for sale	
Cash and cash equivalents	136,960
Trade and other receivables	669,730
Other current assets	324,782
Property, plant and equipment	4,932,319
Right-of-use assets	17,842,389
Total assets	<u>23,906,180</u>
Trade and other payables	1,851,194
Borrowings	188,084
Employee entitlements	535,880
Lease liabilities	19,536,537
Total liabilities	<u>22,111,695</u>
Net assets	<u><u>1,794,485</u></u>

Carrying amounts of assets and liabilities for disposal groups

The carrying amount of the assets and liabilities of the Austco Polar Service Business disposal group is measured at the lower of its carrying amount and its fair value less cost of sale.

When an asset or liability, financial or non-financial, is measured at fair value the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 5. Property, plant and equipment

	Consolidated 30 September 2021 \$	Consolidated 31 March 2021 \$
Property, plant and equipment	15,704,218	18,143,022
Capital work-in-progress	76,201	2,605,166
	<u>15,780,419</u>	<u>20,748,188</u>

An impairment of capital work-in-progress was realised due to a review of projects undertaken during the half year. Accordingly \$505,916 of capitalised costs was impaired.

Note 6. Intangible assets

	Consolidated 30 September 2021 \$	Consolidated 31 March 2021 \$
Goodwill – at cost	31,711	31,711
Export license – at cost	1,784,864	1,784,364
	<u>1,816,575</u>	<u>1,816,075</u>

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have an indefinite useful life as they can be renewed for only a trivial amount at expiry of license period without incurring significant costs and time and are subsequently carried at cost less accumulated amortisation and impairment losses. These assets with indefinite useful life are tested for impairment on an annual basis.

(i) Impairment tests for goodwill & export license

The following key assumptions were used in the discounted cash flow model: (a) 10.3% post-tax discount rate; (b) 15.00% per annum projected EBITDA growth rate; and (c) 3.00% per annum terminal value growth rate.

- The post-tax discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying asset that have not be incorporated in the cash flows model. The discount rate calculation is based on the specific circumstances of the CGU, and is derived from its weighted average cost of capital ('WACC'). The WACC includes both cost of debt and equity. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service. The cost of equity is based on the expected return on investment by the Company's shareholders. In calculation of the cost of equity, management has accounted for the segment-specific risk by applying the beta factor, which is publicly available market data.
- The projected first year of cash flows is derived from the current year cash flow forecast.
- EBITDA growth rate of 15.00% in years 2 to 5 is derived based on a combination of historical performance references, market outlooks and current expansion and development plans of the business.
- The estimated terminal value growth rate was set at 3.0%.

There were no other key assumptions.

(ii) Sensitivity

As at 30 September 2021, management has identified that for the carrying amount to exceed the recoverable amount:

- The discount rate would need to increase to 11.6%; or
- An EBITDA growth rate would need to reduce to 8.5% in the cash flows of the first five years.

Note 7. Borrowings

	Consolidated 30 September 2021 \$	Consolidated 31 March 2021 \$
Current		
Commercial facility	1,039,000	1,086,000
Revolving loan facility	-	4,520,000
	<u>1,039,000</u>	<u>5,606,000</u>
Non-current		
Commercial facility	1,770,000	2,266,000
Revolving loan facility	5,000,000	-
	<u>6,770,000</u>	<u>2,266,000</u>
	<u><u>7,809,000</u></u>	<u><u>7,872,000</u></u>

Total secured liabilities

- Westpac tailored commercial facility with a fully drawn down limit of \$919,000 (31 March 2021: \$1,402,000). The facility is subject to BBSY rate plus a margin of 1.58% (31 March 2021: 1.72%) per annum and line fee of 2.00% (31 March 2021: 1.00%) per annum. The term of the facility is four (4) years from date of inception expiring on 12 February 2024. Interest and principal are paid on a monthly basis, the principal being settled in an amount of \$80,500 per month until the loan is repaid. The balance of \$919,000 is expected to be repaid within 12 months and therefore classified as a current liability.
- Westpac tailored commercial facility with a fully drawn down limit of \$1,890,000 (31 March 2021: \$1,950,000). The facility is subject to BBSY rate plus a margin of 1.55% (31 March 2021: 1.67%) per annum and line fee of 2.00% (31 March 2021: 1.00%) per annum. The term of this facility is four (4) years from date of inception expiring on 28 October 2024. Interest and principal are paid on a monthly basis, the principal being settled in an amount of \$10,000 per month.
- Revolving loan facility with a fully drawn down limit of \$5,000,000 (31 March 2021: \$5,000,000). This facility is subject to BBSY rate plus a margin of 1.09% (31 March 2021: 1.42%) per annum and a line fee of 2.00% (31 March 2021: 1.00%) per annum. During the half year, this facility's maturity date was extended from 12 July 2021 to 31 December 2022, with a term of 19 months from inception. Therefore the entire outstanding balance has been classified as a non-current liability at 30 September 2021. Monthly payments consist of interest and fees only, the outstanding unpaid principal due for settlement on expiry of the term of the facility.

Assets pledged as security

The commercial bill and loan are secured by machinery and equipment owned by the consolidated entity.

Bank overdraft facility

As at 30 September 2021 the Consolidated Entity's overdraft facility limit was \$1,600,000 (31 March 2021: \$600,000) of which \$nil was drawn on (30 September 2020: \$nil). Subsequent to 30 September 2021 the Consolidated Entity's overdraft facility reduced from \$1,600,000 to \$600,000.

Note 8. Equity - issued capital

	Consolidated			
	30 September 2021	31 March 2021	30 September 2021	31 March 2021
	No. of shares	No. of shares	\$	\$
Ordinary shares - fully paid	<u>175,315,232</u>	<u>132,782,273</u>	<u>29,559,564</u>	<u>25,029,198</u>

Movements in ordinary share capital

Details	Date	No. of shares	Issue price	\$
Balance	1 April 2021	132,782,273		25,029,198
Issue of shares to institutional investors	6 September 2021	2,045,454	\$0.11	225,000
Issue of shares to employees	21 September 2021	938,181	\$0.11	105,000
Issue of shares to institutional and retail investors	23 September 2021	39,549,324	\$0.11	4,350,626
Less capital raising costs				<u>(150,260)</u>
Balance	30 September 2021	<u>175,315,232</u>		<u>29,559,564</u>

On 6 and 23 September 2021, the Consolidated Entity issued 2,045,454 and 39,549,324 free attaching options over fully paid ordinary shares both issues of options with an exercise price of \$0.17 (17 cents) per fully paid ordinary share, expiring on 31 December 2023, to participants in the respective share issues of said dates.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 9. Events after the reporting period

On 21 October 2021, Mr Jeral D'Souza resigned as a directory of the Company.

On 31 October 2021, Ms Vanessa Chidrawi resigned as Company Secretary. On 1 November 2021, Ms Natalie Climo was appointed as the Company's new Company Secretary.

No other matter or circumstance has arisen since 30 September 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 10. Earnings per share

	Consolidated	Consolidated
	30	30
	September	September
	2021	2020
	\$	\$
<i>Earnings per share for profit/(loss) from continuing operations</i>		
Profit/(loss) after income tax attributable to the owners of Wingara AG Limited	<u>(1,609,518)</u>	<u>416,897</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>134,609,485</u>	<u>111,416,055</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>134,609,485</u>	<u>111,416,055</u>
	Cents	Cents
Basic (loss)/earnings per share	(1.20)	0.37
Diluted (loss)/earnings per share	(1.20)	0.37
	Consolidated	Consolidated
	30	30
	September	September
	2021	2020
	\$	\$
<i>Loss per share for loss from operations held for sale</i>		
Loss after income tax attributable to the owners of Wingara AG Limited	<u>(1,883,337)</u>	<u>(712,905)</u>
	Cents	Cents
Basic loss per share	(1.40)	(0.64)
Diluted loss per share	(1.40)	(0.64)
	Consolidated	Consolidated
	30	30
	September	September
	2021	2020
	\$	\$
<i>Consolidated loss per share attributable to the owners of Wingara AG Limited</i>		
Loss after income tax attributable to the owners of Wingara AG Limited	<u>(3,492,855)</u>	<u>(296,008)</u>
	Cents	Cents
Basic loss per share	(2.60)	(0.27)
Diluted loss per share	(2.60)	(0.27)

Note 11. Share-based payments

A share option plan has been established by the Consolidated Entity and approved by shareholders at a general meeting, whereby the Consolidated Entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain key management personnel of the Consolidated Entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of options granted under the plan:

30 September
 2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
13/06/2018	12/06/2021	\$0.48	500,000	-	-	(500,000)	-
13/08/2018	12/08/2021	\$0.48	500,000	-	-	(500,000)	-
23/12/2019	23/12/2022	\$0.36	1,250,000	-	-	(500,000)	750,000
			<u>2,250,000</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>	<u>750,000</u>

Employee Share Scheme

On 21 September 2021, the Consolidated Entity granted 938,181 fully paid ordinary shares to employees in accordance with the terms of the Company's Employee Share Scheme. The weighted average fair value of the shares granted was \$0.11 per fully paid ordinary share.

**Wingara AG Limited
Directors' declaration
30 September 2021**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 September 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr David Christie
Non-Executive Chairman

26 November 2021

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Wingara AG Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Wingara AG Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 30 September 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wingara AG Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the Wingara AG Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 September 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck
William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
A. A. Finnis
Director

Melbourne, 26 November 2021

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