

WISEWAY GROUP LIMITED

ABN 26 624 909 682

APPENDIX 4E

PRELIMINARY FINAL REPORT

Details of the reporting period

Current reporting period: 12 months ended 30 June 2022

Previous reporting period: 12 months ended 30 June 2021

Results for announcement to the market

Wiseway Group Limited (“the Company”) and its subsidiaries (“the Group”) presents its results for the year ended 30 June 2022. The Group’s revenue and other income for the 12 months ended 30 June 2022 was \$130,668,000 (12 months ended 30 June 2021: \$126,770,000) and an EBITDA loss of \$186,000 (12 months ended 30 June 2021: profit of \$8,146,000). The loss for the Group, including losses attributable to non-controlling interests, for the 12 months ended 30 June 2022 after providing for income tax amounted to \$8,096,000 (12 months ended 30 June 2021 profit: \$1,766,000).

The comparative year is for the period 12 months ended 30 June 2021.

| | 12 months ended 30 June 2022 | 12 months ended 30 June 2021 | Change |
|--|---------------------------------|---------------------------------|--------|
| | \$'000 | \$'000 | % |
| Revenue from ordinary activities | 130,668 | 126,770 | 3.07 |
| Net (loss)/profit from ordinary activities after tax attributable to members | (8,092) | 1,774 | (556%) |

| | 12 months ended 30 June 2022 | 12 months ended 30 June 2021 | Change |
|---|---------------------------------|---------------------------------|--------|
| | Cents | Cents | % |
| Basic (loss)/earnings per share (cents) | (5.56) | 1.26 | (541%) |
| Diluted (loss)/earnings per share (cents) | (5.56) | 1.26 | (541%) |

Dividends

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

Details of entities over which control has been gained

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

| Subsidiary | Country | Date of incorporation/acquisition |
|-------------------------------------|-----------|-----------------------------------|
| Wiseway Cargo Airlines Pty Ltd | Australia | 22 December 2021 |
| Wiseway Cargo Airlines (Aruba) N.V. | Aruba | 27 June 2022 |
| TAF E-Logistics (Asia) Pte. Ltd. | Singapore | 13 August 2021 |

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Net tangible assets

| | 30 June 2022 | 30 June 2021 |
|----------------------------------|---------------------|---------------------|
| | \$ | \$ |
| Net Tangible assets per security | 0.13 | 0.18 |

Audit qualification or review

The financial statements are in the process of being audited.

Attachments

The appendix 4E is provided in accordance with ASX Listing Rule 4.3A and is to be read in conjunction with the operating and financial review, preliminary final report of Wiseway Group Limited for the financial reporting period ended 30 June 2022 where additional disclosures are provided, and any market announcements made by the Company in accordance with continuous disclosure obligations.

The operating and financial review and preliminary final report are attached below.

Signed:



Florence Tong

Director

Wiseway Group Limited

Dated at Sydney this 30th day of August 2022

OPERATING AND FINANCIAL REVIEW**1. Operating and financial review****a) Financial results**

The Company's revenue and other income for the financial year ended 30 June 2022 (FY22) was \$130.7 million (FY21: \$126.8 million), driven by organic growth across the key segments of perishables, imports, and road transportation. The company's further investment into a Chicago office and expansion in China also delivered revenue growth of \$1.7 million and \$6.7 million respectively. Results were negatively affected by a reduction in airfreight, driven by external factors outside of management control including expanded COVID-19 lockdown measures in China, the extraordinary rainfall and floods in New South Wales and Queensland and inflationary pressures.

This resulted in an EBITDA loss of \$0.2 million (2021: \$8.1 million), and an after-tax statutory net loss of \$8.1 million (2021: profit of \$1.8 million). The results were, in part, negatively affected by the Group reassessing the recoverable value of its assets, and in particular its current assets, which considers the current challenging market conditions.

b) Incorporation of subsidiaries

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

| Subsidiary | Country | Date of incorporation/acquisition |
|-------------------------------------|----------------|--|
| Wiseway Cargo Airlines Pty Ltd | Australia | 22 December 2021 |
| Wiseway Cargo Airlines (Aruba) N.V. | Aruba | 27 June 2022 |
| TAF E-Logistics (Asia) Pte. Ltd. | Singapore | 13 August 2021 |

c) Expanding US operations

During the year, the Company further expanded its operations into the United States of America by opening a new cargo hub in Chicago. This follows the prior financial year's successful establishment of a branch in Los Angeles.

This also further capitalises on the momentum created through the awarding of an Indirect Air Carrier (IAC) certificate to the Company by the U.S. Department of Homeland Security, Transportation Security Administration. This accreditation entitles the Company to deal with airlines directly and on preferential terms – a significant competitive advantage within the market. The USA operations delivered revenue of \$1.7 million in its first year of operation.

d) Expanding into Singapore

In this financial year, the Group also completed the acquisition of TAFE-Logistics (Asia) Pte Ltd ("TAF"). This was its first cross-border acquisition and will deliver valuable supply chain efficiencies and revenue synergies. Singapore is a global shipping and air cargo hub and is an integral shipping destination.

As part of the completion, 400,000 fully paid ordinary shares in the Group have been issued.

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OPERATING AND FINANCIAL REVIEW

1. Operating and financial review (continued)

e) Floods and lockdowns

The Group was negatively affected by the impact of the New South Wales and Queensland floods in the fourth quarter of FY22, and particularly, the impact of those on the agricultural sector. This has led to a slowdown in the perishables business, which has since started recovering.

Furthermore, the ongoing COVID-19 lockdowns in China has also had a negative effect on airfreight and has led to reduced revenues.

f) Operating updates

Despite the challenges of the year, the Group still succeeded in growing its revenue base and diversifying into other income streams, particularly by focusing on perishables and imports. This journey will continue with the addition of an aircraft to its operations subsequent to year end.

g) Outlook

Management believes that business performance will improve in the next 12 months because the extraordinary rainfall and floods have ceased, lockdowns in China will not continue and there are early indications that sales volumes are rising.

Furthermore, management has started implementing several measures to improve productivity and bolster its cash position, including right sizing assets and staff, consolidating contracted services and exploring additional financing opportunities.

In terms of future growth, Wiseway's diversified business model, growing customer base, strategic industry partnerships, and expanding global footprint will enable it to benefit from the growing demand for integrated logistics solutions.

In August of 2022, the company announced it entered into a leasing agreement which will provide it with exclusive use of a class-leading Boeing 737-800 SF. The agreement with leading aircraft leasing company GA Telesis LLC secures 96 months of access to the cargo-freighter and will run until August 2030. This is a significant milestone in the Group's growth and marks another step forward in the current global expansion strategy initiated in 2019.

h) COVID-19 Update

As an essential service provider during the COVID-19 pandemic, Wiseway has continued to operate its import and export services between Australia and Asia, despite the ongoing and continued disruptions to the traditional trade pathways between the two regions, and ongoing lockdowns in our operations in China.

Despite that, Wiseway continues to lead in the trade industry and relations between Australia and the Asia Pacific, by offering its customers a combination of service options and alternative freight routes.

Wiseway continues to prioritise the safety and well-being of its staff in different regions, with carefully developed operational 'COVID-19 safe' procedures put in place. This has ensured a safe operating environment to employees and ensured safe, reliable, and high-quality service to its customers.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 30 June 2022

| | Note | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|---|------|---|---|
| Revenue | 1 | 130,668 | 126,770 |
| Direct transport and logistics expenses | | (102,781) | (95,173) |
| Employee benefit expenses | 2 | (21,053) | (18,415) |
| Occupancy expenses | | (1,647) | (970) |
| Depreciation expense | | (5,660) | (5,162) |
| Share-based payments expense | | (117) | (30) |
| Administration and other expenses | | (5,256) | (4,036) |
| Operating (loss)/profit | | (5,846) | 2,984 |
| Finance costs | 3 | (1,426) | (1,436) |
| (Loss)/profit before tax | | (7,272) | 1,548 |
| Income tax (expense)/benefit | 4 | (824) | 218 |
| (Loss)/profit for the year | | (8,096) | 1,766 |
| Other comprehensive income | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | |
| Foreign operations - foreign currency translation differences | | 26 | (28) |
| Other comprehensive income/(loss) for the year | | 26 | (28) |
| Total comprehensive (loss)/profit for the year | | (8,070) | 1,738 |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | | (8,088) | 1,774 |
| Non-controlling interests | | (8) | (8) |
| | | (8,096) | 1,766 |
| Total comprehensive (loss)/profit attributable to: | | | |
| Owners of the Company | | (8,062) | 1,746 |
| Non-controlling interests | | (8) | (8) |
| | | (8,070) | 1,738 |
| Basic (loss)/earnings per share (cents) | 5 | (5.56) | 1.26 |
| Diluted (loss)/earnings per share (cents) | 5 | (5.56) | 1.26 |

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on 30 June 2022

| | Note | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|--|------|------------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 6,933 | 9,934 |
| Trade and other receivables | 7 | 9,507 | 6,744 |
| Inventories | 8 | 227 | 120 |
| Other assets | 9 | 3,677 | 4,235 |
| Financial assets | 10 | 740 | - |
| Total current assets | | 21,084 | 21,033 |
| Non-current assets | | | |
| Other assets | 9 | 3,196 | - |
| Financial assets | 10 | 451 | 451 |
| Property, plant and equipment | 11 | 36,900 | 40,847 |
| Deferred tax assets | 4 | - | 1,258 |
| Total non-current assets | | 40,547 | 42,556 |
| Total assets | | 61,631 | 63,589 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 7,659 | 7,433 |
| Loans and borrowings | 13 | 4,845 | 9,170 |
| Employee benefits | 14 | 1,667 | 1,285 |
| Provisions | 15 | 677 | 127 |
| Current tax liabilities | 4 | 226 | 660 |
| Total current liabilities | | 15,074 | 18,675 |
| Non-current liabilities | | | |
| Loans and borrowings | 13 | 24,889 | 19,217 |
| Employee benefits | 14 | 188 | 211 |
| Total non-current liabilities | | 25,077 | 19,428 |
| Total liabilities | | 40,151 | 38,103 |
| Net assets | | 21,480 | 25,486 |
| Equity | | | |
| Share capital | 16 | 30,044 | 26,027 |
| Reserves | 16 | 1,565 | 1,492 |
| Accumulated losses | | (10,099) | (2,011) |
| Equity attributable to owners of the Company | | 21,510 | 25,508 |
| Non-controlling interests | 19 | (30) | (22) |
| Total equity | | 21,480 | 25,486 |

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

WISEWAY GROUP LIMITED

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

| 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 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 period | - | - | 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) Pte. 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.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

| 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 2020 | 26,027 | 1,458 | 32 | (3,755) | 23,762 | (14) | 23,748 |
| Comprehensive income | | | | | | | |
| Profit for the year | - | - | - | 1,774 | 1,774 | (8) | 1,766 |
| Other comprehensive income for the year | - | - | (28) | - | (28) | - | (28) |
| Total comprehensive income for the period | - | - | (28) | 1,774 | 1,746 | (8) | 1,738 |
| Transactions with owners, in capacity as owners | | | | | | | |
| Share-based payments | - | 30 | - | (30) | - | - | - |
| Total transactions with the owners | - | 30 | - | (30) | - | - | - |
| Balance on 30 June 2021 | 26,027 | 1,488 | 4 | (2,011) | 25,508 | (22) | 25,486 |

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

| | Note | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|---|------|---|---|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 127,894 | 128,025 |
| Cash paid to suppliers and employees | | (131,819) | (120,060) |
| | | <hr/> | <hr/> |
| Cash (utilised) in/generated from operating activities | | (3,925) | 7,965 |
| Interest received | | 11 | 10 |
| Interest paid | | (1,426) | (1,436) |
| Income taxes received/(paid) | | - | 475 |
| | | <hr/> | <hr/> |
| Net cash (utilised in)/generated from operating activities | 20 | (5,340) | 7,014 |
| | | <hr/> | <hr/> |
| Cash flows from investing activities | | | |
| Acquisition of subsidiaries, net of cash acquired | | (46) | - |
| Acquisition of property, plant and equipment | | (315) | (625) |
| (Acquisition)/disposal of other investments | | (740) | (113) |
| | | <hr/> | <hr/> |
| Net (cash used) in investing activities | | (1,101) | (738) |
| | | <hr/> | <hr/> |
| Cash flows from financing activities | | | |
| Proceeds from issue of share capital (net of transaction costs) | | 3,803 | - |
| Proceeds from loans and borrowings | 13 | 8,992 | 4,707 |
| Repayment of loans and borrowings | 13 | (5,000) | (5,018) |
| Payment of lease liabilities | | (4,355) | (4,610) |
| | | <hr/> | <hr/> |
| Net cash (used in)/from financing activities | | 3,440 | (4,921) |
| | | <hr/> | <hr/> |
| Net (decrease)/increase in cash and cash equivalents | | (3,001) | 1,355 |
| Cash and cash equivalents at beginning of the period | | 9,934 | 8,607 |
| Effects of movements in exchange rates on cash held | | - | (28) |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at end of the period | 6 | 6,933 | 9,934 |
| | | <hr/> | <hr/> |

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 2022

1. Revenue**a) Revenue streams**

The Group generates revenue primarily from the provision of freight forwarding services to its customers. Other sources of revenue include interest income from term deposits.

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|---------------------------------------|--|--|
| Revenue from contracts with customers | 130,130 | 125,977 |
| Other revenue | | |
| Interest income | 11 | 10 |
| Other income | 527 | 783 |
| | <u>538</u> | <u>793</u> |
| Total revenue | <u>130,668</u> | <u>126,770</u> |

b) Disaggregation of revenue from contracts with customers

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

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|-----------------------------|--|--|
| Air freight - general cargo | 74,628 | 86,690 |
| Air freight - perishables | 29,305 | 19,497 |
| Sea freight | 6,142 | 5,250 |
| Road freight | 6,289 | 4,274 |
| Imports | 13,766 | 10,266 |
| | <u>130,130</u> | <u>125,977</u> |

2. Employee benefit expenses

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|---------------------------------------|--|--|
| Salaries and wages | 11,592 | 8,786 |
| Contractor costs | 7,123 | 7,737 |
| Contributions to superannuation funds | 902 | 716 |
| Increase in employee benefits | 353 | 326 |
| Other employee expenses | 1,083 | 850 |
| | <u>21,053</u> | <u>18,415</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

3. Finance costs

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|---|---|---|
| Financial liabilities measured at amortised cost - interest expense | 377 | 528 |
| Lease liabilities - interest expense | 1,049 | 908 |
| | <u>1,426</u> | <u>1,436</u> |

4. Income taxes**a) Amounts recognised in profit or loss**

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|-------------------------------------|---|---|
| Current year | 3 | 661 |
| Tax payable in foreign operation | 54 | - |
| Changes in estimates to prior year | (491) | 379 |
| | <u>(434)</u> | <u>1,040</u> |
| Deferred tax expense | | |
| Deferred tax expense/(benefit) | 1,258 | (1,258) |
| Income tax expense/(benefit) | <u>824</u> | <u>(218)</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|--|---|---|
| (Loss)/profit before tax | (7,272) | 1,548 |
| Tax using the Group's domestic Australian tax rate of 30% | (2,182) | 464 |
| Tax effect of: | | |
| - Non-deductible expenses | 58 | 81 |
| - Current year tax loss from Australian operations not recognised as tax benefit | 1,087 | - |
| - Current year tax loss from foreign operations not recognised as tax benefit | 1,069 | - |
| - Changes in estimates to prior years | (491) | 379 |
| - Derecognition of deferred tax assets | 1,258 | |
| - Differential tax rates in foreign subsidiaries | 25 | - |
| - Recognition of previously unrecognised deductible temporary differences | - | (1,142) |
| | <u>824</u> | <u>(218)</u> |

c) Deferred tax balances

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|-------------------------------|------------------------|------------------------|
| Share issue costs | - | 389 |
| Trade and other receivables | - | 233 |
| Property, plant and equipment | - | 107 |
| Employee benefits | - | 274 |
| Other payables | - | 255 |
| Deferred tax assets | <u>-</u> | <u>1,258</u> |

The Group has not recognised deferred tax assets to the value of \$1,784,000 (FY21: nil) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. 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.

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|--|--|--|
| (Loss)/profit attributable to ordinary shareholders (basic) | <u>(8,092)</u> | <u>1,774</u> |
| Weighted-average number of ordinary shares on 30 June 2022 (basic) | <u>145,436</u> | <u>141,134</u> |

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.

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|--|--|--|
| (Loss)/profit attributable to ordinary shareholders (diluted) | <u>(8,092)</u> | <u>1,774</u> |
| Weighted-average number of ordinary shares on 30 June 2022 (diluted) | <u>145,488</u> | <u>141,134</u> |

6. Cash and cash equivalents

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|---------------|--------------------------------|--------------------------------|
| Bank balances | <u>6,933</u> | <u>9,934</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

7. Trade and other receivables

| | 30 June 2022 | 30 June 2021 |
|------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Trade receivables | 9,431 | 6,658 |
| Less: Provision for doubtful debts | (1,250) | (787) |
| Net trade receivables | 8,181 | 5,871 |
| Net GST receivables | 556 | 533 |
| Loan from related party | 155 | - |
| Other receivables | 615 | 340 |
| | 9,507 | 6,744 |

8. Inventories

| | 30 June 2022 | 30 June 2021 |
|-------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Pallets and consumables | 48 | 54 |
| Fuel | 179 | 66 |
| Inventories | 227 | 120 |

9. Other assets

| | 30 June 2022 | 30 June 2021 |
|---------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Current assets | | |
| Deposits | 3,246 | 3,294 |
| Prepayments | 431 | 941 |
| | 3,677 | 4,235 |
| Non-current assets | | |
| Deposits | 3,196 | - |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

10. Financial assets

| | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
|-----------------------------------|------------------------|------------------------|
| Current assets | | |
| Term deposits | <u>740</u> | <u>-</u> |
| Non-current assets | | |
| Term deposits for bank guarantees | <u>451</u> | <u>451</u> |

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

11. Property, plant and equipment**a) Reconciliation of carrying amount**

| | Land and buildings \$'000 | Right-of-use assets \$'000 | Leasehold improvements \$'000 | Plant and equipment \$'000 | Motor vehicles \$'000 | Total \$'000 |
|---|---------------------------------|----------------------------------|-------------------------------------|----------------------------------|-----------------------------|----------------------|
| Balance on 30 June 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 on 30 June 2022 | <u>11,327</u> | <u>21,295</u> | <u>6,963</u> | <u>4,167</u> | <u>13,938</u> | <u>57,690</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

11. 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 |
|--|-----------------------|------------------------|---------------------------|------------------------|-------------------|-----------------|
| Accumulated depreciation and impairment losses | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance on 30 June 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 on 30 June 2022 | (1,846) | (6,254) | (2,527) | (1,713) | (8,450) | (20,790) |
| Carrying amounts on 30 June 2022 | 9,481 | 15,041 | 4,436 | 2,454 | 5,488 | 36,900 |

| | Land and buildings | Right-of-use assets | Leasehold improvements | Plant and equipment | Motor vehicles | Total |
|------------------------------------|-----------------------|------------------------|---------------------------|------------------------|-------------------|---------------|
| Cost | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance on 30 June 2020 | 11,327 | 19,873 | 6,415 | 3,706 | 11,998 | 53,319 |
| Additions | - | - | 492 | 188 | 1,802 | 2,482 |
| Addition of right-of-use assets | - | 343 | - | - | - | 343 |
| Disposals | - | (95) | - | - | - | (95) |
| Balance on 30 June 2021 | 11,327 | 20,121 | 6,907 | 3,894 | 13,800 | 56,049 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

11. 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 |
|--|-----------------------|------------------------|---------------------------|------------------------|-------------------|-----------------|
| Accumulated depreciation and impairment losses | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance on 30 June 2020 | (714) | (2,068) | (1,140) | (729) | (5,484) | (10,135) |
| Depreciation | (566) | (1,997) | (701) | (417) | (1,481) | (5,162) |
| Disposals | - | 95 | - | - | - | 95 |
| Balance on 30 June 2021 | (1,280) | (3,970) | (1,841) | (1,146) | (6,965) | (15,202) |
| Carrying amounts on 30 June 2021 | 10,047 | 16,151 | 5,066 | 2,748 | 6,835 | 40,847 |

b) Leased plant and equipment

The Group leases motor vehicles under a number of finance leases.

On 30 June 2022, the net carrying amount of leased motor vehicles was \$5,488,000 (30 June 2021: \$6,835,000).

During the year ended 30 June 2022, the Group acquired motor vehicles with a carrying amount of \$127,808 under finance leases (2021: \$1,802,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

12. Trade and other payables

| | 30 June 2022 | 30 June 2021 |
|----------------|--------------|--------------|
| | \$'000 | \$'000 |
| Trade payables | 3,669 | 4,024 |
| Other payables | 3,990 | 3,409 |
| | <u>7,659</u> | <u>7,433</u> |

13. Loans and borrowings

| | 30 June 2022 | 30 June 2021 |
|--------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current liabilities | | |
| Finance lease liabilities | 1,934 | 1,084 |
| Lease liabilities | 2,085 | 3,061 |
| Loans from related parties | - | 25 |
| Secured bank loans | 826 | 5,000 |
| | <u>4,845</u> | <u>9,170</u> |
| Non-current liabilities | | |
| Finance lease liabilities | 2,065 | 5,230 |
| Secured bank loans | 8,592 | - |
| Lease liabilities | 14,232 | 13,987 |
| | <u>24,889</u> | <u>19,217</u> |

The Group has a secured loan facility of AUD \$9,030,000 of which AUD \$8,992,000 was utilised on 30 June 2022 (30 June 2021: \$5,000,000). The secured bank loan facility is secured over the assets of Wiseway Group Limited and Wiseway Logistics Pty Ltd.

The bank loan expires in 2025 and carries interest of BBSY + 1.45% of drawn funds, in addition to a facility fee of 1%.

There are no covenants on the loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

Finance lease and lease liabilities are payable as follows:

| | Future minimum lease payments 30 June 2022 | Interest 30 June 2022 | Present value of minimum lease payments 30 June 2022 |
|----------------------------|--|--------------------------|---|
| | \$'000 | \$'000 | \$'000 |
| Less than one year | 4,951 | (932) | 4,019 |
| Between one and five years | 12,665 | (2,087) | 10,578 |
| More than five years | 6,351 | (632) | 5,719 |
| | <u>23,967</u> | <u>(3,651)</u> | <u>20,316</u> |

| | Future minimum lease payments 30 June 2021 | Interest 30 June 2021 | Present value of minimum lease payments 30 June 2021 |
|----------------------------|--|--------------------------|---|
| | \$'000 | \$'000 | \$'000 |
| Less than one year | 5,230 | (1,075) | 4,155 |
| Between one and five years | 16,511 | (2,909) | 13,602 |
| More than five years | 6,226 | (621) | 5,605 |
| | <u>27,967</u> | <u>(4,605)</u> | <u>23,362</u> |

14. Employee benefits

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|------------------------------------|---|---|
| Current | | |
| Liability for annual leave | 1,154 | 778 |
| Other employee benefit liabilities | 514 | 507 |
| | <u>1,667</u> | <u>1,285</u> |
| Non- Current | | |
| Liability for long-service leave | 188 | 211 |
| | <u>188</u> | <u>211</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

15. Provisions

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|----------------------------------|---|---|
| Provision for make good expenses | 127 | 127 |
| Provision for customer dispute | 550 | - |
| | <u>677</u> | <u>127</u> |

16. Capital and reserves**a) Share capital**

| Date | Details | Shares | Issue price | \$'000 |
|---------------------|--|---------------------------|-------------|----------------------|
| 30 June 2021 | Opening Balance | 143,818,769 | - | 26,027 |
| 13 August 2021 | Consideration paid in shares for the acquisition of TAF-E Logistics (Asia) Pte 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 | <u>167,293,872</u> | - | <u>30,044</u> |

| Date | Details | Shares | Issue price | \$'000 |
|---------------------|------------------------------------|---------------------------|-------------|----------------------|
| 30 June 2020 | Opening Balance | 140,318,769 | - | 26,027 |
| 7 April 2021 | Ordinary shares issued - employees | 3,500,000 | - | - |
| 30 June 2021 | Closing balance | <u>143,818,769</u> | - | <u>26,027</u> |

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 2022

16. Capital and reserves (continued)**b) Nature and purpose of reserves***ij) Translation reserve*

The translation reserve of \$30,000 (30 June 2021: \$4,000) 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 \$1,535,000 (30 June 2021: \$1,488,000) 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 | 30 June 2022 | 30 June 2021 |
|---|---------------------|---------------------|
| Amount of franking credits available to shareholders of Wiseway Group Limited | 1,268,427 | 1,268,427 |
| For subsequent financial years | | |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

17. List of subsidiaries

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

| | 30 June 2022 | 30 June 2021 |
|---|---------------------|---------------------|
| | % 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% |
| 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% |
| Cargo Technology Network Pty Ltd - Australia | 100% | 100% |
| Wiseway Logistics Pte Ltd - Singapore | 100% | 100% |
| TAF E-Logistics (Asia) Pte. Ltd. | 100% | - |
| Wiseway Logistics Inc - United States of America | 100% | 100% |
| Wiseway Cargo Airlines Pty Ltd – Australia | 100% | - |
| Wiseway Cargo Airlines (Aruba) N.V. | 100% | - |

18. Incorporation and acquisition of subsidiaries

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

| Subsidiary | Country | Date of incorporation/acquisition |
|-------------------------------------|----------------|--|
| Wiseway Cargo Airlines Pty Ltd | Australia | 22 December 2021 |
| Wiseway Cargo Airlines (Aruba) N.V. | Aruba | 27 June 2022 |
| TAF E-Logistics (Asia) Pte. Ltd. | Singapore | 13 August 2021 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

19. Non-controlling interests

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 12 months ended 30 June 2022 \$'000 | Four Seasons Pty Ltd 12 months ended 30 June 2021 \$'000 |
|---|--|--|
| Non-controlling interest % | 49% | 49% |
| Revenue | 200 | 1,860 |
| Loss | (16) | (17) |
| Total comprehensive loss | (16) | (17) |
| Loss allocated to non-controlling interests | (8) | (8) |
| Current assets | 3 | 213 |
| Non-current assets | 5 | 5 |
| Current liabilities | (6) | (13) |
| Non-current liabilities | (63) | (250) |
| Net liabilities | (61) | (45) |
| Net liabilities attributable to non-controlling interests | (30) | (22) |
| Cash flows used in operating activities | 5 | (7) |
| Cash flows used in financing activities | (5) | (207) |
| Net increase / (decrease) in cash and cash equivalents | - | (214) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

20.Reconciliation of cash flows from operating activities

| | 12 months ended 30 June 2022 \$'000 | 12 months ended 30 June 2021 \$'000 |
|--|---|---|
| Profit for the period | (8,096) | 1,766 |
| Adjustments for: | | |
| - Depreciation expense | 5,660 | 5,162 |
| - (Gain) / loss on sale of fixed assets | - | - |
| - Share capital contributed via employee share scheme/bonuses | 70 | |
| Share-based payment expense | 47 | - |
| | <hr/> | <hr/> |
| | (2,319) | 6,928 |
| Changes in: | | |
| - Trade and other receivables | (2,763) | 1,911 |
| - Inventories | (107) | - |
| - Current tax assets | (434) | 866 |
| - Other assets | (2,638) | (2,572) |
| - Deferred tax assets | 1,258 | (1,258) |
| - Trade and other payables | 445 | 770 |
| - Provisions | 550 | - |
| - Employee benefits | 359 | 265 |
| - Unrealised foreign exchange movements | 119 | - |
| - Changes through business combinations | 190 | - |
| - Provisions | - | 104 |
| | <hr/> | <hr/> |
| Net cash from operating activities | (5,340) | 7,014 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

21. 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 net cash outflow from operating activities in the last four months have been driven by factors outside of management's control, including expanded COVID-19 lockdown measures in China, the extraordinary rainfall and floods in New South Wales and Queensland and inflationary pressures.

Management regards the going concern basis as appropriate because the extraordinary rainfall and floods have ceased, lockdowns in China is not expected to continue and there are early indications that sales volumes are rising. Further, management has prepared a detailed cash flow forecast for the next 12 months which indicates that the Group has the ability to meet its debts as and when they fall due.

Even though the forecast based on normal trading activities indicates that the going concern basis of accounting remains appropriate, management has nevertheless started implementing several measures to further support that conclusion, including right sizing of specific staff and assets, consolidation of contracted services and exploring additional financing opportunities.

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

22. Events subsequent to reporting date

Subsequent to year end, the Group entered into a leasing agreement, which will provide it with exclusive use of a Boeing 737-800. The agreement is for 96 months until August 2030.

The agreement is not expected to cost more than \$300,000 per month over the life of the contract and is not expected to start before September 2022.

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.

23. Commitments and contingencies

The Group holds bank guarantees in the form of term deposits amounting to \$1,191,000, of which \$451,000 relates to bank guarantees (30 June 2021: \$451,000).

The Group has committed to lease an additional two rental properties after year end, one of which will replace an existing property.