Wingara AG Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Wingara AG Limited
ACN:	009 087 469
Reporting period:	For the year ended 31 March 2022
Previous period:	For the year ended 31 March 2021

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2. Results for announcement to the market

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Revenues from ordinary activities	up	31.7%	to	50,064,218
Loss from ordinary activities after tax attributable to the owners of Wingara AG Limited	up	55.6%	to	(9,696,900)
Loss for the year attributable to the owners of Wingara AG Limited	up	55.6%	to	(9,696,900)

Dividends
There were no dividends paid, recommended or declared during the current financial year.

Comments
The loss for the Consolidated Entity after providing for income tax amounted to $9,696,900 (31 March 2021: $6,232,809).

Please refer to section Review of results and operations on page 3 of the accompanying financial report.

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	5.03	10.32

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4. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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5. Audit status

The financial statements are currently in the process of being audited by William Buck. The Company expects to receive an unqualified audit opinion.

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6. Explanation of results

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. In line with the Corporations Act 2001, the Preliminary Final Report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 31 March 2021.

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7. Attachments

Details of attachments (if any):

The Preliminary Final Report of Wingara AG Limited for the year ended 31 March 2022 is attached.

Wingara AG Limited

ACN 009 087 469

Preliminary Final Report - 31 March 2022

Wingara AG Limited
Contents
31 March 2022

Wingara AG Limited
Corporate directory
31 March 2022

Directors	Mr David Christie (Non-Executive Chairman) Mr Brendan York (Non-Executive Director) Mr Marcello Diamante (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 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

Review of results and operations[1]

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 2022 financial year (FY22) saw significant improvements in business performance but was impacted by a number of macroeconomic and social impacts well beyond the control of the business. These negative impacts included:

- The strengthening of commodity and other prices that began in FY21 accelerated substantially in FY22. Domestic hay prices increased in line with all soft commodities and the significant interruptions to global supply chains resulted in sea freight cost increases of 87% per tonne when compared to FY21. Passing these higher prices onto customers in Asian markets has been challenging and largely achieved, though has come with the risk of some demand destruction.
- The impact of COVID-19 throughout the year and in particular the arrival of the Omicron variant has created labour shortages at both JC Tanloden and Austco Polar. For the JC Tanloden business, significant plant downtime in the last four months of the financial year was caused by staff unable to come to work. This also impacted critical preventative maintenance activities and the commissioning of new equipment to lift plant performance. The Austco Polar business had a number of its key customers (particularly abattoirs) interrupted by labour shortages, which substantially impacted our blast freezing volumes and plant throughput; and
- A number of unfavourable contracts entered into by previous management including high priced hay contracts and out-of-the-money foreign exchange positions.

Notwithstanding these complexities, the new management team lead by CEO James Whiteside (who commenced on 1 July 2021) has, in a short period of time, strengthened the commercial position of the company by focusing on supplier and customer relationships, resetting operating processes and controls and steadily improving its reporting transparency.

Key achievements in FY22 include:

- Consolidated revenue growth of 32% ending the year on $50,064,218 (FY21: $38,009,411) driven by the JC Tanloden business with hay production volumes up 51% on FY21 and ending the year with sales of 96,581 tonnes (FY21: 63,912)
- Continued focus on margins and operating processes has resulted in growth across all financial performance metrics in our Continuing Operations (excluding Austco Polar, see next paragraph) before significant items including Revenue (up 43%), Gross Profit (up 75%), EBITDA (up 74%), EBIT loss (down 470%) and net loss after tax (NLAT) (down 30%)
- Strong working capital management resulting in year-on-year reduction in Net Debt, ending the year on $6,284,066 (FY21: $8,861,157)

In addition, during the first half of FY22 management announced that it had completed a strategic review of Austco Polar Cold Storage and determined that this business is non-core to the Company's future growth strategy given the substantial growth opportunities available through JC Tanloden. 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 twelve months ended 31 March 2022 and 2021 have therefore been re-presented as results from operations held for sale.

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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 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 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, loss on disposal of property, plant and equipment, impairment of receivables 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.*

Wingara AG Limited
Review of results and operations
31 March 2022

Summary of financial results

	31 March 2022 $	**31 March 2021 $**	**Change**
Revenue	39,346,244	27,608,403	43%
Gross profit	16,071,803	9,186,341	75%
EBITDA before significant items	1,721,262	987,512	74%
EBIT before significant items	328,054	(88,825)	(469%)
NLAT before significant items	(2,484,148)	(1,371,897)	81%
Operations held for sale before significant items	(1,380,855)	(1,798,975)	(23%)
Significant items	(5,831,897)	(3,061,937)	90%
Net loss attributable to shareholders	(9,696,900)	(6,232,809)	56%
Summary of significant items			
From continuing operations			
Equity settled share-based payments	(53,849)	99,000	(154%)
Loss on disposal of property, plant and equipment	(2,931,870)	(149,658)	1859%
Project expenses	(90,161)	(129,758)	(31%)
Legal fees	(140,337)	-	(100%)
Impairment of receivables	-	(977,288)	100%
Restructure costs	-	(299,000)	100%
Forfeiture of deposit	-	(268,000)	100%
Mark-to-market inventory adjustment	-	(661,000)	100%
	(3,216,217)	**(2,385,704)**	**35%**
From operations held for sale			
Loss on disposal of property, plant and equipment	(2,559,340)	(358,531)	614%
Restructure costs	-	(197,000)	(100%)
Project expenses	(56,340)	(120,702)	(53%)
	(2,615,680)	**(676,233)**	**287%**
Total	**(5,831,897)**	**(3,061,937)**	**90%**

The Consolidated Entity’s total revenues from continuing operations increased by 43% to $39,346,244 (FY21: $27,608,403) reflecting a strong revenue result from JC Tanloden. This was driven by higher production volumes for the year of 96,581 MT (FY21: 63,912 MT) as a result of higher machinery uptime and increasing daily production hours.

Gross profit ended the year on $16,071,803 (FY21: $9,186,341) representing an increase on prior comparative period of $6,885,462, or 75%.

The net loss attributable to the Consolidated Entity's shareholders of $9,696,900 (FY21: loss of $6,232,809) includes:

- An increase of $3,594,443 in freight costs to $7,793,942 (FY21: $4,199,499) 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 $799,990 to $3,109,576 (FY21: $2,309,586) resulting from (i) lower capitalised salaries and wages due to reduced allocation to project work in FY22; and (ii) investment in site leadership and safety personnel;
- Foreign exchange losses of $1,389,863 (FY21: $291,526), an increase of $1,098,337 due to unfavourable currency hedge positions entered into in FY21 with the USD strengthening this year;
- A $363,019 increase in finance costs to $1,430,615 (FY21: $1,067,596) due to higher levels of working capital financing; and
- A loss from operations held for sale after tax of $3,996,535 (FY21: loss of $2,475,208).

FY22 reported results include significant items of $5,831,897 (FY21: $3,061,937) comprised mainly of $5,491,210 (FY21: $508,189) relating to loss on disposal of property, plant and equipment.

Operational performance

31 March 2022	**Fodder JC Tanloden**	**Corporate**	**Total continuing business**	**Service Austco Polar**	**Total**
Revenue	$39,346,244	-	**$39,346,244**	$10,717,974	**$50,064,218**
Gross profit	$16,071,803	-	**$16,071,803**	$3,724,888	**$19,796,692**
EBITDA before significant items	$3,957,401	($2,236,139)	**$1,721,262**	$502,563	**$2,223,825**
EBIT before significant items	$2,624,292	($2,296,238)	**$328,054**	($1,336,387)	**($1,008,333)**

31 March 2021	**Fodder JC Tanloden**	**Corporate**	**Total continuing business**	**Service Austco Polar**	**Total**
Revenue	$27,608,403	-	**$27,608,403**	$10,401,008	**$38,009,411**
Gross profit	$9,186,341	-	**$9,186,341**	$4,001,673	**$13,188,014**
EBITDA before significant items	$3,079,170	($2,091,658)	**$987,512**	$1,544,926	**$2,532,438**
EBIT before significant items	$2,058,081	($2,146,906)	**($88,825)**	($277,650)	**($366,475)**

JC Tanloden

Operating metrics

	31 March 2022	**31 March 2021**	**Change**
Production volumes (tonnes)	96,581	63,912	51%
Revenue per tonne	$407	$432	(6%)
EBITDA before significant items per tonne	$41	$48	(15%)
EBIT before significant items per tonne	$27	$32	(16%)

Revenue from continuing operations in FY22 was up 43% to $39,346,244 (FY21: $27,608,403), reflecting a strong performance from JC Tanloden.

Production volumes at JC Tanloden continue to hit record highs ending the year on 96,581 MT (FY21: 63,912 MT), up 51%.

- Strong shareholder support for the successful commissioning of an additional press at the Raywood facility
- Strong export demand in all markets

Revenue per tonne is down by 6% when compared to pcp ending FY22 on $407 (FY21: $432) 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 before significant items for FY22 was $3,957,401 (FY21: $3,079,170), up by $878,231. Despite the macro-economy and legacy headwinds, the increase in EBITDA performance was driven by higher production output as a result of higher machine uptime, and increased focus on margins supported by the implementation of new sales and operating processes (S&OP).

Austco Polar Cold Storage

Operating metrics

	31 March 2022	**31 March 2021**	**Change**
Blast volumes (cartons)	1,790,569	1,642,067	9%
Revenue per tonne	$5.99	$6.33	(5%)
EBITDA before significant items per tonne	$0.28	$0.94	(70%)
EBIT before significant items per tonne	($0.75)	($0.17)	(341%)

Revenue generated by the Austco Polar business increased during FY22 by 3% to $10,717,974 (2021: $10,401,008, despite the loss of a high revenue per carton customer in FY21.

- Austco Polar's services remained resilient with demand for Australian meat exports in Asia continuing to grow. Blast volumes ended FY22 on 1,790,569, up by 9% when compared to prior comparative period.
- Strengthening of on-site management allowed for increased focus to optimise commercial engagement leading to on-boarding of new customers and reviewed contractual terms.

EBITDA before significant items ended the year on $502,563 (2021: $1,544,926), down by $1,042,363 due to (i) increases in direct labour costs per hour resulting from labour shortages as a result of the global pandemic; and (ii) loss of significant, high revenue and EBITDA per carton contributing customer in the second half of FY21. Notwithstanding this, with the exception of Q4 FY22 due to the Omicron variant disruption, the EBITDA initiatives undertaken by management is starting to come to fruition with quarter-on-quarter improvements evident as the business moves towards profitability.

Financial position metrics

	31 March 2022 $	31 March 2021 $	Change
Cash	1,513,670	1,920,453	(21%)
Working capital	(1,647,973)	(1,227,846)	34%
Property, plant and equipment	13,480,711	20,748,188	(35%)
Right-of-use assets	4,042,997	23,241,791	(83%)
Intangibles	1,816,075	1,816,075	0%
Assets classified as held for sale	20,813,038	-	100%
Other non-assets	20,585	137,686	(85%)
Total assets and working capital	**40,039,103**	**46,636,347**	**(14%)**
Lease liabilities	(2,775,490)	(23,907,520)	(88%)
Borrowings	(5,766,000)	(7,872,000)	(27%)
Liabilities classified as held for sale	(21,847,161)	-	(100%)
Total liabilities	**(30,388,651)**	**(31,779,520)**	**(4%)**
Net assets	**9,650,452**	**14,856,827**	**(35%)**
Net debt metrics[2] ($'000)			
Borrowings[3]	7,911,613	10,781,610	(27%)
Cash	(1,627,547)	(1,920,453)	(15%)
Net Debt	**6,284,066**	**8,861,157**	**(29%)**
Net assets	9,650,452	14,856,827	(35%)
Net debt to net assets ratio	65%	60%	5pp

The Austco Polar business is now aggregated into separate assets and liabilities held for sale. Balances therefore reflect the JC Tanloden and Corporate business units only.

Notwithstanding a strong operating cash flow result, cash balance has decreased by 21% due predominantly to increased net borrowing repayments ending the year on $3,353,781 (FY21: $1,914,069). Working capital decreased by 34% due to focus on cash collections and creditor management.

Reduction in total borrowings (excluding AASB 16 lease liabilities) of 27% due to on-time principal repayments and strong operating cash flow performance allowing for voluntary reduction in revolving loan facility. As a result, net debt as at 31 March 2022 is $6,284,066 showing a decrease from prior year of $2,577,091 (or 29%).

[2] *Includes operations held for sale*
[3] *Excludes impact of AASB16 lease liabilities*

Cash flow metrics

	31 March 2022 $	31 March 2021 $	Change
EBITDA before significant items	1,721,262	987,513	74%
Cash outflow from significant items	(286,837)	(759,073)	(62%)
Working capital movements	1,559,859	744,511	110%
Cash flow from operations held for sale	869,682	229,001	280%
Gross operating cash flow	**3,863,966**	**1,201,952**	**221%**
Finance costs and tax refunds / (payments)	(1,256,017)	(884,997)	42%
Net operating cash flow	**2,606,949**	**316,955**	**723%**
Capital expenditure payments, net of proceeds received	(1,905,331)	(4,017,373)	(53%)
Settlement of lease obligations	(3,326,196)	(3,054,731)	9%
Free cash flow	**(2,623,578)**	**(6,755,149)**	**(61%)**
Cash conversion[4]	**152%**	**32%**	**120pp**

Strong operating cash flow result for FY22 ending the year on $2,607,949 (FY21: $316,955) as a result of working capital management driving up cash conversion by 120pp when compared to prior year.

Free cash outflow improved from last year by $4,131,571 ending FY22 with a net outflow of $2,623,578 (FY21: net outflow of $6,755,149). This was driven by (i) improved operating performance and therefore operating cash flows; and (ii) significantly lower capital expenditure investment as a result of lower labour capitalisation and an improved capital approval process implemented.

Outlook

Whilst FY22 was challenging, the business has made significant progress throughout the year and this improvement is forecast to continue into FY23. The focus in FY23 will be on:

- Continuing to improve our safety performance by focusing on people, plant and processes.
- Further increasing machinery uptime through efficient and robust processes and a more strategic approach to preventative maintenance.
- Further improving the uptime of the recently commissioned additional hay bailing machine.
- Continuing to engage with growers 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 endeavor to cover more of the increase supply change costs in the sales price.
- Continue the process to divest Austco Polar Cold Storage whilst focusing on a number of profit improvement initiatives.

[4] *Calculated as net operating cash flow / EBITDA*

Wingara AG Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 March 2022

	Note	Consolidated 31 March 2022 $	Consolidated 31 March 2021 $
Revenue			
Revenue		39,346,244	27,608,403
Cost of sales		(23,274,441)	(19,083,062)
Gross profit		**16,071,803**	**8,525,341**
Other income		62,619	278,049
Expenses			
Corporate, administration and operating expenses		(2,343,957)	(2,345,793)
Freight expenses		(7,793,942)	(4,199,499)
Employee expenses		(3,109,576)	(2,309,586)
Foreign exchange losses		(1,389,863)	(291,526)
Impairment of receivables		(6,320)	(977,288)
Share based payments		(53,849)	59,155
Loss on disposal of property, plant and equipment	4	(2,931,870)	(137,045)
Loss before finance costs, tax and depreciation		**(1,494,955)**	**(1,398,192)**
Depreciation		(1,393,208)	(1,076,337)
Finance costs		(1,430,615)	(1,067,596)
Loss before income tax benefit/(expense) from continuing operations		**(4,318,778)**	**(3,542,125)**
Income tax benefit/(expense)		(1,381,587)	(215,476)
Loss after income tax benefit/(expense) from continuing operations		**(5,700,365)**	**(3,757,601)**
Loss after income tax expense from discontinued operations	2a	(3,996,535)	(2,475,208)
Loss after income tax benefit/(expense) for the year attributable to the owners of Wingara AG Limited		**(9,696,900)**	**(6,232,809)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Wingara AG Limited		**(9,696,900)**	**(6,232,809)**
Total comprehensive loss for the year is attributable to:			
Continuing operations		(5,700,365)	(3,757,601)
Discontinued operations		(3,996,535)	(2,475,208)
		(9,696,900)	**(6,232,809)**

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
For the year ended 31 March 2022

	Note	Consolidated 31 March 2022 Cents	Consolidated 31 March 2021 Cents
Loss per share for loss from continuing operations attributable to the owners of Wingara AG Limited			
Basic loss per share	9	(3.68)	(3.08)
Diluted loss per share	9	(3.68)	(3.08)
Loss per share for loss from discontinued operations attributable to the owners of Wingara AG Limited			
Basic loss per share	9	(2.58)	(2.03)
Diluted loss per share	9	(2.58)	(2.03)
Loss per share for loss attributable to the owners of Wingara AG Limited			
Basic loss per share	9	(6.26)	(5.11)
Diluted loss per share	9	(6.26)	(5.11)

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 financial position
As at 31 March 2022

	Note	Consolidated 31 March 2022 $	31 March 2021 $
Assets			
Current assets			
Cash and cash equivalents		1,513,670	1,920,453
Trade and other receivables		2,796,432	3,458,294
Inventories		1,681,614	2,069,511
Other current assets		249,109	639,959
		6,240,825	**8,088,217**
Assets classified as held for sale	2b	20,813,038	-
Total current assets		**27,053,863**	**8,088,217**
Non-current assets			
Property, plant and equipment	4	13,480,711	20,748,188
Right-of-use assets	3	4,042,997	23,241,791
Intangibles	5	1,816,075	1,816,075
Other non-current assets		20,585	137,686
Total non-current assets		**19,360,368**	**45,943,740**
Total assets		**46,414,231**	**54,031,957**
Liabilities			
Current liabilities			
Trade and other payables		5,983,098	6,618,405
Borrowings	6	4,418,500	5,606,000
Lease liabilities	7	949,617	1,538,065
Employee benefits		304,266	677,460
		11,655,481	**14,439,930**
Liabilities directly associated with assets classified as held for sale	2b	21,847,161	-
Total current liabilities		**33,502,642**	**14,439,930**
Non-current liabilities			
Borrowings	6	1,347,500	2,266,000
Lease liabilities	7	1,825,873	22,369,455
Employee benefits		87,764	99,745
Total non-current liabilities		**3,261,137**	**24,735,200**
Total liabilities		**36,763,779**	**39,175,130**
Net assets		**9,650,452**	**14,856,827**
Equity			
Issued capital	8	29,570,874	25,029,198
Share-based payment reserves		75,226	212,377
Accumulated losses		(19,995,648)	(10,384,748)
Total equity		**9,650,452**	**14,856,827**

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 year ended 31 March 2022

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 year	-	-	(6,232,809)	(6,232,809)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(6,232,809)	(6,232,809)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	4,762,494	-	-	4,762,494
Equity settled share-based payments to employees	-	9,000	-	9,000
Forfeiture and lapsed options	-	(230,764)	108,000	(122,764)
Balance at 31 March 2021	**25,029,198**	**212,377**	**(10,384,748)**	**14,856,827**

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 benefit for the year	-	-	(9,696,900)	(9,696,900)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(9,696,900)	(9,696,900)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	4,436,676	-	-	4,436,676
Equity settled share-based payments to employees	105,000	-	-	105,000
Forfeited and lapsed options	-	(137,151)	86,000	(51,151)
Balance at 31 March 2022	**29,570,874**	**75,226**	**(19,995,648)**	**9,650,452**

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 year ended 31 March 2022

	Consolidated	
	31 March 2022 $	**31 March 2021 $**
Cashflows from operating activities		
Receipts from customers	38,147,884	25,264,413
Payments to suppliers and employees	(35,277,975)	(24,479,158)
Interest received	22	198
Proceeds from grant income	-	505,200
Interest and other finance costs paid	(1,230,658)	(865,296)
Income taxes paid	42,655	(19,701)
Net operating cash generated by continuing operations	1,681,928	405,656
Net operating cash generated by/(used in) operations held for sale	926,021	(88,701)
Net cash generated by operating activities	**2,607,949**	**316,955**
Cashflows from investing activities		
Payments for plant, equipment, and capital works in progress	(1,796,808)	(2,980,458)
Proceeds from sale of plant and equipment	215,436	32,634
Proceeds from release of security deposits	117,101	(117,920)
Net cash used in continuing operations' investing activities	(1,464,271)	(3,065,744)
Net cash used in operations held for sale's investing activities	(441,060)	(951,629)
Net cash used in investing activities	**(1,905,331)**	**(4,017,373)**
Cashflows from financing activities		
Proceeds from issue of shares, net of transaction costs	4,436,673	4,722,494
Proceeds from borrowings	5,065,133	2,000,000
Repayment of borrowings	(8,643,000)	(3,914,069)
Settlement of lease obligations	(1,321,189)	(1,218,900)
Net cash from continuing operations' financing activities	(462,385)	1,589,525
Net cash from/(used in) operations held for sale's financing activities	(533,139)	582,238
Net cash from financing activities	**(995,524)**	**2,171,763**
Net decrease in cash and cash equivalents	(292,906)	(1,528,655)
Cash and cash equivalents at the beginning of the financial year	1,920,453	3,449,108
Less cash and cash equivalents included in assets held for sale group (note 2b)	(113,877)	-
Cash and cash equivalents at the end of the financial year	**1,513,670**	**1,920,453**

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

Note 1. Significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by Wingara AG Limited during the reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The following notes are disclosed to assist with understanding the preliminary financial report and are not intended to include all notes that will accompany the audited financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Wingara AG Limited is a for-profit entity for the purposes of preparing the financial statements.

i) Compliance with IFRS
The consolidated financial statements of Wingara AG Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii) Historical cost convention
The financial statements have been prepared under the historical cost convention.

Note 2. Operations held for sale

On 24 August 2021, the Consolidated Entity announced that Austco Polar, its Service Business operating segment, is noncore 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

(a) Statement of profit or loss for operations held for sale

	Consolidated	
	31 March 2022 $	**31 March 2021 $**
Revenue	10,717,974	10,401,008
Cost of sales	(6,993,085)	(6,399,335)
Other income	9,269	401,817
Corporate, administration and operating expenses	(2,195,123)	(1,871,811)
Employee expenses	(613,313)	(706,429)
Freight expenses	(479,499)	(598,026)
Loss on disposal of property, plant and equipment	(2,559,340)	(358,531)
Depreciation expense	(1,838,950)	(1,822,576)
Finance costs	(1,468,710)	(1,507,865)
Total other expenses (net of other income)	**(9,145,666)**	**(6,463,421)**
Loss before income tax expense	(5,420,777)	(2,461,748)
Income tax (expense) / benefit	1,424,242	(13,460)
Loss after income tax expense from discontinued operations	**(3,996,535)**	**(2,475,208)**

Note 2. Operations held for sale (continued)

(b) Net assets of operations held for sale

	Consolidated	
	31 March 2022 $	**31 March 2021 $**
Cash and cash equivalents	113,877	-
Trade and other receivables	631,614	-
Other current assets	290,920	-
Property, plant and equipment	2,630,459	-
Right-of-use assets	17,146,168	-
Total assets	**20,813,038**	**-**
Trade and other payables	1,932,329	-
Employee entitlements	508,344	-
Lease liabilities	19,406,488	-
Total liabilities	**21,847,161**	**-**
Net assets	**(1,034,123)**	**-**

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.

Accounting policy for discontinued operations
A discontinued operation 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 discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Note 3. Right-of-use assets

	Consolidated 31 March 2022 $	Consolidated 31 March 2021 $
Non-current assets		
Land and buildings - right-of-use	1,081,520	21,745,623
Less: Accumulated depreciation	(340,379)	(2,474,633)
Net land and buildings – right-of-use	**741,141**	**19,270,990**
Plant and equipment - right-of-use	4,398,937	4,665,817
Less: Accumulated depreciation	(1,140,184)	(894,137)
Net plant and equipment – right-of-use	**3,258,753**	**3,771,680**
Motor vehicles - right-of-use	51,742	289,635
Less: Accumulated depreciation	(8,639)	(90,514)
Net motor vehicles – right-of-use	**43,103**	**199,121**
Total net right-of-use assets	**4,042,997**	**23,241,791**

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	**Land and buildings $**	**Plant and equipment $**	**Motor vehicles $**	**Total $**
Balance at 1 April 2021	19,270,990	3,771,680	199,121	23,241,791
Additions	-	-	-	-
Classified as held for sale	(17,726,493)	(231,578)	-	(17,958,071)
Disposals	-	-	(142,945)	(142,945)
Impairment	-	-	-	-
Depreciation expense	(803,356)	(281,349)	(13,073)	(1,097,778)
Balance at 31 March 2022	**741,141**	**3,258,753**	**43,103**	**4,042,997**

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 4. Property, plant and equipment

	Consolidated	
	31 March 2022 $	31 March 2021 $
Property, plant and equipment	13,149,529	18,143,022
Capital work-in-progress	331,182	2,605,166
Total property, plant and equipment	**13,480,711**	**20,748,188**

	Consolidated	
	31 March 2022 $	31 March 2021 $
Non-current assets		
Freehold land and buildings	11,215,050	11,656,902
Less: Accumulated depreciation	(835,610)	(575,975)
Net freehold land and buildings	**10,379,440**	**11,080,927**
Plant and equipment	2,541,529	7,372,142
Less: Accumulated depreciation	(369,469)	(1,226,845)
Net plant and equipment	**2,172,060**	**6,145,297**
Fixtures and fittings	121,934	456,063
Less: Accumulated depreciation	(55,647)	(130,905)
Net fixtures and fittings	**66,287**	**325,158**
Machinery and vehicles	151,047	321,664
Less: Accumulated depreciation	(105,770)	(191,669)
Net machinery and vehicles	**45,277**	**129,995**
Spare parts and software/IT	972,582	908,155
Less: Accumulated depreciation	(486,117)	(446,510)
Net spare parts and software/IT	**486,465**	**461,645**
Capital work-in-progress	**331,182**	**2,605,166**
Total net property, plant and equipment	**13,480,711**	**20,748,188**

Note 4. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Freehold land and Buildings $	Plant and equipment $	Fixtures and fittings $	Machinery and vehicles $	Spare parts and software/IT $	Capital work-in-progress $	Total $
Balance at 1 April 2021	11,080,927	6,145,297	325,158	129,995	461,645	2,605,166	20,748,188
Additions	83,100	951,768	7,469	-	307,873	608,223	1,958,433
Classified as held for sale	(321,507)	(4,239,954)	(239,778)	-	(134,692)	(252,695)	(5,188,626)
Disposal of fixed assets^	(173,156)	(2,484,466)	(1,891)	(66,320)	-	(269,413)	(2,995,246)
Transfers In/(Out)	-	2,360,099	-	-	-	(2,360,099)	-
Depreciation expense	(289,924)	(560,684)	(24,671)	(18,398)	(148,361)	-	(1,042,038)
Balance at 31 March 2022	**10,379,440**	**2,172,060**	**66,287**	**45,277**	**486,465**	**331,182**	**13,480,711**

^During the financial year 2022, one-off disposals of property, plant and equipment of $5,491,210 was charged to the statement of profit or loss and other comprehensive income ($2,931,870 relating to continuing operations and $2,559,340 relating to discontinued operations).

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition and commissioning of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Plant and equipment	2 - 20 years
Furniture, fittings and equipment	2 - 20 years
Motor vehicles	5 - 7 years
Others	1 - 20 years

Land is not depreciated because land is assumed to have an unlimited useful life.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 4. Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Consolidated Entity's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Where property, plant and equipment is still in construction and considered capital work-in-progress, the asset will be carried on the balance sheet and will begin depreciation once its useful life begins.

Note 5. Intangibles

	Consolidated	
	31 March 2022 $	31 March 2021 $
Non-current assets		
Goodwill - at cost	31,711	31,711
Export license - at cost	1,784,364	1,784,364
Total intangibles	**1,816,075**	**1,816,075**

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 licences 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 licence 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 for JC Tanloden CGU

The following key assumptions were used in the discounted cash flow model: (a) 11.01% post-tax discount rate (2021: 12.77%); (b) board approved budget for year 1 and then 10.00% per annum projected EBITDA growth rate for years 2 to 5 (2021: revenue growth rate of 5%); and (c) 1.50% per annum terminal value growth rate (2021: 2.50%).

- 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 based off a Board approved budget.
- EBITDA growth rate of 10.00% 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 1.5% (2021: 2.5%).

There were no other key assumptions.

Note 5. Intangibles (continued)

(ii) Sensitivity

As at 31 March 2022, management has identified that for the carrying amount to exceed the recoverable amount:

- The discount rate would need to increase to 15.5%; or
- EBITDA would need to decline by 5.3% in the cash flows for the first five years.

Note 6. Borrowings

	Consolidated	
	31 March 2022 $	31 March 2021 $
Current liabilities		
Commercial facilities	918,500	1,086,000
Revolving loan facility	3,500,000	4,520,000
Total current borrowings	**4,418,500**	**5,606,000**
Non-current liabilities		
Commercial facilities	1,347,500	2,266,000
Total borrowings	**5,766,000**	**7,872,000**

Total secured liabilities

- Westpac tailored commercial facility with a fully drawn down limit of $436,000 (31 March 2021: $1,402,000). The facility is subject to BBSY rate plus a margin of 1.55% (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 from October 202 until the loan is repaid. The balance of $436,000 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 $1,830,000 (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 from October 2022.
- Revolving loan facility with a partially drawn down limit of $5,000,000 (31 March 2021: $5,000,000) drawn down to $3,500,000. This facility is subject to BBSY rate plus a margin of 1.12% (31 March 2021: 1.42%) per annum and a line fee of 2.00% (31 March 2021: 1.00%) per annum. During financial 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 current liability at 31 March 2022. Monthly payments consist of interest and fees only, the outstanding unpaid principal due for settlement on expiry of the term of the facility.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Assets pledged as security
The commercial bill and loan are secured by a fixed and floating charge over the shares of the business and machinery and equipment owned by the Consolidated Entity.

Bank overdraft facility
As at 31 March 2022 the Consolidated Entity's overdraft facility limit was $600,000 (31 March 2021: $600,000) of which $nil was drawn on (31 March 2021: $nil).

Note 7. Lease liabilities

	Consolidated 31 March 2022 $	Consolidated 31 March 2021 $
Current liabilities		
Lease liability	949,617	1,538,065
Non-current liabilities		
Lease liability	1,825,873	22,369,455
Total lease liabilities	**2,775,490**	**23,907,520**

Accounting policy for lease liabilities
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Consolidated Entity. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Consolidated Entity leases land and buildings for its offices and warehouses under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Consolidated Entity also leases motor vehicles under agreements of five years.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Consolidated Entity’s incremental borrowing rate.

Note 8. Issued capital

	Consolidated			
	31 March 2022 Shares	**31 March 2021 Shares**	**31 March 2022 $**	**31 March 2021 $**
Ordinary shares - fully paid	175,542,504	132,782,273	29,570,874	25,029,198

Movements in ordinary share capital

31 March 2022

Details	**Date**	**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	$0.110	225,000
Issue of shares to employees	21 September 2021	938,181	$0.110	105,000
Issue of shares to institutional and retail investors	23 September 2021	39,549,324	$0.110	4,350,626
Issue of shares to institutional and retail investors	4 November 2021	227,272	$0.110	25,000
Less capital raising costs		-		(163,950)
Balance	**31 March 2022**	**175,542,504**		**29,570,874**

31 March 2021

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 April 2020	106,055,335		20,266,704
Placement	24 August 2020	26,513,833	$0.190	5,037,628
Issue of shares under Employee Share Scheme	19 February 2021	213,105	$0.188	40,000
Less capital raising costs		-		(315,134)
Balance	**31 March 2021**	**132,782,273**		**25,029,198**

On 6 September 2021, 23 September 2021 and 4 November 2021, the Consolidated Entity issued respectively 2,045,454, 39,549,324 and 227,272 free attaching options over fully paid ordinary shares 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.

Capital risk management
The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. It is also to maintain an optimal mix between debt and equity to minimise the cost of capital.

In order to achieve this objective, the Consolidated Entity seeks to maintain adequate levels of external borrowings from reputable financial institutions and further contribution of shareholders through capital raising to enable the Consolidated Entity to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, management considers various alternatives from issue of new equity/debt instruments such as shares or options, convertible notes to extending the current debt facility.

Note 8. Issued capital (continued)

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Consistent with others in the industry, the Consolidated Entity monitors capital on the basis of the following gearing ratios:

- Net debt to equity ratio, being total liabilities divided by total equity at market value; and
- Borrowings to equity ratio, being total borrowings divided by total equity at market value.

Total equity at market value represents total fully paid ordinary shares at market value less other reserves and accumulated losses.

The capital risk management policy remains unchanged from the 2021 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 9. Loss per share

	Consolidated	
	31 March 2022 $	31 March 2021 $
Loss per share from continuing operations		
Loss after income tax attributable to the owners of Wingara AG Limited	(5,700,365)	(3,757,601)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	154,998,129	121,986,989
Weighted average number of ordinary shares used in calculating diluted loss per share	154,998,129	121,986,989
	Cents	**Cents**
Basic loss per share	(3.68)	(3.08)
Diluted loss per share	(3.68)	(3.08)

	Consolidated	
	31 March 2022 $	31 March 2021 $
Loss per share from discontinued operations		
Loss after income tax attributable to the owners of Wingara AG Limited	(3,996,535)	(2,475,208)
	Cents	**Cents**
Basic loss per share	(2.58)	(2.03)
Diluted loss per share	(2.58)	(2.03)

Note 9. Loss per share (continued)

	Consolidated	
	31 March 2022 $	**31 March 2021 $**
Loss per share attributable to the owners of Wingara AG Limited		
Loss after income tax attributable to the owners of Wingara AG Limited	(9,696,900)	(6,232,809)
	Cents	**Cents**
Basic loss per share	(6.26)	(5.11)
Diluted loss per share	(6.26)	(5.11)

Accounting policy for earnings/(loss) per share

Basic earnings/(loss) per share
Basic earnings/(loss) per share is calculated by dividing the profit attributable to the owners of Wingara AG Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings/(loss) per share
Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The rights to options and performance rights held by holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to options and performance rights are non-dilutive as the Consolidated Entity is loss generating.