

WISEWAY GROUP LIMITED

ABN 26 624 909 682

ANNUAL REPORT

30 JUNE 2023

WISEWAY GROUP LIMITED

ABN 26 624 909 682

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DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group, comprising of Wiseway Group Limited (the 'Company') and its subsidiaries (the 'Group'), for the financial year ended 30 June 2023 and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name and independence status	Experience, special responsibilities and other directorships
Astrid Raetze <i>Independent Non-Executive Chair</i>	Astrid is the founder and currently leads her own legal and consulting practice, ABML Legal. She has over 20 years of experience across the law, banking, and fintech sectors, with experience as a partner at professional services consultancy KPMG, partner and Global Head of FinTech at multinational law firm Baker McKenzie, and as a director at a number of unlisted entities. KPMG was appointed as the Group's auditors prior to and during the period that Astrid was a partner at KPMG. Astrid was appointed to the Board on 11 April 2022 and as Non-Executive Chair on 27 February 2023.
Florence Tong <i>Managing Director</i>	Florence is the Co-Founder and Managing Director of the Company. She has 15 years' experience in the logistics industry, where she led the growth of Wiseway through building strategic partnership with airlines and ecommerce platforms. Florence's experience includes previous roles with Australian banks and working with Fortune 500 companies on expanding their footprint into China and Asia. She was appointed to the Board on 16 March 2018.
Jim Tong <i>Non-Executive Director</i>	Jim is a Management Consultant at a leading consulting company providing strategic consultation and advisory services to large Australian Companies. As well as delivering business development services to Wiseway, he has previously worked at Quantum, Herbert Smith Freehills, Baker McKenzie and KPMG. He holds a Bachelor of Commerce (Distinction) and Law (First Class Honours) from the University of New South Wales. He was appointed to the board on 27 February 2023.
Brandon Teo <i>Independent Non-Executive Director</i>	Brandon is the founder of TAF E-Logistics (TAF), a Singapore-based freight and logistics company that was recently been acquired by Wiseway. His career spans 40 years working with well-regarded international companies in the freight industry including Qantas, Northern Airfreight, and Air Express International, where he helped establish their footprint in Southeast Asia. He was appointed to the Board on 18 August 2021.
Former directors	
Ken Tong <i>Non-Executive Director</i>	Ken has a Bachelor of Commerce (Distinction) and Law (First Class Honours) from the University of New South Wales. He was a Management Consultant at Boston Consulting Group advising clients in strategy, transformation, value creation and procurement. He was appointed to the board on 1 March 2021. Following his appointment to the role of Chief Operating Officer for Wiseway, he resigned from the board effective 27 February 2023.

DIRECTORS' REPORT

2. Company Secretary

Ken Tong

*Chief Operating Officer
and Group Company
Secretary*

Ken has held the position of Company Secretary from his appointment on 27 February 2023 to the date of this report.

Former Company Secretary

Roger Tong

*Chief Executive Officer
and Group Company
Secretary*

Roger is the Co-Founder and CEO of the Company and has over 24 years of logistics industry experience in Australia and China. He has had broad experience in the cross-border trade across the Asia Pacific, having worked with reputable companies on developing their international express freight services and building their global partnerships. Roger held the position of Company Secretary from his appointment on 1 March 2021 to 27 February 2023.

3. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Group during the financial year are:

Names	Board Meetings		Audit and Risk Committee Meetings		Remuneration and Nomination Committee Meetings	
	Attended	Held*	Attended	Held*	Attended	Held
Current Directors						
Florence Tong	7	7	2	2	1	1
Jim Tong	2	2	1	1	-	-
Brandon Teo	7	7	1	2	1	1
Astrid Raetze	7	7	2	2	1	1
Former directors						
Ken Tong	5	5	1	1	-	-

* represents the number of meetings held during the time the director held office.

4. Principal activities

The principal activities of the Group during the financial year were the movement and logistics of goods by freight to cater to the needs of those interstate or overseas. There were no significant changes in the nature of the activities of the Group during the financial year.

DIRECTORS' REPORT

5. Operating and financial review

a) Financial results

The Group is one of Australia's leading integrated freight and logistics operator. The past year has marked a significant turnaround in the Group's performance and profitability, driven by strategic initiatives, operational improvements, and effective cost management.

The Company's revenue and other income for the financial year ended 30 June 2023 (FY2023) was \$106.6 million (2022: \$130.7 million), down 18.5% as the Group recalibrated its client mix where this saw positive contribution to Group EBITDA and profitability.

EBITDA for FY2023 was \$3.7 million, a reversal from a loss of \$0.2 million in FY2022, indicating an improved revenue mix and effective cost control measures. Whilst the Group reported a net loss after tax of \$3.2 million, this marked a significant reduction of 61% compared to the \$8.1 million loss in FY2022.

Included in the Group's statutory results for FY2023 was a \$2.5 million expense in profit or loss to recognise the spend to acquire an aircraft operating certificate. After adjusting for the above significant item, the underlying EBITDA for Group was \$6.2m with an underlying loss after tax of \$0.7m.

The below table provides a reconciliation of the Group's reported loss after tax and statutory EBITDA:

	2023 \$'000	2022 \$'000
Loss for the period	(3,160)	(8,096)
Interest	1,959	1,426
Depreciation	5,675	5,660
Tax expense/(income)	(783)	824
EBITDA	3,691	(186)

b) Continued turnaround and improved profitability

The second half of FY23 (2H23) saw the Group achieve a remarkable turnaround in its financial performance. It recorded a net profit of \$0.5 million in 2H23, a substantial improvement from the net loss of \$3.7 million in 1H23. This achievement marks the strongest second-half profitability since the Group's listing on the ASX in 2018. This turnaround can be attributed to various factors, including operational efficiency, cost discipline, diversification of revenue streams, and the maturation of the overseas divisions.

c) Strategic diversification and revenue growth

The Group's strategy to diversify revenue streams and expand its core capabilities has yielded positive results with notable growth in Perishables, Sea Freight, and Imports. As international freight rates reduced and normalized following countries opening up borders and resuming flights, our strategic focus has limited the impact on our overall profitability. Our core Australian business remains robust, contributing EBITDA of \$5.5 million. EBITDA for the core Australian business is derived via the same methodology as that used to derive Group EBITDA.

d) Operational efficiency and global network expansion

The Group is focused on optimizing operational costs through process efficiencies and cost streamlining initiatives. Investments in capabilities within Perishables, eCommerce Imports, and Sea Freight have progressed as planned, enabling the Group to offer more value-added services to our customers. The Group's global network has started to bear fruit, with more clients utilising Wiseway's services in multiple geographies.

DIRECTORS' REPORT

5. Operating and financial review (continued)

e) Outlook and future growth

As the Group enters the peak period for freight from September onwards, the Group anticipates continued profitability over the next six months. Despite potentially moderate revenue growth due to declining international freight rates, the Group is confident in its ability to maintain margins and sustain volume growth. The Group will further streamline costs and enhance operational processes, while reinvesting savings into key growth areas.

The Imports division, with its potential for cross-border eCommerce growth, is expected to be a significant driver of the Group's growth in the coming year. The focus on targeting the Asia and United States markets aligns with the Group's goal of expanding its global network strength. The Group will remain vigilant in pursuing accretive M&A opportunities, ensuring Wiseway's future growth trajectory.

f) Risk Management

The Company's Board of Directors (the Board') has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk and uncertainties that could impact future results can be arise from external or operational. External risks may include climate and weather change, volatility in air/sea freight pricing, credit risks, competition, cyber and regulatory changes. Operational risks may arise from resource management in people and vehicle fleet, and safety and compliance.

6. Dividends

No dividends were paid or declared by the Group during or since the end of the financial reporting period.

7. Events subsequent to reporting date

Subsequent to year end, the Group entered into an agreement to provide YTO Global Pty Ltd a \$1m term loan. The loan is to be repaid at the end of 4 years and carries interest of 3.88% per annum. The Group holds a 22.5% interest in YTO Global Pty Ltd.

No matters or circumstances, other than those mentioned above, have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9. Environmental regulation

The Group's operations are not subject to significant environmental regulations under both Commonwealth and State legislation. However, the Directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group during the financial year.

DIRECTORS' REPORT

10. Directors' interests

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G (1) of the *Corporations Act 2001*, as at 30 June 2023 and as at the date of this report are as follows:

Director	Number of ordinary shares held as at 31 August 2023	Number of ordinary shares held as at 30 June 2023
Florence Tong	34,052,874	34,052,874
Jim Tong	1,318,229	1,318,229
Brandon Teo	400,000	400,000
Key management Personnel		
Roger Tong	32,828,502	32,828,502

Regnans Capital Pty Ltd holds 11,992,971 shares and is 100% owned by JKT Asset Management Pty Ltd as trustee for the JKT Family Trust, of which Roger Tong, Florence Tong and Jim Tong are potential beneficiaries.

11. Share options

Refer to the Remuneration Report and Note 24 to the financial report for additional information on performance rights and share options.

59,323 performance rights with a nil exercise price were granted over unissued ordinary shares during the financial reporting period as part of key management personnel remuneration. At the end of the financial reporting period, there were 231,766 performance rights outstanding over unissued ordinary shares which have not yet vested.

452,978 options with an exercise price of \$0.20 and 500,000 options with an exercise price of \$0.103 were granted over unissued ordinary shares during the financial reporting period as part of key management personnel remuneration. At the end of the financial reporting period, there are 1,316,851 unexercised options with exercise price of \$0.45 carried forward from the previous period. At the end of the financial reporting period, there were 2,269,829 options outstanding over unissued ordinary shares which have not yet vested.

12. Indemnification and insurance of officers and auditors

During the financial year, the Group entered into a contract insuring the Directors of the Company and all executive officers of the Group and of any related body corporate against a liability incurred in their capacity as Directors, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability cover and the amount of the premium.

The Group is party to Deeds of indemnity in favour of each of the Directors, referred to in this report who held office during the year and certain officeholders of the Group. The indemnities operate to the full extent permitted by law and are not subject to monetary limit. The Group is not aware of any liability having arisen, and no claims have been made, during or since the end of the financial year under the Deeds of Indemnity. To the extent permitted by law, the Group has not indemnified its auditors, KPMG, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify KPMG during or since the end of the financial year.

13. Non-audit services

During the financial year, KPMG, the Group's auditor, did not perform any other services.

DIRECTORS' REPORT

14. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 17 and forms part of the Directors' report for the financial year ended 30 June 2023.

15. Rounding off

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

DIRECTORS' REPORT**16. Remuneration report – Audited**

The Directors present Wiseway Group Limited's 2023 Remuneration report which sets out information about the remuneration of the Group's non-executive Directors, executive Directors and other key management personnel (KMP). The information provided in this report has been audited as required by section 308 (3C) of the *Corporations Act 2001* and forms part of the Directors' report.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The key management personnel of the Group for the financial year consisted of the following Directors and key management personnel of Wiseway Group Limited:

Name of Director	Position	Date Appointed	Date Resigned
Florence Tong	Executive Director	16 March 2018	Current
Ken Tong	Non-Executive Director	1 March 2021	27 February 2023
Brandon Teo	Non-Executive Director	18 August 2021	Current
Astrid Raetze*	Non-Executive Chairman	11 April 2022	Current
Jim Tong	Non-Executive Director	27 February 2023	Current

* Transitioned to Chair role effective 27 February 2023

Other Key Management Personnel:

Name of KMP	Position	Date Appointed	Date Resigned
Roger Tong(1)	Chief Executive Officer	16 March 2018	Current
Ken Tong(1)	Chief Operating Officer	1 March 2023	Current
Simon Yuen	Chief Financial Officer	4 October 2022	Current

(1) Ken replaced Roger as the Group's Company Secretary on 27 February 2023

Remuneration governance

The Remuneration and Nomination Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the overall executive remuneration framework.
- operation of the incentive arrangements which apply to executive Directors and senior executives, including key performance indicators and performance hurdles.
- remuneration levels of executives; and
- non-executive Director fees.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with long-term interests of the Group.

The Corporate Governance Statement provides further information on the role of this committee and the committee's charter is set out on the Company's website: <https://www.wiseway.com.au/>.

DIRECTORS' REPORT**16. Remuneration report – Audited (continued)****Non-executive Director remuneration policy**

Under the Constitution, the Board may decide the remuneration from the Group to which each non-executive Director is entitled for their service as a Director. However, under the Constitution and ASX Listing Rules, the total amount of fees paid to all non-executive Directors in any financial year must not exceed the aggregate amount of non-executive Director fees approved by shareholders at the Group's annual general meeting.

This amount has initially been fixed by the Group at \$700,000. In respect of FY23, the fees payable during the year to the current non-executive Directors were \$183,824 in aggregate.

The annual Directors' fees currently agreed to be paid to the chairman is \$90,000 (inclusive of superannuation) and to the other non-executive Directors is no more than \$81,000 (inclusive of superannuation).

Executive remuneration policy

Executive Directors and senior executives receive a base salary, superannuation, and performance incentives. The Remuneration and Nomination Committee reviews executive Director and senior executive packages as required by reference to Group performance, executive Director performance, senior executive performance and, where appropriate, comparable information from industry sectors, other listed companies and independent advice. The performance of senior executives is reviewed as required by the executive Directors and the performance of executive Directors is reviewed as required by the Remuneration and Nomination Committee. Revised remuneration packages generally take effect on cycles in accordance with employment terms.

Short term and long-term incentive payments are reviewed by the Remuneration and Nomination Committee as required as part of the review of executive Director and senior executive remuneration and a recommendation is put to the Board for approval. The Board may exercise discretion in approving performance incentives and can recommend changes to the Remuneration and Nomination Committee recommendations.

Remuneration consultant

From time to time, the Remuneration and Nomination Committee may engage advisors to assist in the continual evolution and development of the Group's remuneration policies and framework. No remuneration consultants have been engaged during the financial year.

Executive remuneration framework

Subject to specific roles and responsibilities, there are three general components of remuneration used to reward permanent employees, including senior executives:

1. Total fixed remuneration;
2. Short term incentives ('STI'); and
3. Long term incentives ('LTI').

The STI and LTI components paid to permanent senior executives are generally determined as a percentage of fixed remuneration package or base salary and are payable in cash, shares, performance rights or options in the Company.

Remuneration structures are implemented to enable the Group to attract and retain key talent and align strategic and business objectives with growth of long-term shareholder value.

DIRECTORS' REPORT**16. Remuneration report – Audited (continued)****Total fixed remuneration**

Total fixed remuneration comprises base salary and statutory superannuation. Total fixed remuneration is set with reference to market data and adjustments, reflecting the scope of the role and employee performance. Remuneration is reviewed annually, with reference to various sources of data as appropriate, to ensure market competitiveness. Due to the nature of the business, fixed remuneration of senior executives is not linked to the performance of the Group due to the requirement to retain these employees to develop the Group and meet its current strategic objectives.

Short term incentives

STIs are offered to permanent senior executives, including executive Directors, primarily to align senior executives with the achievement of key targets and individual contribution for sustained and improved business performance; and to reward and recognise superior performance. Metrics, weightings and performance measures are reviewed annually to ensure the business needs are met and the overall STI are consistent with general market practices.

The STI scheme involves establishing the STI value for the financial year and is cash settled, subject to company performance metrics and the satisfactorily meeting of key performance indicators on an annual basis at the end of each financial year or in accordance with employment terms.

Payment of the short-term incentive in respect of the 2023 financial year for the Managing Director and the Chief Executive Officer was conditional upon:

- a) Financial benchmarks: Group Revenue, EBITDA and EBIT
- b) Safety and Compliance
- c) Strategic Growth Objectives

KMP	Target STI \$	Actual STI \$	Actual STI awarded as a % of maximum STI	% of maximum STI award forfeited
Florence Tong	86,190	-	nil	100%
Roger Tong	86,190	-	nil	100%

Long term incentives

Prior to this financial reporting period, the Board approved an incentive plan for the Group to be a key part of the Group's remuneration strategy going forward and to assist in the alignment of interests. The incentive plan is intended to furnish an incentive to Directors, officers, senior executives and other employees of the Group, as well as consultants and service providers providing ongoing services to the Group, and when such eligible participants are granted awards, to continue their services for the Group and to encourage eligible participants whose skills, performance and loyalty to the objectives and interests of the Group are necessary to its success. The incentive plan will permit the granting of performance rights and options to eligible participants of the Group. The incentive plan will be administered by the Board or by a committee appointed by a resolution of the Board. No additional long term incentives have been approved or issued during the year.

The vesting condition is time based. The time-based approach is used to retain talented employees in the business. Upon vesting, each performance right shall confer the right, upon exercise, to receive one share in the Company. Performance rights will be granted for nil cash consideration. Options were also issued with an exercise price linked to the current market value. Options and performance rights will be forfeited if the individual is no longer part of the business at the time of vesting. Options and rights granted have a 2 years' service vesting condition from grant date. For options and rights, upon vesting conditions being met, the holder has up to a 2 year period to exercise.

DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

Relationship between remuneration and the Group's performance

The table below details the last five years earnings and total shareholders' return.

\$ '000	2023	2022	2021	2020	2019
Revenue	106,552	130,668	126,770	102,590	94,523
EBITDA*	3,691	(186)	8,146	5,003	127
EBIT	(1,984)	(5,846)	2,984	(38)	(1,594)
Profit / (Loss) after income tax	(3,160)	(8,096)	1,766	(3,450)	(1,993)
Share price at end of financial year	0.05	0.10	0.30	0.13	0.20
Basic earnings per share (cents per share)	(1.92)	(5.56)	1.26	(2.47)	(2.40)

*Refer to reconciliation in Note 5a in directors report to reported loss after tax.

Details of remuneration

The remuneration for each Director and key management personnel of the Group during the financial year is noted as follows:

	Short-term employee benefits			Post-employment Super-annuation	Other long term	Share based payments Options and Rights	Total	Performance related
	Salary and fees	STI Cash Bonus	Total					
	\$	\$	\$	\$	\$	\$		%
30 June 2023								
Non-executive directors								
Astrid Raetze	75,332	-	75,332	7,910	-	-	83,242	-
Brandon Teo	72,727	-	72,727	7,636	-	-	80,363	-
Ken Tong*	36,630	-	36,630	3,846	-	-	40,476	-
Jim Tong	18,298	-	18,298	1,921	-	-	20,219	-
Non-executive directors	202,987	-	202,987	21,313	-	-	224,300	-
Executive directors								
Florence Tong	260,000	-	260,000	25,292	21,667	35,592	342,551	10%
KMP								
Roger Tong	260,000	-	260,000	25,292	21,667	3,758	310,717	1%
Ken Tong*	90,002	-	90,002	9,450	7,500	-	106,952	-
Simon Yuen	200,087	-	200,087	21,009	16,674	2,063	239,833	1%
Total KMP	550,089	-	550,089	55,751	45,841	5,821	657,502	2%
	1,013,076	-	1,013,076	102,356	67,508	41,413	1,224,353	3%

*Ken resigned from the board on 27th February 2023 upon his appointment to Chief Operating Officer effective 1 March 2023.

DIRECTORS' REPORT**16. Remuneration report – Audited (continued)****Details of remuneration (continued)**

	Short-term employee benefits			Post-employment	Other long term	Share based payments	Total	Performance related
	Salary and fees	STI Cash Bonus	Total	Superannuation		Options and Rights		%
	\$	\$	\$	\$	\$	\$		
30 June 2022								
Non-executive directors								
Astrid Raetze	16,768	-	16,768	1,677	-	-	18,445	-
Brandon Teo	60,606	-	60,606	6,061	-	-	66,667	-
Ken Tong	54,545	-	54,545	5,455	-	-	60,000	-
Michael Hughes	71,970	-	71,970	7,159	-	-	79,129	-
Rob McNutt	53,723	-	53,723	-	-	-	53,723	-
Stephen Chan	20,000	-	20,000	-	-	-	20,000	-
Non-executive directors	277,612	-	277,612	20,352	-	-	297,964	-
Executive directors								
Florence Tong	259,615	16,500	276,115	23,568	21,667	8,898	330,248	8%
KMP								
Roger Tong	259,615	16,500	276,115	23,568	21,667	-	321,350	5%
	796,842	33,000	829,842	67,488	43,334	8,898	949,562	4%

Service agreements of executive Directors and key management personnel

The Group's executive Directors and key management personnel are employed under individual contracts of employment with the Group. The contracts set out the individual's total fixed compensation and eligibility to participate in any incentive scheme (e.g. annual bonuses or securities ownership plans) which may be implemented by the Group, notice and termination provisions, and employee entitlements including leave. As part of fixed remuneration, the Group makes contributions with respect to the senior executives to complying superannuation funds in accordance with relevant superannuation legislation and the individual contracts of employment.

Name	Term of agreement	Total fixed remuneration (per annum)	Notice period	Termination payments
Florence Tong	No fixed term	285,292	6 months	-
Roger Tong	No fixed term	285,292	6 months	-
Ken Tong	No fixed term	300,000	3 months	-
Simon Yuen	No fixed term	300,000	3 months	-

DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

Rights and options over equity instruments granted as compensation

The following table shows the number of rights and options that were held during the financial year by Directors and key management personnel of the Group.

Rights	Grant date	Fair value at grant date	Vesting date	Number of rights granted	Balance Outstanding	Max value yet to vest
Florence Tong	April 2022	\$0.360	April 2024	59,323	59,323	10,678
Roger Tong	January 2023	\$0.085	January 2025	59,323	59,323	1,210

Options	Grant date	Fair value at grant date	Vesting date	Exercise Price per option	Number of options granted	Max value yet to vest
Florence Tong	April 2022	\$0.110	April 2024	\$0.450	452,978	N/A
Roger Tong	January 2023	\$0.023	January 2025	\$0.200	452,978	N/A
Simon Yuen	January 2023	\$0.165	January 2025	\$0.103	500,000	N/A

No rights or options vested or exercised during the financial reporting period.

The maximum value of performance rights yet to vest is determined based on the amount of the grant date fair value that is yet to be expensed. The minimum value of share rights yet to vest is nil since the shares will be forfeited if the vesting conditions are not met.

Equity instruments held by key management personnel and Directors

The following table shows the number of shares that were held during the financial year by Directors and key management personnel of the Group.

	Balance on 30 June 2022	Granted as remuneration	Shares issued / purchased	Disposals/resigned as director	Balance on 30 June 2023
Non-executive directors					
Brandon Teo	400,000	-	-	-	400,000
Jim Tong	1,318,229	-	-	-	1,318,229
Astrid Raetze	-	-	-	-	-
Total non-executive directors	1,718,229	-	-	-	1,718,229
Executive directors					
Florence Tong	33,852,874	-	200,000	-	34,052,874
Total executive directors	33,852,874	-	200,000	-	34,052,874
Total directors	35,571,103	-	200,000	-	35,771,103
KMP					
Roger Tong	32,580,623	-	247,879	-	32,828,502
Ken Tong	1,312,706	-	-	-	1,312,706
Simon Yuen	-	-	-	-	-
Total KMP	33,893,329	-	247,879	-	34,141,208

Regnans Capital Pty Ltd holds 11,992,971 (2022: 11,992,971) shares and is 100% owned by JKT Asset Management Pty Ltd as trustee for the JKT Family Trust, of which Roger, Florence, Ken and Jim are potential beneficiaries.

DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

Equity instruments held by key management personnel and Directors (continued)

	Balance on 30 June 2021	Granted as remuneratio n	Shares issued / purchased	Disposals/resigned as director	Balance on 30 June 2022
Non-executive directors					
Michael Hughes	60,000	-	-	(60,000)	-
Stephen Chan	874,309	-	-	(874,309)	-
Lin Xu	-	-	-	-	-
Brandon Teo	-	-	400,000	-	400,000
Ken Tong	1,131,642	-	181,064	-	1,312,706
Astrid Raetze	-	-	-	-	-
Total non-executive directors	2,065,951	-	581,064	(934,309)	1,712,706
Executive directors					
Florence Tong	28,442,299	-	5,566,432	(155,857)	33,852,874
Total executive directors	28,442,299	-	5,566,432	(155,857)	33,852,874
Total directors	30,508,250	-	6,147,496	(1,090,166)	35,565,580
KMP					
Roger Tong	28,467,186	-	4,269,294	(155,857)	32,580,623
Total KMP	28,467,186	-	4,269,294	(155,857)	32,580,623

Other transactions with key management personnel or related parties

The Executive Directors, or their related parties, hold positions in other entities that result in them having control or joint control over these entities.

A number of these entities transacted with the Group during the financial year ended 30 June 2023. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

RTF Investment Management Pty Limited as trustee for RFT Trust, a trust of which Roger Tong and Florence Tong are the beneficiaries, provided leased commercial premises to the Group. During the financial year ended 30 June 2023, the rental amount incurred to this related entity by the Group was \$1,726,262 (2022: \$1,789,565).

The Group has historically provided and/or received short-term loans to or from Roger Tong and Florence Tong. The loans are unsecured, repayable on demand and interest free. As of 30 June 2023 the outstanding balance due to Executive Directors was nil (2022: \$7,871).

DIRECTORS' REPORT

17. Corporate Governance statement

The Group maintains the highest standards of corporate governance in accordance with the ASX Corporate Governance Principles and Recommendations (4th edition). For the financial reporting period ended 30 June 2023 the Group's Corporate Governance Statement together with the ASX Appendix 4G as applicable to the Corporate Governance Statement is available at <https://www.wiseway.com.au/> and a copy of the statement has been lodged with the ASX.

This Directors' report is made in accordance with a resolution of the Directors:



Astrid Raetze
Chair of the Board



Florence Tong
Managing Director

Dated at Sydney this Thursday 31st August 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Wiseway Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Wiseway Group Limited for the financial year ended 30 June 2023 there have been:

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

KPMG

KPMG

Malcolm Kafer

Partner

Sydney

31 August 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Revenue	8	106,552	130,668
Direct transport and logistics expenses		(72,873)	(102,781)
Employee benefit expenses	9	(20,485)	(21,053)
Occupancy expenses		(1,828)	(1,647)
Depreciation expense		(5,675)	(5,660)
Share-based payments expense		(131)	(117)
Administration and other expenses		(7,544)	(5,256)
Operating loss		(1,984)	(5,846)
Finance costs	10	(1,959)	(1,426)
Loss before tax		(3,943)	(7,272)
Income tax benefit/(expense)	11	783	(824)
Loss for the year		(3,160)	(8,096)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		150	26
Other comprehensive income for the year		150	26
Total comprehensive loss for the year		(3,010)	(8,070)
Loss attributable to:			
Owners of the Company		(3,153)	(8,088)
Non-controlling interests		(7)	(8)
		(3,160)	(8,096)
Total comprehensive loss attributable to:			
Owners of the Company		(3,003)	(8,062)
Non-controlling interests		(7)	(8)
		(3,010)	(8,070)
Earnings per share (cents per share)			
Basic loss per share	12	(1.92)	(5.56)
Diluted loss per share	12	(1.92)	(5.56)

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

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	9,072	6,933
Trade and other receivables	14	9,084	9,507
Inventories	15	128	227
Current tax receivable		338	-
Other assets	16	1,018	3,677
Financial assets	17	769	740
Total current assets		20,409	21,084
Non-current assets			
Other assets	16	3,335	3,196
Financial assets	17	-	451
Property, plant and equipment	18	38,596	36,900
Total non-current assets		41,931	40,547
Total assets		62,340	61,631
Liabilities			
Current liabilities			
Trade and other payables	19	6,753	7,659
Loans and borrowings	20	5,797	4,845
Employee benefits	21	1,134	1,667
Provisions	22	127	677
Current tax liabilities		-	226
Total current liabilities		13,811	15,074
Non-current liabilities			
Loans and borrowings	20	29,847	24,889
Employee benefits	21	59	188
Total non-current liabilities		29,906	25,077
Total liabilities		43,717	40,151
Net assets		18,623	21,480
Equity			
Share capital	23	30,066	30,044
Reserves	23	1,846	1,565
Accumulated losses		(13,252)	(10,099)
Equity attributable to owners of the Company		18,660	21,510
Non-controlling interests	28	(37)	(30)
Total equity		18,623	21,480

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

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Note	Share capital \$'000	Share-based payments reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained earnings / (accumulated losses) \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance on 30 June 2022		30,044	1,535	30	(10,099)	21,510	(30)	21,480
Comprehensive income/(loss)								
Loss for the year		-	-	-	(3,153)	(3,153)	(7)	(3,160)
Other comprehensive income for the year		-	-	150	-	150	-	150
Total comprehensive income/(loss) for the year		-	-	150	(3,153)	(3,003)	(7)	(3,010)
Transactions with owners, in capacity as owners								
Share capital contributed via employee share scheme/bonuses	23	22	-	-	-	22	-	22
Share-based payments	24	-	131	-	-	131	-	131
Total transactions with the owners		22	131	-	-	153	-	153
Balance on 30 June 2023		30,066	1,666	180	(13,252)	18,660	(37)	18,623

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

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Share capital	Share-based payments reserve	Foreign Currency Translation Reserve	Retained earnings / (accumulated losses)	Total	Non- controlling interests	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance on 30 June 2021	26,027	1,488	4	(2,011)	25,508	(22)	25,486
Comprehensive income/(loss)							
Loss for the year	-	-	-	(8,088)	(8,088)	(8)	(8,096)
Other comprehensive income for the year	-	-	26	-	26	-	26
Total comprehensive income/(loss) for the year	-	-	26	(8,088)	(8,062)	(8)	(8,070)
Transactions with owners, in capacity as owners							
Consideration paid in shares for the acquisition of TAF-E Logistics (Asia) Pty Ltd	144	-	-	-	144	-	144
Ordinary shares issued - rights issue	3,923	-	-	-	3,923	-	3,923
Share transaction costs	(120)	-	-	-	(120)	-	(120)
Share capital contributed via employee share scheme/bonuses	70	-	-	-	70	-	70
Share-based payments	-	47	-	-	47	-	47
Total transactions with the owners	4,017	47	-	-	4,064	-	4,064
Balance on 30 June 2022	30,044	1,535	30	(10,099)	21,510	(30)	21,480

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash receipts from customers		108,695	127,894
Cash paid to suppliers and employees		(106,909)	(132,038)
Cash generated from/(used in) operating activities		1,786	(4,144)
Interest received		8	11
Interest paid		(1,967)	(1,426)
Income taxes received		220	-
Net cash generated from/(utilised in) operating activities	32	47	(5,559)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		576	-
Acquisition of subsidiaries, net of cash acquired		-	(46)
Acquisition of property, plant and equipment		(641)	(315)
Proceeds from term deposits		946	-
Proceeds from/ (payment of) other investments		1,650	(740)
Net cash from/(used) in investing activities		2,531	(1,101)
Cash flows from financing activities			
Proceeds from issue of share capital		-	3,803
Proceeds from loans and borrowings		4,937	9,818
Repayment of loans and borrowings		(3,050)	(5,000)
Payment of lease liabilities		(2,358)	(4,976)
Net cash (used in)/from financing activities		(471)	3,645
Net increase/(decrease) in cash and cash equivalents		2,107	(3,015)
Cash and cash equivalents at beginning of the period		6,933	9,934
Effects of movements in exchange rates on cash held		32	14
Cash and cash equivalents at end of the period	13	9,072	6,933

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Corporate information

Wiseway Group Limited (the 'Company') is domiciled in Australia.

The Company's registered office is at 39-43 Warren Avenue, Bankstown, NSW 2200. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is a for-profit entity and is primarily involved in the movement and logistics of goods by freight to cater to the needs of those interstate or overseas.

2. Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with *Australian Accounting Standards* ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with the International Financial Reporting Standards ('IFRS') adopted by the International Accounting Standards Board (IASB). They were authorised for issue by the Board of Directors on 31 August 2023.

Details of the Group's accounting policies are included in Note 5.

Going concern basis of accounting

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The trading loss and the low net cash inflow from operating activities for the financial year were driven by factors outside of management's control. These factors included the impact of the expanded COVID-19 lockdown measures in China experienced by the Group and inflationary pressures.

Management has prepared a detailed cash flow forecast for the next 12 months which supports an improved business performance in the next 12 months noting that the lockdowns in China have ceased. Further, the business continues to diversify and expand its business operations. This indicates that the Group has the ability to meet its debts as and when they fall due.

In addition management has started implementing several measures to further support liquidity and business performance, including:

- Focusing on growth and business development leveraging the reopening of the China trade and geopolitical restrictions;
- Expansion of its client base and trading volumes via the booming e-commerce industry;
- Identifying and creating synergies within the Group and optimizing spending and profit margins and;
- Investing in a cool room infrastructure to support future growth.

Accordingly, the Directors have concluded that preparation of the financial statements on a going concern basis is appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. Functional and presentation currency and rounding

These consolidated financial statements are presented in Australian dollars which is the Company's and the Group's functional currency.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 25 c) – provision for expected credit loss of trade receivables
- Note 5 m) – lease classification.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties on 30 June 2023 that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 11 b) – derecognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses can be utilised; and
- Note 25 c) – measurement of expected credit losses allowances for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities
- *Level 2*: inputs other than quotes prices included in Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

4. Use of judgements and estimates (continued)**b) Assumptions and estimation uncertainties (continued)*****Measurement of fair values (continued)***

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 24 – share-based payment arrangements.

5. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

a) Basis of consolidation***i) Business combinations***

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see a) iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii) Common control transaction

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Such common control transactions fall outside of the scope of AASB 3 *Business Combinations*. The Group accounts for common control transactions using the predecessor value method of accounting. Assets and liabilities of the entity acquired are recorded at their existing carrying values and no fair value adjustments are made upon acquisition. No new goodwill is recognised on the transaction and any differences between the acquirer's costs of investment in the acquiree and the acquiree's equity is disclosed in equity. The consolidated profit or loss results of the combining entities generally include the full year results, irrespective of when the common control transaction took place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**a) Basis of consolidation (continued)****iii) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iv) Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency**i) Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

ii) Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the monthly average exchange rates in the months that the transactions took place.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**c) Revenue**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under AASB 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring the promised good or service to a customer.

The Group's main source of revenue is from freight forwarding services, which may include general cargo, time sensitive perishables cargo and domestic transport services. This predominantly leads to one performance obligation. Revenue is generally recognised as the service, i.e. the logistics of goods by freight, is being provided.

Information about the Group's accounting policies relating to contracts with customers is provided in Note 8.

d) Employee benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the employee benefits liability.

i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

ii) Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

iv) Termination benefits

Termination benefits are expensed when the Group can no longer withdraw the offer of those benefits. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**e) Finance income and costs**

Interest income or expense is recognised using the effective interest rate method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest reverts to the gross basis.

f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Wiseway Group Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**f) Income tax (continued)****ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out allocation method.

h) Property, plant and equipment**i) Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**h) Property, plant and equipment (continued)****iii) Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for are as follows:

Class of fixed asset	Useful life
Motor vehicles	3-15 years
Plant and equipment	5-10 years
Right of use assets	Life of lease
Leasehold improvements	10 years
Buildings	20 years

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

i) Financial instruments**i) Recognition and initial measurement**

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

A financial asset or financial liability is initially measured at fair value plus transactions costs, except where the instrument is classified as 'at fair value through profit or loss' ('FVTPL') in which case transactions costs are recognised as expensed immediately in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not classified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**i) Financial instruments (cont'd)****ii) Classification and subsequent measurement (cont'd)**

The effective interest rate ('EIR') method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

iii) Derecognition of financial instruments

The Group derecognises a financial asset when:

- a) the contractual rights to the cash flows from the financial asset expire; or
- b) it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability, when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In the statement of cash flows, cash and cash equivalents includes bank overdrafts (if any) that are repayable on demand and form an integral part of the Group's cash management.

v) Loans and receivables

These assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any provision for impairment. Other receivables are recognised at amortised cost, less any provision for impairment.

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 112 (see Note 5 f)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**k) Impairment*****i) Non-derivative financial assets***

At each reporting period, the Group assesses whether financial assets are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group recognises loss allowances under the ECL model, equal to either the lifetime or 12 months expected credit losses. Lifetime expected credit losses are those which result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion which result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

In its assessment, the Group may use historical information on the timing of recoveries and the amount of loss incurred and make adjustments if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ('CGUs'). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**l) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and if it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

m) Leases***i) As a lessee***

The Group leases many assets, including properties, office equipment and motor vehicles.

Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. Office equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from a change in the index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine whether the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**m) Leases (continued)****ii) *Determining whether an arrangement contains a lease (continued)***

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from a change in the index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine whether the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

iii) *Leased assets*

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

iv) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

n) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance costs and income taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Significant accounting policies (continued)**o) Goods and services tax ('GST')**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO').

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group has one operating segment.

6. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2023.

The following amended standards and interpretations does not have a significant impact on the Group's consolidated financial statements.

- *Classification of Liabilities as Current or Non-current (amendments to IAS 1)*
- *Deferred Tax Related to Assets and Liabilities arising from a single transaction (Amendments to AASB 112)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB3)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

7. Operating segments

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 *Operating Segments*. The Managing Director and Chief Executive Officer (Chief Operating Decision Maker or 'CODM') assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment, being the provision of freight forwarding services. Information presented to the CODM on a monthly basis is categorised by type of expenditure.

Revenue by division:

	2023	2022
	\$'000	\$'000
Air freight - general cargo	45,143	74,628
Air freight - perishables	31,569	29,305
Sea freight	7,810	6,142
Road freight	4,432	6,289
Imports	16,493	13,766
Other	1,105	538
	106,552	130,668

Revenue by Geography:

	2023	2022
	\$'000	\$'000
Australia	94,130	117,480
New Zealand	5,031	2,594
China	3,617	6,329
Singapore	2,085	2,392
USA	1,689	1,873
	106,552	130,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. Revenue**a) Revenue streams**

The Group generates revenue primarily from the provision of freight forwarding services to its customers (see Note 5 c)). Other sources of revenue include interest income from term deposits, fuel tax credits and rent received from subleases.

	2023 \$'000	2022 \$'000
Revenue from contracts with customers	105,447	130,130
Other revenue		
Interest income	8	11
Other income	1,097	527
	1,105	538
Total revenue	106,552	130,668

b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by business division.

	2023 \$'000	2022 \$'000
Air freight - general cargo	45,143	74,628
Air freight - perishables	31,569	29,305
Sea freight	7,810	6,142
Road freight	4,432	6,289
Imports	16,493	13,766
	105,447	130,130

c) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15
Provision of freight forwarding and import services	The performance obligations are completed over the period the customers goods are being transported, specifically as the freight forwarding and import services are being rendered, customs processes have been cleared and the customer's goods are delivered to the designated location, being the origin port or terminal for freight forwarding services, the destination port or terminal for import services or delivery to customer's location for road freight services. Invoices are generated when services have been provided.	Revenue from providing freight forwarding and import services is recognised over time in relation to the services provided. It usually takes the Group less than one day to deliver the customer's goods to the designated location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

9. Employee benefit expenses

See accounting policy in Note 5 d).

	2023	2022
	\$'000	\$'000
Salaries and wages	14,275	11,592
Contractor costs	4,352	7,123
Contributions to superannuation funds	1,190	902
(Decrease)/increase in employee provisions	(662)	353
Other employee expenses	1,330	1,083
	20,485	21,053

10. Finance costs

See accounting policy in Note 5 e).

	2023	2022
	\$'000	\$'000
Financial liabilities measured at amortised cost - interest expense	945	377
Lease liabilities - interest expense	1,014	1,049
	1,959	1,426

11. Income taxes

See accounting policy in Note 5 f).

a) Amounts recognised in profit or loss

	2023	2022
	\$'000	\$'000
Current year tax (benefit)/expense	(347)	3
Tax payable in foreign operation	75	54
Changes in estimates to prior year	(511)	(491)
	(783)	(434)
Deferred tax expense		
Deferred tax expense	-	1,258
Income tax expense	-	824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. Income taxes (continued)**b) Reconciliation of effective tax rate**

	2023 \$'000	2022 \$'000
Loss before tax	(3,943)	(7,272)
Tax using the Group's domestic Australian tax rate of 30%	(1,183)	(2,182)
Tax effect of:		
- Non-deductible expenses	139	58
- Current year tax loss from Australian operations not recognised as tax benefit	454	1,087
- Current year tax loss from foreign operations not recognised as tax benefit	980	1,069
- Changes in estimates to prior years	(511)	(491)
- Derecognition of deferred tax assets	-	1,258
- Differential tax rates in foreign subsidiaries	(58)	25
- Recognition of previously unrecognised deductible temporary differences	(604)	-
	(783)	824

The Group has not recognised deferred tax assets to the value of \$1,428,000 (FY22: \$1,784,000) which will be available for use in future tax years, as currently it is not considered probable that sufficient taxable profit will be generated in the foreseeable future against which the group can use the benefits. These temporary differences do not expire under current tax legislation

12. Earnings per share**a) Basic earnings per share**

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2023 \$'000	2022 \$'000
Loss attributable to ordinary shareholders (basic)	(3,153)	(8,088)
Weighted-average number of ordinary shares at year end (basic)	164,531	145,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

12. Earnings per share (continued)**b) Diluted earnings per share**

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2023	2022
	\$'000	\$'000
Loss profit attributable to ordinary shareholders (diluted)	(3,153)	(8,088)
Weighted-average number of ordinary shares at year end (diluted)	164,531	145,488

13. Cash and cash equivalents

See accounting policy in Note 5 i) iv).

	2023	2022
	\$'000	\$'000
Bank balances	9,072	6,933

14. Trade and other receivables

See accounting policies in Notes 5 i) i)-ii) and k) i).

	2023	2022
	\$'000	\$'000
Trade receivables	8,965	9,431
Less: Provision for doubtful debts	(526)	(1,250)
Net trade receivables	8,439	8,181
Net GST receivables	390	556
Loan to related party	200	155
Other receivables	55	615
	9,084	9,507

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

15. Inventories

See accounting policy in Note 5 g).

	2023 \$'000	2022 \$'000
Pallets	70	48
Fuel	58	179
	128	227

16. Other assets

See accounting policies in Notes 5 i) i)-ii) and k) i).

	2023 \$'000	2022 \$'000
Current assets		
Deposits	604	3,246
Prepayments	414	431
	1,018	3,677
Non-current assets		
Deposits	3,335	3,196

The deposits relate to amounts paid to airlines for rights to cargo space and bonds paid for warehouse leases.

17. Financial assets

See accounting policies in Notes 5 i) i)-ii) and k) i).

	2023 \$'000	2022 \$'000
Current assets		
Term deposits	769	740
Non-current assets		
Term deposits for bank guarantees	-	451

The term deposits relate to bank guarantees as security for leased premises or cash held in interest earning accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

18. Property, plant and equipment

See accounting policies in Notes 5 h), k) ii) and m) ii).

a) Reconciliation of carrying amount

	Land and buildings	Right-of-use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Total
Cost	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	11,327	21,295	6,963	4,167	13,938	57,690
Additions	-	8,772	-	269	372	9,413
Effect of foreign exchange differences	-	94	-	1	1	96
Disposals	-	(3,155)	-	-	(1,064)	(4,219)
Balance at 30 June 2023	11,327	27,006	6,963	4,437	13,247	62,980

Accumulated depreciation	Land and buildings	Right-of-use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	(1,846)	(6,254)	(2,527)	(1,713)	(8,450)	(20,790)
Effect of foreign exchange differences	-	68	-	-	-	68
Depreciation	(566)	(2,867)	(689)	(530)	(1,023)	(5,675)
Disposals	-	972	-	-	1,041	2,013
Balance at 30 June 2023	(2,412)	(8,081)	(3,216)	(2,243)	(8,432)	(24,384)

Carrying amounts at 30 June 2023	8,915	18,925	3,747	2,194	4,815	38,596
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

18. Property, plant and equipment (continued)**a) Reconciliation of carrying amount (continued)**

	Land and buildings	Right-of-use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Total
Cost	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	11,327	20,121	6,907	3,894	13,800	56,049
Additions	-	1,280	56	259	193	1,788
Effect of foreign exchange differences	-	(106)	-	(2)	(1)	(109)
Addition through business combination	-	-	-	18	-	18
Disposals	-	-	-	(2)	(54)	(56)
Balance at 30 June 2022	11,327	21,295	6,963	4,167	13,938	57,690
Accumulated depreciation	Land and buildings	Right-of-use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	(1,280)	(3,970)	(1,841)	(1,146)	(6,965)	(15,202)
Effect of foreign exchange differences	-	18	-	-	-	18
Depreciation	(566)	(2,302)	(686)	(567)	(1,539)	(5,660)
Disposals	-	-	-	-	54	54
Balance at 30 June 2022	(1,846)	(6,254)	(2,527)	(1,713)	(8,450)	(20,790)
Carrying amounts at 30 June 2022	9,481	15,041	4,436	2,454	5,488	36,900

b) Leased plant and equipment

The Group loan finances its motor vehicles under a number of chattel mortgage agreements.

On 30 June 2023, the net carrying amount of loan financed motor vehicles was \$4,553,000 (30 June 2022: \$5,488,000).

During the year ended 30 June 2023, the Group acquired motor vehicles with a carrying amount of \$371,960 under loan financing (2022: \$127,808).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

19.Trade and other payables

See accounting policies in Notes 5 i) i)-ii).

	2023	2022
	\$'000	\$'000
Trade payables	3,949	3,669
Other payables	2,804	3,990
	6,753	7,659

20.Loans and borrowings

See accounting policies in Notes 5 i) i)-ii) and m).

	2023	2022
	\$'000	\$'000
Current liabilities		
Lease liabilities	2,621	2,085
Secured bank loans	3,176	2,760
	5,797	4,845
Non-current liabilities		
Lease liabilities	17,719	14,232
Secured bank loans	12,128	10,657
	29,847	24,889

The secured bank loan facilities of \$15.3m (2022: \$13.4m) are secured over the assets of Wiseway Group Limited and Wiseway Logistics Pty Ltd including Land and Buildings and Motor Vehicles.

The motor vehicle loans mature between 36-60 months whilst the commercial property facility expires in 2025. Interest is fixed for motor vehicle loans with commercial property facility set equal to BBSY + margin.

There are no covenants on the loan.

Information about the Group's exposure to interest rate and liquidity risks is included in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

20.Loans and borrowings (continued)**a) Finance lease and lease liabilities**

Finance lease and lease liabilities are payable as follows:

30 June 2023	Future minimum lease payments	Interest	Present value of minimum lease payments
	\$'000	\$'000	\$'000
Less than one year	3,564	943	2,621
Between one and five years	13,393	2,390	11,003
More than five years	7,755	1,039	6,716
	24,712	4,372	20,340

30 June 2022	Future minimum lease payments	Interest	Present value of minimum lease payments
	\$'000	\$'000	\$'000
Less than one year	2,868	(783)	2,085
Between one and five years	10,519	(2,006)	8513
More than five years	6,351	(632)	5,719
	19,738	(3,421)	16,317

b) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities	Secured Bank Loan
Balance at 1 July 2022	16,317	13,417
Proceeds from loan and borrowings	-	4,937
Repayment of borrowings	-	(3,050)
Payment of lease liabilities	(2,358)	
Total changes from financing cashflows	(2,358)	1,887
New Leases	8,772	-
Lease liabilities derecognised arising from lease termination	(2,391)	-
Balance at 30 June 2023	20,340	15,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

20.Loans and borrowings (continued)**c) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)**

	Lease liabilities	Secured Bank Loan
Balance at 1 July 2021	20,013	8,599
Proceeds from loan and borrowings	-	9,818
Repayment of borrowings	-	(5,000)
Payment of lease liabilities	(4,976)	
Total changes from financing cashflows	(4,976)	4,818
New Leases	1,280	-
Lease liabilities derecognised arising from lease termination	-	-
Balance at 30 June 2022	16,317	13,417

21.Employee benefits

See accounting policies in Note 5 d).

	2023	2022
	\$'000	\$'000
Current		
Liability for annual leave	1,094	1,154
Other employee benefit liabilities	40	513
	1,134	1,667
Non- Current		
Liability for long-service leave	59	188
	59	188

For details on the related employee benefit expenses, see Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

22. Provisions

See accounting policy in Note 5 l).

	2023	2022
	\$'000	\$'000
Provision for lease make good	127	127
Provisions for customer disputes	-	550
	127	677

Provisions for customer disputes represent the Group's best estimate of amounts payable relating to a number of claims made against the Group using all currently available information. The amounts ultimately payable may be greater or lesser than the amounts provided for.

23. Capital and reserves

See accounting policies in Notes 5 b), i) ii), d) ii) and j).

a) Share capital

Date	Details	Shares	Issue price	\$'000
30 June 2022	Opening Balance	167,293,872	-	30,044
1 December 2022	Ordinary shares issued - employees	-	0.07	22
30 June 2023	Closing balance	167,293,872		30,066

Date	Details	Shares	Issue price	\$'000
30 June 2021	Opening Balance	143,818,769	-	26,027
6 August 2021	Consideration paid in shares for the acquisition of TAF-E Logistics (Asia) Pty Ltd	400,000	0.36	144
1 April 2022	Ordinary shares issued - employees	-	-	70
10 June 2022	Ordinary shares issued - rights issue	23,075,103	0.17	3,923
10 June 2022	Share transaction costs	-	-	(120)
30 June 2022	Closing balance	167,293,872	-	30,044

Holders of these ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

23. Capital and reserves (continued)**b) Nature and purpose of reserves****i) Translation reserve**

The translation reserve of \$180,000 (2022: \$30,000) comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

ii) Share-based payments reserve

The share-based payments reserve of \$1,666,000 (2022: \$1,535,000) comprises of all share-based payment arrangements granted to employees that has been recognised as an expense, with a corresponding increase in the reserve, over the vesting period of the awards.

c) Dividends

There were no dividends declared or paid by the Company during the period.

Dividend franking account	2023	2022
Amount of franking credits available to shareholders of Wiseway Group Limited for subsequent financial years	1,075,703	1,268,427

d) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

24. Share-based payment arrangements**a) Description of share-based payment arrangements****Equity grant via voluntary salary sacrifice**

Since 2019, the Group offered restricted shares who participate in the voluntary salary sacrifice arrangement. Staff have a choice to acquire shares up to a value of \$5,000 of which, the Group will contribute 10% of the monetary value. The restricted shares entitle participants to receive fully paid ordinary shares in the Group subject to the earlier of continuing employment for a three-year service period or cessation of employment.

Performance rights and options issued to employees

The Group has established a long-term incentive plan ('LTIP') to encourage high performance of its senior management personnel in order to promote the long-term success of the Group. The LTIP is an equity-based plan which is delivered in the form of performance rights and options. These performance rights and options have a two-year vesting period and will only vest if the participants remain employees of any member entity of the Group as at the relevant vesting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

24.Share-based payment arrangements (continued)**b) Description of share-based payment arrangements (continued)**

The following tables shows the movement of the number of performance rights and options that were held during the years ended 30 June 2023 and 2022 by employees of the Group.

30 June 2023	Opening balance at 1 July	Issued during the year	Lapsed	Closing balance on 30 June
Options				
Key management	452,978	952,978	-	1,405,956
Other employees	991,148	-	(127,275)	863,873
	1,444,126	952,978	(127,275)	2,269,829
Rights				
Key management	59,323	59,323	-	118,646
Other employees	128,786	-	(15,666)	113,120
	188,109	59,323	(15,666)	231,766

30 June 2022	Opening balance at 1 July	Issued during the year	Vested	Closing balance at 30 June
Options				
Key management	-	452,978	-	452,978
Other employees	-	991,148	-	991,148
	-	1,444,126	-	1,444,126
Rights				
Key management	-	59,323	-	59,323
Other employees	124,668	128,786	(124,668)	128,786
	124,668	188,109	(124,668)	188,109

Options and rights granted have a 2 years' service vesting condition from grant date. For options and rights, upon vesting conditions being met, the holder has up to a 2 year period to exercise.

c) Measurement of fair values

A Black Scholes option valuation model has been used to determine the fair value of options performance rights at grant date. The Board believes this valuation model to be appropriate to the circumstances and has not used any other valuation or other models in proposing the terms of the options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

24.Share-based payment arrangements (continued)**c) Measurement of fair values (continued)**

The inputs used in the measurement of the fair value at grant date:

	Options		Rights		CEO's Options
	2023	2022	2023	2022	Approved at 2022 AGM
Fair value at grant date	\$0.017	\$0.11	\$0.085	\$0.360	\$0.023
Share price at grant date	\$0.053	\$0.213	\$0.085	\$0.213	\$0.085
Exercise price	\$0.103	\$0.45	-	-	\$0.20
Expected Volatility	60%	85%	60%	85%	60%
Expected dividends	nil	nil	nil	nil	nil
Risk-free rate (based on government bonds)	3.46%	3.19%	3.46%	3.19%	3.46%

A summary of the share-based payments expense recognised in the statement of profit or loss and other comprehensive income is provided below.

	2023	2022
	\$'000	\$'000
Shares issued in return for provision of services	22	108
Options and performance rights	109	9
	131	117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

25. Financial risk management**a) Accounting classifications**

The following tables shows the carrying amounts of financial assets and financial liabilities.

	Financial assets at amortised cost	Other financial liabilities	Total
	\$'000	\$'000	\$'000
30 June 2023			
Financial assets			
Cash and cash equivalents	9,072	-	9,072
Trade and other receivables	9,084	-	9,084
Financial assets	769	-	769
Total financial assets	18,925	-	18,925
Financial liabilities			
Trade and other payables	-	(6,753)	(6,753)
Loans and borrowings - loans	-	(15,304)	(15,304)
Loans and borrowings – lease liability	-	(20,340)	(20,340)
Total financial liabilities		(42,397)	(42,397)
	Financial assets at amortised cost	Other financial liabilities	Total
	\$'000	\$'000	\$'000
30 June 2022			
Financial assets			
Cash and cash equivalents	6,933	-	6,933
Trade and other receivables	9,507	-	9,507
Financial assets	1,191	-	1,191
Total financial assets	17,631	-	17,631
Financial liabilities			
Trade and other payables	-	(7,659)	(7,659)
Loans and borrowings - loans	-	(16,317)	(16,317)
Loans and borrowings – lease liability	-	(13,417)	(13,417)
Total financial liabilities	-	(37,393)	(37,393)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

25. Financial risk management (continued)**b) Risk management framework**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's Board of Directors (the Board') has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

The Group has no significant concentration of credit risk other than in respect to the Group's top ten customers that makes up approximately 43% (2022: 38%) of the trade receivables balance.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer and reviewed regularly. The Group limits its exposure to credit risk from trade receivables by establishing payments terms which generally range from 7 to 21 days from date of invoice, with a maximum payment period of 60 days from date of invoice for individual and corporate customers respectively.

- i) The Group uses an allowance matrix to measure ECLs of trade receivables from customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates are based on the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 30 June 2023

	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit- impaired
30 June 2023	%	\$'000	\$'000	
Current (not past due)	0.4%	4,082	15	No
1-30 days past due	0.4%	2,506	10	No
31-60 days past due	1.2%	1,035	12	No
61-90 days past due	2.2%	422	9	No
90-120 days past due	3.7%	315	12	No
120-150 days past due	20%	171	34	No
More than 150 days past due	100%	434	434	Yes
		8,965	526	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

25. Financial risk management (continued)**c) Credit risk (continued)**

	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit- impaired
30 June 2022	%	\$'000	\$'000	
Current (not past due)	0%	4,655	-	No
1-30 days past due	0%	2,264	-	No
31-60 days past due	5%	647	(32)	Partially
61-90 days past due	10%	323	(32)	Partially
90-120 days past due	20%	438	(180)	Partially
120-150 days past due	30%	140	(42)	Partially
More than 150 days past due	100%	964	(964)	Yes
		9,431	(1,250)	

The loss allowances above include specific provisions for receivables identified as unlikely to be collected. The movement in loss allowances during the year was as follows:

	2023	2022
	\$'000	\$'000
Balance at 1 July	1,250	787
Amount written off	(770)	-
Net remeasurement of loss allowance	46	463
Balance at 30 June	526	1,250

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has combined secured loan facilities of \$15,304,000 at 30 June 2023 (30 June 2022: \$13,417,000). The secured loan facilities are secured over the assets of Wiseway Group Limited and Wiseway Logistics Pty Ltd. The facilities have maturity profiles between 36 to 60 months.

The loan carries no covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

25. Financial risk management (continued)**d) Liquidity risk (continued)**

	Less than one year	Between one and five years	More than five years	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000
Trade and other payables	6,753	-	-	6,753
Secured bank loans	3,176	12,128	-	15,304
Lease liabilities	2,621	11,003	6,716	20,340
	12,550	23,131	6,716	42,397

	Less than one year	Between one and five years	More than five years	Total
30 June 2022	\$'000	\$'000	\$'000	\$'000
Trade and other payables	7,659	-	-	7,659
Secured bank loans	2,760	10,657	-	13,417
Lease liabilities	2,085	8,513	5,719	16,317
	12,504	19,170	5,719	37,393

e) Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to foreign currency risk to the extent that the assets, liabilities, income and expenses of foreign operations are translated into the functional currency of the Group, being Australian Dollars ('AUD'). The currencies of the foreign operations are primarily denominated in New Zealand Dollars ('NZD'), US Dollars ('USD'), Singapore Dollars ('SGD') and Chinese Yuan ('CNY'). The Group considers the impact of foreign currency differences arising on translation of foreign operations not to be material for the year.

ii) Interest rate risk

Interest rate risk is the risk that the Group incurs financial loss due to adverse movement in interest rates. The Group is subject to interest rate risk on its secured bank loans. A change of one percent in interest rates at the reporting date would have increased or decreased the Group's equity and other comprehensive income by \$86,300, net of tax (2022: \$66,780).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

26. List of subsidiaries

See accounting policy in Note 5 a).

Set out below is a list of material subsidiaries of the Group.

	30 June 2023	30 June 2022
	% ownership	% ownership
Wiseway Logistics Pty Ltd - Australia	100%	100%
Wiseway Perishables Pty Ltd - Australia	100%	100%
Wiseway Logistics Limited - New Zealand	100%	100%
Wiseway Logistics Hong Kong Limited -Hong Kong	100%	100%
Wiseway Shanghai International Logistics Co., Ltd - China	100%	100%
Wiseway Guangzhou International Logistics Co., Ltd - China	100%	-
Airnex Pty Ltd - Australia	100%	100%
Airnex Limited - New Zealand	100%	100%
Four Seasons Pty Ltd - Australia	51%	51%
Airtruck Pty Ltd - Australia	100%	100%
Aumake Cold Chain Pty Ltd	100%	100%
Cargo Technology Network Pty Ltd - Australia	100%	100%
Wiseway Logistics Pte Ltd - Singapore	100%	100%
TAF E-Logistics (Asia) Pte. Ltd.	100%	100%
Wiseway Logistics Inc - United States of America	100%	100%
Wiseway Cargo Airlines (Aruba) N.V.	100%	100%
Wiseway Cargo Airlines Pty Ltd – Australia	100%	100%

27. Incorporation and acquisition of subsidiaries

See accounting policy in Note 5 a).

During the year, the following wholly owned subsidiaries were incorporated:

Subsidiary	Country	Date of incorporation
Wiseway Guangzhou International Logistics Co., Ltd	China	18 April 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

28. Non-controlling interests

See accounting policy in Note 5 a).

The following table summarises the information relating to each of the Group's subsidiaries that has non-controlling interests, before any intra-group eliminations.

	Four Seasons Pty Ltd 2023 \$'000	Four Seasons Pty Ltd 2022 \$'000
Non-controlling interest %	49%	49%
Revenue	-	200
Loss	(15)	(16)
Total comprehensive income	(15)	(16)
Loss allocated to non-controlling interests	(15)	(8)
Current assets	5	3
Non-current assets	5	5
Current liabilities	(11)	(6)
Non-current liabilities	(76)	(63)
Net liabilities	(77)	(61)
Net liabilities attributable to non-controlling interests	(37)	(30)
Cash flows used in operating activities	-	5
Cash flows used in financing activities	-	(5)
Net increase / (decrease) in cash and cash equivalents	-	-

29. Commitments and contingencies

The Group holds term deposits amounting to \$657,000, of which \$574,000 relates to bank guarantees (2022: \$451,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

30. Related parties**a) Key management personnel compensation**

	2023	2022
	\$	\$
Short-term employee benefits	1,013,076	829,842
Post-employment benefits	102,356	67,488
Other long-term benefits	67,508	43,334
Share-based payments	41,413	8,898
	1,224,353	949,562

Compensation of the Group's key management personnel include salaries, non-cash benefits and contributions to superannuation funds (see Note 9).

Information regarding individual Director's and executive's compensation is provided in the remuneration report section of the Directors' report.

b) Other related party transactions

The Executive Directors, or their related parties, hold positions in other entities that result in them having control or joint control over these entities.

A number of these entities transacted with the Group during the year ended 30 June 2023. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

RFT Investment Management Pty Limited as trustee for RFT Trust, a trust of which Roger Tong and Florence Tong are the beneficiaries, provided leased commercial premises to the Group on normal commercial terms and conditions. During the financial year ended 30 June 2023, the rental amount incurred to this related entity by the Group was \$1,726,262 (2022: \$1,789,565). The amount outstanding and payable to this related entity by the Group was \$174,711 (2022: \$149,258).

The Group has also loaned \$88,000 (2022: \$155,000) to a director of a subsidiary in which it has a non-controlling interest via that subsidiary. The loan is unsecured and repayable on demand.

The Group has historically provided and/or received short-term loans to or from Roger Tong and Florence Tong. The loans are unsecured, repayable on demand and interest free. As of 30 June 2023, the outstanding balance due to Executive Directors and their related entities was nil (2022: due to Executive Directors \$7,871).

YTO Global Pty Ltd, an associate, utilises the services of the Group from time to time. Revenue recognised during the financial year ended 30 June 2023 from this related party was \$3,218,184 (2022: \$1,513,923). The amount outstanding and receivable from this related entity to the Group was \$1,622,499 (2022: \$347,936).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

31.Subsequent events

Subsequent to year end, the Group entered into an agreement to provide YTO Global Pty Ltd a \$1m term loan. The loan is to be repaid at the end 4 years and carries interest of 3.88% per annum. The Group holds a 22.5% interest in YTO Global Pty Ltd.

No matters or circumstances, other than those mentioned above, have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

32.Reconciliation of cash flows from operating activities

	2023	2022
	\$'000	\$'000
Loss for the period	(3,160)	(8,096)
Adjustments for:		
- Depreciation expense	5,675	5,660
- Gain on sale of fixed assets	(718)	-
- Share capital contributed via employee share scheme/bonuses	22	70
Share-based payment expense	131	47
Net cash provided by operating activities before changes in asset or liabilities	1,950	(2,319)
Changes in:		
- Trade and other receivables	426	(2,763)
- Inventories	99	(107)
- Current tax assets or liabilities	(564)	(434)
- Other assets	339	(2,638)
- Deferred tax assets	-	1,258
- Trade and other payables	(906)	226
- Provisions	(550)	550
- Employee benefits	(662)	359
- Unrealised foreign exchange movements	(85)	119
- Changes through business combinations	-	190
Net cash from/(used in) operating activities	47	(5,559)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

33. Auditors' remuneration

	2023	2022
Audit and review services		
Auditors of the Company - KPMG		
Audit and review of financial statements	280,000	243,000
	280,000	243,000

34. Deed of cross guarantee

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under the other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Wiseway Logistics Pty Ltd
- Wiseway Perishables Pty Ltd
- Airnex Pty Ltd
- Airtruck Pty Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

34. Deed of cross guarantee (continued)

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between the parties to the Deed of Cross Guarantee, for the year ended 30 June 2023 is set out as follows:

	2023 \$'000	2022 \$'000
Statement of profit or loss and other comprehensive income and retained earnings		
Revenue	92,716	115,963
Direct transport and logistics expenses	(60,799)	(88,299)
Operating expenses	(28,723)	(30,301)
Finance costs	(1,651)	(1,156)
Profit/(loss) before tax	1,543	(3,793)
Income tax benefit/ (expense)	783	(768)
Profit/(loss) for the year	2,326	(4,561)
Total comprehensive income for the year, net of tax	2,326	(4,561)
Accumulated losses at beginning of year	(6,027)	(1,466)
Accumulated losses at end of year	(3,701)	(6,027)
Attributable to:		
Owners of the Company	2,326	(4,553)
Non-controlling interests	-	(8)
Profit/(loss) for the year	2,326	(4,561)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

34. Deed of cross guarantee (continued)

Statement of financial position	2023 \$'000	2022 \$'000
Assets		
Cash and cash equivalents	6,794	5,599
Trade and other receivables, including receivables from other Group entities not party to the Deed	19,569	15,751
Inventories	123	227
Current tax assets	413	-
Other assets	493	1,806
Financial assets	657	-
Current assets	28,049	23,383
Other Assets	2,717	2,471
Financial assets	-	453
Property, plant and equipment	33,642	33,684
Deferred tax assets	-	-
Non-current assets	36,359	36,608
Total assets	64,408	59,991
Liabilities		
Trade and other payables	4,999	5,727
Loans and borrowings	12,949	4,069
Employee benefits	1,081	1,628
Provisions	127	677
Current tax liabilities	-	171
Current liabilities	19,156	12,272
Loans and borrowings	17,161	21,979
Employee benefits	59	188
Non-current liabilities	17,220	22,167
Total liabilities	36,376	34,439
Net assets	28,032	25,552
Equity		
Share capital	30,066	30,044
Reserves	1,667	1,535
Accumulated losses	(3,701)	(6,027)
Total equity	28,032	25,552

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

35. Parent entity disclosures

As at, and throughout, the financial reporting period ended 30 June 2023 the parent entity of the Group was Wiseway Group Limited.

	2023	2022
	\$'000	\$'000
Result of the parent entity		
Loss for the period	(3,010)	(6,297)
Total comprehensive loss for the period	(3,010)	(6,297)
Financial position of the parent entity at year end		
Current assets	155	2
Total assets	18,623	21,480
Total equity of the parent entity comprising of:		
Share capital	30,066	30,044
Share-based payments reserve	1,666	1,535
Accumulated losses	(13,109)	(10,099)
Total equity	18,623	21,480

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 34.

DIRECTORS' DECLARATION

In the opinion of the Directors of Wiseway Group Limited (the 'Company'):

- a) the consolidated financial statements and notes that are set out on pages 18 to 64 and the Remuneration report in section 16 of the Directors' report, are in accordance with the *Corporations Act 2001*, including:
 - ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the period ended on that date; and
 - iii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the group entities identified in Note 35 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

The Directors have been given declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer for the year ended 30 June 2023.

The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Astrid Raetze
Chair of the Board



Florence Tong
Managing Director

Dated at Sydney this 31st day of August 2023



Independent Auditor's Report

To the shareholders of Wiseway Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Wiseway Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Revenue for air freight forwarding services
- Going concern basis of accounting

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue for air freight forwarding services (\$76.7m)

Refer to Note 8 to the Financial Report

The key audit matter

Revenue for air freight forwarding services is a key audit matter due to:

- The significant audit effort required by us to test the high volume of transactions recorded by the Group as revenue; and
- The size of the revenue stream.

The Group has manual processes which increases the risk of incorrect revenue recognition, in particular in the two weeks before and after year end. This increased our audit effort to test freight revenue transactions in the two weeks before and after year end.

How the matter was addressed in our audit

Our procedures included:

- We considered the relevant features of the air freight forwarding services contracts in assessing the Group's application of the accounting standard AASB 15 Revenue from Contracts with Customers (AASB 15), including what the Group identified as performance obligations, against the criteria in AASB 15.
- We selected a statistical sample of air freight forwarding revenue transactions throughout the year. We also selected a separate, relatively larger statistical sample from the two weeks before and after year end due to the increased risk of incorrect revenue recognition during this period. For each item selected, we:
 - checked the amount of revenue recorded by the Group to the amount of the underlying sales invoice and cash receipts from the customer obtained from the Group's bank statements;
 - checked the weight recorded on the invoice to freight documents such as the waybill or airline invoice;
 - checked the date the revenue was recognised by the Group to the date of completion of freight forwarding services

	<p>in freight documents such as the waybill or airline invoice. For revenue transactions selected for testing in the two weeks before and after year end, we also checked the flight details to flight information in a third party source. This information included the date of flight.</p> <ul style="list-style-type: none"> • We assessed the disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of AASB 15.
Going concern basis of accounting	
Refer to Note 2 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note 2.</p> <p>The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.</p> <p>We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:</p> <ul style="list-style-type: none"> • the Group's significant cash inflow assumptions, particularly the forecast growth rate in light of economic and market 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We analysed the cash flow projections by: <ul style="list-style-type: none"> • Evaluating the underlying data used to generate the projections. We looked at their consistency with the Group's plans and approved budget; • Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from our test results of the accuracy of previous Group cash flow projections, our sensitivity analysis on key cash flow projection assumptions and what scenarios we considered reasonably possible; • Assessing the Group's significant cash inflow assumptions and judgements for feasibility and timing. We used our knowledge of the Group, its industry, and customers trends and conditions to assess the level of associated uncertainty;

<p>conditions, including the effects of changing customer needs and behaviour;</p> <ul style="list-style-type: none"> the Group's planned levels of operational and capital expenditures incorporating potential further/future impacts resulting from business restructuring on the Group, and the ability of the Group to manage cash outflows within available funding. <p>In assessing this key audit matter, we involved a risk management partner and senior audit team members who understand the Group's business, industry and the economic environment it operates in.</p>	<ul style="list-style-type: none"> Assessing the planned levels of operating and capital expenditures, including optimising spending, for consistency of relationships and trends to the Group's results, results since year end, and our understanding of the business, industry and economic conditions relevant to the Group; We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.
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Other Information

Other Information is financial and non-financial information in Wiseway Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Wiseway Group Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 9 to 15 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Malcolm Kafer

Partner

Sydney

31 August 2023

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**ASX additional information**

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 28 August 2023.

Distribution of shareholders

Range	Securities	%	No. of holders	%
100,001 and Over	160,468,112	96.15	63	15.83
10,001 to 100,000	5,644,881	3.38	147	36.93
5,001 to 10,000	410,541	0.25	54	13.57
1,001 to 5,000	367,392	0.22	116	29.15
1 to 1,000	2,946	0.00	18	4.52
Total	166,893,872	100.00	398	100.00

Substantial shareholders

Name	Number of Shares	% of Issued Shares
FLORENCE YANLI TONG	34,052,874	20.40
ROGER SHIGANG TONG	32,828,502	19.67
AZ GLOBAL CO., LIMITED	27,707,786	16.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,790,877	8.26
REGNANS CAPITAL PTY LTD	11,992,971	7.19

Voting rights of Ordinary Shares

The Company only has ordinary shares on issue. Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Unlisted employee options performance rights

At the end of the financial reporting period, there were 231,766 performance rights outstanding over unissued ordinary shares which have not yet vested.

452,978 options with an exercise prices of \$0.20 and 500,000 options with an exercise price of \$0.103 was granted over unissued ordinary shares during the financial reporting period. At the end of the financial reporting period, there are 1,316,851 unexercised options with exercise price of \$0.45 carried forward from the previous period. At the end of the financial reporting period, there were 2,269,829 options outstanding over unissued ordinary shares which have not yet vested

Securities exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Sydney.

Other information

Wiseway Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**Twenty largest shareholders**

Name	Number of Shares	% of Issued Shares
FLORENCE YANLI TONG	34,052,874	20.40
ROGER SHIGANG TONG	32,828,502	19.67
AZ GLOBAL CO., LIMITED	27,707,786	16.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,790,877	8.26
REGNANS CAPITAL PTY LTD	11,992,971	7.19
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	5,688,960	3.41
UBS NOMINEES PTY LTD	4,971,286	2.98
MOGGS CREEK PTY LTD	4,550,190	2.73
PACIFIC CUSTODIANS PTY LIMITED	4,029,452	2.41
WEEWAC PTY LTD	1,432,000	1.53
MR XUELIN XIE	1,400,000	1.38
DEBUSCEY PTY LTD	1,040,000	0.86
HOPLITE CAPITAL PTY LIMITED	1,000,000	0.85
M & M WORLDWIDE GROUPS PTY LTD	957,970	0.84
JIM TONG	1,318,229	0.79
KEN TONG	1,312,706	0.79
HOPLITE CAPITAL PTY LIMITED	900,000	0.57
ZHIKUN TANG	798,309	0.55
ZZL HOLDINGS PTY LTD	798,309	0.55
LAUREL CAPITAL PTY LTD	798,309	0.54
Total Top 20	51,368,730	92.91

WISEWAY GROUP LIMITED
ABN 26 624 909 682
CORPORATE DIRECTORY

Directors

Astrid Raetze

Independent Non-Executive Chair of the Board

Jim Tong

Non-Executive Director

Brandon Teo

Independent Non-Executive Director

Florence Tong

Executive Managing Director

Company secretary

Ken Tong

Company Secretary and Chief Operating Officer

Registered Office

Wiseway Group Limited

39-43 Warren Avenue

Bankstown NSW 2000

Auditor

KPMG

Level 38, Tower 3

International Towers Sydney

300 Barangaroo Avenue

Sydney NSW 2000

Share Registry

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000

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