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**ASX Announcement**  
**30 November 2023**

**Release of 30 September 2023 half year results**

Wingara AG Limited (ASX: WNR), the owner and operator of value-add, mid-stream assets specialising in the processing, storage and marketing of agriculture produce for export markets, is pleased to provide its half year financial results alongside its Appendix 4D for the 6 months ended 30 September 2023.

This announcement has been approved for release by the Board of Directors of Wingara AG Limited.

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**About Wingara AG Limited:**

Wingara AG Limited aims to be the leader in the sale of agricultural products to the domestic and international markets, particularly focusing on the export of hay products to Asia. By adhering to the highest standards of production we ensure a reliable source of hay to our clients, enabling them to meet their business demands confident in the quality of our product.

We are also dedicated to supporting local producers and our commitment to providing an equitable relationship with Australian farmers allows us to source the best product available. Wingara is committed to ensuring we uphold the highest standards of integrity throughout the organisation, ensuring that we create an environment in which individuals continue to strive to meet our goals.

# Half year results

to 30 September 2023

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# Company update

# 1HFY24 – Ready for success

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- Revenue from continuing operations, down to \$609,574 with overall sales volumes decreasing due to severe shortage of hay from the 2022-23 hay season combined with the sale of the Raywood processing facility completed on 14 April 2023.
- EBITDA loss reflected the reduced sales volumes during the period as the business minimised operating expenditures whilst retaining capability in the core operating team as it prepared for the 2023-24 hay season.
- Business well positioned to profit from the improved 2023-24 hay season and is actively looking for additional growth opportunities within the Agricultural commodities space.
- Successful completion of the sale of the Raywood facility announced on 20 February 2023, transaction completed on 14 April 2023. The transaction resulted in cash consideration of \$14,300,000 (less working capital adjustments of \$660,552) plus \$700,000 paid into escrow, subsequently received post period end.
- A Special Dividend was declared by the Company of 0.6 cents per share for a total payment of \$1.1m made on 5 May 2023.

# 1HFY24 Headlines

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- Revenue down \$610k (or 97%) due to poor 2022-2023 hay season limiting supply.
- Demand for export grade Oaten hay remained strong in all markets.
- EBITDA of continuing operations excluding the profit/loss on sale of Raywood was down 183% to (\$1.690m)
- Successful completion of the sale of the Raywood facility on 14 April 2023.
- Business is debt free.

## Successes

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- ✓ Sale of Raywood concluded
- ✓ Debt free following the sale of the Raywood facility on 14 April 2023
- ✓ Business has invested in increased plant reliability at the Epsom site as we look to a favourable 2023-24 season hay

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## Challenges

- ✗ Flood impacted 2022-2023 hay harvest season impacted the period's revenue, gross profit and overall profitability.

# Financial results



# Consolidated P&L – 1HFY24 Headlines

Financial performance	30 September 2023 \$	30 September 2022 \$	Change %
Revenue	609,574	21,316,499	-97%
<b>Gross profit</b>	30,740	10,290,636	-99%
<i>Gross profit margin</i>	5.0%	48.3%	
Other income	53,174	111,487	-52%
Corporate, administration and operating expenses	(692,610)	(1,520,589)	-54%
Freight expenses	(153,320)	(4,830,944)	-97%
Employee expenses	(937,452)	(1,615,144)	-42%
Foreign exchange gain /(losses)	9,264	(396,375)	-102%
<b>EBITDA before significant items</b>	(1,690,204)	2,039,071	-183%
Depreciation	(186,339)	(618,258)	-70%
<b>EBIT before significant items</b>	(1,949,844)	882,711	-321%
Finance costs	(73,301)	(538,102)	-86%
Income tax expense	-	(66,609)	-100%
<b>NPAT/(loss) from continuing operations before significant items</b>	(1,949,844)	882,711	-321%
Significant items	(230,875)	(992,999)	-77%
<b>Net Loss after income tax expense for the half-year</b>	(2,180,719)	(176,897)	1,133%

**Revenue** decline of 97% driven by poor 2022-2023 hay season impacting product supply and sales.

**Gross profit** decreased by 99% to \$30k due to reduced sales volumes.

**Freight expenses** decreased by 97% driven by reduced export sales volumes.

**Employee expenses** decreased from corresponding period by 42% to \$0.937m as a result of reduced headcount following the sale of Raywood processing facility. Wingara retained key capabilities with the core operating team, despite revenue decline to ensure a successful 2023-24 hay season.

**EBITDA** showed a loss of \$1.690m, excluding significant items. due to minimal hay sales during the period.

**Significant items** include \$230k loss on sale of property plant and equipment during the current period and \$993k loss from operations held for sale in the corresponding period.



# Balance sheet

<b>Financial position</b>	<b>30 September 2023</b>	<b>31 March 2023</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>
Cash	1,517,464	1,146,341	32%
Other receivables	700,000	-	100%
Property, plant and equipment	876,478	809,479	8%
Right-of-use assets	547,369	924,068	(41%)
Other non-current assets	7,924	8,155	(3%)
<b>Assets and working capital from continuing operations</b>	<b>3,649,235</b>	<b>2,888,043</b>	<b>26%</b>
Working capital	(237,523)	(1,252,838)	(81%)
Lease liabilities	(599,235)	(1,891,233)	(68%)
Borrowings	-	(8,045,692)	(100%)
<b>Liabilities from continuing operations</b>	<b>(836,758)</b>	<b>(11,189,763)</b>	<b>(93%)</b>
<b>Net assets from continuing operations</b>	<b>2,812,477</b>	<b>(8,301,720)</b>	<b>(134%)</b>
Assets classified as held for sale	-	14,414,341	(100%)
Liabilities classified as held for sale	-	(74,893)	(100%)
<b>Net liabilities from operations held for sale</b>	<b>-</b>	<b>14,339,448</b>	<b>(100%)</b>
<b>Total net assets</b>	<b>2,812,477</b>	<b>6,037,728</b>	<b>(53%)</b>

**Cash balance** has increased by 32% to \$1.5m from \$1.14m in the prior period.

**Other receivable** of \$0.7m received associated with the sale of Raywood and received post period end.

**Working capital** has increased by 81% to (\$0.237m) from (\$1,253m) in the prior period as the business unwound its deficiency in working capital over the half year period.

**Borrowings** reduced to nil, a decrease of \$8.046m from the prior period, with the sale proceeds from Raywood being used to pay down all existing debt.

# Cash flow

Cash flows	30 September 2023 \$	30 September 2022 \$	Change %
EBITDA before significant items	(1,690,204)	2,303,269	(173%)
Cash outflow from significant items	-	(358,333)	(100%)
Share based payments	8,723	-	-%
Working capital movements	(677,390)	(338,588)	100%
Cash flows from operations held for sale	-	51,325	(100%)
<b>Gross operating activities</b>	<b>(2,358,871)</b>	<b>1,657,673</b>	<b>(242%)</b>
Finance costs and tax payments	(16,730)	(501,972)	(97%)
<b>Net operating activities</b>	<b>(2,375,601)</b>	<b>1,155,701</b>	<b>(306%)</b>
Net proceeds from disposal of property, plant and equipment	12,676,898	41,019	30,805%
<b>Net cash used in investing activities</b>	<b>12,577,284</b>	<b>(493,730)</b>	<b>(2,647%)</b>
Payment of dividend	(1,053,255)	-	-%
Net repayment/proceeds of borrowings	(8,637,685)	600,000	(1,540%)
Repayment of lease liabilities	(139,620)	(440,612)	(68%)
Net financing cashflows from operations held for sale	-	(1,005,883)	(100%)
<b>Net cash from/(used in) financing activities</b>	<b>(9,830,560)</b>	<b>(846,495)</b>	<b>1,061%</b>
Net increase/(decrease) in cash and cash equivalents	371,123	(184,524)	(301%)

**Operating cash outflow** for the period was \$2.375m due to the EBITDA loss during the period and the unwinding of the working capital during the period.

**Investing cash inflow** was driven by net proceeds from the disposal of property, plant and equipment was due to the sale of Raywood facility.

**Financing cash outflows** aligned to the payment of the dividend and repayment of borrowings upon completion of the sale of Raywood.

# FY24-25 Outlook

## Hay Supply Outlook

- The new Hay season has been positive for Export Grade Oaten hay, with above average yields being recorded in Wingara's Victorian catchment area. Stronger than expected pricing for high quality hay has been experienced as lower yields in WA, and a relatively lower quality spread in SA has pushed up pricing enabling farmers to recoup higher input costs and historical losses from poor harvests. This will provide positive sentiment to expand sowing of Oaten Hay in 2024.
- Importantly for our catchment area, positive weather events during the cutting and curing season (late September – early November) has resulted in high quality hay being available for procurement which will support our target processing volume of 25,000 – 30,000 metric tonnes in the 2024 calendar period.

## Hay Demand Outlook

- Asian demand for Oaten Hay during the September 2023 quarter has been softer than anticipated as the Asian markets of Japan, South Korea and China continue to deal with a softer economic environment combined with a lower Australian dollar. We expect this to continue during the December quarter as the market transitions from old season to new season hay and competitors discount prices to chase market share in the recently reopened market of China.
- We expect economic conditions to improve in the 2024 calendar period for these key markets as the competitive landscape stabilises and the effects of recently announced Chinese stimulus and agricultural support packages filters into the agricultural sector. However, key risk for pricing and margins in 2024 will continue to be dependent on how global interest rate policy settings are managed in key markets of US, Japan and Australia.

- Throughout 2023 Wingara has been able to rationalise its asset base and simplify its balance sheet removing outstanding debt and repositioning itself for the next economic cycle. While the overall business has reduced in size, the business has a net cash position to build on.
- Management will continue its focus on two core pillars for growth for the remainder of FY24 and into FY25.



## Growth Opportunities in Fodder

- Build its Victorian hay processing business around its Epsom site in Bendigo into a cash flow positive operation. Product differentiation will focus on customer service and quality.
- The industry has structural characteristics that support rationalization. Explore opportunities to build scale into other geographically and environmentally diverse locations in Australia.



## Growth Opportunities in other Agricultural Commodities

- Wingara has a debt free platform as an ASX-listed Agricultural focused export business
- Explore opportunities in adjacent and synergetic Agriculture businesses.