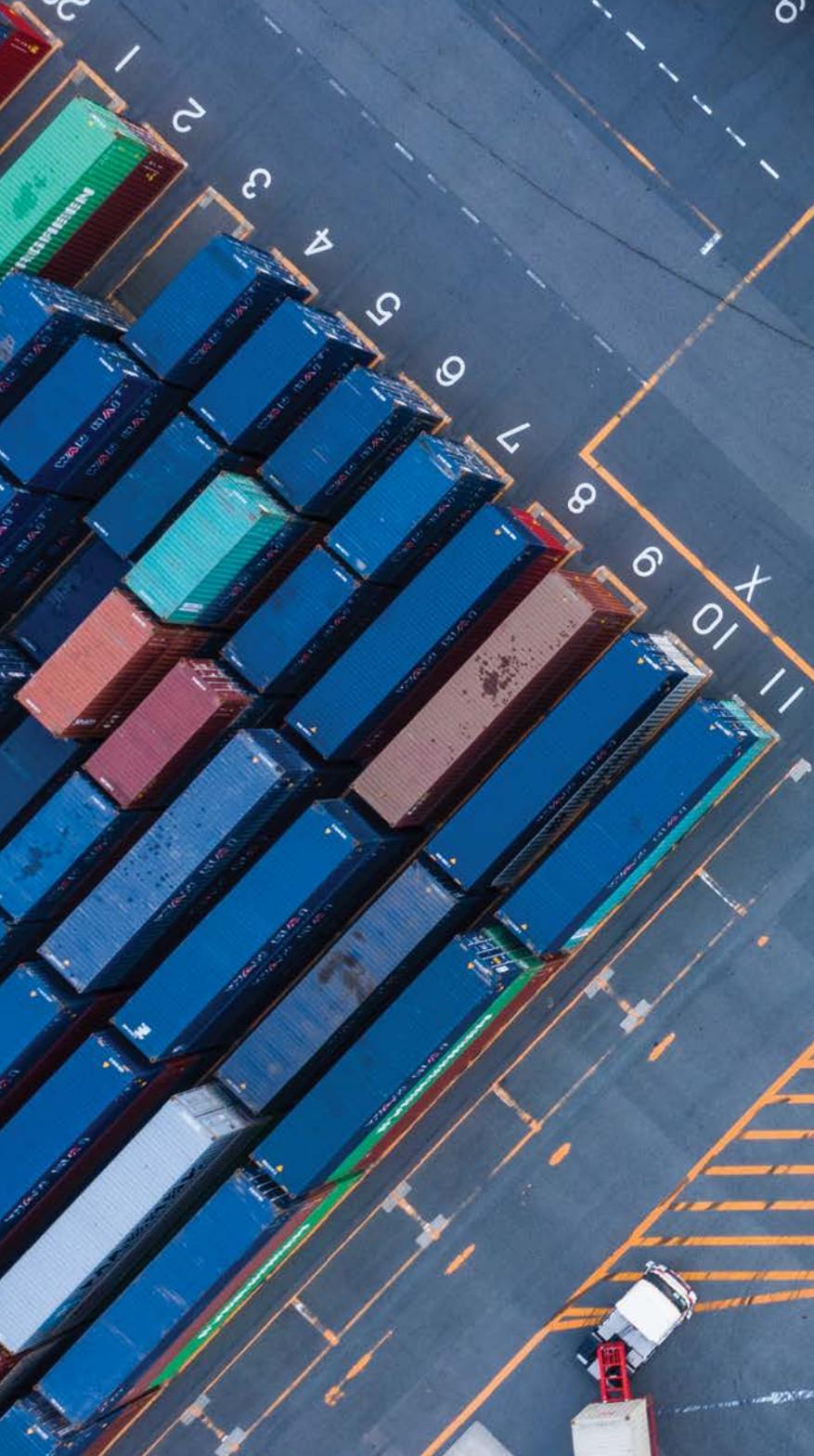


# Enabling and empowering the world's supply chains

Annual Report 2021





# Contents

|     |   |
|-----|---|
| 02  | ABOUT US                                |
| 03  | AT A GLANCE                             |
| 04  | FINANCIAL HIGHLIGHTS                    |
| 06  | CHAIR'S LETTER                          |
| 08  | CEO'S MESSAGE                           |
| 12  | OUR BUSINESS                            |
| 20  | SUSTAINABILITY REPORT                   |
| 48  | BOARD OF DIRECTORS                      |
| 50  | CORPORATE GOVERNANCE STATEMENT          |
| 60  | OPERATING AND FINANCIAL REVIEW          |
| 66  | FIVE YEAR FINANCIAL SUMMARY             |
| 67  | REMUNERATION REPORT                     |
| 87  | DIRECTORS' REPORT                       |
| 90  | LEAD AUDITOR'S INDEPENDENCE DECLARATION |
| 91  | RISK MANAGEMENT                         |
| 93  | FINANCIAL REPORT                        |
| 145 | INDEPENDENT AUDITOR'S REPORT            |
| 153 | SHAREHOLDER INFORMATION                 |
| 155 | GLOSSARY                                |
| 156 | CORPORATE DIRECTORY                     |

In the spirit of reconciliation we acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

This annual report is a summary of WiseTech Global and its subsidiary companies' operations, activities and financial position as at 30 June 2021. References to "WiseTech", "the Company", "the Group", "we", "us" and "our" refer to WiseTech Global Limited (ABN 41 065 894 724) unless otherwise stated. This document is dated 11 October 2021.



## About us

We are united in our mission to create breakthrough products that enable and empower those that own and operate the supply chains of the world.

We are a leading developer and provider of software solutions to the logistics execution industry globally.



We have a long track record of innovating continuously and successfully. Our flagship platform CargoWise forms an integral link in the global supply chain. CargoWise provides powerful productivity, extensive functionality, comprehensive integration, deep compliance capabilities and truly global reach to help our customers run their businesses more efficiently and profitably.

Our people are integral to the success of our business and their innovations help the acceleration of our long-term strategy. We challenge the status quo, think boldly and build world-leading products.



# At a glance



## 50

offices worldwide  
as at 30 June 2021



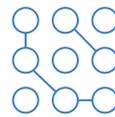
## 18k+

customers using  
our software



## 33

product development  
centres



## 72bn+

data transactions annually



## 5.3m+

development hours over  
two decades



## 30

languages in our software



## 169

countries licensed to use  
our software



## 1,096

product enhancements  
in FY21



# Financial highlights

## A track record in strong financial management delivering global growth.

We have a strong track record of delivering top-line revenue growth through new customer sign-ups and increased usage by existing customers.

We are focused on continuing to invest in product development that enhances and expands our CargoWise offering and grows shareholder returns.

Our financial results for FY21 signify the step change in operating leverage that we are achieving by growing revenues whilst also extracting acquisition synergies and implementing organisation-wide efficiencies.



### STRONG REVENUE GROWTH

Total \$507.5m ↑ 18%

CargoWise \$331.6m  
↑ 26%

90% recurring revenue  
(Group)

97% recurring revenue  
(CargoWise)



### SOLID BALANCE SHEET

\$139.2m free cash  
flow ↑ 149%

\$315.0m in cash as  
at 30 June 2021

\$225m undrawn  
bi-lateral facility in  
place (post FY21)



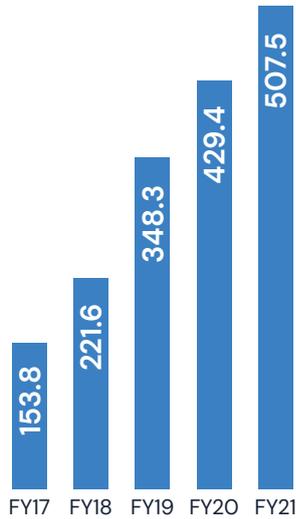
### CONTINUED INVESTMENT IN INNOVATION

\$167.1m innovation and  
product development  
spend ↑ 5%

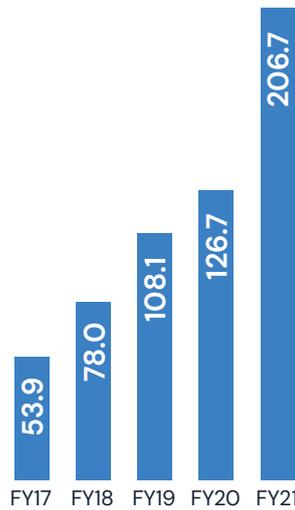
33% of revenue invested  
in R&D

53% of our people  
focused on product  
design and development

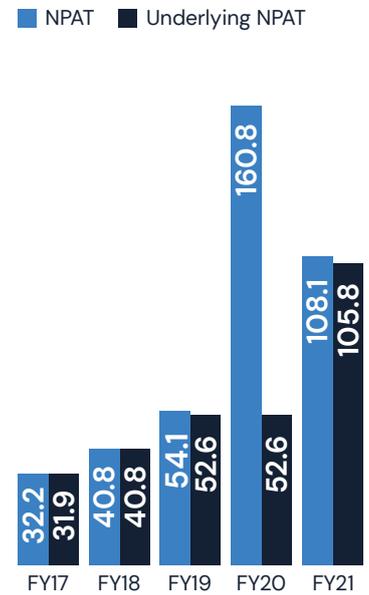
REVENUE (A\$M)



EBITDA (A\$M)



NPAT/UNDERLYING NPAT<sup>1</sup> (A\$M)



EBITDA & UNDERLYING NPAT

\$206.7m ↑ 63%  
 41% EBITDA margin (↑ 11pp)  
 55% CargoWise EBITDA margin (↑ 7pp)  
 Underlying NPAT of \$105.8m (↑ 101%)



INCREASED OPERATIONAL LEVERAGE

Operating expenses ↓ 8pp as % of revenue  
 Sales & marketing expenses 10% of revenue  
 \$22.0m gross FY21 cost reductions



DIVIDEND GROWTH

Total dividend 6.55 cents per share  
 ↑ 98% on FY20  
 Fully franked  
 Payout ratio 20% of Underlying NPAT

<sup>1</sup> Underlying NPAT excludes fair value adjustments from changes to acquisition contingent consideration (FY21: \$2.2 million, FY20: \$111.0 million) and contingent consideration interest unwind net of tax (FY21: nil, FY20: \$2.9 million).



# Chair's letter



WiseTech's technology solutions have an important role to play in solving the complex pain points of the logistics industry and in enhancing productivity and efficiencies for logistics providers.

## Focused on our vision to be the operating system for global logistics

I have the pleasure of presenting the 2021 WiseTech Annual Report, my fourth as Chairman, and am delighted to report a robust FY21 performance.

Of note this year have been the efforts of our employees and customers in keeping global supply chains moving across the world given the ongoing COVID-19 pandemic. We are particularly proud of our people who have embraced our new hybrid working model and delivered outstanding productivity, ongoing product innovation, increased market penetration and an outstanding financial performance.

## Delivering a strong performance

Our business delivered Total Revenue of \$507.5 million for the year, representing 18% growth on FY20.

Importantly, our core CargoWise offering continued to achieve strong growth, delivering FY21 revenue of \$331.6 million, up 26% on FY20, reflecting increased usage by existing customers and new customer signings.

Recurring revenue was strong comprising 90% of our Total Revenue, up one basis point on FY20. Our customer attrition rate remained below 1% for the ninth consecutive year.

Our strategic acquisitions also contributed to our revenue growth, with revenue attributable to acquisitions up 6% in FY21 to \$175.9 million. This included the completion of one small strategic acquisition in Asia during the year.

EBITDA in FY21 was \$206.7 million, up 63% on the prior year. Our EBITDA margin was strong at 41%, reflecting increasing operating leverage as revenue grows and cost reductions are achieved through organisation-wide efficiencies and the extraction of acquisition synergies.

Our statutory NPAT of \$108.1 million was down 33% on FY20, reflecting fair value adjustments in FY20 from changes to acquisition contingent consideration.

FY21 underlying NPAT was up 101% on FY20 at \$105.8 million.

## Financial strength and dividends

Our financial position is robust, supported by a strong balance sheet and strong cash flows.

Cash as at 30 June 2021 was \$315.0 million, with no outstanding debt excluding lease liabilities. We recently completed a refinancing of our debt facility and now have an unsecured four-year \$225 million bi-lateral facility in place, supported by six banks, providing a solid financial foundation for future growth.

Our operating cash flow of \$229.9 million was up 57% on FY20 and free cash flow of \$139.2 million was up 149% on FY20, demonstrating the highly cash generative nature of our business and the strength of WiseTech's underlying operating model.

The Board declared a fully franked final dividend of 3.85 cents per share (cps), representing a 141% increase on the FY20 final dividend. The final FY21 dividend coupled with the FY21 interim dividend of 2.70cps equates to a total FY21 dividend of 6.55cps, representing a payout ratio of 20% of underlying NPAT.

We continue to offer a dividend reinvestment plan that enables eligible shareholders to reinvest their dividends to acquire additional WiseTech shares. Our ongoing dividend policy is to target a dividend payout ratio of up to 20% of our NPAT.

## Outlook

Looking ahead, supply chain disruption, capacity constraints, and the outbreak of new COVID-19 strains in key markets will likely continue to impact global trade until there is widespread rollout of vaccines. This is driving increased demand amongst large global logistics service providers for our technology to drive efficiencies and productivity improvements.

We remain focused on continuing our market penetration momentum and evolving and expanding the CargoWise ecosystem through strategic investment in innovation and product development.

In terms of our guidance for FY22, subject to the assumptions set out in detail in our FY21 Results presentation and no material change in market

conditions, we expect FY22 revenue growth of 18% to 25% (representing revenue of \$600 million–\$635 million) and EBITDA growth of 26% to 38% (representing \$260 million–\$285 million).

### Board activities

As WiseTech continues to expand its technology leadership, global reach and geographic footprint, we are aligning the Board composition to support the needs of our business. We have processes in place for Board renewal and succession planning to ensure that the Board's skill mix reflects the evolving needs of WiseTech. We are cognisant of ensuring that Board renewal is undertaken in a seamless manner to ensure that corporate history and knowledge is not lost.

With this in mind, we are continuing to work on our Board evolution and commenced a search process in FY21 to recruit two additional independent Non-Executive Directors to support our business objectives and long-term growth strategy.

### Environment, social and governance (ESG) – Our people, communities, the environment and marketplace

We are committed to making a positive contribution to the communities that we are part of and recognise that our social licence to operate is integral to our ability to create long-term value for our stakeholders.

Our people, the communities and marketplaces in which we operate, and the environment are integral to our strategy and our operating decisions. We are focused on ensuring we prioritise accountability and that we have robust governance frameworks in place.

WiseTech's technology solutions have an important role to play in solving the complex pain points of the logistics industry and in enhancing productivity and efficiencies for logistics providers. We have an outstanding team of over 1,800 people globally, spanning more than 60 nationalities and ranging in age from 18 to 74. We are proud of our highly diverse and inclusive workforce. Approximately 31% of our employees and 43% of our Board members are female and we remain committed to encouraging and supporting more women to enter the technology and logistics industries.

During FY21, WiseTech worked on consolidating our ESG data and establishing a sustainability framework that is broadly guided by and references the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core option) – an internationally recognised sustainability reporting framework. We will continue to evolve and enhance our ESG disclosures over time.

Details of our FY21 ESG performance are set out in our Sustainability Report on pages 20 to 46.

### Acknowledgements

On behalf of the Board, I would like to thank our CEO, Richard White, for his inspiring leadership and vision, and the skilful WiseTech Global teams for their commitment and hard work.

Finally, we thank our shareholders, employees, customers and the communities in which we operate for their support and the continued trust they place in us.

We remain unwavering in our commitment to deliver on our strategic objectives and vision, while driving long-term shareholder value.



**Andrew Harrison**  
Chair



# CEO's message



We are ideally positioned for continued growth and further market penetration. We have a well-considered, comprehensive plan to deliver on our strategic objectives, and our strong balance sheet, strong cash flows and robust liquidity mean we have significant financial firepower to fund our growth.



## Enabling and empowering those that own and operate the supply chains of the world

I am pleased to report a strong FY21 performance as we continue to deliver on our vision to be the operating system for global logistics. Our mission is to deliver breakthrough products that enable and empower those that own and operate the supply chains of the world. Our vision and mission drive everything that we do and are at the core of our strategy.

Integral to our performance and our ability to deliver on our strategy are our people. They exemplify our culture of innovation, making me extremely proud to be part of the WiseTech family. Our strong performance is a credit to their hard work and commitment.

## Strong financial performance

Total Revenue for the year was \$507.5 million, up 18%, equating to 24% growth excluding the impact of foreign exchange (FX), on the prior year. Of this, 90% was recurring revenue, providing a stable and predictable long-term revenue stream.

Of note in FY21 was our strong CargoWise revenue growth, which at \$331.6 million was up 26% on FY20, equating to 31% growth excluding the impact of FX. This growth demonstrates industry recognition of our customer value proposition, in particular increasing revenue contribution from our large global freight forwarder rollouts over time, as rollouts progress and as we secure new global customers. It also reflects the ongoing expansion of the CargoWise ecosystem – as we add new capabilities, modules, and geographies, our existing customers have increased their usage and we have secured new customer wins.

Our top line revenue growth, coupled with our organisation-wide efficiencies and our extraction of acquisition synergies, has enabled us to achieve a marked step change in operating leverage which is evident in our strong EBITDA performance. Our FY21 EBITDA was \$206.7 million, representing growth of 63% on FY20 and underlying NPAT of \$105.8 million was up 101% on the prior year.



**CargoWise revenue \$331.6m**  
**↑ 26% on FY20**

**Structural changes accelerated by COVID-19**

In terms of the prevailing market conditions, it is fair to say that never have logistics and global supply chains been more critical and visible in ensuring the movement of goods around the world.

Throughout the year, we continued to see a ‘goods-led’ economic recovery leading to volume growth in international trade, resulting in tighter capacity, congestion, and higher freight rates in global logistics channels<sup>1</sup>.

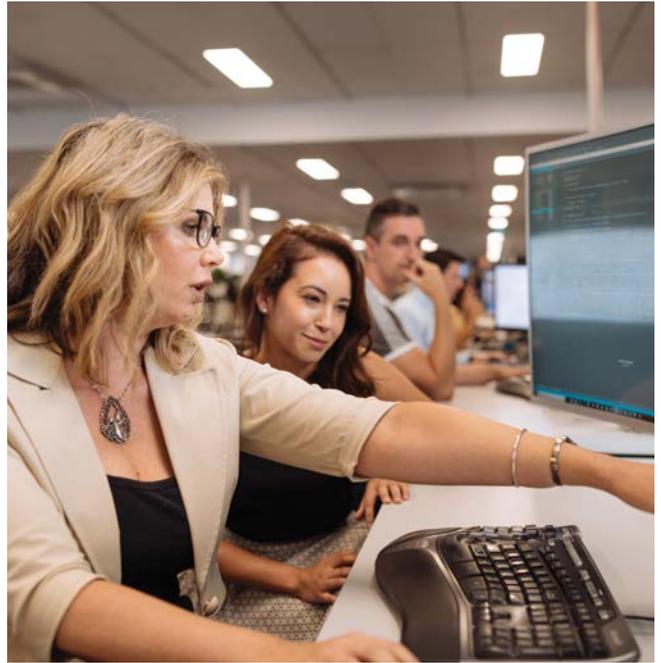
Whilst these conditions do not translate into immediate revenue growth for WiseTech, we are benefitting from the acceleration of the longer-term structural changes that they are driving.

We are seeing increasing consolidation within the logistics sector and increased investment in replacing legacy systems with integrated global technology, such as CargoWise, that drives productivity and facilitates planning, visualisation, and control of global operations.

**Building the CargoWise ecosystem – Our 3P’s: Product, Penetration and Profitability**

Our strategy of focusing on the ‘3Ps: Product; Penetration; and Profitability’ is designed to leverage structural changes and deliver our vision by building our capabilities and, where appropriate, fast-tracking our technology development and know-how through acquisitions.

Having completed 39 acquisitions since our IPO in 2016, we have assembled significant resources and development capabilities to fuel the CargoWise technology pipeline. While we remain open to strategically significant acquisition opportunities, we have slowed our near-term acquisition activity, in order to focus on expanding the CargoWise ecosystem and on extracting synergies from acquisitions to maximise operational leverage and drive scalability.



**1. Product**

Product development and innovation continued to be a priority in FY21. We invested \$167.1 million in R&D (FY20: \$159.1 million), equating to 33% of Total Revenue. We made significant progress in continuing to align our acquisition development teams to support WiseTech’s development priorities.



**CargoWise native customs functionality accounts for ~45% of global manufactured trade flows**

In addition, we established another centre of excellence in Bangalore and recommenced recruitment of technology and industry talent, following a short slowdown in 2H20 at the outset of COVID-19. Our broad geographic footprint enabled us to recruit from the global talent pool.

Our top development priority in FY21 was to accelerate native customs and cross-border compliance builds in key markets. As of 30 June 2021, the CargoWise native customs functionality was in ‘Production Release’<sup>2</sup> across jurisdictions accounting for ~45% of global manufactured trade flows (up from ~35% in FY20).

<sup>1</sup> Source: “Global Economic Prospects” (January 2021) A World Bank Group Flagship Report.

<sup>2</sup> CargoWise Customs is defined as in “Production Release” for a particular country when the product module has been released into the main CargoWise release build, available for production use by any customer, and is able to be used for all major customs import/export procedures.



We also completed the product integration of global rates functionalities (secured via the CargoSphere and Cargoguide acquisitions) onto the CargoWise platform. This integrated functionality is currently in production with several major customers and work has commenced on the native rewrite onto the CargoWise platform. Additionally, 1,096 CargoWise new product features and enhancements were delivered throughout the year and solid progress was made in extending CargoWise enterprise-wide functionalities (such as automation and tracking) from the adjacency businesses, with customer integrations well advanced.

Also of strategic note in FY21 was the deployment of the beta version of CargoWise Neo (Neo) to a select group of beneficial cargo owners (BCOs) via existing WiseTech customers and the commencement of work on extending aspects of Neo for customer specific needs. Neo is a longer-term development priority that will deliver a web-based, integrated platform, enabling BCOs to link directly with their logistics provider to plan, price, book, track, trace and manage their freight.

## 2. Penetration

With the market penetration of fully digital and highly automated global logistics solutions still in the early stages, the opportunity for growth is vast. Our market penetration approach is to target the Top 25 Global Freight Forwarders<sup>1</sup> and the top 200 global logistics providers. This enables us to benefit from global rollouts and consolidation within the logistics sector, as large customers acquire other industry players and add them to their rollout on the CargoWise platform.



## 6 new global rollouts secured with large freight forwarders

In FY21, we secured, six new global rollouts<sup>2</sup> and signed FedEx post 30 June 2021. These new global rollouts are in addition to the 30 global rollouts that WiseTech already has in place.

Ten of the Top 25 Global Freight Forwarders have rollouts on the CargoWise platform 'In Production'<sup>3</sup> or are 'Contracted and in Progress'<sup>4</sup>. Given these large customers can take multiple years to roll out CargoWise across their sites globally, usage and transaction revenues are expected to continue to grow over time.

## 3. Profitability

In FY21, we commenced work on an organisation-wide efficiency and acquisition synergy extraction program designed to streamline our processes and teams, maximise operating leverage, and ensure appropriate allocation of resources to support our strategic vision.

This program delivered a \$13.8 million net benefit in FY21 (after recognising \$8.2 million of restructuring costs), exceeding our previously announced \$10 million target. These cost reductions have partially offset our increased investment in product development and recruitment of technology specialists to support ongoing growth. We are on track to achieve a cost reduction run-rate of ~\$40 million for FY22, exceeding our previous \$20 million–30 million target.



## Our vision and commitment

Our vision drives us and energises our people. There has never been a greater need for the globally integrated logistics technology and digitisation that CargoWise provides.

We are ideally positioned for continued growth and further market penetration. We have a well-considered, comprehensive plan to deliver on our strategic objectives, and our strong balance sheet, strong cash flows and robust liquidity mean we have significant financial firepower to fund our growth.

Looking ahead, we remain focused on R&D that delivers breakthrough products that enable and empower those that own and operate the supply chains of the world.

## Acknowledgments

On behalf of the WiseTech Global team, I want to thank each of our shareholders for your investment and support as we continue to build a world-leading organisation, with a clear mission to enable and empower the world's supply chains and a vision to be the operating system for global logistics.



**Richard White**  
Founder and CEO

“Our vision drives us and energises our people. There has never been a greater need for the globally integrated logistics technology and digitisation that CargoWise provides.”



- 1 Based on Armstrong & Associates, Inc. Top 25 Global Freight Forwarders List ranked by 2020 logistics gross revenue/turnover and freight forwarding volumes (revenues are company reported or Armstrong & Associates estimates). Updated 10 August 2021.
- 2 deugro; a. hartrod; CEVA Logistics; cargo-partner; Seafrijo Group; Hankyu Hanshin Express.
- 3 In Production refers to CargoWise customers who are operationally live on CargoWise and using the platform on a production database (rolled out in 10 or more countries and 400 or more registered users on CargoWise).
- 4 Contracted and in Progress refers to CargoWise customers who are contracted to grow to rolling out CargoWise in 10 or more countries and for 400 or more registered users.



# Our business

## Our vision and strategy

We bring meaningful, continual improvement to the world's supply chains. We replace ageing, legacy, proprietary and domestic systems with efficient, highly automated and integrated global capabilities.

Our breakthrough software solutions are renowned for their powerful productivity, extensive functionality, comprehensive integration, deep compliance capabilities and truly global reach.

We are evolving rapidly. By expanding into more products, deeper functionality, more geographies and adjacencies, we drive our long-term growth and market position as the leading logistics execution platform.

**Vision: to be the operating system for global logistics**

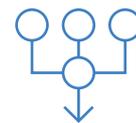
Our strategy is designed to accelerate growth by leveraging structural changes



The need to replace ageing legacy systems



Demand for integrated global software solutions with increased visibility



Industry consolidation driven by logistics providers

Our people focus on our 3Ps to deliver our vision

### Product

Extend technology lead



### Penetration

Expand market penetration



### Profitability

Drive operational efficiency



# Product

## CargoWise

The importance of supply chain visibility and resilience has never been clearer. Having the data and technology to forecast and plan is critical.

Our industry-leading flagship product, CargoWise, is centralising logistics operations on a single global database, delivering business continuity, scalability and security.

Real-time data visibility in CargoWise helps our customers track the movement of goods, origin to destination, enabling the efficient execution of logistics processes. From freight forwarding, customs, warehousing and shipping to tracking, land transport, eCommerce and cross-border compliance – CargoWise offers truly global capabilities for a global industry.

### The power of CargoWise

- ✓ single global platform
- ✓ extensive configuration tools
- ✓ real-time automation
- ✓ streamlined processes
- ✓ no rekeying of data
- ✓ integrated data flows



▶ Watch these videos and more to learn about the power of CargoWise: [www.cargowise.com/news/industry-insights](http://www.cargowise.com/news/industry-insights)



Centralising logistics operations on a single global database can help you move faster, more flexibly and at greater scale.

## THE CARGOWISE NETWORK

We are building a global network of CargoWise Partners, Certified Practitioners and industry partners for freight forwarding. Our network of technology and logistics experts work within the logistics industry across our customers, associations and logistics businesses – all helping enable and empower the world’s supply chains.

**384**  
partner agreements

to build our capability to support our growing customer base around the world

**16**  
CargoWise education partners

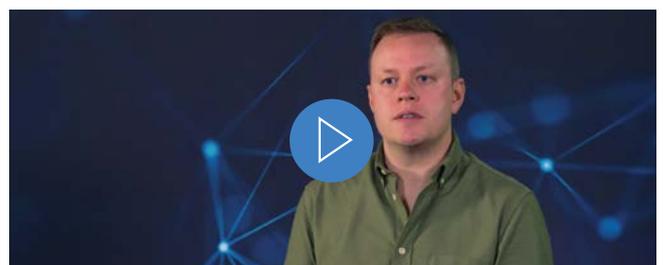
(such as universities, colleges, and vocational institutions) who incorporate CargoWise learning into their supply chain and logistics courses

**17,000+**  
CargoWise Certified Practitioners

who use and promote the features of our leading CargoWise platform



Customs Product Manager, Glenn Lawson, explains how we are building out the world’s customs and border compliance platform.



CargoWise helps drive productivity and unlocks more value for logistics businesses by managing operations on one global database.



## Our product development strategy

With over 5.3 million development hours invested in building our CargoWise platform, we are at the technological forefront in managing international and cross-border logistics, change in trade patterns and evolving logistics regulations.

Our product development and capacity are fundamental to our business and key to our competitiveness, customer attraction and retention.

Over the past five years, we have invested more than \$560 million in research and development, delivering more than 4,300 product features and expanding our pipeline of commercialisable innovations. We are building the operating system for global logistics.

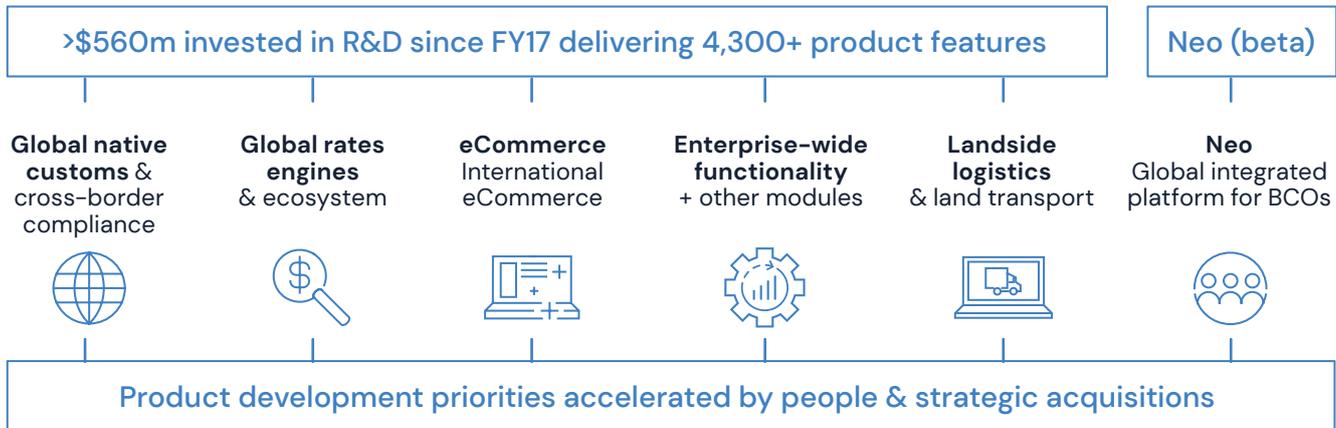
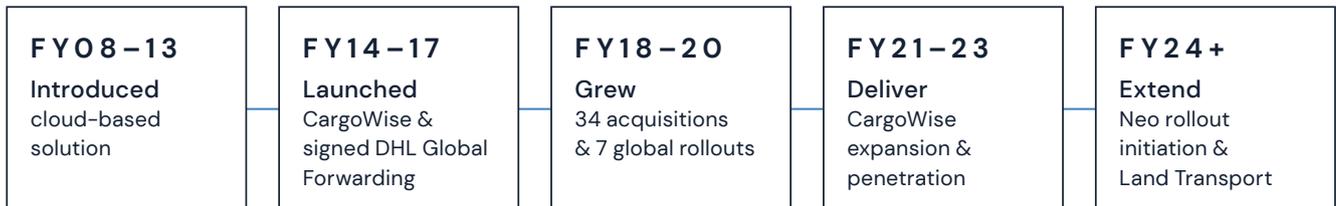


**\$167.1m**  
invested in R&D in FY21



**33**  
product development centres

## The CargoWise ecosystem



- |  |   |   |  |  |
|--|---|---|--|--|
| <ul style="list-style-type: none"> <li>- Foothold acquisitions</li> <li>- BorderWise compliance libraries</li> <li>- Cypress machine learning</li> </ul> | <ul style="list-style-type: none"> <li>- Cargoguide</li> <li>- CargoSphere</li> <li>- X-ware</li> </ul> | <ul style="list-style-type: none"> <li>- Pierbridge</li> <li>- SmartFreight</li> <li>- Foothold acquisitions</li> </ul> | <ul style="list-style-type: none"> <li>- CCN</li> <li>- Containerchain</li> <li>- Microlistics</li> <li>- Softship</li> <li>- X-ware</li> <li>- Foothold acquisitions</li> </ul> | <ul style="list-style-type: none"> <li>- Containerchain</li> <li>- Depot Systems</li> <li>- CMS</li> <li>- SaaS Transportation</li> <li>- Trinium</li> <li>- TransLogic</li> </ul> |
|--|---|---|--|--|



## CASE STUDY

# DHL Global Forwarding

CargoWise enables DHL Global Forwarding to deliver end-to-end visibility



Part of the Deutsche Post DHL Group



31,000 freight forwarding experts



Operations across 190+ countries



Air, ocean and overland freight forwarding



CargoWise's visibility, real-time data accessibility and global transparency have enabled DHL Global Forwarding to deliver consistent, quality service for their customers across the globe, says Tim Scharwath, CEO DHL Global Forwarding, Freight.

"Transparency is the name of the game in our business. Our customers expect that we are able to ship something from A to B, but they also expect us to be transparent and to have detailed information about the shipment, and CargoWise always gives us that transparency," says Mr Scharwath.

Since implementing CargoWise as their core transport management system (TMS), initially rolling out across ocean freight, DHL Global Forwarding has seen increased productivity, and improved integration, automation and communication across its global network.

"I can very happily say that we've rolled out CargoWise to our entire ocean freight organisation. On the air freight side, we are planning to complete the roll out in 2021. Our main operations will then be managed uniformly via one system, which I believe is probably the fastest rollout of any freight forwarder of this size," says Mr Scharwath.

When it came to the decision to outsource a solution versus building their own TMS in-house, it was CargoWise's deep integrations and broad functionality that made it the most obvious solution for DHL Global Forwarding.

"We realised that we don't have to do everything ourselves, by ourselves, so we looked for the best technical solution out there. We also asked ourselves, what drives our customers and what do we need to do in the future to be better? And with that in mind, we decided to go with CargoWise as our core transport management system."

**Tim Scharwath,**  
CEO, DHL Global Forwarding, Freight

"We deployed CargoWise in a controlled, but very well-established way to make sure that our organisation was able to follow the change. It was really important for us to ensure that our people were informed about why we were implementing certain systems so that they could embrace our transformation."

## Benefits

- ✔ One global data entry point
- ✔ Real-time data accessibility & visibility
- ✔ Global transparency for the business and customers



Watch the case study video featuring Tim Scharwath on the WiseTech website.  
[www.wisetechglobal.com/news/customers](http://www.wisetechglobal.com/news/customers)



# Penetration

## Our customers

Our customers are the people who move the world. They are integral links in the global supply chain and use our software solutions to operate more efficiently across borders, regulatory bodies and freight modes.

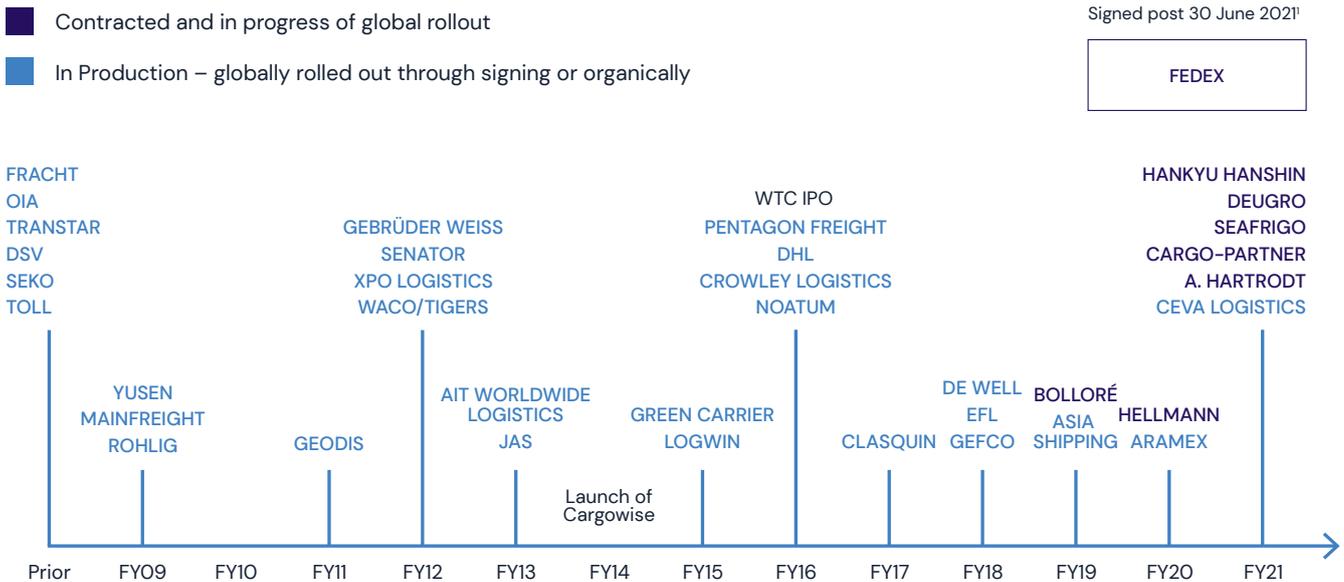
Global logistics providers continue to face challenges caused by the COVID-19 pandemic. This year saw the continuation of a 'goods-led' recovery in global trade which resulted in tighter capacity, congestion and higher rates in global logistics channels.

Due to ongoing intense pressures such as increasing regulation, margin pressure, geo-political tensions, and demand for faster throughput, we are seeing an acceleration of longer-term structural changes. These changes include, consolidation within the sector and increased investment in replacing legacy systems with integrated global technology, such as CargoWise, that drives productivity and facilitates planning, visualisation and control of global operations.

## Market penetration momentum

We have gained momentum in signing up global rollouts for the world's largest freight forwarders. In FY21, we secured six large global freight forwarding customers for a CargoWise global rollout.

## Global rollouts – CargoWise Large Global Freight Forwarders



Customers have been categorised in the financial year that reflects the later of their CargoWise revenue cohort or global contract signing date (if applicable).



## 10 of the top 25

global freight forwarders have signed up for CargoWise rollouts



## 6 new CargoWise global rollouts

by large global freight forwarders in FY21

1 Includes customer signings post-FY21 up to and including at 24 August 2021.

CASE STUDY

# Aramex

CargoWise helps Aramex deliver value from day one



Founded in 1982



Headquartered in the United Arab Emirates



Operations across 65+ countries



~2,000+ freight forwarding experts



Configurability, automation and real-time visibility across global freight operations are some of the CargoWise benefits that have enabled Aramex to deliver value to their customers from day one in a changing global environment.

“We really wanted to hit the market with a solution that can deliver value on day one of the implementation. We made our decision simply because of the best practices that CargoWise offers and the out-of-the-box solutions and integrations that come with the platform,” says Mohammed Sleeq, Chief Digital Officer, Aramex.

Aramex, a leading global provider of comprehensive logistics and transportation solutions, implemented the rollout of CargoWise across its global network, representing an integral milestone in its digital transformation strategy.

“We’d been really reshaping our strategy and looking at solutions and technologies that deliver value without the need for us to reinvent the wheel.

“Because this solution has been vetted and tested with a lot of freight forwarders in the market, including a global network of partners and agents that we work with, CargoWise was the obvious choice for Aramex.”

Mohammed Sleeq,  
Chief Digital officer, Aramex

Aramex’s unique ‘big bang’ approach saw CargoWise implemented simultaneously across its worldwide network of approximately 2,000 users spanning 62 countries, with the platform supporting its freight forwarding and customs operations and enhancing the overall user experience for its employees and customers.

“We knew the challenges that came with the implementation, but we wanted to avoid the hassle of integrating legacy and modern systems together. With the ‘big bang’ approach, we were able to achieve our goals faster, and see the benefits and efficiencies very early on in the program,” explains Mr Sleeq.

“We’ve been embracing more innovative technology, empowering our customers, and delivering a future for the organisation that is by far more agile and resilient.

“Since implementing CargoWise, we have shortened the development cycle by years and avoided the landscape of operating a mix of legacy and modernised systems. I have never seen a time where Aramex as an organisation has been more resilient,” says Mr Sleeq.

### Benefits

- ✓ Out-of-the-box solution
- ✓ Configurability, automation & visibility
- ✓ Global transparency from day one



Watch the case study video featuring Mohammed Sleeq on the WiseTech website [www.wisotechglobal.com/news/customers](http://www.wisotechglobal.com/news/customers)



# Profitability

Supporting scalability and delivery of our vision



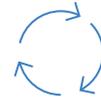
Since our IPO, we have completed 39 acquisitions, building significant product and market capabilities that allow us to build out and optimise our technology pipeline and leverage our expanded geographic footprint.

Our strategic global teams are providing key development capacity to build out and enhance our CargoWise platform.

In FY21, we progressed our organisation-wide efficiency and acquisition synergy program, which is designed to support the scalability and delivery of our strategic vision, including:



Streamlined processes and teams



Maximised WiseTech's operating leverage



Appropriately allocated resources



**\$13.8m**

net cost reductions, exceeding our \$10m target



**~\$40m**

cost reduction run-rate for FY22, exceeding our previous \$20m-30m target

## CASE STUDY

# CEVA Logistics

CEVA Logistics, part of the CMA CGM Group, a world leader in transport and logistics, commenced the rollout of CargoWise in 2021.

With this strategic investment, CEVA Logistics will simplify and standardise all 3PL operational processes across its global network. CargoWise will be implemented over the course of the next five years as part of a planned process, replacing multiple legacy systems and delivering greater efficiency within the business.

The switch to CargoWise will enable CEVA Logistics teams around the globe to have real-time visibility of freight forwarding and customs actions on a single platform.

As a purpose-built solution, CargoWise gives CEVA Logistics employees access to the same information in a single database across all functions, offices, countries and languages, furthering the CEVA Logistics digital transformation.

By the end of 2022, 50% of all CEVA Logistics locations will be fully operational on the CargoWise platform, with the whole project completed and deployed by 2025.

“By implementing CargoWise, CEVA Logistics will further improve productivity and efficiency as we strive to lead the way in multi-modal forwarding and contract logistics operations.”

**Mathieu Friedberg,**  
CEO, CEVA Logistics

“Thanks to its experience across the transport and logistics sector, CargoWise is the right choice to provide this new digital platform. CEVA Logistics recently invested to improve the customer journey and this implementation allows us to develop a high-level employee journey as well.”

## Benefits

- ✓ Real-time visibility
- ✓ Single global database
- ✓ Automation of processes



# Sustainability Report

## Our vision



To be the operating system  
for global logistics



“WiseTech was started over 25 years ago in my basement, with the clear objective of utilising technology to solve the complex pain points of the logistics industry and to enhance productivity and efficiencies for logistics providers.

Making a positive contribution to society is at the core of WiseTech’s DNA.

We think deeply about our impact on the planet and society, and are as committed to innovating and advancing human potential today as we were in the early days of WiseTech.

Our people are the ‘heart and soul’ of WiseTech – they are our most valuable asset. We are all part of the WiseTech family, and I am inspired by them every day. They are the key to our success and the driving force delivering our strategy.

We believe we have a role to play in helping develop the next generation of technologists. Supporting education and encouraging students to embrace technology careers is a founding principle of WiseTech.

We are proud of the fact that every day our technology solutions help over 18,000 customers across 169 countries reduce their environmental footprint and achieve efficiencies. We continue to encourage bold ideas in order to unlock the unimaginable.

We also recognise that we can lead by example and are taking steps to continue to reduce our environmental footprint, starting with a commitment to net-zero emissions.

As the Founder of WiseTech, I recognise that we can continue to improve. That’s what this sustainability report is about: it is an account of where we are, what we can do better, and where we are headed.”

**Richard White, Founder & CEO,  
WiseTech Global**



# Our credo

“Our culture is not by accident.  
Our creativity is by design.  
Our people define us.



We favour principles over policy, open and frank communication over secrecy, agreement over control, results over busywork. We realise that real creativity is delicate and dies with processes, bureaucracy, chain of command and centralised decision making.

Our work environment is flat and open, hierarchy rises only when essential and recedes immediately. We know that ‘little things are infinitely the most important’ and that ‘culture eats strategy for lunch’.

We actively embed our creativity, the seeds to our success and the antidote to many problems, deep within our people and culture.

We love to challenge the status quo and to think of breakthrough ideas in order to build something delightfully better. We cannibalise that which needs to be superseded, improve that which is imperfect and add that which is missing, and we have fun!

We think bold ideas and build bold products that people don’t know they want... until they see them, and can’t live without... because they come to love them.

We strive every day to build products that surprise and delight our customers and empower their success, but we also give incredible value to our customers so they drive us to flourish and grow.

We are truly, deeply passionate about what we do and we use all of our empathy, energy, focus, courage, talent, drive and logic to confront the really big stuff that others will not.

We surround ourselves with incredibly smart people with diverse and eclectic experience, an abundance of talents and motivation fuelled by purpose.

We care deeply, have real ownership, and a sense of connection in every place and in every role. We belong.

We stand with humility on the shoulders of the many that have led us here. We owe them our dedication, our energy, and our results.

Corporate grind be damned! We’re doing something that really matters, and it requires us to strive, learn, grow, and flourish.

We will change the world: one innovation at a time.”

Richard White, Founder & CEO



# Our Sustainability Pillars

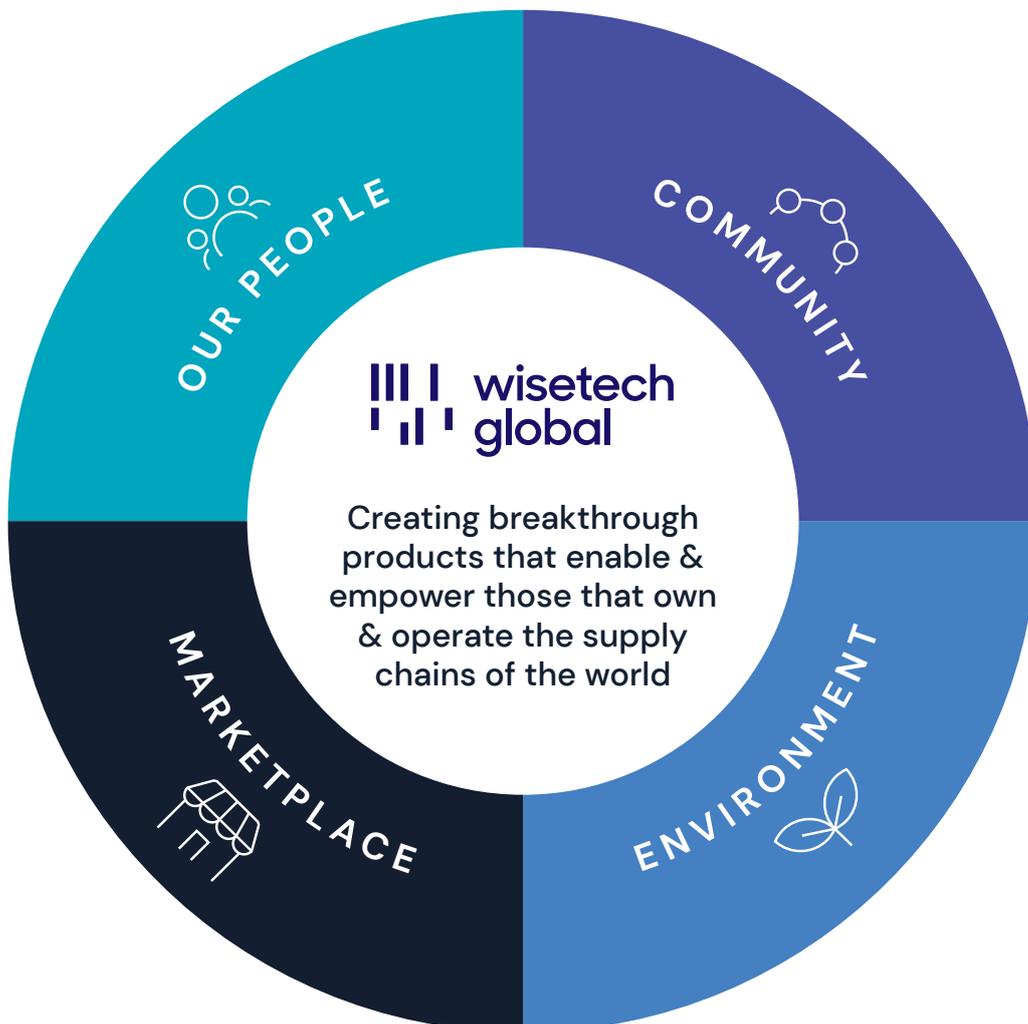
WiseTech is built on over 25 years of commitment to making a positive contribution to the communities in which we operate. Our people, customers and communities are central to our vision and mission.

In developing our strategic approach to managing and reporting on Environmental, Social and Governance (ESG) metrics, we have engaged with a number of our major stakeholders and made an assessment of materiality to prioritise ESG opportunities.

Details of our stakeholder engagement and our process for assessing materiality and prioritising ESG opportunities can be found on our corporate website under the Investors/Sustainability tab at [www.wisotechglobal.com/investors](http://www.wisotechglobal.com/investors).



Our approach to sustainability centres on four pillars, reflecting the areas that are most material to our business and of greatest relevance to our stakeholders:



## Scope

This Sustainability Report covers the period 1 July 2020 to 30 June 2021 (FY21) unless otherwise stated and covers the assets over which WiseTech has had operational control for six months or more. This Report does not extend to those assets in which WiseTech has a financial interest but is not responsible for day-to-day management.

It is noted that WiseTech has completed 39 acquisitions since listing on the Australian Securities Exchange in 2016, and, as such, certain prior year ESG metrics may not be directly comparable. All amounts in this report are in Australian dollars unless otherwise specified.

## Additional information

We are at the beginning of our ESG reporting journey and will continue to evolve and enhance our ESG disclosures and initiatives over time. We have, as an initial step, referred to the guidelines set out in **The Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core option)**, which have helped to broadly guide our disclosures.

A reconciliation of disclosures in this Sustainability Report against the GRI Reporting Standards can be found on our corporate website under the Investors/ Sustainability tab at [www.wisotechglobal.com/investors](http://www.wisotechglobal.com/investors). Also under this tab is additional sustainability information.

Our FY21 sustainability disclosures should be read in conjunction with the rest of the WiseTech 2021 Annual Report, including our FY21 Corporate Governance Statement and our FY21 Remuneration Report.



## Highlights



### Our People

**53%**

of our people are focused on product design & development (+2pp on FY20)



### Community

**7,100+**

external course commencements in WiseTech Academy up 325% on FY20

### Emerging Leaders Program

launched in FY21

### Inaugural Sponsor

of Sydney Autistic Community Lions Club's Hackathon & Big Ideas initiatives



### Amplifying our Culture sessions

introduced bi-weekly in FY21

### University Sponsorships

UTS **bitsa**; **CCOP** UNSW Co-op Program Scholarship

**43%**

female representation on the Board



### Titanium sponsor

of the Australian Computer Society Society's BiG Day In & BiG Day In Junior

**95%+**

of our global workforce has transitioned to a hybrid working model

### 18th year

of free access to Médecins Sans Frontières of our Compliance Net training





## Environment

**207.84kg**

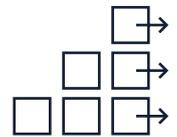
of used electronic equipment recycled in FY21



## Marketplace

**72bn+**

data transactions annually



## Data centre efficiencies

implemented in FY21 to reduce energy consumption

**169 countries**

licensed to use our software



## GHG emissions inventory

completed for the first time

**5.3m+**

development hours over past 20 years

Commitment to

## Net-zero

**33%**

of Total Revenue re-invested in R&D

## Logistics optimisations

driven by CargoWise technology helps our customers reduce their carbon emissions

**4,300+**

product features & enhancements delivered over past 5 years





# 1. Our People

Our people are the heart & soul of WiseTech – they are the driving force of our strategy

Our people are key to the success of our business and we place significant emphasis on attracting and retaining talent, ensuring our employees' safety and wellbeing, and providing ongoing training and development. We are also cognisant of the fact that our culture is integral to WiseTech's success, as is the diversity and inclusion of our people, which allows innovation to thrive.

As of 30 June 2021, WiseTech employed 1,860 people across 50 offices and 33 product development centres globally. 49% of our Australia-based employees are covered by Modern Awards, which set out minimum terms and conditions of employment such as working hours, minimum wages and the provision of overtime and mandated annual salary reviews. These terms and conditions are in addition to the National Employment Standards (NES).

**Table 1: Total number of employees by employment contract type (as at 30 June 2021)**

| Employment contract |           | FY21 Total   | % Total     |
|---------------------|-----------|--------------|-------------|
| Permanent           | Full-time | 1,673        | 90%         |
|                     | Part-time | 87           | 5%          |
| Fixed-term contract | Full-time | 89           | 5%          |
|                     | Part-time | 9            | –           |
| Director            |           | 2            | –           |
| <b>Total</b>        |           | <b>1,860</b> | <b>100%</b> |



## 1.1 Attracting and retaining talent

As a technology company, our ability to attract and retain talent is crucial to our ongoing product innovation and development. Approximately 53% of our FY21 global workforce was focused on 'Product design & development' (up from 51% in FY20) and 20% was focused on 'Technical & product support' (down from 21% in FY20).

**Table 2: Employee totals by function (as at 30 June) and ratio over time**

| Category                     | FY21 Employee total | FY21 % Total | FY20 % Total | FY19 % Total |
|------------------------------|---------------------|--------------|--------------|--------------|
| Product design & development | 995                 | 53%          | 51%          | 47%          |
| Technical & product support  | 361                 | 20%          | 21%          | 23%          |
| General & administration     | 333                 | 18%          | 17%          | 18%          |
| Sales & marketing            | 171                 | 9%           | 11%          | 12%          |
| <b>Total</b>                 | <b>1,860</b>        | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  |

WiseTech has adopted a multi-pronged approach to attracting and retaining talent. Since listing, we have completed 39 strategic acquisitions which have delivered significant resources in terms of talent and development capability. We have also built offshore centres of excellence, utilising local talent to supplement our growth.

Another area of focus has been on investing in longer term education programs. These programs are designed to continue to train and develop our people and to encourage students in the broader community to pursue a career in technology – thereby supporting the pipeline of future talent (refer to the 'Community' section of this report). We also have Reward and Recognition programs to incentivise and reward our people if they refer a new employee or achieve years of service milestones.

Our remuneration framework (as outlined in our FY21 Remuneration Report) is designed to attract, motivate and retain leaders and talented employees, by providing a mix of cash and equity (in the form of fixed pay and performance incentives) as well as other benefits which

are outlined in the 'Employee safety and wellbeing' section of this report.

Our goal (subject to local regulations) is for all of our employees to be shareholders. More than 70% of our global workforce owns WiseTech equity in the form of shares and/or share rights. In addition to equity awards, we introduced our 'Invest As You Earn' ("IAYE") program in 2018. Our IAYE program allows our people to purchase WiseTech shares via monthly deductions from their salary. 361 employees were enrolled in our IAYE program for calendar year 2021 across 21 countries.

**Reward and recognition**

-  **Years of service award**
-  **Staff rewards program** providing staff discounts to selected retailers
-  **End of year employee gift** which in FY21 was a \$500 cash payment (or equivalent in non-Australia-based locations), given to each of our people
-  **Referral program reward**

**1.2 Health and wellbeing**



**95%** of our global workforce has transitioned to a hybrid work model

The health, safety and wellbeing of our people is a priority in our business. WiseTech has implemented a risk management-based approach to reducing the likelihood of injury or harm in the workplace.

Our Workplace Health & Safety ("WHS") policy is designed to ensure compliance with WHS legislation in the jurisdictions in which we operate, and includes procedures to ensure hazards and risks are identified, assessed and resolved in a timely manner.

No WHS incident occurred in FY21 resulting in injury requiring WorkCover notification under Australian law. Our overall absenteeism rate for sick leave in Australia was 0.98% (FY20: 1.15%) .

As part of providing a safe work environment, WiseTech has a Respect and Dignity at Work Policy in place that sets out:



a code of conduct designed to create a work environment free from discrimination and harassment;



procedures to deal with workplace complaints regarding discrimination, harassment and bullying; and



our commitment to providing a work environment that is free from unlawful behaviours, where everyone is given an equal chance to use their talents and abilities.

Training and testing on our policies, including our Code of Conduct, Respect and Dignity at Work Policy, and Workplace Health and Safety Policy, is compulsory for all our people and included in our new employee onboarding program.

We offer our team members a suite of health and wellbeing benefits that we regularly review and adapt to address prevailing circumstances. This has particularly been the case in FY20 and FY21, given the COVID-19 pandemic restrictions. We have had to pause some of our company funded benefits such as office deliveries of daily fresh fruit, breakfast options and individually packed lunches.

We replaced these benefits with our Ways of Working Allowance, which was introduced in September 2020 and provides our people with a discretionary benefit of up to \$1,000 annually to help set-up and maintain remote working (e.g., internet costs, bespoke equipment and personal wellbeing services).

We also introduced company-funded private transportation (via ride share and taxi operators) for team members who needed to attend the office for essential work, where no suitable alternative transport was available.



Other wellbeing benefits offered to our people in FY21 included:

### Work, life and family benefits



**Global paid parental leave** providing primary care givers with four months of their full pay and secondary caregivers with at least two weeks fully paid leave. In FY21, 41 of our global employees took parental leave (FY20: 17)



**Social activities and team building initiatives** tailored to address COVID-19 restrictions, including virtual Friday afternoon Beer O'clock, morning teas, access to an e-library and monthly virtual cake days



**Flexible working** in the form of a variety of work arrangements including:

- Hybrid working from home/office;
- job share;
- part-time work;
- compressed working week; and
- flexibility of working hours



**Additional leave days and volunteer leave**



**Salary packaging** for work related expenses



**Staff discounts** on retail expenses

### Equity and financial benefits



**Employee equity programs**



**Salary sacrifice and IAYE**



**Income protection insurance** as part of our salary packaging

### Health and wellbeing benefits



**Flu vaccination reimbursement**



**Quit smoking program support**



**Daily fresh fruit and single serve food** in major office locations (subject to COVID-19 restrictions)



**Employee Assistance Program** for employees and their immediate family, offering confidential, independent professional counselling for work and personal issues, including:

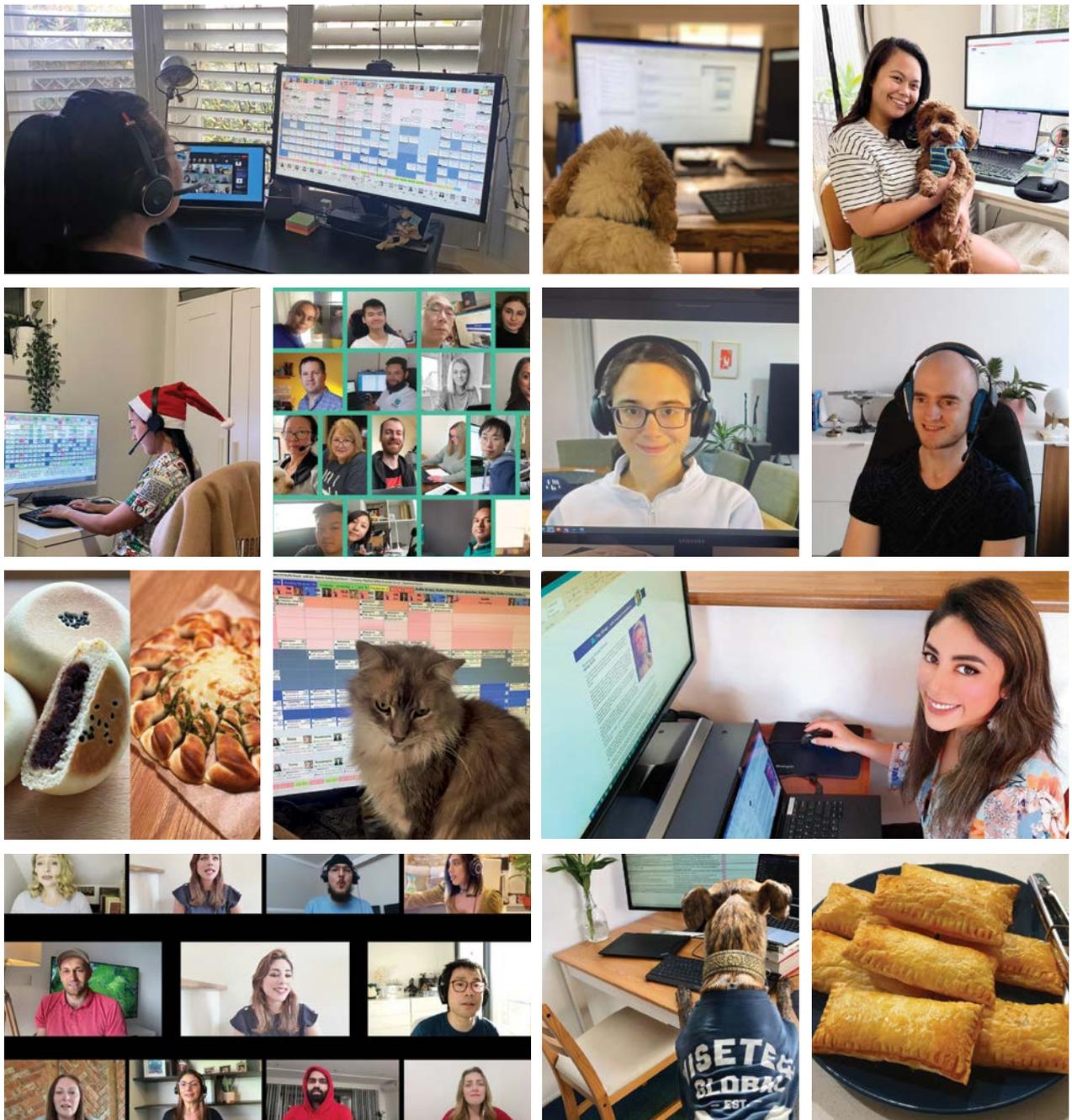
- Work and career life changes
- Nutritional and lifestyle advice
- Stress management
- Legal assistance relating to wills, property matters, family law and consumer rights
- Financial issues and money management
- Grief and loss support
- Sleep and fatigue advice
- Relationship advice (family and work relationships)
- Addiction counselling (gambling, drug, smoking and alcohol issues)
- Anger and violence management, and
- support for emotional difficulties



## OUR NEW HYBRID WORKING MODEL

WiseTech is transitioning to a new hybrid working model in jurisdictions where local COVID-19 guidance states that it is safe and beneficial to do so. Our new hybrid working model involves an established pattern of remote working and time with team members in offices.

As of 30 June 2021, over 95% of our global workforce has transitioned to a hybrid working model (subject to local COVID-19 conditions) and our team leaders engage with their teams in regular virtual social activities, such as monthly cake days, Friday afternoon 'Beer O'clock' and morning teas.



## 1.3 Learning and development

We are committed to the ongoing learning and development of our people. In FY21 we continued to build out the depth of our Senior Management Team. This has been achieved through a combination of learning and development as well as via recruitment of a number of senior leaders over the past two years (including a new General Counsel, a new Head of People and a new Head of Risk Management & Internal Audit).

We have a pipeline of talent being prepared for WiseTech leadership roles and are committed to helping our broader team to build the capabilities they need for success in their current role and for future career development.

Our people have access to a range of programs that help them develop their skills and knowledge, including:



**WiseTech Academy:** our registered training organisation provides nationally recognised global supply chain logistics technology online courses. These courses are available to our employees as well as to members of the broader community (refer to the section titled 'Community' for further detail).



**The WiseTech Mentoring program:** our senior leaders are part of our mentoring program, which is designed to help develop our next generation of product development team leaders.



**The WiseTech Emerging Leaders Program (ELP):** a leadership development program which we launched in FY21. This program is supported by three facilitators and two executive sponsors, and provides a combination of internally and externally delivered courses on leadership, performance management, business acumen, collaboration and inclusiveness.

Our first cohort of ELP participants commenced leadership development in March 2021 and our second cohort will commence the program toward the end of calendar year 2021.



**Higher education assistance:** including financial support and study leave.



**Online learning programs:** such as our partnership with LinkedIn Learning™ which provides our people with access to 10,000+ on-demand career enhancing video tutorials.



**Resilience Training programs:** rolled out globally and designed to enhance our peoples' cognitive problem-solving skills, their ability to monitor their psychological reactions during adversity and their capacity to address setbacks more effectively.



**'On the job' training and development:** through intern programs as well as our online Q&A platform, Stack Overflow, which allows our people to ask questions and share knowledge with their colleagues globally.



**The WiseTech rotation program:** for new software engineers and product managers. This is a six-month rotation program, which helps accelerate development skills via three rotations. In each rotation, our developers learn about different areas of our business, our culture, and our software development practices. This program integrates training, coaching, mentoring and regular feedback. In FY21, 144 new software engineers and product managers participated in this training program.

## 1.4 Culture

Our culture of innovation and productivity is integral to our success. It enables us to tackle the complex problems and challenges of the logistics technology sector with a test first, fail quickly and improve rapidly approach.

To reflect the importance of culture in our business in FY21, our Remuneration Committee was renamed as the "People & Remuneration Committee" and we added people and culture to the Committee Charter.

Given that we have completed 39 acquisitions globally since listing, we have continued to focus on ensuring that our culture and values are adopted and embraced by all of our people. To achieve this, we have facilitated engagement sessions to embed our culture and mantras across our workforce. Of note in FY21 was the launch of our "Amplifying our culture" program, consisting of bi-weekly virtual sessions to discuss our culture, values and mantras and how our teams can apply these in their daily work.

Our values



We continuously improve our culture so that it empowers and drives us.



We work hard to improve ourselves, our teams, our products and our business.



We have a clear purpose and a shared vision for everything we do.



We invent things our customers cannot live without.



We lead when we see the need and inspire and support each other always.



We focus on the deeper needs of real customers in our chosen markets.



We strive for excellence at all times and in everything we do.



We manage ourselves and are always focused on results.

Our mantras



THE FOUNDATION MANTRAS

These need to be in place to enable all the other mantras.

- ✓ **Slower today, faster forever:** Solving the core conflict in all human endeavour.
- ✓ **Lead with content:** Scale anything.
- ✓ **Anyone can talk to anyone at anytime for any reason:** Open lines of communication at all times.



THE CREATION MANTRAS

These bring out the creative spirit within us all.

- ✓ **Find the root cause and solve for that:** Dig deeper for the best solution.
- ✓ **Creative abrasion fuels collaboration:** Make any idea the best idea.
- ✓ **Win-win or no deal:** Transform competing wants into compelling wins.



THE FORCE MULTIPLIER MANTRAS

These build and reinforce our culture, our infinite fuel.

- ✓ **Lead others, manage yourself:** Be the example you want others to follow.
- ✓ **Culture eats strategy for lunch:** Culture is the fuel, strategy is the direction.
- ✓ **Productivity at the centre of everything:** This is how we FOCUS.



“As a person living with Tourette Syndrome, I feel passionately about diversity and inclusion. People with Tourette Syndrome, or any affliction for that matter, should not be excluded because they are different. Being different enables us to see things from a different perspective and produce better-quality outcomes. When I started at WiseTech, I suppressed the tics as much as possible. However, I soon realised that people at WiseTech couldn’t care less if I ticced, as long as I added value. For the first time, I felt completely comfortable to be me. It’s a place where everyone supports each other in being the best versions of themselves.”

**Anthony Woods, Quality and Operations Manager,**  
 Joined the WiseTech team in 2016



## 1.5 Diversity and inclusion

Diversity and inclusion in the workplace is a fundamental component of our sustainability program. We value the contribution that people with different backgrounds, experiences and perspectives bring to our business and are committed to diversity and inclusion across all levels of our organisation globally.

This commitment is evidenced through our Diversity & Inclusion Principles, which are available on our corporate website and are designed to ensure that our employment practices (including recruitment, training, development, remuneration, talent identification,

succession planning and flexible work arrangements) support a diverse and inclusive workforce. To this end, where we have engaged external recruiters for recent senior hires, we have requested and received a diverse range of candidates.

We have also implemented awareness training developed by external provider Xceptional Services, to provide team members with an understanding of how to work with autistic individuals and create an inclusive workspace.



“Working at WiseTech has been nothing short of a life transforming experience. I’ve been here eight and a half years, and it’s enabled me to live an independent life and to be a productive member of the community. What I really love about this place is that it looks for, hires and nurtures talent that other companies might pass on, and I think this has made a major contribution towards its success. I also love WiseTech’s intentional culture, which sets it apart from most other companies.”

**Tomislav Bozic, Software Developer, joined the WiseTech team in 2012**



As evidenced in the table below, in FY21 we maintained our levels of female representation in line with our FY20 objectives. We lodged our annual gender data and metrics with the Australian Workplace Gender Equality Agency (WGEA) (this information is available at: [www.wgea.gov.au](http://www.wgea.gov.au)).

**Table 3: Female representation objectives and levels (% as at 30 June 2021)**

|                   | Objectives | FY21 female representation |
|-------------------|------------|----------------------------|
| Board             | 30%+       | 43%                        |
| Senior management | 20%+       | 25%                        |
| Workforce         | 30%+       | 31%                        |



“At WiseTech, my greatest achievement has been pushing code to production and helping others when I can. Being surrounded by highly intelligent, experienced people, it’s easy to get into a mentality of thinking you don’t know anything or that you shouldn’t share your opinions because it may sound silly. So being able to help others with a problem or answering a question has really built my confidence and made me realise how much I’ve learnt.”

**Rue Ching Teh, Software Engineer, Joined the WiseTech team in 2021**



In FY21, we took further steps to promote diversity and inclusion in our workforce, including undertaking a pay equity analysis as part of our remuneration review process. The pay review content addressed unconscious bias and the tools provided visibility for people leaders on how their spend distributed across genders. Following this review, we have invested in initiatives to further promote equal pay for equal performance in equivalent roles.

Set out in the table below is a breakdown of our employees, new hires and turnover by age groups, region and gender.

**Table 4: Employee totals and new hires and turnover ratios by age, region and gender (as at 30 June 2021)**

| Category            | Total        | % Total     | New hires as % of Total | Turnover as % of Total |
|---------------------|--------------|-------------|-------------------------|------------------------|
| Under 30 years      | 320          | 17%         | 4%                      | 4%                     |
| 30–45 years         | 981          | 53%         | 4%                      | 12%                    |
| >45 years           | 547          | 29%         | –                       | 6%                     |
| Unknown             | 12           | 1%          | –                       | –                      |
| <b>Total</b>        | <b>1,860</b> | <b>100%</b> | <b>8%</b>               | <b>22%</b>             |
| Asia Pacific        | 1,019        | 55%         | 7%                      | 10%                    |
| EMEA                | 594          | 32%         | 1%                      | 8%                     |
| Americas            | 247          | 13%         | –                       | 4%                     |
| <b>Total</b>        | <b>1,860</b> | <b>100%</b> | <b>8%</b>               | <b>22%</b>             |
| Female              | 567          | 30%         | 2%                      | 8%                     |
| Male                | 1,282        | 69%         | 6%                      | 13%                    |
| Other/Not specified | 11           | 1%          | –                       | –                      |
| <b>Total</b>        | <b>1,860</b> | <b>100%</b> | <b>8%</b>               | <b>22%</b>             |



**Table 5: Composition of Board and Senior Management Team (SMT) by age group & gender (as at 30 June 2021)**

| Category     | SMT headcount | SMT Composition (%) | Board headcount | Board composition (%) |
|--------------|---------------|---------------------|-----------------|-----------------------|
| <30 years    | 0             | 0%                  | 0               | 0%                    |
| 30–45 years  | 2             | 15%                 | 0               | 0%                    |
| >45 years    | 11            | 85%                 | 7               | 100%                  |
| <b>Total</b> | <b>13</b>     | <b>100%</b>         | <b>7</b>        | <b>100%</b>           |
| Female       | 3             | 23%                 | 3               | 43%                   |
| Male         | 10            | 77%                 | 4               | 57%                   |
| <b>Total</b> | <b>13</b>     | <b>100%</b>         | <b>7</b>        | <b>100%</b>           |





## 2. Supporting our communities

We are passionate about helping develop the next generation of technologists

Making a positive contribution to the communities we are part of, is integral to the sustainability of our business and our social licence to operate.

We recognise that as a technology company our business relies on technology and industry experts and, as such, we have always been a strong supporter and advocate of education and training in the broader community by:

- ✓ Investing in community skills development;
- ✓ Supporting student scholarships, sponsorships and training programs; and
- ✓ Community outreach and volunteering.

### 2.1 Community skills development – WiseTech Academy



~7,100

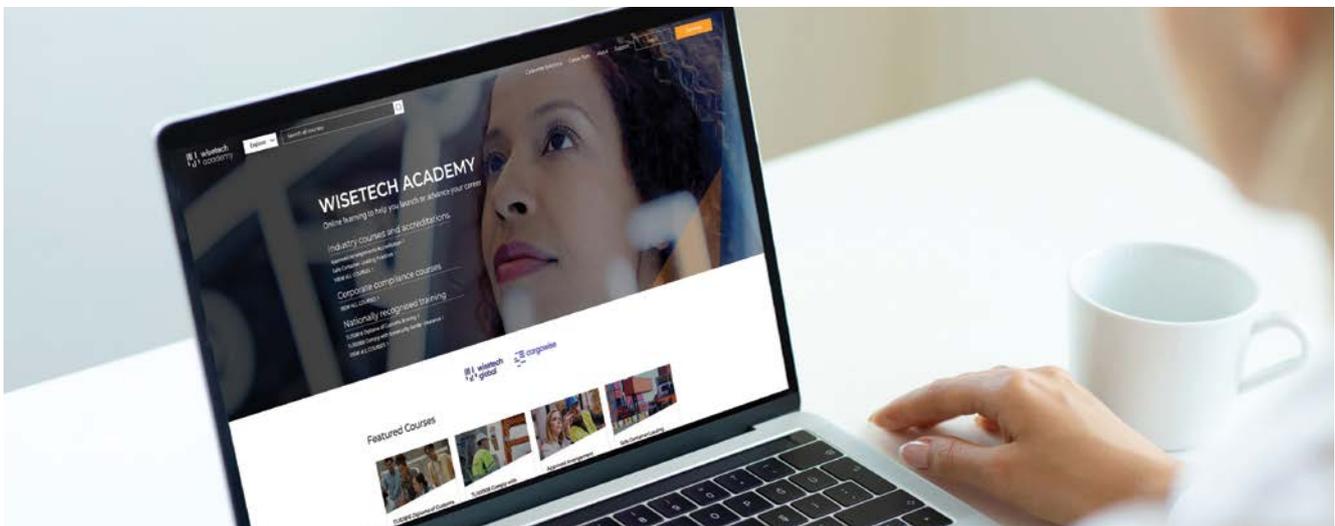
external course commenced in WiseTech Academy in FY21

We established WiseTech Academy – an approved Registered Training Organisation (RTO) in 2018 – as a wholly owned subsidiary of WiseTech Global, to offer accessible, affordable, online technology and global supply chain logistics learning. The objective of WiseTech Academy is to help improve the skills and knowledge of professionals already working; and provide a stepping-stone for individuals looking to launch their career in the world of technology and supply chain logistics.

Courses offered are nationally recognised and industry accredited and provide students with training for a range of careers in logistics technology.

We provide WiseTech Academy courses free for our employees. We also offer a range of free and very competitively priced courses for industry participants, customers and non-employees.

In FY21, WiseTech Academy received approximately 7,100 external course commencements representing a **325% increase** on FY20 external course commencements (FY20: 2,191).



## 2.2 Student scholarships, sponsorships and training programs

WiseTech is a longstanding supporter of education and participates in a broad range of programs designed to encourage careers in technology, global supply chain logistics and the study of Science, Technology, Engineering and Maths (STEM) subjects.



### Platinum sponsor of the National Computer Science School (NCSS) run by The University of Sydney

WiseTech is a Platinum sponsor of the NCSS. The NCSS is run by The University of Sydney and provides educational opportunities for Australian high school students to learn computer-programming skills. The NCSS runs multiple programs throughout the year including:

- a 10-day summer school for year 11 and 12 students, which educates students about programming-related careers in engineering and computer science
- a five-week programming competition for school students
- a 'Girl's Programming Network', supporting and inspiring female high school students interested in technology.



### University of Technology Sydney (UTS) Co-op Scholarships

In FY21, we continued to host students as part of the UTS Women in Engineering and IT and Bachelor of Information Technology Co-operative Scholarship programs. This includes a six-month internship program, where students are exposed to a range of technologies and business areas.



### University of New South Wales (UNSW) Co-op Program

We continued to host students who are part of the Software Engineering and Computer Science Co-op program at UNSW. Our internships are six-month programs delivered via a mix of virtual and in office time, with students rotating across a number of WiseTech teams, with the assistance of a WiseTech mentor in each rotation.



### UNSW BITSA

Also of note in FY21 was our sponsorship of BITSA, a student body representing and supporting Information Systems undergraduate students at UNSW by connecting them to UNSW alumni and industry sponsors.



### Titanium Sponsor of the Australian Computer Society Foundation's BiG Day In events

WiseTech is a titanium sponsor of the Australian Computer Society Foundation's BiG Day In events. The 'BiG Day In' and 'BiG Day in Junior' events are held at university campuses around Australia and are aimed at senior secondary school and university students interested in careers in technology. This year the BiG Day In event was held virtually.



### Working in partnership with Explore Careers

WiseTech works with Explore Careers, which has since 2009 helped over 1.5 million students in years 7–12 make informed decisions about their future career and education options by connecting them to employers such as WiseTech.



## International initiatives



In Turkey, our management team participated in the Tubider Informatics Industry Association volunteer program, which organises mentors and scholarships for technology students.



In Sweden, our team participates in the International Business Logistics (Green Management) Vocational Education program for schools. This program is focused on helping students gain relevant logistics competency, with a focus on customs regulation and compliance, and assists students in securing internships.



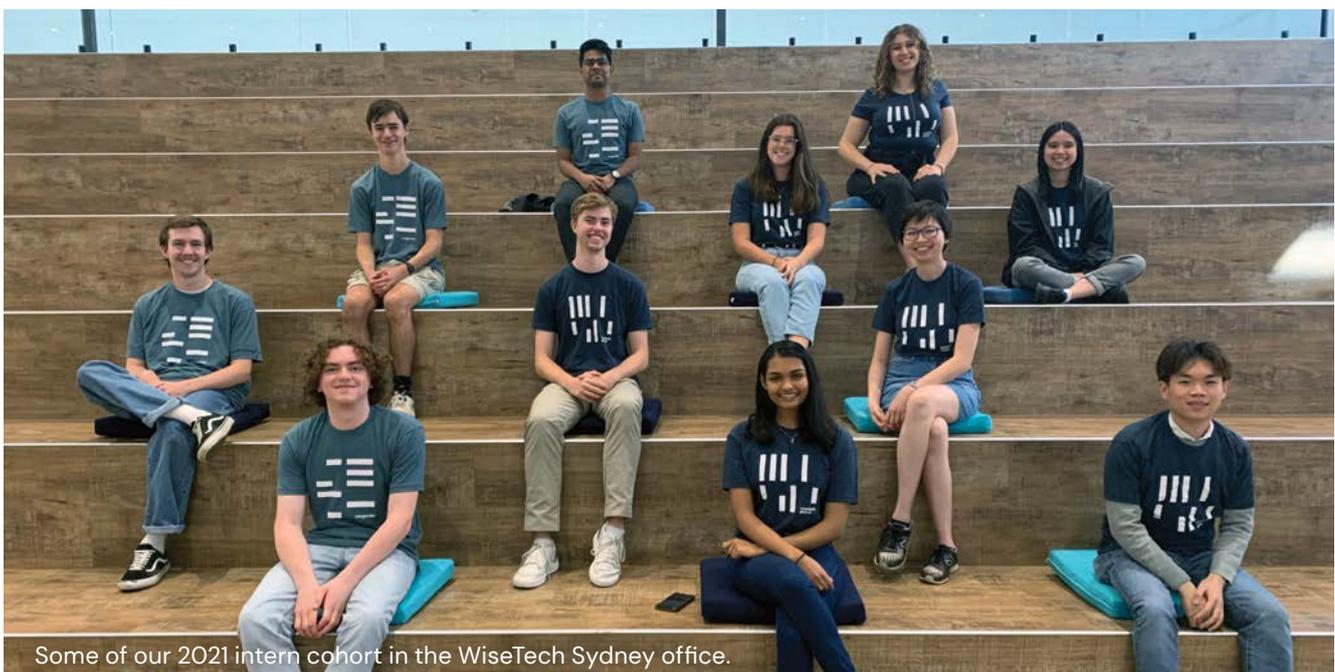
“What I’ve enjoyed most about my internship at WiseTech is the support network that is created for interns because it’s really nice to share the experience with similar minded people. There’s a real emphasis on working as a team, I didn’t feel like an intern, I felt like the work I was doing was valued and appreciated by everyone.”

**Gabby Walker, Intern/Product Associate,  
B. Engineering (Honours) – Software, UTS**



“What I’ve enjoyed most about my placement at WiseTech is working with industry professionals because it really gives you a sense of what life’s like after university. During my time at WiseTech I’m most proud of the project I worked on in the Data Science team because we’re working with some really interesting and state-of-the-art machine learning technology, and I’ve been able to contribute in a way which is really unique and I think I’ve really had some impact.”

**Yash Parge, Intern/Software Engineer,  
B. Information Technology at UTS**



Some of our 2021 intern cohort in the WiseTech Sydney office.

## 2.3 Community outreach and volunteer programs

Proactive community outreach and volunteering are also part of our culture and DNA. Our community outreach and volunteer initiatives in FY21 included:



### Sponsorship of the Sydney Autism Community Lions Club's (SACLC) Hackathon & Festival of Ideas

In FY21, WiseTech Global was a proud sponsor of the Sydney Autism Community Lions Club's (SACLC) Festival of Ideas. This sponsorship included the SACLC's Hackathon in May 2021, where five teams presented potential technology solutions to challenges faced by autistic people, such as sensory and communication issues. The event was organised by WiseTech Software Engineer Tomislav Bozic, who is also autistic, and presentations were judged by a panel of industry experts.

### Staff Volunteering

WiseTech provides Australian team members with up to 10 days per year of paid leave to participate in volunteering programs to address emergencies or natural disasters within the community. In FY21, our global teams participated in multiple local community outreach and volunteering programs including:



#### Australia

Our team provided Médecins Sans Frontières with free access to our ComplianceNet training for the 18th consecutive year. WiseTech also supported the 'Run for Good Project', a charity that supports women impacted by domestic violence, homelessness and people seeking asylum. As part of the project, pillows, sheets, towels and cutlery were donated to Women's and Girls emergency centres and the Wayside Chapel.



#### Brazil

Our team in Brazil contributed to a food program called "Banco de Alimentos", where food items are collected and distributed to families impacted by the COVID-19 pandemic.



#### United States

Our team in the US donated to the Chatham Outreach Alliance (CORA) food pantry, a not-for-profit organisation that provides meals to families in need.



Our US Team donating to the CORA food pantry.



Supporting the 'Run for Good Project'.





## 3. Environment

### Our products help our customers reduce their environmental footprint

WiseTech recognises the importance of minimising the environmental impact of our operations, as well as the opportunity for our technology and products to help our customers minimise the environmental impacts of their operations. We are committed to making a positive change by encouraging environmental sustainability practices within our operations and through our software.

As a leading software solutions provider, WiseTech is not directly involved in the manufacture or physical transportation of goods. As a result, our environmental footprint is relatively small across our global operations.

We are committed to taking ongoing steps to reduce our environmental footprint and to innovate so that our software solutions continue to enable our freight forwarder and global logistics customers to reduce their environmental impact by streamlining logistic processes and identifying the most efficient global routes.

We have identified the following environmental matters as areas of opportunity for our business:

- ✓ Energy consumption;
- ✓ GHG emissions;
- ✓ Water consumption;
- ✓ Waste management; and
- ✓ Environmental compliance.

We have, as a starting point, focused in FY21 on data collection and reporting of our energy consumption and GHG emissions (Scope 1 and Scope 2 location-based Greenhouse Gas (GHG) emissions).

As we begin to formally measure this data, we will explore how we can continue to reduce our impact in these areas by designing WiseTech's pathway to net-zero.

### 3.1 Energy consumption

We are committed to reducing our energy consumption across all of our facilities and to being as energy efficient as possible. Over the years we have implemented initiatives to help reduce our environmental footprint, these include:

1. **Air-conditioning:** Our self-built, owned and operated data centre in Australia is cobalt contained and designed to use direct air optimisation cooling. This applies external ambient air (when temperatures are suitable) to directly cool the data centres, thereby reducing usage of conventional computer room air-conditioning and ensuring an energy efficient, regulated environment;
2. **Motion sensor lighting and air-conditioning:** We have installed energy-efficient light emitting diode (LED) lighting in our Australian head office and occupancy detection sensors to reduce lighting and air-conditioning energy consumption. Our lighting and air-conditioning automatically switch off after 45 minutes in meeting rooms if no occupancy is detected and in two hours if no motion is detected in the workstation areas.



**3. Sleep mode for electronic office equipment:**

Our laptops, monitors and other office equipment such as photocopiers and printers in our offices have sleep mode functionalities that enable us to reduce energy consumption. For example, we set the default on office monitors to switch off after 60 minutes of inactivity during business hours and 15 minutes of inactivity outside of business hours. Laptop screens are set to turn off after 10 minutes of inactivity 24 hours, seven days a week.

**FY21 energy consumption**

In FY21 our total direct and indirect energy consumption was 13,115.92 MWh. Over 99% of our energy consumption comes from indirect energy sources for electricity that power our offices and data centres. Over 50% of our energy consumption can be attributed to our data centres in Australia and the US, and our external data centres in Europe.

In FY21, we implemented a number of energy efficiency initiatives to work towards reducing our overall global energy consumption. These initiatives include:

1. **Centralised high density workloads:** In FY21 we increased our Australian, Europe and US based data centre capacity by adopting a new efficient system which has enabled our rack capacity to double from 32 amps to 64 amps. This has meant that our data centres can centralise high density computing workloads, enabling them to run on a minimal number of servers which reduces energy consumption. Our high density, efficient cloud-based data centres also identify and rectify inefficient memory usage further reducing energy consumption.
2. **Consolidation of facilities:** In FY21 we continued an organisation-wide efficiency and acquisition synergy program designed to streamline our facilities. This program involves centralising functions and consolidating offices acquired as part of the 39 acquisitions we have completed since 2016. In FY21, this consolidation process is attributed to the reduction in our offices from 59 in FY20 to 55 in FY21. This is resulting in a reduction in our physical footprint which is enabling us to reduce our energy consumption.
3. **Hybrid working model:** In FY21 we introduced a hybrid working model in jurisdictions where local COVID-19 guidance states that it is safe to do so. Our hybrid model combines remote working with time in the office. As of 30 June 2021, 95% of our people had transitioned to our hybrid working mode.

By formally tracking and reporting our energy usage going forward, we will be better able to identify areas for further improvement.

**Table 6: WiseTech’s Global energy consumption FY21**

| Source  | MWh              | %           |
|---|------------------|-------------|
| Indirect energy                                     | 12,997.97        | 99.10%      |
| Electricity   | 12,997.97        | 99.10%      |
| Direct energy                                       | 117.95           | 0.90%       |
| Natural Gas   | 88.83            | 0.68%       |
| Diesel  | 4.17             | 0.03%       |
| Gasoline  | 24.95            | 0.19%       |
| <b>Total direct and indirect energy consumption</b> | <b>13,115.92</b> | <b>100%</b> |

In addition to steps taken to reduce our own environmental footprint we have also invested heavily in R&D designed to deliver efficiencies that reduce the environmental footprint of our customers.

These initiatives include:

1. **Cloud based, centralised data centres:** To support customer cloud space optimisation whilst at the same time helping to streamline and improve efficiency, we offer our customers the ability to utilise our cloud-based centralised data centres. This has removed inefficient self-hosted energy intensive environments from hundreds of our customers’ premises.
2. **Software updates:** We continuously provide our freight forwarder and global logistics customers with CargoWise software updates that streamline their logistics routes, helping to reduce their environmental footprint.



### 3.2 GHG emissions

In FY21 we completed our first GHG emissions inventory pursuant to the GHG Protocol Corporate Accounting and Reporting Standard (or “GHG Protocol”), which provides the requirements and guidance for organisations preparing a GHG emissions inventory.

A solid GHG emissions inventory is the foundation for developing, implementing and monitoring climate change mitigation and reduction activities. Our initial and on-going commitment to this critical component of climate action demonstrates an important step towards developing a holistic approach for our sustainability and business transparency efforts.

#### FY21 GHG emissions

In FY21, our emissions inventory included the following and used the operational control consolidation approach:

- 55 WiseTech facilities that are leased (with the Chicago office including a data centre)
- four residential facilities (up to March 2021)
- three additional data centres: one in our Sydney Head Office and two operated out of a third-party facility in Europe.

Five facilities were excluded from the inventory as they were operational for less than six months in the reporting year.

**Table 7: WiseTech’s GHG emissions FY21**

| Source                                       | tCO <sub>2</sub> e |
|--|--------------------|
| Total Scope 2 location-based emissions       | 8,417.80           |
| Electricity                                  | 8,417.80           |
| Total Scope 1 emissions                      | 119.24             |
| Natural Gas                                  | 17.57              |
| Diesel                                       | 16.91              |
| Gasoline                                     | 84.76              |
| <b>Total (Scope 1 and Scope 2) emissions</b> | <b>8,537.04</b>    |

A consolidated list of the facilities included and excluded from this inventory can be found on our corporate website under the Investors/Sustainability tab. As part of our inventory, we included CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub> and sourced emissions factors from the latest available public facing documents.



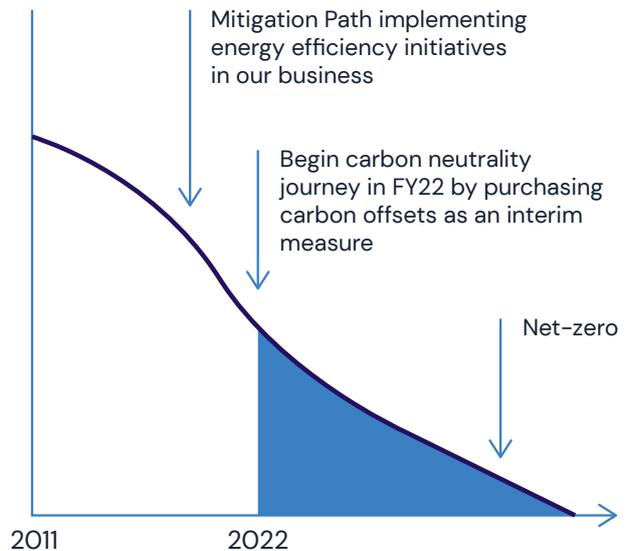
Global Warming Potentials (GWPs) were sourced from the Fifth Assessment Report (AR5) of the United Nations Intergovernmental Panel on Climate Change (IPCC). Estimates and assumptions were made where energy consumption data, such as utility bills, were unavailable.

In FY21, our gross global Scope 1 and Scope 2 location-based GHG emissions were 8,537.04 tCO<sub>2</sub>e. The majority of our emissions come from Scope 2 location-based sources. Our data centres in Australia and the United States and our external data centres in Europe account for over 47% of our total GHG emissions.

#### Carbon neutrality and net-zero

WiseTech is committed to reducing its gross global emissions and is currently evaluating best practice and steps to develop a pathway to net-zero. We recognise that this process can take time, so as an interim measure and in parallel with identifying and implementing initiatives to reduce our emissions, we intend to procure carbon offsets in FY22 which will enable us to work towards becoming 100% carbon neutral.

#### Our path to net-zero emissions (for illustrative purposes)



### 3.3 Water consumption

WiseTech recognises the importance of tracking our water consumption and reducing our water-related impacts. We propose to complete an inventory of our water use that includes inventory collation and calculation. We will use this data to engage and work with our landlords to identify opportunities to improve water efficiency across our operations.

### 3.4 Waste management

 **207.84kg** of used electronic equipment recycled

Our waste footprint is relatively low as we do not produce any goods or materials. We recognise however and understand the importance of tracking our waste generation. Our offices currently have recycling facilities for general office waste, and we also have a program for recycling used hardware. We propose to complete an inventory of our waste generation to enable us to continue to identify areas of potential improvement. We will also continue to invest heavily in R&D designed to deliver efficiencies and streamline processes that enable our customers to reduce their waste generation for example through the reduction in paper consumption.



#### E-WASTE RECYCLING

Since 2018, WiseTech has partnered with SIMS E-Recycling (SIMS) for the disposal and recycling of our e-waste. WiseTech works with SIMS to recover and collect used electronic equipment such as desktops, laptops, servers, headsets, keyboards, mice, docking stations and monitors.

Once collected, SIMS conducts detailed tests and inspections to ascertain its condition. If approved, assets with commercial value are re-sold via local, global and retail channels. Any devices that are determined to have no commercial value are processed through an in-country industrial shredder, ready to be recycled. In FY21, in partnership with SIMS, WiseTech recycled 207.84kg of used electronic equipment.

### 3.5 Environmental compliance

WiseTech is committed to operating in an environmentally responsible manner and we work to understand and manage any existing or emerging risks to the environment that our business activities may pose. We are subject to federal, state and local regulations and laws globally and we have procedures in place to ensure that we are compliant to all applicable environmental regulations in the jurisdictions in which we operate. During the reporting period, there were no incidents of non-compliance that resulted in regulatory or legal action or fines and penalties, with respect to environmental laws and regulations.





## 4. Marketplace

We create breakthrough products that enable & empower the world's supply chains

WiseTech contributes to the broader marketplace by:

- ✓ supporting global logistics and supply chains through R&D and innovation; and
- ✓ participating in industry associations.

### 4.1 Supporting global logistics and supply chains



**\$167.1 m** invested in R&D in FY21

WiseTech has been operating in the global logistics service provider software market since 1994. Our CargoWise offering provides a cloud-based, supply chain and logistics execution software solution, enabling our customers to manage their involvement in logistics and the global supply chain in areas such as freight forwarding, customs clearance, tracking, warehousing, cross-border compliance and transport by air, sea, rail and road.

Our customers are global supply chain logistics providers and large freight forwarders that are facing challenges in the form of increasing supply chain complexity, greater regulation, compliance hurdles and cost pressures. Recent events such as the COVID-19 pandemic, Brexit and trade tensions are dramatically increasing the volume, complexity and compliance requirements of import and export customs entries.

As a result, we have an important role to play in facilitating global trade by delivering on our vision to be the operating system for global logistics. Our mission is to deliver breakthrough products that enable and empower those that own and operate the supply chains of the world. Our technology facilitates global trade and the movement of essential goods. It delivers efficiencies and enhances productivity, transparency, visibility and control of the operations of large freight forwarders and global logistics providers, enabling them to mitigate risk and reduce their environmental footprint.

We remain relentless in our commitment to invest in R&D and product innovation to ensure we remain at the forefront of addressing the evolving needs of participants in the global supply chain and logistics sector.



### HANKYU HANSHIN EXPRESS

Japanese multinational logistics service provider, Hankyu Hanshin Express, signed up to roll out CargoWise across its logistics network in FY21. It will rollout CargoWise globally across 25 countries with over 2,000 users. Implementation started in 2021, with completion expected by 2024.



“The implementation of CargoWise across our global network will support our move to one integrated system. We expect that it will enable our people, improve productivity and, more importantly, build and strengthen our ability to support our customers with exceptional, value-added services.

CargoWise’s single database, one file system is unrivalled in its flexibility and usability and will give us visibility across our operations that will support our growth for years to come.”

**Kazuhiro Tanimura,**  
President & Chief Operating Officer,  
Hankyu Hanshin Express



## 4.2 Industry Associations

WiseTech is a member of 20 industry associations globally, a list of which is set out on our corporate website under the Investors/Sustainability tab. We participate both through these associations and directly with policy makers in the development and advocacy of public policy positions. Given industry associations represent a range of members with diverse interests, the policy positions adopted by an industry association should not be assumed to represent the views of WiseTech.

In FY21, WiseTech made a submission to the Australian Select Committee on Financial Technology and Regulatory Technology. Our submission advocated for action research being explicitly encouraged and legislated to support R&D activities in Australia, and assist the technology sector to drive economic growth in Australia.



# Governance

WiseTech recognises that reputation is integral to protecting and enhancing shareholder value, which is why the Board oversees our approach to governance, corporate responsibility and sustainability.

## Corporate governance

WiseTech's Board and management are committed to high corporate governance standards and to actively managing our risks and opportunities. We embed sustainability into our operations and culture. Our corporate governance materials, including key principles, policies, codes of conduct and Board committee charters, can be found in the corporate governance section of our website.

For the financial year ended 30 June 2021, we issued a Corporate Governance Statement, which is set out in this Annual Report and on our corporate website ([www.wisetechglobal.com/Investors/CorporateGovernance/Corporate Governance Statement](http://www.wisetechglobal.com/Investors/CorporateGovernance/Corporate%20Governance%20Statement)).

Our Corporate Governance Statement sets out our main corporate governance practices for the financial year, including an explanation of practices which demonstrate compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Information on our Board of Directors and our Board Charter can be found at:

[www.wisetechglobal.com/Investors/Board of Directors](http://www.wisetechglobal.com/Investors/Board%20of%20Directors)  
[www.wisetechglobal.com/Investors/Corporate Governance/Board Charter](http://www.wisetechglobal.com/Investors/Corporate%20Governance/Board%20Charter)

## Code of conduct

WiseTech recognises the importance of ethical conduct by all its directors, management and employees. We have a Code of Conduct, which sets out our commitment to maintaining high levels of integrity, legal, moral and ethical standards in our business practices.

All of our team members commit to our Code of Conduct. This contains key information our people must understand in order to comply with applicable laws, employ a consistent approach to key integrity issues and conduct ourselves appropriately in our interactions with stakeholders, including customers, suppliers, team members and local communities. We are committed to continuous improvement, transparency and accountability. We do not tolerate workplace misconduct.

The WiseTech Senior Management Team, chaired by the Chief Executive Officer, provides management oversight of the effectiveness of our Code of Conduct and policies. Our Code of conduct can be found at: [www.wisetechglobal.com/Investors/CorporateGovernance/CodeofConduct](http://www.wisetechglobal.com/Investors/CorporateGovernance/CodeofConduct)

Also available on our corporate website are the following policies, which set out further standards of behaviour that we expect of our people:

- Anti-bribery and Corruption Policy
- Securities Trading Policy
- Market Disclosure and Communications Principles
- Diversity and Inclusion Principles
- Human Rights Principles
- Modern Slavery Statement
- Whistle-blower Protection Principles

## Sustainability governance

We have established a Sustainability working group, with representatives from various functions across our business (such as Risk, Legal, Human Resources, Operations, Investor Relations, Corporate Affairs, Customer Relations, IT and Finance), that collates our ESG data and was involved in the preparation of this Sustainability Report.

The Sustainability working group reports to members of the Senior Management Team including the CEO, who is also a Director on the WiseTech Board. This structure ensures that sustainability matters are reported through to the most senior executives in our organisation and to the WiseTech Board.

The Board oversees the management of sustainability-related risks and opportunities. The Senior Management Team is responsible for reporting and leading external engagement and advocacy.

## Managing ESG risks

WiseTech is a geographically dispersed, long-term focused, high-growth business. Our continued growth and success depend on our ability to understand and respond to the challenges of an uncertain and changing world. This uncertainty creates both risks and opportunities. We consider these from a sustainable, long-term value creation perspective.

Information about our approach to risk management is set out on our corporate website in our Risk Management Principles and in our Corporate Governance Statement.

## Data protection and cyber security

WiseTech places data and cyber security at the forefront of its development process. We have adopted a structured, pro-active approach to managing information security risks, using a strong internal set of controls related to data protection.

We have previously completed SSAE16/ Security Operations Centre (SOC) 1, 2 and 3 Audits with global firm KPMG and obtained certification. Information security risk management is embedded into all of our critical processes, and information security risks are identified and managed in a consistent, proactive way. Similarly, after events occur, systematic processes are used to learn from successes and failures, thus driving continuous improvements. Assurance of good governance and sustainability is achieved through the regular measurement, reporting and communication of information security risk management performance. No material breaches of CargoWise Cloud data security were identified in FY21.

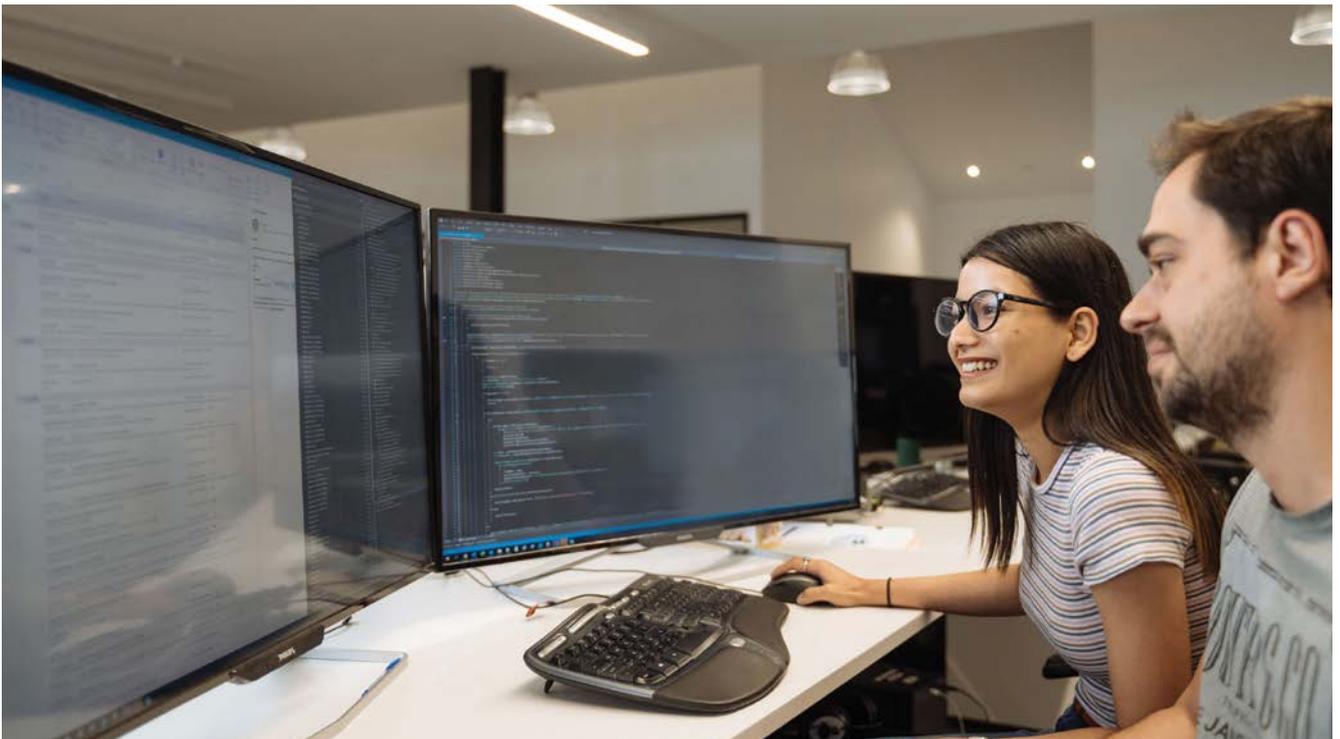
Looking ahead, we will be adopting ISO 31000 – Risk management – Principles and guidelines and building upon the strong foundation we have achieved with SOC compliance by aligning with ISO 27001 and the National Institute of Standards and Technology (NIST). Cyber security frameworks. Taking a risk-based approach, utilising industry frameworks and best practices, allows us to build our strategy with appropriate governance at a Board and Senior Management level. This enables us to effect the change required to ensure our ongoing security.

Covering people, processes and technology, we are also mapping our security initiatives to the five pillars of the NIST framework. We regard our people as our first line of defence and have created security awareness training hosted on WiseTech Academy, which all staff are required to undertake annually.

This training is tested by targeted phishing campaigns to monitor and track learning over time. There is also a requirement for all staff to complete privacy and data protection training and more specific training in relation to the European Union's General Data Protection Regulations (GDPR).

In terms of data privacy, we have adopted the most stringent standards across our business. We have established a robust vulnerability management program with ongoing, automated scanning to uncover security vulnerabilities or misconfigurations across our infrastructure. We combine this with regular manual penetration testing; with in-house capabilities and trusted external third parties performing regular tests.

In relation to ransomware and other attacks currently facing businesses globally, we regularly review the news, underground websites, threat intelligence feeds and the dark web to understand the different threat actors which are currently operating and may be targeting the logistics industry. Our controls are built around specifically detecting or preventing ransomware.



### Minimising the risk of modern slavery

In FY21, we demonstrated our ongoing commitment towards mitigating the risk of modern slavery in our supply chain by undertaking a number of measures including comprehensive supplier due diligence and widespread training of our employees.

Further details about our initiatives against modern slavery will be published in our 2021 Modern Slavery statement which will be produced by 31 December 2021

### Political donations

WiseTech participates in policy development and advocacy in a manner that is open, transparent and compliant with all relevant laws. We do so in a non-partisan manner. WiseTech does not make political donations except through attendance at events, functions and forums organised by parliamentarians and political parties. This is overseen by the Chief Executive Officer and the General Counsel in accordance with applicable electoral laws.

### Related party transactions

As outlined in our FY21 Corporate Governance Statement, WiseTech established a Related Party Committee of the Board in July 2017 to review proposed transactions between the Company and its related parties, including the pre-existing, long-standing related party transactions between the Company and its founders. Steps have been taken by the founder to unwind these historical transactions, including the sale of the property that WiseTech leases as its headquarters (74 O'Riordan Street, Alexandria NSW Australia) to an unrelated third party in FY21. There is currently only one related party transaction in place, which relates to office property owned by the founder and leased in Chicago, USA. This lease has a term ending September 2024 with an annual rent of approximately US\$0.6 million. The terms of this lease were determined in accordance with advice from independent property valuers and made at normal market rates and approved by the Related Party Committee.



# Board of Directors



## **Andrew Harrison, Independent Chair and Non-Executive Director**

Andrew joined the Board in 2015 and was appointed Chair in September 2018. Andrew is an experienced company director and corporate adviser.

Andrew has previously held executive roles and non-executive directorships with both public and private companies. He was the CFO of Seven Group Holdings and group finance director of Landis+Gyr, and has been a director of ASX-listed companies Estia Health Limited (November 2014 to October 2018), IVE Group Limited (November 2015 to November 2018), Xenith IP Limited (October 2015 to September 2018), Bapcor Limited (March 2014 to February 2021), as well as of Alesco Limited, Moorebank Intermodal Company Ltd and Vend Ltd. Andrew was a senior manager at Ernst & Young (Sydney and London) and Gresham Partners Limited, and an associate at Chase Manhattan Bank (New York).

Andrew holds a Bachelor of Economics from The University of Sydney and a Master of Business Administration from the Wharton School at the University of Pennsylvania. He is a Chartered Accountant.



## **Richard White, Executive Director, Founder and CEO**

Richard has been CEO and an executive director of WiseTech Global since founding the company in 1994.

Richard has more than 30 years of experience in software development, embedded systems and business management and over 20 years of freight and logistics industry experience. Prior to founding WiseTech Global, Richard was the managing director of Real Tech Systems Integration (a provider of computer consulting and systems integrations services) and CEO of Clear Group (a distributor of computer related equipment).

Richard holds a Master of Business in Information Technology Management from the University of Technology, Sydney (UTS). Richard is a UTS Luminary and a Fellow of UTS.



## **Teresa Engelhard, Independent Non-Executive Director**

Teresa joined the Board in 2018 and is Chair of the Nomination Committee and the People & Remuneration Committee. Teresa has more than 20 years' international experience as a director, executive and venture capitalist in the technology, software and energy sectors. Teresa is currently the CEO and Founder of stealth-stage startup StickyTek Pty Ltd and a non-executive director of non-profit organisation LaunchVic. She is also a former director of ASX-listed Redbubble Limited (August 2011 to October 2017) and Origin Energy Limited (May 2017 to October 2020).

Teresa holds a Bachelor of Science (Hons) from the California Institute of Technology (Caltech) and a Master of Business Administration from Stanford University. She is a graduate of the Australian Institute of Company Directors.



## **Charles Gibbon, Independent Non-Executive Director**

Charles joined the Board in 2006, served as Chair from 2006 to 2018, and has been a shareholder since 2005. Charles is a director of Shearwater Capital Pty Ltd and has previously been a director of Monbeef Pty Ltd, Photolibrary Pty Ltd and the former ASX-listed Health Communication Network Limited. Charles has more than 20 years of experience in institutional funds management. He was a member of the Investment Committee of Quadrant Capital Funds I, II and III for Quadrant Private Equity, and has held roles as the CEO of Russell Private Equity, CEO of Risk Averse Money Managers Pty Ltd, a director of Morgan Grenfell Australia and an associate director of Schroders Australia.

Charles holds a Bachelor of Science in Mathematics from Otago University and a Master of Commerce (Hons) from the University of Canterbury.



### Michael Gregg, Independent Non-Executive Director

Michael joined the Board in 2006 and has been a shareholder since 2005. Michael is also Chair of the Related Party Committee. Michael is a non-executive director of Emudent Technologies Pty Ltd, Shearwater Capital Pty Ltd and Community Connections Australia. Previously, Michael was the managing director of the former ASX-listed Health Communication Network Limited. Michael has also held executive positions in the telecommunications, transport and retail industries.

He holds a Bachelor of Science from The University of Sydney, a Master of Business Administration from the Australian Graduate School of Management, and is a Graduate of the Australian Institute of Company Directors.



### Maree Isaacs, Executive Director, Co-founder and Head of Licence Management

Maree co-founded WiseTech Global with Richard White in 1994 and has been an Executive Director since 1996. Maree is focused on licence management, group operations, quality control and administration. Maree is also a Company Secretary of WiseTech Global. Prior to co-founding WiseTech Global, Maree worked at Real Tech Systems Integration and Clear Group.



### Arlene Tansey, Independent Non-Executive Director

Arlene joined the Board in June 2020 and is Chair of the Audit & Risk Committee. Arlene is an Australian-based professional director with more than 30 years' international experience in financial services and investment banking. Arlene is currently a non-executive director of ASX-listed Aristocrat Leisure Limited (since July 2016) and TPG Telecom Ltd (since July 2020). She is a former non-executive director of Adelaide Brighton Limited (April 2011 to October 2019) and Healius Limited (August 2012 to October 2020).

Arlene has a Juris Doctor from the University of Southern California Law Center and an MBA Finance and International Business from New York University. She is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women and the International Women's Forum Australia.



### Director attendance at meetings in FY21

The number of Directors' meetings and meetings of committees of Directors held during the financial year and the number of meetings attended by each Director are set out below. The table reflects the number of meetings held during the time the Director held office, or was a member of the committee, during the year. Directors also frequently attend meetings of committees of which they are not members.

|                  | Board |          | Audit & Risk Committee |          | Nomination Committee |          | People & Remuneration Committee |          | Related Party Committee |          |
|------------------|-------|----------|------------------------|----------|----------------------|----------|---------------------------------|----------|-------------------------|----------|
|                  | Held  | Attended | Held                   | Attended | Held                 | Attended | Held                            | Attended | Held                    | Attended |
| Andrew Harrison  | 13    | 13       | 6                      | 6        | 3                    | 3        | –                               | –        | 1                       | 1        |
| Richard White    | 13    | 13       | –                      | –        | 3                    | 3        | –                               | –        | –                       | –        |
| Teresa Engelhard | 13    | 13       | –                      | –        | 3                    | 3        | 5                               | 5        | –                       | –        |
| Charles Gibbon   | 13    | 13       | 6                      | 6        | –                    | –        | 5                               | 5        | 1                       | 1        |
| Michael Gregg    | 13    | 13       | 6                      | 6        | –                    | –        | 5                               | 5        | 1                       | 1        |
| Maree Isaacs     | 13    | 13       | –                      | –        | –                    | –        | –                               | –        | –                       | –        |
| Arlene Tansey    | 13    | 13       | 4                      | 4        | –                    | –        | –                               | –        | –                       | –        |



# Corporate Governance Statement

A governance framework has been established to support our business and help us to deliver on our strategy. This framework provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed.

We are committed to excellence in corporate governance, transparency and accountability. We regularly review our governance arrangements and practices to reflect changes in our business and in market practices, expectations, and regulation.

This statement explains how the Board oversees the management and corporate governance of WiseTech Global. The main principles and policies adopted by us are summarised below. Details of our key principles and policies and the charters for the Board and each of its Committees are available on our website at: [www.wisetechglobal.com/investors/corporate-governance](http://www.wisetechglobal.com/investors/corporate-governance)

This statement is as at 11 October 2021 and has been approved by the Board of WiseTech Global.

## ASX Recommendations

The ASX Corporate Governance Council has developed corporate governance principles and recommendations for ASX-listed entities ("ASX Recommendations") in order to promote investor confidence and to assist entities in meeting stakeholder expectations. The ASX Recommendations are not prescriptive, but guidelines. Under the ASX Listing Rules, we are required to provide the statements below disclosing the extent to which we have followed the ASX Recommendations.

This Corporate Governance Statement benchmarks our corporate governance practices against the 4th edition of the ASX Recommendations, released in February 2019. WiseTech Global followed all of the ASX Recommendations throughout FY21.

WiseTech Global intends to follow all of the ASX Recommendations for the financial year commencing 1 July 2021.

## Our FY21 governance framework



## Board composition

Our Board currently comprises a total of seven Directors – five independent Non-Executive Directors (including our Chair) and two Executive Directors.

Biographies of the Board members, including details of their qualifications, tenure and experience, can be found on pages 48 and 49, and on our website at: [www.wisotechglobal.com/investors/board-of-directors](http://www.wisotechglobal.com/investors/board-of-directors)

## Board Committees

The Board may, from time to time, establish appropriate committees to assist in performing its responsibilities. Four Committees operated throughout FY21:

- ✔ the Audit & Risk Committee;
- ✔ the Nomination Committee;
- ✔ the People & Remuneration Committee; and
- ✔ the Related Party Committee.

Please refer to page 49 for further information regarding the Committee meetings (including the number of times each Committee met throughout the reporting period and the individual attendances of the members at those meetings).

## Corporate governance principles and policies

We have implemented a principles-based governance model whereby practical sets of principles are provided to guide behaviour. These principles are designed to give direction on our approach to business conduct. More structured policies are implemented where appropriate.

You can find copies of our corporate policies and principles on our website at: [www.wisotechglobal.com/investors/corporate-governance](http://www.wisotechglobal.com/investors/corporate-governance)



## Principle 1: Lay solid foundations for management and oversight

### Responsibilities of the Board

The Board is responsible for our overall corporate governance, including establishing and monitoring key performance goals, and is committed to maximising performance, generating appropriate levels of shareholder value and financial returns, and sustaining our long-term growth and success. In accordance with these objectives, the Board seeks to ensure that we are properly managed to protect and enhance shareholder interests, and that we and our Directors, officers and staff, operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing WiseTech Global, including relevant internal controls, risk management processes and corporate governance principles, policies and practices – that is designed to promote the responsible management and conduct of WiseTech Global.

The Board has approved a Board Charter, which governs the operations of the Board, its role and responsibilities, composition, structure and membership requirements.

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising our strategies, policies and performance;
- optimise our performance and build sustainable value for shareholders;
- set, review and ensure compliance with our values and governance framework (including establishing and observing high ethical standards); and
- ensure that shareholders are kept informed of our performance and major developments.

Matters which are specifically reserved for the Board or its Committees include:

- approving the Group's strategy, business plans and policies and monitoring the Group's performance, strategic direction and portfolio of activities and the associated risks;
- appointing the Chief Executive Officer (CEO), and approving the remuneration of, and overseeing the performance review of, the CEO;
- reviewing and approving succession plans for the CEO and the Company's executive team;
- reviewing, approving and monitoring the Group's risk appetite within which the Board expects management to operate and the financial and non-financial risk management systems, including internal compliance and control mechanisms;
- approving the annual report and financial statements



(including the directors' report and remuneration report) and any other published periodic reporting required by law, or under the ASX Listing Rules, to be adopted by the Board;

- approving and monitoring the progress of major capital expenditure, capital management and capital raising initiatives and acquisitions and divestments;
- approving the dividend policy of the Company and payment of dividends;
- overseeing the Group's accounting and corporate reporting systems and appointing, re-appointing or removing the Company's external auditors and approving the auditor's remuneration;
- approving and monitoring the effectiveness of the Group's system of corporate governance, including reviewing corporate policies and principles and monitoring their effectiveness;
- approving the Company's values, monitoring corporate culture and management's promotion of the Company's values;
- approving the overall remuneration policy, including non-executive director remuneration, executive director and senior executive remuneration and any executive incentive plans;
- determining the size, composition and structure of the Board and its Committees, and the process for evaluating its performance;
- overseeing the management of the Company's interactions and communications with shareholders and the broader community; and
- reviewing the division of functions and responsibilities between the Board, CEO and the Company's executive team.

The CEO is responsible for running the day-to-day business of WiseTech Global under delegated authority from the Board and to implement the strategies and policies approved by the Board.

In carrying out management responsibilities, the CEO must report to the Board in a timely and clear manner and ensure all reports to the Board present a true and fair view of our financial condition and operational results. The role of management is to support the CEO and implement the running of the general operations and financial business of WiseTech Global in accordance with the delegated authority of the Board.

### Appointment of Directors

Prior to the appointment of any new Non-Executive Director, appropriate checks are conducted to determine whether the candidate has the capabilities needed, and is fit and proper, to undertake the responsibilities of the role. On appointment, each Director receives a

formal letter, outlining the key terms, conditions and expectations of their appointment. All new Directors, other than the CEO, must stand for election by shareholders at the first Annual General Meeting ("AGM") after their appointment and all Directors, other than the CEO, must stand for re-election no later than the third AGM after their previous election or re-election.

Before each AGM, the Board reviews the performance of each Director standing for election or re-election and advises shareholders whether it recommends their election or re-election.

Andrew Harrison, Teresa Engelhard and Charles Gibbon are retiring by rotation and intend to stand for re-election at the 2021 AGM. The Notice of AGM will provide information on each Director's background, skills and experience. The Board considers that each candidate continues to make a valuable contribution to the Board.

### CEO and senior executives

The CEO and senior executives have clearly understood goals, accountabilities and employment contracts setting out their terms of employment, duties, rights and responsibilities, and entitlements on termination of employment. Appropriate background checks are undertaken prior to appointing senior executives.

### Company secretaries

WiseTech Global has two company secretaries, appointed by the Board. The company secretaries are directly accountable to the Board, through the Chair, on all matters related to the proper functioning of the Board. This includes advising the Board and its Committees on governance matters and procedures, coordinating Board business (including preparing and maintaining Board and Committee papers) and providing a point of reference for dealings between the Board and management.

### Diversity and Inclusion Principles

We value a strong and diverse workforce and are committed to diversity and inclusion in our workplace. We have implemented Diversity and Inclusion Principles, designed to foster a culture that values and achieves diversity in our workforce and on our Board. The main objectives are to ensure that we:

- promote the principles of merit and fairness when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements;
- recruit from a diverse pool of qualified candidates, making efforts to identify prospective employees who have diverse attributes, and seeking to ensure diversity of those involved in selection processes when selecting and appointing new employees and Board members;

- embed the importance of diversity within our culture by encouraging and fostering a commitment to diversity by people at all levels of our global business;
- leverage our employees’ unique skills, values, backgrounds and experiences, which will assist with understanding our customer needs across our global business; and
- develop an inclusive work environment that enables all employees to show their full potential, regardless of their background, gender, age, work status, marital status, religious or cultural identity.

Our Diversity and Inclusion Principles include a requirement for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company’s progress in achieving them. A copy of our Diversity and Inclusion Principles is available on our website at: [www.wisotechglobal.com/investors/corporate-governance](http://www.wisotechglobal.com/investors/corporate-governance)

We pride ourselves on our highly diverse and strongly inclusive workforce. We remain committed to diversity and inclusion. Diversity refers to all the characteristics that make individuals different from each other. They include attributes or characteristics such as religion, race, ethnicity, language, gender, sexual orientation, disability, age and any other ground for potential unlawful discrimination. Diversity is about our commitment to treating individuals equally and with respect.

The percentages of women at Board and senior management levels and across our organisation as at 30 June 2021, and at 30 June 2020, were:

|                                | 2021 | 2020 |
|--------------------------------|------|------|
| Board                          | 43%  | 43%  |
| Senior management <sup>1</sup> | 25%  | 22%  |
| All employees                  | 31%  | 33%  |

While there is more work for us to do, we believe our current levels of female representation compare well to other technology companies and are relatively positive in the context of both the logistics industry and technology for business-to-business software. In the short term, our objective is to broadly maintain levels of female representation in our business at, or above, the following levels:

- ✔ 20% of senior managers; and
- ✔ 30% of our workforce.

As an S&P/ASX 300 company, our measurable objective for achieving gender diversity in the composition of our Board is to continue to have not less than 30% of our Directors of each gender.

We also invest in developing the potential for qualified females to enter our industry. We believe this broader technology industry challenge requires comprehensive and multi-faceted efforts at the early education stage to encourage greater industry participation across genders. Our initiatives include programs to encourage girls and young women to pursue technology careers, with a longer-term aim of increasing the female talent pool available. For more information on our diversity and inclusion practices and our student scholarships, sponsorships and training programs, please see pages 32 to 36.

### Review of Board, Committee and Director performance

The Board has agreed that it will conduct periodic performance evaluations of itself, its Committees and of each Director. Generally, the evaluation process will involve the Chair holding one-to-one interviews with Directors on their own performance, the performance of the Board as a whole and the performance of the Committees and other Directors. The performance of the Chair will be evaluated by one of the other Non-Executive Directors in a one-to-one interview with the Chair, incorporating feedback from the other Directors. The Board will then review and discuss the collated results of those interviews to determine ways to enhance the effectiveness and efficiency of the Board.

In FY21, the Board enlisted an independent external adviser to assist with the conduct of the annual performance review, with a focus on assessing WiseTech’s fit-for-the-future scalability. The assessment included consideration of the current performance of the Board and the Directors. In addition, the Audit & Risk Committee, the Nomination Committee and the People and Remuneration Committee each conducted a review of committee performance.

### Review of CEO and senior executives’ performance

The Board reviews the performance of the CEO annually against performance measures and other agreed goals, in accordance with the business requirements of the Company. The CEO reviews the performance of the senior executives regularly, but no less than annually, based on their agreed performance measures. Performance reviews in accordance with these processes were conducted in respect of FY21 for the CEO and senior executives shortly after the end of the reporting period.

<sup>1</sup> Senior management is determined by assessing the role, scope and responsibilities of managers with reporting levels CEO-1 and CEO-2.



## Principle 2: Structure the board to be effective and add value

### Nomination Committee

The Nomination Committee’s role is to assist and advise the Board in relation to the following matters:

- the process for nomination and selection of Directors;
- the Board skills matrix setting out the mix of skills, expertise and experience that the Board currently has or is looking to achieve in its membership;
- the size and composition of the Board, including reviewing Board succession plans;
- the process to review Director contributions and the performance of the Board, Board Committees and individual Directors; and
- Director induction and professional development programs, and their effectiveness.

The Nomination Committee Charter sets out the role, responsibilities and composition of the Committee and provides that the Committee must comprise a majority of independent Directors, an independent Chair and a minimum of three members. A copy of the charter is available on our website at: [www.wisetechglobal.com/investors/corporate-governance](http://www.wisetechglobal.com/investors/corporate-governance)

The Nomination Committee comprised these Directors throughout FY21:

- ✓ Teresa Engelhard, Chair;
- ✓ Andrew Harrison; and
- ✓ Richard White.

### Board skills matrix

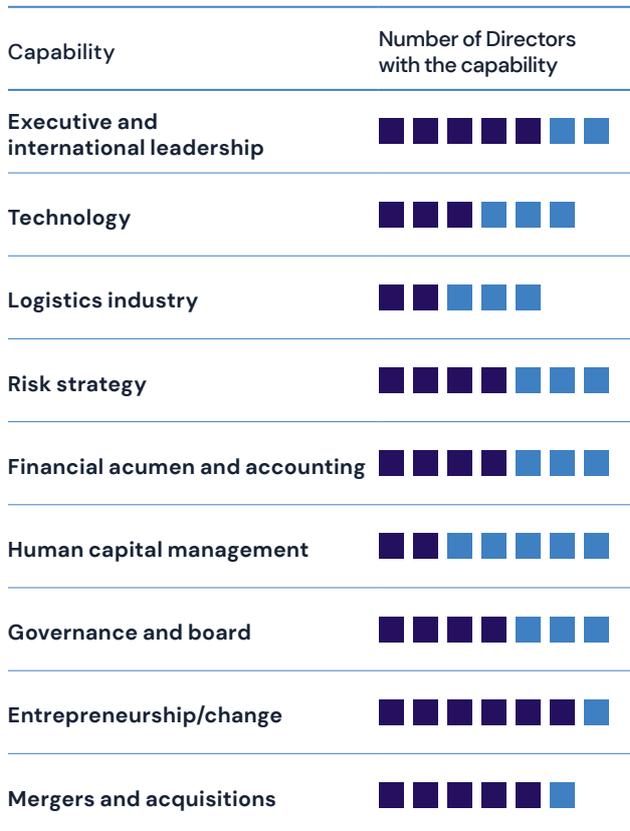
The Board is responsible for Board succession planning, the appointment of new directors and continuing professional development of directors. In doing so, it has regard to the balance of skills, diversity, experience, independence and expertise on the Board. The Board uses a skills matrix which identifies the skills and experience needed to support WiseTech in achieving its strategy and meeting its regulatory and legal requirements.

The key skills and experience that comprise the matrix include:

- Executive and international leadership: Experience in a senior executive role in the area of global organisation, operations and strategy;
- Technology: Experience in a senior executive role in the area of b2b information technology;
- Logistics industry: Experience and expertise or formal qualifications in the area of global logistics;

- Risk strategy: Senior executive experience in strategic risk frameworks including assessment, control and management at a global level;
- Financial acumen and accounting: Financial literacy or accounting qualifications and/or experience in the area of financial reporting integrity;
- Human capital management: People management and human resources expertise in the area of talent management and organisational change;
- Governance and board: Knowledge and experience in the area of executing a prudent corporate governance framework;
- Entrepreneurship/change: Board or senior executive experience in the area of entrepreneurial enterprises and rapidly changing business environments; and
- Mergers and acquisitions: Board or executive experience with M&A and business integration.

The Board believes that all areas in the skills matrix are currently well represented on the Board. The Board will continually review and, if appropriate, update the matrix to reflect the needs of the business.

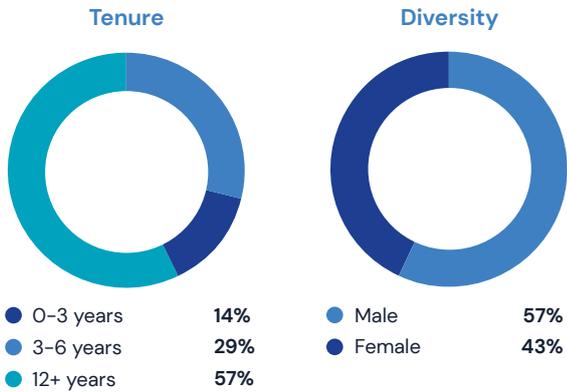


#### Legend

- High level of skills or experience
- Relevant skills or experience

**Board tenure and diversity**

As at 30 June 2021, these were:



**Independence of Directors**

The Board considers an independent Director to be a Non-Executive Director who is not a member of our management team and who is free of any business or other relationship that might influence or reasonably be perceived to influence in a material respect the unfettered and independent exercise of their judgement. The Board considers a range of factors relevant to assessing the independence of Directors in accordance with the ASX Recommendations. The Board considers quantitative and qualitative principles of materiality for the purposes of determining ‘independence’ on a case-by-case basis.

The Board considers that Andrew Harrison (the Chair of the Board), Teresa Engelhard (Chair of the People & Remuneration and Nomination Committees), Charles Gibbon, Michael Gregg (Chair of the Related Party Committees) and Arlene Tansey (Chair of the Audit & Risk Committee) are independent Directors, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director’s judgment and each is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations. On this basis, the Board consists of a majority of independent Directors.

Charles Gibbon held approximately 5.3% of the Company’s issued share capital as at 30 June 2021 and joined the Board in 2006. The Board (absent Charles Gibbon) has taken into account Charles’ substantial shareholding and tenure when considering whether Charles Gibbon should be considered to be independent. The Board does not consider those factors to be sufficiently dominant or influential in the circumstances so as to conclude he is not independent or that his interests will be different to those of shareholders with smaller stakes. In particular, the Board had regard to Charles Gibbon’s conduct to date on the Board, his significant experience and deep understanding of WiseTech’s business and history, the existence of Richard White’s voting control over approximately 44% of the Company’s issued share capital as at 30 June 2021 and the lack of other factors referred to in the ASX Recommendations and Board Charter which might lead the Board to query his independence. The Board also noted that much of Charles Gibbon’s tenure as a Director occurred prior to WiseTech’s listing on the ASX in 2016. He has been a Director of WiseTech as a listed company for just over five years.

Michael Gregg joined the Board in 2006. The Board (absent Michael Gregg) has taken into account his tenure when considering whether Michael Gregg should be considered to be independent. The Board does not consider this factor to be sufficiently dominant or influential in the circumstances so as to conclude he is not independent. In particular, the Board had regard to Michael Gregg’s conduct to date on the Board, his significant experience and deep understanding of WiseTech’s business and history and the lack of other factors referred to in the ASX Recommendations and Board Charter which might lead the Board to query his independence. The Board also noted that much of Michael Gregg’s tenure as a Director occurred prior to WiseTech’s listing on the ASX in 2016. He has been a Director of WiseTech as a listed company for just over 5 years.



Richard White and Maree Isaacs, as members of management, are not considered by the Board to fulfil the role of independent Directors.

The Board regularly reviews the independence of each Director in light of interests disclosed to the Board and will disclose any change to the ASX, as required by the ASX Listing Rules.

### Director orientation, education and access to advice

An orientation program is tailored to meet the needs of each new Director, including briefings on our strategy, financial, operational and risk management matters and our governance framework.

As part of the Board meeting cycle, the Directors receive regular briefings on the business and key developments in areas such as governance, regulatory and accounting matters. Director performance reviews periodically consider whether there is a need for certain Directors to undertake professional development to maintain the skills and knowledge needed to perform their roles as a Director effectively.



## Principle 3: Instil a culture of acting lawfully, ethically and responsibly

### Our values

Our credo, mantras and values give us focus and purpose. Our values are disclosed on our website at: [www.wisetechglobal.com/who-we-are/our-values](http://www.wisetechglobal.com/who-we-are/our-values)

### Code of Conduct

Our Code of Conduct outlines the ethical standards expected of all our Directors, senior executives and employees. WiseTech Global is committed to maintaining ethical standards in how we conduct our business activities and stakeholder relationships. WiseTech Global's reputation as an ethical business organisation is important to our ongoing success. Our Audit & Risk Committee is informed of any material breaches of our Code of Conduct.

A copy of the Code of Conduct is available on our website at: [www.wisetechglobal.com/investors/corporate-governance](http://www.wisetechglobal.com/investors/corporate-governance)

### Whistleblower Protection Principles

Our Whistleblower Protection Principles establish mechanisms and procedures for employees to report suspected unethical or illegal conduct in a manner which protects the whistleblower and gathers the necessary information for us to investigate such reports and act appropriately.

Our Whistleblower Protection Principles apply to all staff globally. These principles may be supplemented by additional policies to meet local requirements (including in Australia). The Board is informed of any material incidents reported under the Principles.

Our global Whistleblower Protection Principles are available on our website at: [www.wisetechglobal.com/investors/corporate-governance](http://www.wisetechglobal.com/investors/corporate-governance)

### Anti-Bribery and Corruption Policy

We are committed to conducting our business activities in an ethical, lawful and socially responsible manner, and in accordance with the laws and regulations of the countries in which we operate. The Anti-Bribery and Corruption Policy supports the Group's Code of Conduct and, in particular, the Group's firm commitment to operating an ethical business organisation.

Our Anti-Bribery and Corruption Policy is available on our website at: [www.wisetechglobal.com/investors/corporate-governance](http://www.wisetechglobal.com/investors/corporate-governance)

The Board is informed of any material breaches of our Anti-Bribery and Corruption Policy.

## Principle 4: Safeguard the integrity of corporate reporting

### Audit & Risk Committee

The Audit & Risk Committee assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to our financial reports, financial reporting process and internal control structure, management of risks (other than technology-related risks, which are considered by the Board) and the external audit processes.

This Committee was previously the Audit Committee. The Committee charter was updated in January 2021 to include additional responsibilities in relation to management of risks.

The Committee's primary function is to assist the Board to carry out its responsibilities to :

- review and monitor the integrity of the Company's consolidated financial reports and statements;
- review and oversee systems of risk management, internal control and regulatory compliance within the Company and its controlled entities, including overseeing the process for implementing appropriate and adequate control, monitoring and reporting mechanisms;
- review the adequacy of the Company's corporate reporting processes; and
- liaise with and monitor the performance and independence of the external auditor.

The Audit & Risk Committee Charter sets out the role, responsibilities and composition of the Committee and provides that the Committee must comprise only Non-Executive Directors, a majority of independent Directors, an independent Chair who is not Chair of the Board, and a minimum of three members. In accordance with its charter, it is intended that all members of the Committee should have familiarity with general financial and accounting practices, and at least one member must have accounting or related financial management expertise. A copy of the charter is available on our website at:

[www.wisetechnology.com/investors/corporate-governance](http://www.wisetechnology.com/investors/corporate-governance)

The composition of the Committee during FY21 is set out below:

- ✓ Arlene Tansey, joined the Committee as Chair with effect from October 2020;
- ✓ Charles Gibbon;
- ✓ Michael Gregg, Chair until October 2020; and
- ✓ Andrew Harrison.

Non-Committee members, including members of management and our external auditor, may attend

meetings of the Audit & Risk Committee by invitation of the Committee Chair.

### Related Party Committee

Taking into account existing, long-standing related party transactions for property and data centres between WiseTech Global and its co-founders, and the potential for future transactions, the Board established a Related Party Committee comprising independent Directors to consider and review transactions.

The Related Party Committee's role is to support the Company's compliance with related party rules and disclosure obligations. The Related Party Committee Charter sets out the role, responsibilities and composition of the Committee and provides that the Committee must comprise only independent Directors, an independent Chair who is not Chair of the Board, and a minimum of three members. A copy of the charter is available on our website at:

[www.wisetechnology.com/investors/corporate-governance](http://www.wisetechnology.com/investors/corporate-governance)

The composition of the Committee during FY21 is set out below:

- ✓ Michael Gregg, Chair;
- ✓ Charles Gibbon; and
- ✓ Andrew Harrison.

### CEO and Chief Financial Officer assurance

The Board receives regular reports about the operational results and financial condition of the WiseTech Global group. The Board has received and considered a declaration from each of the CEO and the Chief Financial Officer in relation to the financial statements, prior to approving the financial results, in accordance with ASX Recommendation 4.2. The declaration states that, in their opinion, the financial records of WiseTech Global have been properly maintained, that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### Periodic corporate reports

Any periodic corporate reports that have not been audited or reviewed by an external auditor are subject to internal verification processes before being released to the market. All content is either verified by the Finance team against source data or data that has been audited or reviewed by the external auditor or is reviewed and signed-off by relevant subject matter experts from within the business. Equivalent procedures are also used to verify other materials such as presentations to investors.



## Principle 5: Make timely and balanced disclosure

### Market Disclosure and Communications Principles

Our Market Disclosure and Communications Principles establish procedures to help ensure that:

- we comply with our continuous disclosure obligations contained in the ASX Listing Rules and the Corporations Act 2001; and
- all our stakeholders have equal and timely access to information we make available.

A copy of the principles is available on our website at: [www.wisetechnology.com/investors/corporate-governance/](http://www.wisetechnology.com/investors/corporate-governance/)

### Market announcements

We provide copies of all material market announcements to Directors promptly after they have been released to the market.

In accordance with best practice guidelines, we release any investor presentation materials that contain new and substantive information to the ASX Market Announcement Platform ahead of the presentation to investors and/or analysts.

## Principle 6: Respect the rights of security holders

### Investor relations

The Company also has an investor relations program to facilitate effective communication with investors – primarily through our AGMs, our investor website and a detailed program of interactions with institutional investors, retail investor groups, sell-side and buy-side analysts, proxy advisers and the financial media.

### AGM

Our AGM is an excellent opportunity for the Company to provide information to shareholders and to receive feedback from shareholders (including the opportunity for shareholders to ask questions about the business operations and management of the Company). Our AGM is typically held in November in Sydney.

Our 2021 AGM will be held as a virtual online meeting. Shareholders and proxyholders will be able to participate online, ask questions and vote in real time during the AGM by logging on to the online platform at: <https://agmlive.link/WTC21>

Since WiseTech's listing on the ASX in 2016, all resolutions at meetings of security holders have been decided on a poll. The Board intends to continue this practice.

### Investor website

Our website includes a separate 'Investors' section, where shareholders and other stakeholders can access information about WiseTech Global, including annual reports and presentations, ASX announcements and share price information.

Shareholders can elect to receive their annual reports, notices of meeting and dividend statements online or in print. In addition, shareholders are able to communicate electronically with us and our share registry, Link Market Services, including being able to lodge proxy forms online.

## Principle 7: Recognise and manage risk

### Risk Management Principles

We view risk management as a continual process, integral to achieving our corporate objectives that is managing our assets effectively and creating and maintaining shareholder value.

Our Board is responsible for overseeing the risk management framework and has reviewed specific risks in FY21, such as technology risk, operational risks, succession planning and M&A transactions and integration risks. Risk management is also delegated to a group of senior executives (with the CEO maintaining overall responsibility), who oversee a system of internal controls and risk management and monitor and manage those risks. These executives hold regular meetings with the CEO, during which risks are discussed and analysed, and any necessary actions are determined. Material exceptions or issues are reported to the Audit & Risk Committee and/or the Board. In FY21, the Audit & Risk Committee reviewed the financial risks of the business and the controls and mitigations in place to address those financial risks. A review of the risk management framework was completed during FY21.

Our 2021 annual report includes a summary of the main risks affecting WiseTech Global.

### Internal audit

During the latter part of FY21, as a consequence of the growth of the Group and the increasingly complex risk environment, a risk management and internal audit function was established. The Head of Risk Management and Internal Audit reports to the Chair of the Audit & Risk Committee. The role of the Risk Management and Internal Audit function is to provide independent assurance to executive management and the Board that an appropriate enterprise risk framework has been established, and that key controls are in place and operating effectively. The internal audit function has a global role and is assisted with resources from a co-sourced specialist provider.

Prior to the establishment of an internal audit function, the Board and the Audit & Risk Committee reviewed internal controls and risk management processes in conjunction with the oversight provided by senior management, including the CEO and the Chief Financial Officer.

## Principle 8: Remunerate fairly and responsibly

### People & Remuneration Committee

The People & Remuneration Committee's role is to assist and advise the Board in relation to:

- people and culture practices and strategies that support the development of WiseTech's desired culture and alignment with our values;
- our remuneration policy and incentive framework for all our staff;
- the process for overseeing performance accountability and effective monitoring of management, including setting and evaluating performance against goals and targets;
- recruitment, retention and termination strategies;
- achievement against diversity objectives in relation to remuneration; and
- the annual Remuneration Report to shareholders.

The People & Remuneration Committee Charter sets out the role, responsibilities and composition of the committee and provides that the committee must comprise a majority of independent Directors, an independent Chair who is not Chair of the Board, and a minimum of three members. A copy of the charter is available on our website at:

[www.wisetechglobal.com/investors/corporate-governance/](http://www.wisetechglobal.com/investors/corporate-governance/)

The Remuneration Committee Charter was updated in June 2021 to incorporate the review and oversight of people culture and practices. At the same time, the Committee was renamed the People & Remuneration Committee.

The People & Remuneration Committee comprised these Directors throughout FY21:

- ✓ Teresa Engelhard, Chair;
- ✓ Charles Gibbon; and
- ✓ Michael Gregg.

### Remuneration Report

Our Remuneration Report describes the policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and senior executives.

### Securities Trading Policy

Our Securities Trading Policy outlines the rules for Directors and employees trading in WiseTech Global securities. The purpose of the policy is to assist Directors and employees to comply with their obligations under the insider trading provisions of the Corporations Act 2001 and to protect the reputation of the Company, its Directors and employees.

Our policy establishes staff trading windows and prohibits the use of hedges or derivatives which operate to limit the economic risk of unvested, or vested but subject to disposal restrictions, WiseTech Global securities, including securities issued in connection with equity-based remuneration schemes.



# Operating and financial review

for the full-year ended 30 June 2021

## Review of operations

### Principal activities

We are a leading provider of software solutions to the logistics industry globally. We develop, sell and implement software solutions that enable and empower logistics service providers to facilitate the movement and storage of goods and information, domestically and internationally. We provide our solutions to more than 18,000 customers in over 165 countries.

Our industry-leading flagship technology, CargoWise, is a deeply integrated, global software platform for logistics service providers. Our software enables and empowers logistics service providers to execute highly complex logistics transactions and manage their operations on one global database across multiple users, functions, offices, corporations, currencies, countries and languages.

Our main data centres in Australia, Europe and the US deliver our CargoWise platform principally through the cloud, which customers access as needed and pay for usage as they execute on our platform.

Our customers range from small and mid-sized domestic and regional logistics providers to large multi-national and global logistics providers, including 24 of the Top 25 Global Freight Forwarders<sup>1</sup> and 41 of the Top 50 Global Third-Party Logistics Providers (3PLs)<sup>2</sup>. Our software solutions are designed to assist our customers to efficiently navigate the complexities of the logistics industry and can dramatically increase productivity, reduce costs and mitigate risks for our customers.

Innovation and productivity remain key areas of focus for the business. We invest significantly in product development and continue to deliver hundreds of new product features and enhancements each year. This drives greater usage of our CargoWise platform, enabling the business to achieve sustainable, profitable growth. Our strategy of focusing on the '3Ps' – *Product; Penetration; and Profitability* – is designed to deliver our vision to be *the* operating system for global logistics. We are building our capabilities and, where appropriate, fast-tracking our technology development and know-how through acquisitions. This allows us to deliver a comprehensive global logistics execution solution for our customers, from the first-mile road movement, connecting to long-haul air, sea, rail and road, crossing international borders – all while navigating complex regulatory frameworks with improved compliance, safety, visibility, predictability, manageability and productivity.

We have now secured a strong foundation for future technology development and geographic expansion, with 33 product development centres, including centres of excellence in Bangalore and Nanjing, and a headcount of over 1,800 people globally across 33 countries.

<sup>1</sup> Based on Armstrong & Associates Inc. Top 25 Global Freight Forwarders List ranked by 2020 logistics gross revenue/turnover and freight forwarding volumes – Updated 10 August 2021.

<sup>2</sup> Based on Armstrong & Associates Inc: Top 50 Global Third Party Logistics Providers List ranked by 2020 logistics gross revenue/turnover – Updated 28 June 2021.

# Operating and financial review

for the full-year ended 30 June 2021

## Summary of statutory financial performance

During the twelve months to 30 June 2021, we delivered solid revenue growth, driven mainly by increased market penetration, customer usage and adoption of our technology, as well as price changes to CargoWise that reflected increased investment in product research and development (R&D), data centre hardware and cyber security. We continued our significant investment in innovation and development and made considerable progress with our cost reduction initiatives to drive operational efficiencies and acquisition synergies across the business.

**Revenue increased 18% to \$507.5m** (FY20: \$429.4m)

**Operating profit increased 86% to \$149.8m** (FY20: \$80.5m)

**Net profit after tax decreased 33% to \$108.1m** (FY20: \$160.8m)

**Underlying net profit after tax increased 101% to \$105.8m** (FY20: \$52.6m)

**Basic earnings per share decreased 34% to 33.3 cents** (FY20: 50.3 cents)

## Summary financial results <sup>1</sup>

|  | FY21<br>\$M    | FY20<br>\$M    | Change<br>\$M | Change<br>%             |
|--|----------------|----------------|---------------|-------------------------|
| Recurring On-Demand revenue                                    | 383.0          | 309.2          | 73.7          | 24%                     |
| Recurring One-Time Licence ("OTL") maintenance revenue         | 75.1           | 72.8           | 2.3           | 3%                      |
| OTL and support services                                       | 49.4           | 47.4           | 2.1           | 4%                      |
| <b>Revenue</b>   | <b>507.5</b>   | <b>429.4</b>   | <b>78.1</b>   | <b>18%</b>              |
| Cost of revenues   | (85.6)         | (83.5)         | (2.1)         | 2%                      |
| <b>Gross profit</b>  | <b>421.9</b>   | <b>345.9</b>   | <b>76.0</b>   | <b>22%</b>              |
| Product design and development <sup>2</sup>                    | (128.9)        | (115.4)        | (13.5)        | 12%                     |
| Sales and marketing  | (50.3)         | (62.3)         | 12.1          | (19)%                   |
| General and administration                                     | (92.9)         | (87.7)         | (5.3)         | 6%                      |
| <b>Total operating expenses</b>                                | <b>(272.1)</b> | <b>(265.4)</b> | <b>(6.7)</b>  | <b>3%</b>               |
| <b>Operating profit</b>  | <b>149.8</b>   | <b>80.5</b>    | <b>69.3</b>   | <b>86%</b>              |
| Net finance costs  | (4.1)          | (9.8)          | (5.7)         | (58)%                   |
| Fair value gain on contingent consideration                    | 2.2            | 111.0          | (108.8)       | (98)%                   |
| <b>Profit before income tax</b>                                | <b>147.9</b>   | <b>181.8</b>   | <b>(33.9)</b> | <b>(19)%</b>            |
| Tax expense  | (39.9)         | (21.0)         | (18.9)        | 90%                     |
| <b>Net profit after tax</b>                                    | <b>108.1</b>   | <b>160.8</b>   | <b>(52.7)</b> | <b>(33)%</b>            |
| <b>Underlying net profit after tax <sup>3</sup></b>            | <b>105.8</b>   | <b>52.6</b>    | <b>53.3</b>   | <b>101%</b>             |
| <b>Key financial metrics</b>                                   | <b>FY21</b>    | <b>FY20</b>    | <b>Change</b> | <b>FY21<sup>6</sup></b> |
| Recurring revenue %  | 90%            | 89%            | 1pp           | 97%                     |
| Gross profit margin %  | 83%            | 81%            | 2pp           | 90%                     |
| Product design and development as % total revenue <sup>2</sup> | 25%            | 27%            | (2)pp         | 21%                     |
| Sales and marketing as % total revenue                         | 10%            | 15%            | (5)pp         | 8%                      |
| General and administration as % total revenue                  | 18%            | 20%            | (2)pp         | 18%                     |
| Capitalised development investment (\$m) <sup>4</sup>          | 78.3           | 74.2           | 4.1           | 60.0                    |
| R&D as a % of total revenue <sup>5</sup>                       | 33%            | 37%            | (4)pp         | 30%                     |

1 Differences in tables are due to rounding, see page 100 Rounding of amounts.

2 Product design and development includes \$40.1m (FY20: \$30.5m) depreciation and amortisation but excludes capitalised development investment.

3 Underlying net profit after tax excludes fair value adjustments from changes to acquisition contingent consideration (FY21: \$2.2m, FY20: \$111.0m) and contingent consideration interest unwind net of tax (FY21: nil, FY20: \$2.9m).

4 Includes patents and purchased external software licences used in our products.

5 R&D is total investment in product design and development expense, excluding depreciation and amortisation, but including capitalised development investment.

6 Excluding acquisitions; acquisitions are those businesses acquired since 2012 and not embedded into the CargoWise platform.



# Operating and financial review

for the full-year ended 30 June 2021

## Revenue

Total revenue grew 18% to \$507.5m (FY20: \$429.4m). Increased revenue growth came from:

- increased usage by existing customers (through the addition of transactions, seats and new sites, utilisation of additional products and modules, and growth from industry consolidation);
- new CargoWise customers won in the period and growth from customers won in FY20;
- a price change in FY21 to offset increased product investment in R&D, data centre hardware and cyber security;
- growth in revenue from strategic assets (primarily the full period impact of FY20 acquisitions);
- partially offset by \$23.4m of unfavourable foreign exchange movements (FY20: \$12.1m foreign exchange benefit).

Revenues from our existing and new CargoWise customers increased by \$68.6m, a 26% growth on FY20, with \$52.2m (FY20: \$31.0m) from existing customers and \$16.4m (FY20: \$12.4m) from new customers. Part of the growth includes a price change to offset increased product investment in R&D, data centre hardware and cyber security, designed to deliver a highly efficient platform for our customers and ensure a return on these significant investments. Growth was mainly driven by increased usage of the CargoWise platform from existing customers adding transactions, seats and new sites, utilising additional modules, as well as growth from industry consolidation and growth from Large Global Freight Forwarder<sup>1</sup> rollouts.

Existing and new CargoWise customer revenue growth was partially offset by \$13.6m of unfavourable foreign exchange movements (FY20: \$11.4m foreign exchange benefit).

In FY21, revenue growth for CargoWise was achieved across all existing customer cohorts (from FY06 & prior through to FY21).

Revenue from customers on acquired platforms increased by \$9.5m, driven mostly by the \$10.5m full period impact of five acquisitions completed in FY20, partially offset by a \$1.4m reduction in revenue attributable to FY19 and prior acquisitions, as expected. During FY21, we completed a small foothold acquisition in Japan. Revenue from acquired platforms included \$9.7m of unfavourable foreign exchange movements (FY20: \$0.6m foreign exchange benefit).

Revenue from OTL and support services increased to \$49.4m (FY20: \$47.4m), reflecting increased revenue from CargoWise paid product enhancements and the contribution from acquired businesses as they typically have higher levels of OTL and/or support services revenue. These revenues may be flat or reduce as we transition the businesses to the CargoWise commercial model.

Recurring revenue 97% of our CargoWise revenue is recurring revenue, which is unchanged from FY20. Recurring revenue for the Group increased from 89% in FY20 to 90% in FY21, reflecting higher growth in recurring revenues.

Customer attrition The attrition rate for the CargoWise platform continued to be extremely low, at under 1%, as it has been for the nine years since we started measuring<sup>2</sup>. Our customers stay and grow their transaction usage due to the productivity and deep capabilities of our platform.

Licensing and transition Overall, including acquisitions, the percentage of On-Demand revenue is 75% of total revenue (FY20: 72%), reflecting the higher growth rates of On-Demand licensing versus other licence types.

Foreign exchange Our revenue is invoiced in a range of currencies, reflecting the global nature of our customer base and, as a result, may be positively or negatively impacted by movements in foreign currency exchange rates.

## Gross profit and gross profit margin

Gross profit increased by \$76.0m, up 22%, to \$421.9m (FY20: \$345.9m). Gross profit growth was driven mainly by CargoWise revenue growth, cost reduction initiatives and the full period revenue impact of the FY20 acquisitions.

Gross profit margin increased to 83% (FY20: 81%), reflecting revenue growth from the CargoWise platform and the benefit from cost reduction initiatives. CargoWise gross profit margin was 90% (FY20: 91%). The acquired businesses have, on average, higher product and service support costs and lower cost leverage due to their smaller size and commercial/licence model maturity, which means they typically have a lower gross profit margin than CargoWise. Our cost reduction initiatives have led to improvements in acquisition gross margin, reducing the dilutive impact on overall gross margin.

1 A Large Global Freight Forwarder is a CargoWise customer contracted to grow or who has grown either organically or contractually to 10 or more countries and 400 or more registered users on CargoWise.

2 Annual attrition rate is a customer attrition measurement relating to the CargoWise platform (excluding any customers on acquired platforms). A customer's users are included in the customer attrition calculation upon leaving i.e. having not used the product for at least four months.

# Operating and financial review

for the full-year ended 30 June 2021

## Operating expenses

An organisation-wide efficiency and acquisition synergy program has been undertaken to extract efficiencies by streamlining processes and teams and ensuring that resources are appropriately allocated to support scalability, growth and delivery of WiseTech's strategic vision. In FY21 the program delivered a \$13.8m net benefit (gross cost reductions of \$22.0m offset by \$8.2m of restructuring costs), which exceeded the previously announced \$10m target.

**Total R&D investment:** In FY21, we continued our significant investment in product innovation to further develop our software platform and to build our innovation pipeline. Our research and development investment for the period increased 5% to \$167.1m (FY20: \$159.1m), representing 33% of total revenue (FY20: 37%). Throughout FY21 our top development priorities were to accelerate native customs and cross border compliance builds in key markets. As of 30 June 2021, the CargoWise native customs functionality was in Production Release<sup>1</sup> across jurisdictions accounting for ~45% of global manufactured trade flows (up from ~35% in FY20).

**Product design and development expense** increased by 12% to \$128.9m (FY20: \$115.4m), reflecting:

- our significant ongoing investment in the development and maintenance of CargoWise;
- increased investment in expanding and retaining our skilled development workforce;
- increased amortisation, primarily due to continued capitalised development investment; and
- the effect of cost reductions in acquired businesses.

**Capitalised development investment** increased 6% to \$78.3m (FY20: \$74.2m), driven mainly by an increase in the investment in native customs, border and country compliance development. Costs related to development activity that is not commercialisable and maintenance costs are expensed.

**Sales and marketing expense** During FY21, we invested 10% of revenue (FY20: 15%), or \$50.3m (FY20: \$62.3m), in sales and marketing. The decrease mainly reflects cost reductions in acquisitions, a more targeted sales and marketing focus on Top 25 Global Freight Forwarders and Top 200 Global Logistics Providers, and benefits from lower costs due to COVID-19.

**General and administration expense** We increased our investment in supporting and growing our business globally to \$92.9m (FY20: \$87.7m), representing 18% of total revenue (FY20: 20%). The increase (which was partially offset by cost reductions) was driven by:

- \$8.2m of restructuring costs as a result of cost reduction initiatives; and
- increased corporate governance costs.

Our general and administration expense, excluding restructuring costs, was 17% of revenue in FY21.

Throughout FY21, and consistent with FY20, we did not receive any material benefit from any COVID-19 government support programs globally.

## Net finance costs

**Fair value gain on contingent consideration** reflects the impact of contingent consideration liability settlement and reassessment which, in FY21, resulted in a net reduction of the contingent consideration liability and a corresponding non-cash (not taxed) fair value gain of \$2.2m (FY20: \$111.0m).

**Other net finance costs** Net finance costs in FY21 of \$4.1m (FY20: \$9.8m) included \$5.5m of finance costs, comprising interest expenses and debt facility fees. Finance income of \$1.4m (FY20: \$3.1m) reflected a reduction in interest rates globally.

<sup>1</sup> CargoWise Customs is defined as in "production release" for a particular country when the product module has been released into the main CargoWise release build, available for production use by any customer, and is able to be used for all major customs import/export procedures.



# Operating and financial review

for the full-year ended 30 June 2021

## Cash flow

We continued to generate strong positive operating cash flows demonstrating the highly cash-generative nature of the business, with \$229.9m of operating cash flow, up 57% on FY20. FY21 net cash flows from operating activities were \$211.6m (FY20: \$129.9m). Free cash flow of \$139.2m was up 149% on FY20. FY21 cash flows include \$8.6m of payments for restructuring activities.

Investing activities in long-term assets to fund future growth included:

- \$5.8m for a new acquisition, and contingent payments for prior year acquisitions (FY20: \$57.0m);
- \$74.5m in intangible assets as we further developed and expanded our commercialisable technology, resulting in capitalised development investment for both commercialised products and those yet to be launched (FY20: \$70.4m); and
- \$16.3m in assets mostly related to data centres and IT infrastructure investments to enhance scalability, reliability and security providing increase capacity for future growth (FY20: \$20.1m).

Dividends of \$13.2m (FY20: \$11.1m) were paid in cash during FY21, with shareholders choosing to reinvest an additional \$0.7m of their dividends via the dividend reinvestment plan.

Our closing cash balance of \$315.0m, with no outstanding debt other than lease liabilities, provides significant financial headroom. In addition, we have recently (post 30 June 2021) completed a refinancing of our debt facility. A new unsecured four-year, \$225m bi-lateral debt facility supported by six banks is now in place, providing a solid financial foundation for future growth.

## Product strategy and integration progress

WiseTech's vision is be *the* operating system for global logistics. To achieve this, we have invested significantly in our product, particularly in-house R&D, building expertise through the recruitment of technology and industry experts, and strategic acquisitions that bring additional skills and resources as well as access to synergistic intellectual property.

We have completed a number of strategic acquisitions since listing on the ASX in 2016. We consider our strategic investments holistically, rather than individually in isolation. They are interconnected and designed to drive improved product capability, greater market penetration and sustainable profit growth. The focus now is on ongoing CargoWise product development. We are utilising the skills and expertise of acquired resources to continue to expand the functionality, extend the scope and increase the value of our industry-leading technology to deliver *the* operating system for global logistics, as well as a strong base to further accelerate our growth.

In FY21, we accelerated geographic expansion of native customs and cross border compliance functionality, covering ~45% (FY20: ~35%) of global manufactured trade flows (Production Release of France, Italy, Spain and Puerto Rico were completed in FY21). We also completed the product integration of the global rates functionalities (secured via the CargoSphere and Cargoguide acquisitions) onto the CargoWise platform. This integrated functionality is currently in production with several major customers and work has commenced on the native rewrite onto the CargoWise platform. Also, of strategic note in FY21, was the deployment of the beta version of CargoWise Neo (Neo) to a select group of beneficial cargo owners (BCOs) via existing WiseTech customers and the commencement of work on extending aspects of Neo for customer-specific needs.

# Operating and financial review

for the full-year ended 30 June 2021

## FY21 strategic highlights

We are focused on our vision to be *the* operating system for global logistics by creating breakthrough products that enable and empower those that own and operate the supply chains of the world. We are extending the reach of the global CargoWise integrated platform, expanding technology to increase market penetration and new addressable markets, growing our commercial foundation to new geographies, and investing in transforming our content architectures, channels and brand, while also growing our R&D capacity. Throughout FY21, we made significant progress with our organisation-wide efficiency program to maximise operating leverage and allocate resources to support ongoing growth.

- We have 36 Large Global Freight Forwarders with global rollouts “Contracted and in Progress”<sup>1</sup> or “In Production”<sup>2</sup>, including 10 of the Top 25 Global Freight Forwarders. In FY21 we have secured six new global rollout contracts (previously disclosed CEVA Logistics, a hartrodt, cargo-partner, Seafrijo Group, deugro, Hankyu Hanshin Express) and, post 30 June 2021, we have signed FedEx.
- Throughout FY21, we continued our extensive product development program, investing \$167.1m and 53% of our people in product development, delivering 1,096 product upgrades and enhancements to the CargoWise platform.
- In FY21, we completed one small acquisition in Japan covering customs and country compliance. Having completed 39 acquisitions since our IPO in 2016, we have now assembled the significant resources and development capability to fuel our CargoWise technology. While the Company remains open to strategically significant acquisition opportunities, it has slowed its near-term acquisition activity in order to focus on expanding the CargoWise ecosystem and extracting synergies from acquisitions to maximise operational leverage and drive scalability.

## Post balance date events

- On 28 July 2021, a new unsecured four-year bi-lateral debt facility was executed with six banks and the previous facility was retired. The new facility has a total commitment of \$225m.
- Since period end, the Directors have declared a fully-franked final dividend of 3.85 cents per share, payable on 8 October 2021. The dividend will be recognised in subsequent period financial statements.

## Outlook for 2022

WiseTech provides the following guidance on the basis that market conditions do not materially change, noting in particular uncertainty around future economic and industrial production growth and pandemic stimulus measures may lead to alternative outcomes. Prevailing uncertainties relating to sovereign and geopolitical risk may also reduce assumed growth rates.

Based on, and subject to, the underlying assumptions set out in the WiseTech FY21 Results Investor Presentation, the Company currently anticipates FY22 revenue growth in the range of 18% to 25% (representing revenue of \$600m to \$635m) and EBITDA growth of 26% to 38% (representing \$260m to \$285m).

<sup>1</sup> *Contracted and in Progress* refers to CargoWise customers who are contracted and in progress to grow to rolling out CargoWise in 10 or more countries and for 400 or more registered users.

<sup>2</sup> *In Production* refers to customers who are operationally live on CargoWise and are using the platform on a production database, having rolled out in 10 or more countries and 400 or more registered users on CargoWise.



# Five year financial summary<sup>1</sup>

|   | FY17<br>\$M   | FY18<br>\$M    | FY19<br>\$M    | FY20<br>\$M    | FY21<br>\$M    |
|---|---------------|----------------|----------------|----------------|----------------|
| Recurring On-Demand revenue                                       | 127.3         | 171.0          | 249.8          | 309.2          | 383.0          |
| Recurring OTL maintenance revenue                                 | 15.1          | 27.7           | 57.8           | 72.8           | 75.1           |
| OTL and support services  | 11.4          | 22.9           | 40.7           | 47.4           | 49.4           |
| <b>Revenue</b>  | <b>153.8</b>  | <b>221.6</b>   | <b>348.3</b>   | <b>429.4</b>   | <b>507.5</b>   |
| Cost of revenues  | (26.1)        | (38.7)         | (66.7)         | (83.5)         | (85.6)         |
| <b>Gross profit</b>   | <b>127.7</b>  | <b>182.9</b>   | <b>281.6</b>   | <b>345.9</b>   | <b>421.9</b>   |
| <b>Operating expenses</b>   |               |                |                |                |                |
| Product design and development <sup>2</sup>                       | (35.6)        | (53.4)         | (84.2)         | (115.4)        | (128.9)        |
| Sales and marketing   | (16.7)        | (24.6)         | (47.7)         | (62.3)         | (50.3)         |
| General and administration  | (33.9)        | (46.6)         | (69.5)         | (87.7)         | (92.9)         |
| <b>Total operating expenses</b>                                   | <b>(86.2)</b> | <b>(124.6)</b> | <b>(201.3)</b> | <b>(265.4)</b> | <b>(272.1)</b> |
| <b>Operating profit</b>   | <b>41.5</b>   | <b>58.4</b>    | <b>80.2</b>    | <b>80.5</b>    | <b>149.8</b>   |
| Finance income  | 4.6           | 1.4            | 1.9            | 3.1            | 1.4            |
| Finance costs   | (1.9)         | (2.7)          | (7.3)          | (12.9)         | (5.5)          |
| Fair value gain on contingent consideration                       | –             | –              | 1.6            | 111.0          | 2.2            |
| Share of profit/(loss) of equity accounted investees              | (0.1)         | 0.0            | –              | –              | –              |
| <b>Profit before income tax</b>                                   | <b>44.2</b>   | <b>57.2</b>    | <b>76.4</b>    | <b>181.8</b>   | <b>147.9</b>   |
| Tax expense   | (12.0)        | (16.4)         | (22.3)         | (21.0)         | (39.9)         |
| <b>Net profit after tax</b>                                       | <b>32.2</b>   | <b>40.8</b>    | <b>54.1</b>    | <b>160.8</b>   | <b>108.1</b>   |
| <b>Net profit after tax attributable to:</b>                      |               |                |                |                |                |
| Equity holders of the parent                                      | 31.9          | 40.8           | 54.1           | 160.8          | 108.1          |
| Non-controlling interests   | 0.3           | 0.0            | –              | –              | –              |
| <b>Net profit after tax</b>                                       | <b>32.2</b>   | <b>40.8</b>    | <b>54.1</b>    | <b>160.8</b>   | <b>108.1</b>   |
| <b>Key financial metrics</b>                                      |               |                |                |                |                |
| Recurring revenue %   | 93%           | 90%            | 88%            | 89%            | 90%            |
| Gross profit margin %   | 83%           | 83%            | 81%            | 81%            | 83%            |
| Product design and development as % of total revenue <sup>2</sup> | 23%           | 24%            | 24%            | 27%            | 25%            |
| Sales and marketing as % of total revenue                         | 11%           | 11%            | 14%            | 15%            | 10%            |
| General and administration as % of total revenue                  | 22%           | 21%            | 20%            | 20%            | 18%            |
| Capitalised development investment (\$m) <sup>3</sup>             | 22.0          | 35.3           | 46.9           | 74.2           | 78.3           |
| Total R&D as a % of total revenue <sup>4</sup>                    | 33%           | 34%            | 32%            | 37%            | 33%            |

1 Differences in tables are due to rounding, refer to Rounding of amounts in note 2 to the financial statements included in this report.

2 Product design and development includes \$40.1m (FY20: \$30.5m, FY19: \$18.1m, FY18: \$12.2m and FY17: \$7.2m) depreciation and amortisation but excludes capitalised development investment.

3 Includes patents and purchased external software licences used in our products.

4 R&D is total investment in product design and development expense, excluding depreciation and amortisation, but including capitalised development investment.

# Remuneration Report

## Letter from the People & Remuneration Committee

### Dear Shareholders,

The People & Remuneration Committee (“PRC”) is pleased to introduce WiseTech’s Remuneration Report for the year and to share some of our people and culture highlights.

As always, the health and well-being of our staff are paramount. Since the start of the pandemic in early 2020, our team has rallied together, looking after each other and our customers, while continuing to deliver strong results. We have shifted almost all of our staff to remote working, starting in the early days of the pandemic and continuing through this financial year. We did not receive any material benefit from any COVID-19 government support programs globally.

We continued to realise benefits from our acquired entities across the globe, setting new internal targets to reward the implementation of tighter cross-global reporting lines; increased alignment and globalisation of core product teams; and the restructuring of regional offices to further centralise core functions.

Two new strategic and financial KPIs were introduced in FY21: extracting synergies from acquired entities and free cash flow.

WiseTech has enjoyed an outstanding year, exceeding targets in many areas, including strong results against the following KPIs set by the Board:

- 18% growth in revenue, towards the top end of guidance of 9% to 19% growth
- \$13.8m of net cost savings, exceeding our \$10m target
- Free cash flow of \$139.2m, up 149% on FY20

In light of these (and other) accomplishments, the PRC believes the remuneration outcomes for the financial year reflect an appropriate alignment between pay and performance, and are fair in terms of the markets and global context in which we operate.

Several steps were also taken to further strengthen our people, culture and organisation, including:

- Increasing the quality and depth of the management team by adding a new Head of Risk Management & Internal Audit, building on the addition of a new General Counsel and Head of People in FY20;
- The development of an emerging leaders’ program in the R&D function, to produce a greater depth of leadership in our product delivery teams and to support continued growth and scalability;
- The introduction of regular cultural deep dive sessions to amplify and embed cultural norms and expectations across our workforce.

In light of WiseTech’s strong long-term financial performance since its public listing in 2016, no significant changes to our remuneration structure are planned for FY22. The PRC believes our remuneration structure remains fit-for-purpose. Our Founder and CEO, Richard White, continues to receive fixed remuneration with no performance-based incentives, due to his substantial shareholding of more than 40% of WiseTech’s issued share capital. The CEO leads the setting of annual financial KPIs for the company, as well as KPIs focused on operational drivers of long-term value creation and individual performance. He recommends incentive awards to the Board for the non-financial KPIs. The PRC views this agile approach as aligned to shareholder interests and as a proven method for WiseTech. Importantly, and by design, more than 70% of our global workforce owns WiseTech equity in the form of shares and/or share rights.

Our substantial investment in product development priorities and scalability, coupled with our organisation-wide efficiency program, will allow us to achieve our strategic vision of being the operating system for global logistics. We are delighted that our customers, global workforce and shareholders may benefit well beyond FY21 from these achievements.

We invite you to read the Remuneration Report and welcome your feedback

Sincerely,

Teresa Engelhard, Charles Gibbon and Michael Gregg  
People & Remuneration Committee



# Remuneration Report

This Remuneration Report for the twelve months ended 30 June 2021 has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001*, and has been audited as required by section 308(3C) of the *Corporations Act 2001*.

## People & Remuneration Committee and governance

The Board is responsible for ensuring that WiseTech's remuneration strategy and framework support the Group's performance and that executives and Non-Executive Directors are rewarded fairly and responsibly with regard to legal and corporate governance requirements. The People & Remuneration Committee ("PRC") oversees remuneration matters and, where appropriate, makes recommendations to the Board. The Committee comprises three independent Non-Executive Directors: Teresa Engelhard (Chair), Charles Gibbon and Michael Gregg. Further information on the PRC's responsibilities is set out in the PRC Charter available at: [www.wisetechglobal.com/investors/corporate-governance/](http://www.wisetechglobal.com/investors/corporate-governance/)

## Annual remuneration review

The PRC and the Board review remuneration annually to ensure that there is an appropriate balance between fixed and at-risk performance-related pay and that it reflects both short-term and long-term performance objectives linked to WiseTech's strategy.

WiseTech's people and culture are the source of our industry leading products and attracting and retaining the best talent in our sector is a core driver of company performance. To ensure we continue to remunerate our people appropriately, WiseTech brought forward our FY21 remuneration review to April 2021 (from July 2021) and expects to conclude an additional global remuneration review in early 2022 before resuming the annual cycle in July 2022.

## Independent remuneration consultants

WiseTech Global has protocols in place to ensure that external advice is provided in an appropriate manner and is free from undue influence by management. To inform remuneration policy reviews, during FY21, the PRC engaged external consultants to advise on market practices, as well as the establishment of the Non-Executive Director Fee Sacrifice Share Acquisition Plan. For the purposes of section 206L of the *Corporations Act 2001*, no independent advice was provided on remuneration recommendations in relation to KMP.

## Key management personnel ("KMP") covered by this Remuneration Report

WiseTech's KMP comprises all Directors and those executives who have specific authority and responsibility for planning, directing and controlling the activities of the Group. In this report, the term "Executive KMP" refers to the KMP excluding Non-Executive Directors.

| Name                              | Title   | Term as KMP in FY21 |
|-----------------------------------|---|---------------------|
| <b>Executive Director KMP</b>     |   |                     |
| Richard White ("RW")              | Executive Director, Founder and Chief Executive Officer ("CEO")       | Full year           |
| Maree Isaacs ("MI")               | Executive Director, Co-founder and Head of Licence Management ("HLM") | Full year           |
| <b>Other Executive KMP</b>        |   |                     |
| Andrew Cartledge ("AC")           | Chief Financial Officer ("CFO")                                       | Full year           |
| Brett Shearer ("BS")              | Chief Technology Officer ("CTO")                                      | Full year           |
| <b>Non-Executive Director KMP</b> |   |                     |
| Andrew Harrison                   | Chair and Non-Executive Director                                      | Full year           |
| Teresa Engelhard                  | Non-Executive Director  | Full year           |
| Charles Gibbon                    | Non-Executive Director  | Full year           |
| Michael Gregg                     | Non-Executive Director  | Full year           |
| Arlene Tansey                     | Non-Executive Director  | Full year           |

# Remuneration Report

## Our remuneration strategy and framework

WiseTech’s future growth and innovation rely on the talent, motivation and enthusiasm of our people across the world. We aim to reward our high-performance global workforce with a remuneration and incentive program aligned to our business strategy, specialised operations, and aspirations for sustained growth.

Our remuneration framework includes cash and equity components that reward our workforce for achieving operational and strategic priorities and for creating long-term sustainable value for WiseTech and its shareholders.

## Our remuneration principles and philosophy



# Remuneration Report

## The elements of our global remuneration structure and how they link to performance

| Component   | Structure   | Strategic objective/performance link   |
|---|---|--|
| Fixed annual remuneration   | Cash and deferred equity<br>( <i>Remuneration equity</i> : granted during the financial year with deferred vesting over the following three years)  | Total fixed remuneration set at competitive levels to attract and retain talent who can support growth, execute strategy, deliver economic outcomes and build shareholder value<br><br>Based on: <ul style="list-style-type: none"> <li>– role and responsibility;</li> <li>– capability, competencies and contribution; and</li> <li>– internal and external relativities</li> </ul> Deferred <i>remuneration equity</i> aligns with long-term shareholder interests and supports staff retention |
| Performance equity incentives                                     | Deferred equity with a one-year performance period and vesting over the following three years<br><br>Performance measures: <ul style="list-style-type: none"> <li>– financial and operational targets weighted to individual areas of control; and</li> <li>– development team pool bonuses related to specific innovation pipeline achievements</li> </ul> | Performance measures reward execution of and accountability for actions, direct outcomes and lead measures aligned to long-term strategy and annual priorities<br><br>Lag outcomes ultimately reflected in long-term growth in revenue, earnings and Total Shareholder Return (“TSR”)<br><br>Deferred equity ensures strong link with creation of shareholder value and supports staff retention   |
| Optional post-tax investment program: Invest As You Earn (“IAYE”) | Invest up to 20% of post-tax salary monthly with potential to receive one free share right for every five shares purchased – the share rights have an 18 month vesting period<br><br>Available for all employees (subject to local regulations)   | Builds further alignment with long-term shareholder interests  |
| Minimum equity holding requirement                                | Executive KMP must maintain 100% of fixed remuneration in WiseTech equity (in the form of shares or share rights)   | Ensures ownership mindset and alignment with long-term shareholder interests   |

As a priority, we build multi-year deferred equity components into fixed base remuneration across our global workforce to align employees’ interests with those of shareholders, encourage value-creating behaviours and support staff retention within the Group. This equity is typically granted at the start of the financial year and vests in four equal annual tranches.

During FY21, WiseTech has continued to increase the proportion of total remuneration that is delivered as a multi-year deferred equity component across our global team members. Where appropriate, deferred equity is also used to deliver a component of sales incentives and for sign-on or retention awards for key team members. Development team bonus pool incentives related to specific innovation achievements that require extra discretionary effort from team members are also delivered as deferred equity.

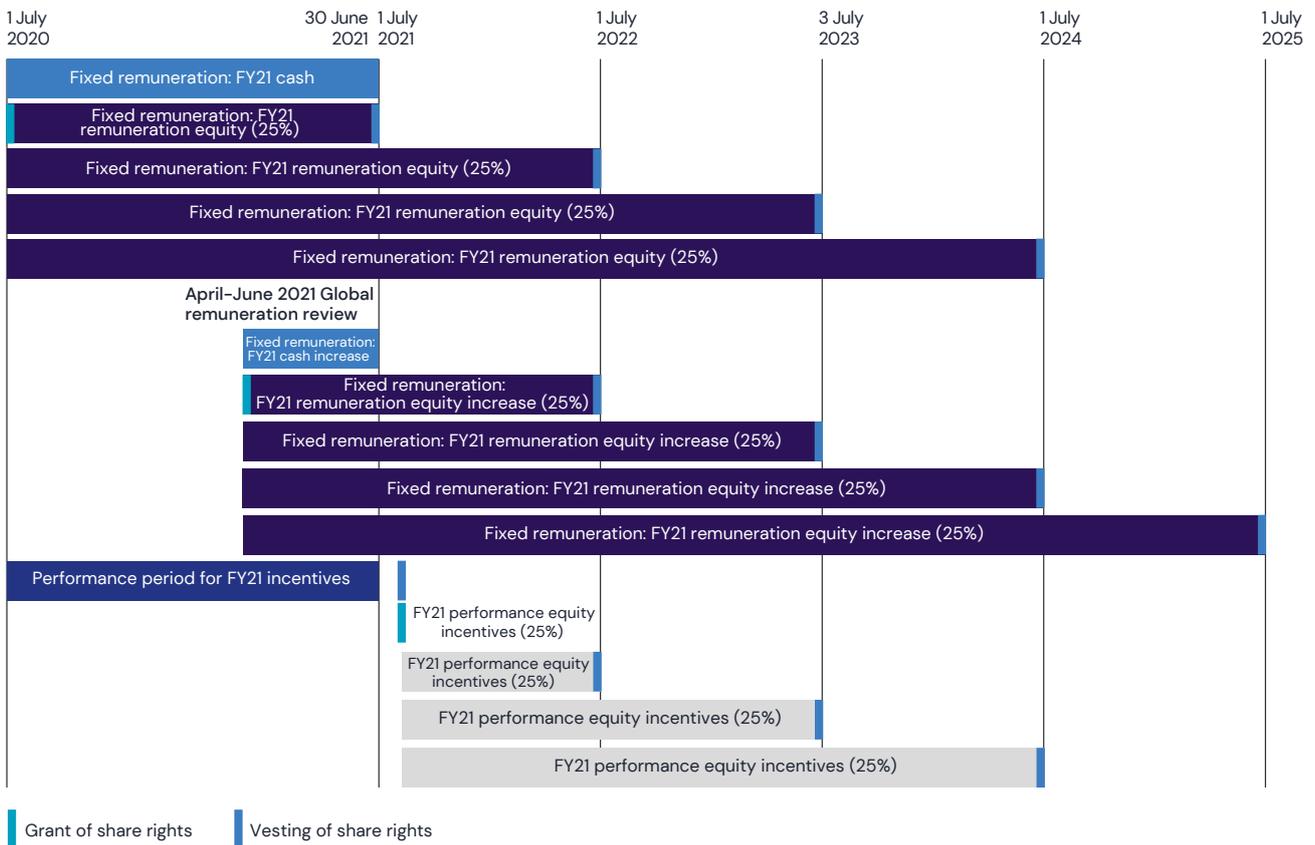
In the event that an employee (including an Executive KMP) ceases employment, unvested share rights (whether related to performance incentives or remuneration equity) will typically lapse. However, in exceptional circumstances (including genuine retirement), the Board retains discretion to determine that some, or all, of the unvested share rights will not lapse.

Our Invest As You Earn (“IAYE”) equity investment program enables employees to acquire WiseTech shares by investing up to 20% of their post-tax salary, with an annual incentive of one free share right for each five shares acquired during the calendar year. The free share rights vest on the date which is 18 months after the end of the calendar year. Approximately 22% of eligible employees across 21 countries have chosen to participate and invest in WiseTech shares via IAYE 2021.

# Remuneration Report

## FY21 Remuneration framework for our executive team

Remuneration for our executive team, including Executive KMP and other senior managers, is delivered through a cash element of fixed remuneration, deferred equity element of fixed remuneration and performance equity incentives. The graphic below illustrates the delivery timing of each remuneration component and includes the interim remuneration review in April 2021 to keep pace with the global technology talent market.



Our executive team’s performance incentive framework is focused on annual financial targets and operational key performance indicators (“KPIs”) that are lead measures for long-term strategic outcomes. In any year, our financial outcomes reflect the successful execution of deliverables over many prior years. Conversely, the operational and strategic actions undertaken this year are expected to deliver shareholder value for many years into the future. Product development deliverables are examples of operational KPIs designed to support long-term strategy and deliver sustainable, long-term financial value.

To ensure alignment with shareholders’ interests, we aim for 100% of performance incentives to be paid in deferred equity (other than for Executive Director Maree Isaacs, due to the size of her co-founder equity holding). Our view is that this approach – fixed remuneration equity vesting over four years, combined with performance equity incentives vesting over three years – removes the need for a separate long-term incentive.

Performance equity incentives for Executive KMP and senior managers are delivered as multi-year deferred equity, with a grant date in July/August 2021, and vesting in four equal instalments, immediately on grant and then in July 2022, 2023 and 2024. The number of share rights granted was determined using an average WiseTech share price at the end of the annual performance period in June 2021.

The performance of Executive KMP is assessed by the Board against key indicators. Performance incentives outcomes for senior managers, including the Executive KMP, are determined by the CEO, with input and review by the PRC and approval by the Board.



# Remuneration Report

## FY21 Executive KMP remuneration

### Remuneration structure for FY21

The remuneration components for each Executive KMP are expressed as a percentage of total remuneration, with the performance incentives varied to reflect the target and maximum performance. The following diagrams set out the remuneration mix for Executive KMP, excluding Richard White, who was remunerated solely with fixed pay as we believe that his significant equity holding provides adequate alignment with other shareholders. Maree Isaacs also owns a significant amount of WiseTech equity, thus her performance incentive is paid in cash.

A global remuneration review was completed in April 2021. This covered all colleagues, including Executive KMP. No change was made to the CEO package. The HLM and CFO packages were increased in line with Australian market wage inflation over the period since prior review.

The CTO total package was increased (by 7.9%), to more closely reflect local market norms following benchmarking with other ASX-listed technology firms. In addition, the Board determined that the CTO would be eligible for an overachievement in performance incentive outcome for FY21.

#### Maree Isaacs

##### Target and maximum



#### Andrew Cartledge

##### Target



##### Maximum



#### Brett Shearer

##### Target



##### Maximum



# Remuneration Report

## Remuneration outcomes for FY21 and the link to WiseTech performance

The tables below summarise the performance of WiseTech shares for the five years from FY17 to FY21 and for FY21, and our financial performance for the five years from FY17 to FY21. The information was considered in conjunction with an assessment of individual performance of senior managers by the CEO, and reviewed by the PRC, when determining Executive KMP remuneration.

| Period    | Period start | Share price at start of period | Share price 30 June 2021 | Change in share price | Change in ASX 200 | WTC performance v ASX 200 | Dividends paid per share | WTC TSR <sup>1</sup> |
|-----------|--------------|--------------------------------|--------------------------|-----------------------|-------------------|---------------------------|--------------------------|----------------------|
| FY17–FY21 | 1 July 2016  | \$4.43                         | \$31.93                  | 620.8%                | 39.7%             | <b>+581.0%</b>            | <b>\$0.1435</b>          | <b>627.0%</b>        |
| FY21      | 1 July 2020  | \$19.35                        | \$31.93                  | 65.0%                 | 24.0%             | <b>+41.0%</b>             | <b>\$0.0430</b>          | <b>65.0%</b>         |

1 Total shareholder return with dividends reinvested.

|  | FY17  | FY18  | FY19  | FY20  | FY21         |
|--|-------|-------|-------|-------|--------------|
| Revenue (\$m)                                      | 153.8 | 221.6 | 348.3 | 429.4 | <b>507.5</b> |
| Revenue growth over prior year                     | 50%   | 44%   | 57%   | 23%   | <b>18%</b>   |
| EBITDA (\$m)                                       | 53.9  | 78.0  | 108.1 | 126.7 | <b>206.7</b> |
| NPAT <sup>1</sup> (\$m)                            | 31.9  | 40.8  | 54.1  | 160.8 | <b>108.1</b> |
| NPATA <sup>2</sup> (\$m)                           | 33.6  | 44.8  | 63.0  | 64.6  | <b>113.6</b> |
| Earnings per share (cents)                         | 10.9  | 13.9  | 17.7  | 50.3  | <b>33.3</b>  |
| Dividends <sup>3</sup> per share (cents)           | 2.20  | 2.70  | 3.45  | 3.30  | <b>6.55</b>  |
| Change in share price during the year <sup>4</sup> | 56%   | 126%  | 77%   | -30%  | <b>65%</b>   |

1 NPAT is net profit after tax.

2 NPATA is net profit after tax before acquired amortisation and contingent consideration interest unwind (net of tax) and before contingent consideration fair value changes. NPATA is a non-statutory measure and is a primary measure used for the purpose of assessing the performance of the Group. It is derived from audited financial statements.

3 Dividends declared in respect of the financial year.

4 Percentage change in the closing share price on the last business day in the current year over that on the last business day in the prior year.

## Board assessment of WiseTech's FY21 performance against key indicators

In using WiseTech's FY21 results to help determine performance incentives for Executive KMP, the Board considers the market conditions and short-term performance in the context of WiseTech's longer-term strategy. In FY21, key indicators rebounded strongly as WiseTech made considerable strides toward aligning and integrating our acquired entities around the globe. Our business and our people have had an outstanding year, exceeding targets in many areas, including strong results against the KPIs set by the Board.

While many of the challenges and extra demands arising from the COVID-19 pandemic continued, the Board again found the performance of the executive team and global workforce to be exemplary, in particular their timely and effective efforts to:

- continue to deliver key product development outcomes and innovations;
- generate customer sales and support the acceleration of global rollouts by large customers;
- accelerate integration and alignment plans with acquired entities while executing cost reduction and cash bolstering initiatives; and
- implement a hybrid working model with sustainable productivity across our workforce.



# Remuneration Report

In light of this outstanding executive performance in the face of the COVID-19 pandemic, the Board determined that a number of stretch (above target) performance bonuses would be awarded across the executive team. For the 12-member senior management team reporting to the CEO, 122% of the total target performance incentive pool was distributed for FY21 (90% of stretch). For Executive KMP, the specific KPIs and performance assessments which underpin the FY21 performance incentive awards, and the Board's assessment of the performance of the CEO, are detailed below.

| Key performance indicator                | Performance outcome  | Board assessment       | Executive KMP |
|--|--|------------------------|---------------|
| Revenue growth                           | 18% growth in revenue to \$507.5m vs \$470m to \$510m target   | <b>Target achieved</b> | CEO, HLM, CFO |
| EBITDA                                   | 63% growth in EBITDA to \$206.7m vs \$155m to \$180m target  | <b>Target exceeded</b> | CEO, HLM, CFO |
| Recurring revenue                        | 20% growth in recurring revenue to \$458m<br>Recurring revenue 97% of CargoWise revenue and 90% of total revenue               | <b>Target exceeded</b> | CEO, HLM      |
| M&A integration and capture of synergies | \$13.8m net benefit and ~\$40m net cost reduction run-rate for FY22  | <b>Target exceeded</b> | CEO, CFO      |
| Operational efficiency                   | G&A expense/G&A % of Revenue excluding restructuring costs of \$80.9m/16%  | <b>Target Exceeded</b> | CEO, CFO      |
| Cash flow                                | Operating cash flow/Operating cash flow conversion \$229.9m/111%, and<br>Free cash flow/Free cash flow conversion \$139.2m/67% | <b>Target exceeded</b> | CEO, HLM, CFO |
| Product development outcomes             | Optimisation of CargoWise Cloud code base to increase performance  | <b>Target exceeded</b> | CEO, CTO      |

Performance against the relevant financial and operational criteria above makes up at least 70% of each Executive's performance incentive opportunity. The remainder relates to strategic outcomes particular to each Executive's role in the organisation as described below:

- Maree Isaacs: customer contract management, pricing, licensing, and legacy business model transition;
- Andrew Cartledge: integration of acquired businesses, cash flow, and financial risk management; and
- Brett Shearer: improvements in development efficiency, increased monitoring of datacentres/CargoWise Cloud/eHub and improved reliability resilience of CargoWise Cloud and tier 1 customers' CargoWise private clouds.

## FY21 performance incentives outcome

The remuneration awarded to the Executive KMP in relation to performance during FY21 is set out in the table below, including the performance incentives resulting from the assessment of KPI outcomes described above. The table also shows the performance outcome for each Executive KMP as a percentage of target opportunity and of maximum opportunity.

In light of specific product development achievements in FY20 and FY21, and a review of market CTO pay, the Board determined that discretion was warranted to award the CTO an overachievement of the maximum performance incentive opportunity for FY21.

|                  | FY21 performance incentive awarded | Target opportunity | % of target incentive awarded | % of target incentive forgone | Maximum opportunity | % of maximum incentive awarded | % of maximum incentive forgone |
|------------------|------------------------------------|--------------------|-------------------------------|-------------------------------|---------------------|--------------------------------|--------------------------------|
| Maree Isaacs     | \$200,000                          | \$200,000          | 100%                          | 0%                            | \$200,000           | 100%                           | 0%                             |
| Andrew Cartledge | \$750,000                          | \$500,000          | 150%                          | 0%                            | \$750,000           | 100%                           | 0%                             |
| Brett Shearer    | \$350,000                          | \$200,000          | 175%                          | 0%                            | \$300,000           | 117%                           | 0%                             |

# Remuneration Report

## Actual remuneration received in FY21

|                  | Current year's remuneration |                |                          | Prior years' remuneration |                            | Total                     |                       |               |                               |
|------------------|-----------------------------|----------------|--------------------------|---------------------------|----------------------------|---------------------------|-----------------------|---------------|-------------------------------|
|                  | Fixed cash <sup>1</sup>     | Cash incentive | FY21 Remuneration equity | FY21 Performance Equity   | Remuneration equity vested | Performance equity vested | Remuneration received | Equity growth | Total including equity growth |
| Richard White    | \$1,000,000                 | –              | –                        | –                         | –                          | –                         | \$1,000,000           | –             | \$1,000,000                   |
| Maree Isaacs     | \$405,000                   | \$200,000      | –                        | –                         | –                          | –                         | \$605,000             | –             | \$605,000                     |
| Andrew Cartledge | \$631,250                   | –              | –                        | \$187,500                 | \$24,988                   | \$336,750 <sup>2</sup>    | \$1,180,488           | (\$88,424)    | \$1,092,064                   |
| Brett Shearer    | \$475,000                   | –              | –                        | \$87,500                  | \$37,482                   | \$185,299                 | \$785,282             | (\$52,363)    | \$732,919                     |

1 Fixed cash includes superannuation but excludes any allowances or non-monetary benefits. In particular, the amounts do not include the value related to annual and long service leave entitlements. FY21 fixed cash included cash increase effective from 1 April 2021.

2 Andrew Cartledge's performance equity vested includes the vesting of 16 IAYE Share Rights in January 2021.

In the above table, Executive KMP remuneration received in FY21 is separated into remuneration received for employment in FY21 and deferred equity from previous years that vested during FY21.

### Current year's remuneration

FY21 fixed cash remuneration, plus any FY21 performance incentive payments paid in cash, or equity which vested immediately on grant in August 2021. As remuneration equity is granted at the beginning of the year and earned throughout the year, with the first tranche to vest on the 1st business day of the following financial year, no FY21 remuneration equity was received in FY21.

### Prior years' remuneration

Any deferred equity awards from prior periods that vested during FY21. This includes remuneration equity and performance equity incentives from prior years, excluding the value of any vested performance equity incentive for FY20 disclosed as 'Current year's remuneration' in the corresponding table in the FY20 Remuneration Report.

### Equity growth

The value of the vested equity shown in the table is the face value at date of original award (under the headings *Remuneration equity vested* and *Performance equity vested*). *Equity growth* is the value contribution from the change in share price between the award and vesting dates.

For share rights that do not automatically convert to ordinary shares at vesting but are instead exercisable at the discretion of the Executive KMP, the values in the table reflect the market value at the vesting date, regardless of whether the share rights have been exercised.

Please note the actual remuneration outcomes in the tables above differ from the required statutory disclosures on page 84, which are prepared in accordance with the relevant accounting standards and represent a blend of actual amounts and accounting accruals. We believe that the information presented above provides shareholders with greater clarity of Executive KMP remuneration.

### Vesting of previous performance equity incentives

Vesting of deferred equity components of Executive KMP performance incentives each year is subject to consideration by the Board. The Board determined that the relevant tranches of FY18, FY19 and FY20 performance equity incentives would vest fully in July 2021.



# Remuneration Report

## FY22 remuneration

The Board considers that the existing remuneration approach and framework is working effectively. As such, no substantive changes are planned for FY22.

### Executive Directors

As co-founders of WiseTech Global, Richard White and Maree Isaacs, each have significant equity interests and, as such, their motivations and interests are firmly aligned with those of other shareholders. Therefore, their FY22 remuneration will contain no deferred equity components.

Richard White will continue to receive fixed remuneration of \$1 million per annum in FY22. Maree Isaacs will receive fixed remuneration of \$420,000 per annum and a performance incentive opportunity of up to 50% of fixed remuneration annually, based on achievement of multi-year strategic goals related to operational delivery on contract management, legacy conversion and pricing. In view of Maree Isaacs' significant existing ownership of WiseTech equity, the Board determined this performance incentive will continued to be cash-based.

### Non-director Executive KMP

Our non-director Executive KMP remuneration structure features:

#### Fixed remuneration consisting of cash base salary, superannuation and remuneration equity

Fixed remuneration comprising both cash and deferred equity is designed to encourage long-term sustainable decision-making and alignment of interests with those of shareholders. Remuneration equity for FY22 was granted after the April global remuneration review and priced in April 2021; it will vest in four equal annual tranches in July 2022, 2023, 2024 and 2025.

#### A performance equity incentive opportunity set as a percentage of fixed remuneration

Performance criteria will include Company financial outcomes and the achievement of strategic goals and project outcomes related to each Executive KMP role. The performance incentives will be in the form of deferred equity over three years, normally delivered as share rights with vesting after the end of the performance period in four equal tranches: immediately on grant in August 2022, July 2023, 2024 and 2025. Prior to vesting in any given year, the Board retains broad discretion to cancel the vesting of that tranche due to a range of factors, including conduct. The number of share rights to be granted will be determined using an average WiseTech share price at the end of the annual performance period in June 2022.

# Remuneration Report

## Executive KMP FY22 remuneration

| A\$  | Founder and CEO<br>Richard White  | Co-founder and<br>Head of Licence<br>Management<br>Maree Isaacs | Chief Financial<br>Officer<br>Andrew Cartledge | Chief Technology<br>Officer<br>Brett Shearer |
|--|---|---|--|--|
| Fixed remuneration – cash                                    | \$1,000,000   | \$420,000   | \$650,000                                      | \$475,000                                    |
| Fixed remuneration – remuneration equity                     | –   | –   | \$110,000                                      | \$200,000                                    |
| Total fixed remuneration                                     | \$1,000,000   | \$420,000   | \$760,000                                      | \$675,000                                    |
| Target performance incentives<br>(% of fixed remuneration)   | N/A   | \$210,000<br>(50%)  | \$525,000<br>(69%)                             | \$215,000<br>(32%)                           |
| Maximum performance incentives<br>(% of fixed remuneration)  | N/A   | \$210,000<br>(50%)  | \$787,500<br>(104%)                            | \$322,500<br>(48%)                           |
| Form of performance incentives                               | N/A   | cash  | 3-year deferred<br>equity                      | 3-year deferred<br>equity                    |
| Performance criteria applicable<br>to performance incentives | <ul style="list-style-type: none"> <li>– at least 70% financial, operational and strategic measures as per the FY21 KPI and performance outcome table on page 74</li> <li>– up to 30% for individual outcomes, as selectively applied to individual roles with incentive outcomes determined by the CEO with approval by the Board</li> </ul> |   |  |  |

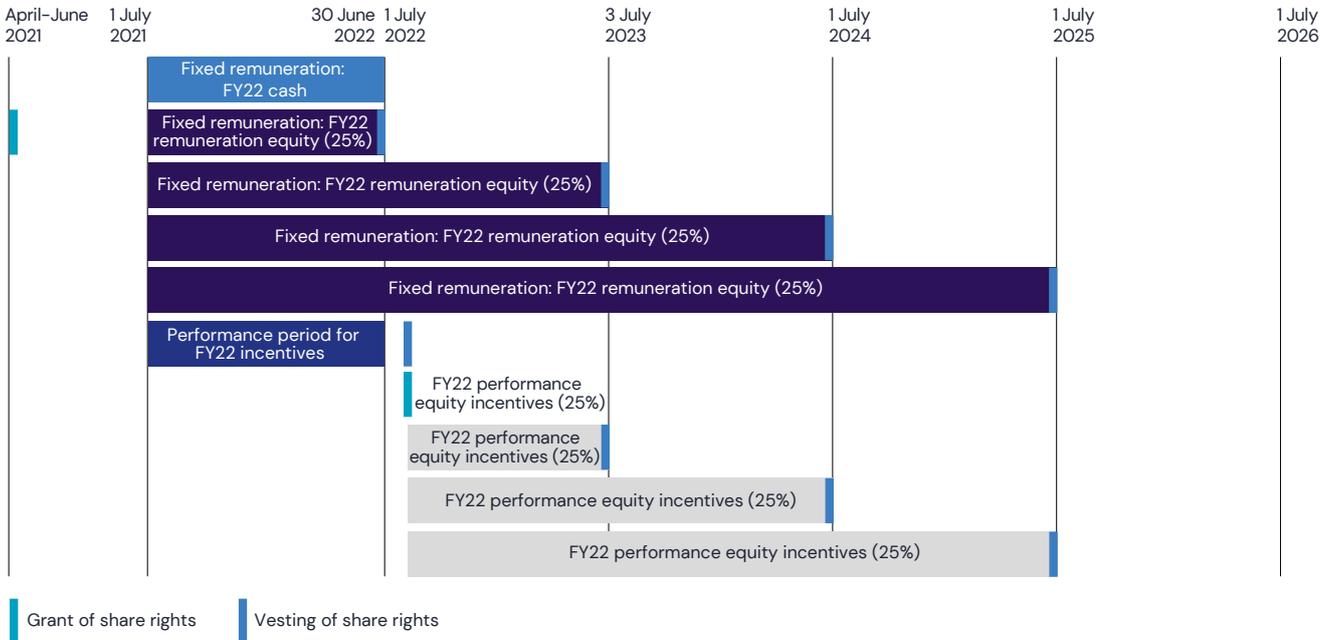
As in prior years, the Board (on the recommendation of the CEO) may use discretion to grant an additional reward to individual Executive KMP for substantial outperformance, usually capped at an additional 50% of the target performance incentive.



# Remuneration Report

## FY22 Remuneration framework for executive team

Remuneration for our executive team, including Executive KMP and senior managers, is delivered through a cash element of fixed remuneration, deferred equity element of fixed remuneration and performance equity incentive. The graphic below gives a simple illustration of the delivery timing for each remuneration component.



# Remuneration Report

## Remuneration governance

The following graphic describes the roles of the Board, the PRC and Management in ensuring that WiseTech's remuneration governance processes are robust and defensible.

### WISETECH GLOBAL LIMITED BOARD

- Approves the overall remuneration policy, including Non-Executive Director remuneration, Executive Director and senior executive remuneration and any executive incentive plans.
- Appoints the CEO, and approves the remuneration of, and oversees the performance review of, the CEO.

### PEOPLE & REMUNERATION COMMITTEE

Responsible for reviewing the following matters and bringing items of significance to the attention of the Board:

- The processes for overseeing performance accountability and monitoring of the senior management team, including setting and evaluating performance against goals and targets.
- Our remuneration structure and its effectiveness.
- Recruitment, retention and termination strategies.
- The Remuneration Report.
- Other relevant matters identified or requested by the Board from time to time.

### INDEPENDENT REMUNERATION ADVISORS

- Provide independent advice to the PRC and/or Management on remuneration market data and market practice.
- WiseTech has protocols in place to ensure that any external advice is provided in an appropriate manner.

### MANAGEMENT

- Makes recommendations to the PRC on WiseTech's remuneration strategy and framework.
- Provides relevant information to support decision-making.



# Remuneration Report

## Overview of Non-Executive Director remuneration

The Board sets Non-Executive Director remuneration at a level that enables the Group to attract and retain Directors with the appropriate mix of skills and experience. The remuneration of the Non-Executive Directors is determined by the Board, on advice from the PRC.

Non-Executive Directors receive a base fee inclusive of statutory superannuation contributions. Non-Executive Directors do not receive any performance-based remuneration.

### Non-Executive Director fee pool and structure

The total amount of fees that can be paid to Non-Executive Directors is capped by a pool approved by shareholders. The current fee pool is \$1,500,000 per annum, approved by shareholders at the 2018 Annual General Meeting.

Market practice and survey data are considered when determining the appropriate level of fees for Non-Executive Directors. During FY21, the PRC benchmarked the Non-Executive Director fee levels against those of comparable companies in two comparator groups, the ASX200 and ASX technology peers (based on market capitalisation). The Board approved an increase in Non-Executive Director fees for FY22 to ensure that our fee levels continue to reflect the workload and responsibilities of Directors and do not hamper the recruitment of additional Non-Executive Directors.

The table below outlines the Board and committee fees, inclusive of superannuation, effective for FY21 and for FY22.

|                                 | FY21      |            | FY22      |            |
|---------------------------------|-----------|------------|-----------|------------|
|                                 | Chair fee | Member fee | Chair fee | Member fee |
| Board                           | \$271,003 | \$164,250  | \$330,000 | \$165,000  |
| Audit & Risk Committee          | \$21,900  | \$10,950   | \$33,000  | \$19,250   |
| Nomination Committee            | \$10,950  | –          | \$16,500  | –          |
| People & Remuneration Committee | \$10,950  | –          | \$16,500  | \$9,625    |
| Related Party Committee         | –         | –          | –         | –          |

### Non-Executive Director Fee Sacrifice Share Acquisition Plan

The Non-Executive Director Fee Sacrifice Share Acquisition Plan (“NED Share Plan”), introduced in October 2020, provides a mechanism for the Non-Executive Directors to build their equity holding in the Company using their pre-tax Director fees. Under the NED Share Plan, Non-Executive Directors can elect to voluntarily sacrifice all, or a portion, of their pre-tax Director fees over the relevant financial year to receive a grant of share rights. Each share right is a conditional entitlement to acquire one ordinary share in the Company.

The following table details the NED Share Plan participation in FY21, including the number of share rights granted and the vesting schedule.

|                         |           | Fees sacrificed for share rights | Number of rights granted <sup>1</sup> | Fair value at grant date <sup>2</sup> | Vesting date <sup>3</sup> |
|-------------------------|-----------|----------------------------------|---------------------------------------|---------------------------------------|---------------------------|
| <b>Andrew Harrison</b>  | Tranche 1 | \$18,796                         | 609                                   | \$18,739                              | Feb 2021                  |
|                         | Tranche 2 | \$18,796                         | 609                                   | \$18,739                              | Aug 2021                  |
| <b>Teresa Engelhard</b> | Tranche 1 | \$12,412                         | 402                                   | \$12,370                              | Feb 2021                  |
|                         | Tranche 2 | \$12,412                         | 402                                   | \$12,370                              | Aug 2021                  |
| <b>Michael Gregg</b>    | Tranche 1 | \$11,680                         | 378                                   | \$11,631                              | Feb 2021                  |
|                         | Tranche 2 | \$11,680                         | 378                                   | \$11,631                              | Aug 2021                  |
| <b>Arlene Tansey</b>    | Tranche 1 | \$31,024                         | 1,005                                 | \$30,924                              | Feb 2021                  |
|                         | Tranche 2 | \$31,024                         | 1,005                                 | \$30,924                              | Aug 2021                  |

1 The number of share rights granted was calculated using an allocation price based on the 5-day VWAP for the period immediately following the Company’s AGM in November 2020.

2 Fair value at grant was determined based on \$30.77, the closing share price on the grant date.

3 Share rights vest (convert to shares) in two equal tranches on the days following the release of the half-year and full-year results.

# Remuneration Report

## Non-Executive Director remuneration

The following table details Non-Executive Directors' remuneration for FY21 and FY20.

|                               |      | Board and<br>committee fees<br>– cash | Fees sacrificed<br>under the NED Share<br>Plan | Superannuation | Total       |
|-------------------------------|------|---------------------------------------|--|----------------|-------------|
| Andrew Harrison               | FY21 | \$222,667                             | \$37,592                                       | \$21,694       | \$281,953   |
|                               | FY20 | \$260,475                             | –  | \$21,003       | \$281,478   |
| Teresa Engelhard              | FY21 | \$145,176                             | \$24,824                                       | \$16,150       | \$186,150   |
|                               | FY20 | \$170,000                             | –  | \$16,150       | \$186,150   |
| Charles Gibbon                | FY21 | \$160,000                             | –  | \$15,200       | \$175,200   |
|                               | FY20 | \$160,000                             | –  | \$15,200       | \$75,200    |
| Michael Gregg                 | FY21 | \$139,140                             | \$23,360                                       | \$15,438       | \$177,938   |
|                               | FY20 | \$163,768                             | –  | \$15,558       | \$179,326   |
| Arlene Tansey <sup>1</sup>    | FY21 | \$111,027                             | \$62,048                                       | \$7,600        | \$180,675   |
|                               | FY20 | \$12,500                              | –  | \$1,188        | \$13,688    |
| Christine Holman <sup>2</sup> | FY21 | –                                     | –  | –              | –           |
|                               | FY20 | \$56,667                              | –  | \$5,383        | \$62,050    |
| Total                         | FY21 | \$778,010                             | \$147,824                                      | \$76,082       | \$1,001,915 |
|                               | FY20 | \$823,410,                            | –  | \$74,481       | \$897,891   |

1 Arlene Tansey was appointed on 1 June 2020.

2 Christine Holman resigned on 18 October 2019.



# Remuneration Report

## Trading in WiseTech securities and equity ownership

### Trading in WiseTech securities

All KMP must comply with WiseTech's Securities Trading Policy, which includes a requirement that Directors and employees can only trade WiseTech securities during specified trading windows. The policy also prohibits the purchase or creation of hedge or derivative arrangements which operate to limit the economic risk of WiseTech securities under employee share plans.

### Executive KMP equity ownership

The following tables provide details of WiseTech Global Limited ordinary shares and share rights (being rights to acquire ordinary shares) held directly, indirectly or beneficially by each Executive KMP and their related parties:

|                         | Shares held on 30 June 2020 | Shares acquired as part of remuneration <sup>1</sup> | Other shares acquired | Shares disposed | Shares held on 30 June 2021    |
|-------------------------|-----------------------------|--|-----------------------|-----------------|--------------------------------|
| <b>Richard White</b>    | 140,049,173                 | –  | –                     | (8,057,437)     | <b>131,991,736<sup>3</sup></b> |
| <b>Maree Isaacs</b>     | 11,424,165                  | –  | –                     | (234,568)       | <b>11,189,597<sup>3</sup></b>  |
| <b>Andrew Cartledge</b> | 183,791                     | 24,095   | 41 <sup>2</sup>       | (30,246)        | <b>177,681</b>                 |
| <b>Brett Shearer</b>    | 479,882                     | 11,632   | –                     | (38,987)        | <b>452,527</b>                 |

1 Shares acquired from vesting or exercise of share rights granted as part of remuneration.

2 Including 25 IAYE Shares acquired and 16 shares converted from IAYE Share Rights.

3 Number of shares held on 30 June 2021 and as at the date of this report.

|                                  | Share rights held on 30 June 2020 | Awarded | Vested and converted or exercised | Lapsed | Share rights held on 30 June 2021 | Including share rights vested but not yet exercised <sup>1</sup> |
|----------------------------------|-----------------------------------|---------|-----------------------------------|--------|-----------------------------------|--|
| <b>Richard White<sup>2</sup></b> | –                                 | –       | –                                 | –      | –                                 | –  |
| <b>Maree Isaacs<sup>2</sup></b>  | –                                 | –       | –                                 | –      | –                                 | –  |
| <b>Andrew Cartledge</b>          | 43,882                            | 20,661  | (24,111)                          | –      | <b>40,432</b>                     | –  |
| <b>Brett Shearer</b>             | 24,170                            | 23,794  | (11,632)                          | –      | <b>36,332</b>                     | –  |

1 Depending on the terms of a grant, on vesting, share rights may automatically convert to ordinary shares, or become exercisable.

The Executive KMP can choose when to convert the exercisable share rights to ordinary shares. Share rights are converted to ordinary shares at nil cost to the Executive KMP.

2 Richard White and Maree Isaacs have not been awarded any share rights as at the date of this report.

### Executive KMP equity ownership policy

Executive KMP are required to maintain a minimum WiseTech equity holding, including shares and share rights, equal to 100% of fixed remuneration within five years of appointment. Each Executive KMP satisfied this objective as at 30 June 2021.

|                         | Shares held on 30 June 2021 | Share rights held on 30 June 2021 | Total equity held on 30 June 2021 | Value of equity holding on 30 June 2021 <sup>1</sup> | Minimum equity holding guideline <sup>2</sup> | Status       |
|-------------------------|-----------------------------|-----------------------------------|-----------------------------------|--|---|--------------|
| <b>Richard White</b>    | 131,991,736                 | –                                 | <b>131,991,736</b>                | \$4,214,496,130                                      | \$1,000,000                                   | <b>Meets</b> |
| <b>Maree Isaacs</b>     | 11,189,597                  | –                                 | <b>11,189,597</b>                 | \$357,283,832  | \$420,000                                     | <b>Meets</b> |
| <b>Andrew Cartledge</b> | 177,681                     | 40,432                            | <b>218,113</b>                    | \$6,964,348  | \$760,000                                     | <b>Meets</b> |
| <b>Brett Shearer</b>    | 452,527                     | 36,332                            | <b>488,859</b>                    | \$15,609,268   | \$675,000                                     | <b>Meets</b> |

1 Value of shareholding was calculated based on \$31.93, the closing share price on 30 June 2021.

2 Minimum equity holding guideline is the annualised fixed remuneration as at 30 June 2021.

# Remuneration Report

## Non-Executive Director share ownership policy and equity holdings

The Board has established a policy that all Non-Executive Directors should accumulate and hold WiseTech shares equivalent to the value of their base Director's fees within three years of their appointment to the Board. All Non-Executive Directors satisfied this objective as at 30 June 2021. Arlene Tansey was only appointed to the Board effective 1 June 2020.

The following tables provide details of WiseTech Global Limited ordinary shares and share rights (being rights to acquire ordinary shares) held directly, indirectly or beneficially by each Non-Executive Director and their related parties.

|                         | Shares held on 30 June 2020 | Shares received on vesting of share rights | Shares issued under DRP | Other shares acquired | Shares disposed | Shares held on 30 June 2021 <sup>1</sup> | Value of shareholding on 30 June 2021 <sup>2</sup> | Minimum shareholding guideline <sup>3</sup> | Status          |
|-------------------------|-----------------------------|--|-------------------------|-----------------------|-----------------|--|--|---|-----------------|
| <b>Andrew Harrison</b>  | 40,567                      | 609  | –                       | –                     | –               | <b>41,176</b>                            | \$1,314,750  | \$281,953                                   | <b>Meets</b>    |
| <b>Teresa Engelhard</b> | 42,894                      | 402  | –                       | –                     | –               | <b>43,296</b>                            | \$1,382,441  | \$186,150                                   | <b>Meets</b>    |
| <b>Charles Gibbon</b>   | 17,349,014                  | –  | –                       | –                     | –               | <b>17,349,014</b>                        | \$553,954,017                                      | \$175,200                                   | <b>Meets</b>    |
| <b>Michael Gregg</b>    | 13,864,842                  | 378  | 11,758                  | –                     | (400,000)       | <b>13,476,978</b>                        | \$430,319,908                                      | \$175,200                                   | <b>Meets</b>    |
| <b>Arlene Tansey</b>    | 1,000                       | 1,005                                      | –                       | 3,000                 | –               | <b>5,005</b>                             | \$159,810  | \$186,150                                   | <b>On track</b> |

1 Number of shares held on 30 June 2021 and at the date of this report.

2 Value of shareholding was calculated based on \$31.93, the closing share price on 30 June 2021.

3 Minimum shareholding guideline is the annualised Non-Executive Director fee as at 30 June 2021.

|                         | Shares rights held on 30 June 2020 | Awarded | Vested and converted | Lapsed | Shares rights held on 30 June 2021 |
|-------------------------|------------------------------------|---------|----------------------|--------|------------------------------------|
| <b>Andrew Harrison</b>  | –                                  | 1,218   | (609)                | –      | <b>609</b>                         |
| <b>Teresa Engelhard</b> | –                                  | 804     | (402)                | –      | <b>402</b>                         |
| <b>Charles Gibbon</b>   | –                                  | –       | –                    | –      | <b>–</b>                           |
| <b>Michael Gregg</b>    | –                                  | 756     | (378)                | –      | <b>378</b>                         |
| <b>Arlene Tansey</b>    | –                                  | 2,010   | (1,005)              | –      | <b>1,005</b>                       |



# Remuneration Report

## Other disclosures

### Key terms of Executive KMP employment contracts

The following table outlines the key terms of the Executives' latest employment contracts as at the date of this report:

|   | Richard White | Maree Isaacs | Andrew Cartledge  | Brett Shearer |
|---|---------------|--------------|-------------------|---------------|
| <b>Fixed remuneration – cash</b>                | 1,000,000     | 420,000      | 650,000           | 475,000       |
| <b>Fixed remuneration – remuneration equity</b> | –             | –            | 110,000           | 200,000       |
| <b>Total fixed remuneration</b>                 | 1,000,000     | 420,000      | 760,000           | 675,000       |
| <b>Commencement date</b>                        | 15 April 2019 | 1 July 2017  | 22 September 2017 | 1 July 2020   |
| <b>Notice period</b>                            | 12 months     | 3 months     | 6 months          | 3 months      |

The employment contracts do not contain contractual termination benefits.

### Other statutory disclosures – Executive KMP remuneration

The following table of Executive KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period from 1 July 2020 to 30 June 2021 and the prior period:

|                         |             | Short-term benefits                   | Cash incentive   | Post employment | Share-based payments | Long-term benefits | Total              | Performance-related |
|-------------------------|-------------|---------------------------------------|------------------|-----------------|----------------------|--------------------|--------------------|---------------------|
|                         |             | Base salary and benefits <sup>1</sup> |                  | Super-annuation | Share rights         | Other <sup>2</sup> |                    |                     |
| <b>Richard White</b>    | <b>FY21</b> | <b>\$978,306</b>                      | –                | <b>\$21,694</b> | –                    | <b>\$41,762</b>    | <b>\$1,041,762</b> | –                   |
|                         | FY20        | \$978,997                             | –                | \$21,003        | –                    | \$61,557           | \$1,061,557        | –                   |
| <b>Maree Isaacs</b>     | <b>FY21</b> | <b>\$383,306</b>                      | <b>\$100,000</b> | <b>\$21,694</b> | –                    | <b>\$42,006</b>    | <b>\$547,006</b>   | <b>18%</b>          |
|                         | FY20        | \$378,997                             | \$150,000        | \$21,003        | –                    | \$33,678           | \$583,678          | 26%                 |
| <b>Andrew Cartledge</b> | <b>FY21</b> | <b>\$611,116</b>                      | –                | <b>\$21,694</b> | <b>\$744,126</b>     | <b>\$42,690</b>    | <b>\$1,419,626</b> | <b>46%</b>          |
|                         | FY20        | \$605,557                             | –                | \$21,003        | \$678,728            | \$16,720           | \$1,322,008        | 46%                 |
| <b>Brett Shearer</b>    | <b>FY21</b> | <b>\$454,746</b>                      | –                | <b>\$21,694</b> | <b>\$477,487</b>     | <b>\$65,608</b>    | <b>\$1,019,535</b> | <b>32%</b>          |
|                         | FY20        | \$355,687                             | –                | \$21,003        | \$385,752            | \$26,159           | \$788,601          | 34%                 |
| <b>Total</b>            | <b>FY21</b> | <b>\$2,427,474</b>                    | <b>\$100,000</b> | <b>\$86,776</b> | <b>\$1,221,613</b>   | <b>\$192,066</b>   | <b>\$4,027,929</b> | <b>N/A</b>          |
|                         | FY20        | \$2,319,239                           | \$150,000        | \$84,010        | \$1,064,481          | \$138,114          | \$3,755,844        | N/A                 |

1 Base salary and benefits included remuneration increases effective from 1 April 2021.

2 Other long-term benefits relates to annual and long service leave. The comparatives have been amended to a consistent basis with the current year, being the movement in the balance, rather than disclosing the annual and long service leave balance.

# Remuneration Report

## Executive KMP share rights and conditions

- Share rights are rights to acquire ordinary shares at no cost to the participant.
- There are no further performance conditions after grant but share rights generally lapse on ceasing employment. No share rights under the grants below have lapsed.
- Except for IAYE Share Rights that automatically convert to shares on vesting, all other grants become exercisable on vesting and expire 10 years after grant date.
- Participants in the IAYE program receive 1 free share right for every 5 IAYE shares purchased and held. The face value of the free share rights in the tables below were calculated based on fair value at grant date.
- The plan rules grant the Board clawback powers. If, in the opinion of the Board, a participant acts fraudulently or dishonestly or is in breach of his or her obligations to any Group company, the Board may deem any award of share rights held by the participant to be forfeited. No clawbacks occurred in FY21.
- No dividends or dividend equivalents are paid on share rights.

## Details of share rights granted in FY21

|                         | Grant                                 | Share rights granted | Grant date | Fair value at grant date | Face value of grant | Vesting schedule                       |
|-------------------------|---------------------------------------|----------------------|------------|--------------------------|---------------------|--|
| <b>Andrew Cartledge</b> | FY21 Remuneration Equity              | 4,890                | 1-Jul-20   | \$18.55                  | \$100,001           | 4 annual tranches commencing 1-Jul-21  |
|                         | FY20 Performance Equity Incentives    | 12,225               | 17-Aug-20  | \$19.48                  | \$250,001           | 4 annual tranches commencing 17-Aug-20 |
|                         | 2020 IAYE Share Rights                | 10                   | 1-Feb-21   | \$31.20                  | \$312               | 2 years after grant                    |
|                         | FY22 Remuneration Equity <sup>1</sup> | 3,536                | 7-Jun-21   | \$29.43                  | \$112,480           | 4 annual tranches commencing 1-Jul-22  |
| <b>Brett Shearer</b>    | FY21 Remuneration Equity              | 7,335                | 1-Jul-20   | \$18.55                  | \$150,001           | 4 annual tranches commencing 1-Jul-21  |
|                         | FY20 Performance Equity Incentives    | 9,780                | 17-Aug-20  | \$19.48                  | \$200,001           | 4 annual tranches commencing 17-Aug-20 |
|                         | FY22 Remuneration Equity <sup>1</sup> | 6,679                | 7-Jun-21   | \$29.43                  | \$212,459           | 4 annual tranches commencing 1-Jul-22  |

<sup>1</sup> FY22 remuneration equity includes the increase of FY21 remuneration equity effective from 1 April 2021 and FY22 remuneration equity.



# Remuneration Report

## Details of share rights affecting current and future remuneration

### Andrew Cartledge

| Award                              | Grant date | Share rights granted | Fair value at grant date | Fair value of grant | Share rights vested prior years | Vesting date in FY21 | Share rights vested in FY21 | % of total grant vested | Value of share rights vested | Unvested rights at 30 June 2021 | Future vesting schedule         |
|------------------------------------|------------|----------------------|--------------------------|---------------------|---------------------------------|----------------------|-----------------------------|-------------------------|------------------------------|---------------------------------|---------------------------------|
| FY18 Performance Equity Incentives | 28-Sep-18  | 22,479               | \$22.09                  | \$496,561           | (7,493)                         | 1-Jul-20             | (7,493)                     | 67%                     | 356,292                      | 7,493                           | Vesting on 1-Jul-21             |
| 2018 IAYE Share Rights             | 25-Jan-19  | 16                   | \$20.30                  | \$325               | -                               | 15-Jan-21            | 16                          | 100%                    | 444                          | -                               | -                               |
| FY19 Performance Equity Incentives | 30-Aug-19  | 25,319               | \$36.93                  | \$935,031           | (6,329)                         | 1-Jul-20             | (6,329)                     | 50%                     | 351,133                      | 12,661                          | 2 annual tranches from 1-Jul-21 |
| FY20 Remuneration Equity           | 30-Aug-19  | 3,553                | \$36.93                  | \$131,212           | -                               | 1-Jul-20             | (888)                       | 25%                     | 16,472                       | 2,665                           | 3 annual tranches from 1-Jul-21 |
| 2019 IAYE Share Rights             | 24-Jan-20  | 8                    | \$24.74                  | \$198               | -                               | -                    | -                           | -                       | -                            | 8                               | Vesting on 24-Jan-22            |
| FY21 Remuneration Equity           | 1-Jul-20   | 4,890                | \$18.55                  | \$90,710            | -                               | -                    | -                           | -                       | -                            | 4,890                           | 4 annual tranches from 1-Jul-21 |
| FY20 Performance Equity Incentives | 17-Aug-20  | 12,225               | \$19.48                  | \$238,143           | -                               | 17-Aug-20            | (3,056)                     | 25%                     | 59,531                       | 9,169                           | 3 annual tranches from 1-Jul-21 |
| 2020 IAYE Share Rights             | 1-Feb-21   | 10                   | \$31.20                  | \$312               | -                               | -                    | -                           | -                       | -                            | 10                              | Vesting on 1-Feb-23             |
| FY22 Remuneration Equity           | 7-Jun-21   | 3,536                | \$29.43                  | \$104,064           | -                               | -                    | -                           | -                       | -                            | 3,536                           | 4 annual tranches from 1-Jul-22 |

### Brett Shearer

| Award                              | Grant date | Share rights granted | Fair value at grant date | Fair value of grant | Share rights vested prior years | Vesting date in FY21 | Share rights vested in FY21 | % of total grant vested | Value of share rights vested | Unvested rights at 30 June 2021 | Future vesting schedule         |
|------------------------------------|------------|----------------------|--------------------------|---------------------|---------------------------------|----------------------|-----------------------------|-------------------------|------------------------------|---------------------------------|---------------------------------|
| FY18 Performance Equity Incentives | 28-Sep-18  | 14,197               | \$22.09                  | \$313,612           | (4,732)                         | 1-Jul-20             | (4,732)                     | 67%                     | 225,007                      | 4,733                           | Vesting on 1-Jul-21             |
| FY19 Special Project Bonus         | 01-May-19  | 1,787                | \$22.64                  | \$40,458            | (446)                           | 1-Jul-20             | (446)                       | 50%                     | 21,207                       | 895                             | 2 annual tranches from 1-Jul-21 |
| FY19 Special Project Bonus         | 30-Aug-19  | 51                   | \$36.93                  | 1,883               | (12)                            | 1-Jul-20             | (12)                        | 47%                     | 666                          | 27                              | 2 annual tranches from 1-Jul-21 |
| FY19 Performance Equity Incentives | 30-Aug-19  | 10,660               | \$36.93                  | \$393,674           | (2,665)                         | 1-Jul-20             | (2,665)                     | 50%                     | 147,854                      | 5,330                           | 2 annual tranches from 1-Jul-21 |
| FY20 Remuneration Equity           | 30-Aug-19  | 5,330                | \$36.93                  | \$196,837           | -                               | 1-Jul-20             | (1,332)                     | 25%                     | 24,709                       | 3,998                           | 3 annual tranches from 1-Jul-21 |
| FY21 Remuneration Equity           | 01-Jul-20  | 7,335                | \$18.55                  | \$136,064           | -                               | -                    | -                           | -                       | -                            | 7,335                           | 4 annual tranches from 1-Jul-21 |
| FY20 Performance Equity Incentives | 17-Aug-20  | 9,780                | \$19.48                  | \$190,514           | -                               | 17-Aug-20            | (2,445)                     | 25%                     | 47,629                       | 7,335                           | 3 annual tranches from 1-Jul-21 |
| FY22 Remuneration Equity           | 07-Jun-21  | 6,679                | \$29.43                  | \$196,563           | -                               | -                    | -                           | -                       | -                            | 6,679                           | 4 annual tranches from 1-Jul-22 |

## Related party transactions

During FY21, the Group was party to ongoing arrangements with entities associated with Executive Director, Founder and CEO, Richard White. These transactions were negotiated and agreed on arms-length terms no more favourable than those it is reasonable to expect the entity would have adopted if dealing with an unrelated person at arm's length. Further details of these arrangements are disclosed in note 20 to the financial statements included in this report.

# Directors' Report

Directors present their report together with the consolidated financial statements of the Group, comprising WiseTech Global Limited and its controlled entities, for the financial year ended 30 June 2021 and the auditor's report thereon. Information in the Financial Report referred to in this report, including the Operating and Financial Review and the Remuneration Report, or contained in a note to the financial statements referred to in this report, forms part of, and is to be read as part of, this report.

## Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period.

- Andrew Charles Harrison (Chair);
- Richard John White (Founder & CEO);
- Teresa Engelhard;
- Charles Llewelyn Gibbon;
- Michael John Gregg;
- Maree McDonald Isaacs; and
- Arlene Mary Tansey.

The qualifications, experience and special responsibilities of the Directors, including details of other listed company directorships held during the last three years, are detailed on pages 48 and 49 of this report.

Directors' meetings and their attendance at those meetings for FY21 (including meetings of committees of Directors) are detailed on page 49 of this report.

## Company Secretaries

**David Rippon**, Corporate Governance Executive & Company Secretary  
BSc (Hons) Mathematics

As Company Secretary, David is responsible for company secretarial and corporate governance support for WiseTech Global Limited and the WiseTech Group. After an initial career in the UK as an actuary, David held senior corporate office roles at AMP Limited and Henderson Group (now Janus Henderson Group plc) in Australia, before joining WiseTech Global as Corporate Governance Executive & Company Secretary in 2017.

### **Maree Isaacs**

Details of Maree's qualifications and experience are disclosed on page 49 of this report.

## Review of operations

Information on the principal activities, operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on pages 60 to 65 of this report.

## Dividends

Details of dividends paid during FY21 and the prior period are disclosed in note 6 to the financial statements included in this report.

## Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.



# Directors' Report

## Events subsequent to balance date

On 28 July 2021, a new unsecured four-year bi-lateral debt facility was executed with six banks and the previous facility was retired. The new facility has a total commitment of \$225.0m.

Since the period end, the Directors have declared a fully franked final dividend of 3.85 cents per share, payable on 8 October 2021. The dividend will be recognised in subsequent period financial statements.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

## Likely developments and expected results

For further information about likely developments in the operations of the Group, refer to the Operating and Financial Review on pages 60 to 65 of this report.

## Environmental regulation and performance

The operations of the Group are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law of Australia.

## Indemnification and insurance of Directors and other officers

WiseTech's constitution provides that every person who is, or has been, a Director or Company Secretary of the Company or a subsidiary of the Company is indemnified by the Company to the maximum extent permitted by law. The indemnity covers liabilities and legal costs incurred by the person as a director or company secretary.

In accordance with the Company's constitution, the Company has entered into deeds with each of the Directors providing indemnity, insurance and access. No Director has received benefits under an indemnity from the Company during or since the end of the financial year.

During FY21, the Company paid a premium under a contract insuring certain current and former officers of the Group (including the Directors) against liability that they may incur as an officer of the Company. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

## Share rights

At the date of this report, WiseTech had 2,411,754 share rights outstanding across 1,228 holders. The share rights relate to grants of deferred equity to employees under the Equity Incentives Plan and have a range of vesting dates through to July 2025. The share rights are not subject to further performance conditions, but are subject to employment conditions. On vesting, the holder is entitled to receive one ordinary share at no cost to the holder. 599,252 share rights were converted to ordinary shares during the financial year.

To meet the Company's obligations when share rights vest, the Board prefers to issue new shares (to a maximum of 1% of issued share capital in any 12-month period) while reserving the right to buy shares on-market and off-market where appropriate. During FY21, 55,661 shares were purchased on-market for the purpose of employee incentive schemes, at an average price of \$28.59 per share, primarily on behalf of participants in the Invest As You Earn program.

## Proceedings on behalf of the Group

Under section 237 of the *Corporations Act 2001*, no application has been made in respect of the Group and no proceedings have been brought or intervened in or on behalf of the Group under that section.

# Directors' Report

## Remuneration Report

Information on WiseTech's remuneration framework and the FY21 outcomes for key management personnel, as well as the proposed framework for FY22, is included in the Remuneration Report on pages 68 to 86 of this report.

## Corporate governance

Our Corporate Governance Statement for FY20 is available from our website: [www.wisetechnology.com/investors/corporate-governance/](http://www.wisetechnology.com/investors/corporate-governance/)  
Our FY21 statement is expected to be published in October 2021.

## Non-audit services

During the year, KPMG, the Company's auditor, performed certain other services in addition to the audit and review of the financial statements. Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services are provided in note 21 to the financial statements included in this report.

The Board has considered the non-audit services provided during FY21 by the auditor and, in accordance with written advice provided by resolution of the Audit & Risk Committee, is satisfied that the provision of those non-audit services during FY21 by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Group or jointly sharing risks and rewards.

## Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 90 of this report and forms part of the Directors' Report for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



**Andrew Harrison**  
Chair

25 August 2021



**Richard White**  
Executive Director, Founder and CEO

25 August 2021



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



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

To the Directors of WiseTech Global Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of WiseTech Global Limited for the financial year ended 30 June 2021 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

*Caoimhe Toouli*

Caoimhe Toouli

*Partner*

Sydney

25 August 2021

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

# Risk management

We recognise and manage a variety of business risks that could affect our operations and financial results. The main risks affecting WiseTech Global, and the steps we take to manage or mitigate these risks, are described below.

## Ability to attract and retain key personnel

Our success depends on attracting and retaining key personnel, in particular our Founder and CEO, Richard White, and members of the senior management and product development teams. In addition, we need to attract and retain highly skilled software development engineers.

The loss of key personnel, or delay in their replacement, could adversely impact our ability to operate our business and increase the potential loss of business process knowledge.

To mitigate this risk, we invested significantly both in our workforce and in processes and systems to ensure knowledge and skills are maintained within the Group. This enables its continued and stable growth. Our remuneration framework also delivers flexible components designed to support the recruitment, motivation and retention of our staff.

## Execution of integration of acquired businesses

In recent years, we have completed a number of strategic acquisitions, the integration of which can include product development and transitioning of customers to our CargoWise platform. There is a risk that customers do not transition (or require more financial and management resources or time than planned) or that the acquisitions fail to generate the expected benefits or adequate returns on investment.

We have adopted an integration framework characterised by a three-phased approach to:

- integrate the target: operations and workforce;
- develop the product capability and commercial foundation; and
- grow revenue from new capabilities and conversion of the acquired customer base.

This process is designed to be delivered through a combination of self-integration toolkits and the utilisation of our internal architectures and engines. We also engage the talented teams in our 33 product development centres and 50 offices worldwide. When considering a target for potential acquisition, we also assess the capabilities of the business to support the integration and product development phases mentioned above.

## Regulatory and compliance complexities

Our acquisition and growth strategy has and is still expanding our presence in new international jurisdictions, with exposure to greater risk of political, legal and economic instability, as well as different compliance and regulatory requirements.

To mitigate these risks, we tailor our acquisition and integration approach to address geographic and political risk in the region in which each acquisition business is based.

We continually monitor the regulatory requirements in our global network to aim for full compliance. Our Code of Conduct reinforces our commitment to comply with all laws and regulations relating to our business and operations. We are committed to maintaining ethical standards in how we conduct our business activities and stakeholder relationships. WiseTech Global's reputation as an ethical organisation is important to our ongoing success. We expect our people to meet these standards.

## WiseTech Global operates in a competitive industry

We compete against other commercial logistics service software providers and within the marketplace face the risk that:

- competitors could increase their competitive position through product innovation or expansion, aggressive marketing campaigns, price discounting or acquisitions;
- our software products may fail to meet our customers' expectations;
- we may fail to anticipate and respond to technology changes as quickly as our competitors;
- logistics service providers may continue to operate in-house developed systems in preference to commercial logistics software; and
- new competitors could emerge and develop products (including cloud-based software) which compete with our products.

We believe that our deeply integrated, open-access platform, which provides an efficient platform for global rollouts and a valuable consolidation tool for large 3PLs, and our commitment to relentlessly invest in product development, are the most effective mitigants to this risk. We continue to invest significantly in product development and innovation, investing over \$560m in the past five years. In FY21, we reinvested 33% of our revenues in product development and innovation and delivered 1,096 product features and enhancements to the platform. We also continue to acquire smaller software vendors in key geographic regions and technology adjacencies, enlarging our global footprint and technology capacity and capability.



# Risk management

## Failure to retain existing customers and attract new customers

Our business success depends on our ability to retain and grow usage by our existing customers, as well as our ability to attract further business from new customers. There is a risk that our customers reduce their use of our software, in terms of the users and volume of transactions, or that they cease to use our software altogether. There is a risk that if customers reduce their usage of our software, our revenue could decrease.

We mitigate this risk by:

- providing our customers with open access to our platform to new sites/geographies;
- continuing to innovate and add more modules and functionality, which drive productivity benefits for our customers and respond to industry and regulatory changes faced by customers; and
- providing a platform which enables rapid onboarding of users without additional contract negotiations.

Our success in managing this risk is characterised by the high level (97%) of recurring revenue for our CargoWise platform in FY21 and our low level (<1%) of annual customer attrition (by CargoWise customers) every year for the past nine years.

## Decline in trade volumes and economic conditions

Our customers are logistics service providers whose business operations depend on regional and global logistics activities, which are closely linked to regional and global trade volumes. A decline in regional and global trade volumes and recessionary economic conditions including, but not limited to, the effects of the COVID-19 pandemic, geopolitical events and the impacts of climate change, may adversely affect our financial performance.

Our software provides an integrated logistics execution solution which increases productivity and drives efficiency in a complex, highly regulated and competitive industry. We believe that risks associated with a reduction in trade volumes and economic conditions would be offset by the opportunities which present themselves from changes in trade routes, regulation, trade patterns and increased competition amongst our customers.

## Impact of foreign currency on financial results

As a global business, the majority of our revenue (FY21: 73%) is invoiced in currencies other than Australian dollars. Therefore, our financial results are influenced by movements in the foreign exchange rates of currencies including the US dollar, pound sterling and euro.

This risk is partially offset by natural hedges where we also incur operational costs in the same foreign currency. Where appropriate, we seek to denominate new customer contracts in Australian dollars and may also utilise foreign exchange contracts to hedge the currency risks on a portion of forecast exposures.

## Disruption or failure of technology systems

The performance, reliability and availability of our technology platform, data centre and global communication systems (including servers, the internet, hosting services and the cloud environment in which we provide our products) are critical to our business. There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption.

Prolonged disruption to our IT platform, or operational or business delays, could damage our reputation and potentially lead to a loss of customers, legal claims by customers, and an inability to attract new customers.

We mitigate this risk by operating: separate data centres in three distinct regions around the world to reduce reliance on any individual data centre; a global network of support centres providing 24/7 365 support internally; and automated replication of data as well as disaster recovery planning and testing. Our technology framework provides for segregation of data, backups stored on independent infrastructures and critical access monitoring.

## Security breach and data privacy

Our products involve the storage and transmission of our customers' confidential and proprietary information and our risks include security breaches of our customers' data and information by unauthorised access, theft, destruction, loss of information, or misappropriation or release of confidential customer data.

To mitigate these risks, we have adopted a layered approach to protecting customer data that includes physical security, system security, policy, governance, logging and auditing. We have completed an independent Service Organization Control audit of our key WiseCloud systems. We perform penetration testing on our key business systems (including our acquired businesses) and remediate any potential issues identified by the testing.

We are in the process of further managing and documenting these controls through the implementation of the ISO 27001 Information Technology standard.

WiseTech Global and its subsidiaries recognise the importance of data privacy and comply with relevant data privacy regulations, including the EU General Data Protection Regulation, to safeguard the security and privacy of all customer data.

# Financial Report contents

for the year ended 30 June 2021

|  |    |
|--|----|
| <b>Consolidated statement of profit or loss and other comprehensive income</b> | 94 |
| <b>Consolidated statement of financial position</b>                            | 95 |
| <b>Consolidated statement of changes in equity</b>                             | 96 |
| <b>Consolidated statement of cash flows</b>                                    | 98 |

## Notes to the financial statements

|     |  |     |
|-----|--|-----|
| 1.  | Corporate information  | 99  |
| 2.  | Basis of preparation   | 99  |
| 3.  | Revenue  | 101 |
| 4.  | Income tax   | 103 |
| 5.  | Earnings per share   | 106 |
| 6.  | Dividends  | 106 |
| 7.  | Intangible assets  | 107 |
| 8.  | Property, plant and equipment                                      | 110 |
| 9.  | Cash and cash equivalents  | 111 |
| 10. | Trade receivables  | 111 |
| 11. | Other assets   | 113 |
| 12. | Trade and other payables   | 114 |
| 13. | Deferred revenue   | 114 |
| 14. | Other liabilities  | 115 |
| 15. | Borrowings   | 115 |
| 16. | Lease liabilities  | 116 |
| 17. | Share capital and reserves   | 118 |
| 18. | Business combinations and acquisition of non-controlling interests | 119 |
| 19. | Employee benefits  | 122 |
| 20. | Key management personnel transactions                              | 123 |
| 21. | Auditor's remuneration   | 125 |
| 22. | Reconciliation of net cash flows from operating activities         | 126 |
| 23. | Segment information  | 127 |
| 24. | Financial instruments  | 128 |
| 25. | Group information  | 136 |
| 26. | Deed of Cross Guarantee  | 139 |
| 27. | Parent entity information  | 141 |
| 28. | Other policies and disclosures                                     | 142 |

|                                     |     |
|-------------------------------------|-----|
| <b>Directors' declaration</b>       | 144 |
| <b>Independent Auditor's Report</b> | 145 |



# Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

|   | Notes | 2021<br>\$M    | 2020<br>\$M    |
|---|-------|----------------|----------------|
| Revenue   | 3     | 507.5          | 429.4          |
| Cost of revenues  |       | (85.6)         | (83.5)         |
| <b>Gross profit</b>   |       | <b>421.9</b>   | <b>345.9</b>   |
| Product design and development  |       | (128.9)        | (115.4)        |
| Sales and marketing   |       | (50.3)         | (62.3)         |
| General and administration <sup>1</sup>                                   |       | (92.9)         | (87.7)         |
| <b>Total operating expenses</b>   |       | <b>(272.1)</b> | <b>(265.4)</b> |
| <b>Operating profit</b>   |       | <b>149.8</b>   | <b>80.5</b>    |
| Finance income  |       | 1.4            | 3.1            |
| Finance costs   | 24    | (5.5)          | (12.9)         |
| Fair value gain on contingent consideration                               | 24    | 2.2            | 111.0          |
| <b>Net finance (costs)/income</b>   |       | <b>(1.9)</b>   | <b>101.3</b>   |
| <b>Profit before income tax</b>   |       | <b>147.9</b>   | <b>181.8</b>   |
| Income tax expense  | 4     | (39.9)         | (21.0)         |
| <b>Net profit for the year</b>  |       | <b>108.1</b>   | <b>160.8</b>   |
| <b>Other comprehensive income</b>   |       |                |                |
| <i>Items that are/or may be reclassified to profit or loss</i>            |       |                |                |
| Cash flow hedges – effective portion of changes in fair value, net of tax |       | (5.7)          | 3.2            |
| Exchange differences on translation of foreign operations                 |       | (23.0)         | (19.2)         |
| <b>Other comprehensive loss for the year, net of tax</b>                  |       | <b>(28.8)</b>  | <b>(16.0)</b>  |
| <b>Total comprehensive income for the year, net of tax</b>                |       | <b>79.3</b>    | <b>144.7</b>   |
| <b>Earnings per share</b>   |       |                |                |
| Basic earnings per share (cents)  | 5     | 33.3           | 50.3           |
| Diluted earnings per share (cents)  | 5     | 33.2           | 50.3           |

1 For the year ended 30 June 2021 \$8.2m of restructuring expenses are included in general and administration expenses (2020: nil).

These Consolidated financial statements should be read in conjunction with accompanying notes.

# Consolidated statement of financial position

as at 30 June 2021

|                                      | Notes | 2021<br>\$M    | 2020<br>\$M    |
|--------------------------------------|-------|----------------|----------------|
| <b>Assets</b>                        |       |                |                |
| <b>Current assets</b>                |       |                |                |
| Cash and cash equivalents            | 9     | 315.0          | 223.7          |
| Trade receivables                    | 10    | 74.1           | 59.6           |
| Derivative financial instruments     | 24    | 2.9            | 3.7            |
| Current tax receivables              |       | –              | 3.6            |
| Other current assets                 | 11    | 22.6           | 18.7           |
| <b>Total current assets</b>          |       | <b>414.6</b>   | <b>309.3</b>   |
| <b>Non-current assets</b>            |       |                |                |
| Intangible assets                    | 7     | 904.5          | 885.0          |
| Property, plant and equipment        | 8     | 64.1           | 70.0           |
| Deferred tax assets                  | 4     | 11.0           | 10.4           |
| Derivative financial instruments     | 24    | 0.4            | 0.9            |
| Other non-current assets             | 11    | 5.1            | 1.3            |
| <b>Total non-current assets</b>      |       | <b>985.2</b>   | <b>967.6</b>   |
| <b>Total assets</b>                  |       | <b>1,399.8</b> | <b>1,276.9</b> |
| <b>Liabilities</b>                   |       |                |                |
| <b>Current liabilities</b>           |       |                |                |
| Trade and other payables             | 12    | 59.3           | 47.9           |
| Borrowings                           | 15    | –              | –              |
| Lease liabilities                    | 16    | 9.8            | 10.4           |
| Deferred revenue                     | 13    | 25.8           | 22.7           |
| Employee benefits                    | 19    | 20.7           | 18.2           |
| Current tax liabilities              |       | 7.5            | 5.8            |
| Derivative financial instruments     | 24    | 2.1            | –              |
| Other current liabilities            | 14    | 62.8           | 52.2           |
| <b>Total current liabilities</b>     |       | <b>188.0</b>   | <b>157.2</b>   |
| <b>Non-current liabilities</b>       |       |                |                |
| Lease liabilities                    | 16    | 25.2           | 35.4           |
| Employee benefits                    | 19    | 2.1            | 1.8            |
| Deferred tax liabilities             | 4     | 58.3           | 47.1           |
| Derivative financial instruments     | 24    | 4.3            | –              |
| Other non-current liabilities        | 14    | 16.0           | 32.0           |
| <b>Total non-current liabilities</b> |       | <b>105.9</b>   | <b>116.4</b>   |
| <b>Total liabilities</b>             |       | <b>293.9</b>   | <b>273.5</b>   |
| <b>Net assets</b>                    |       | <b>1,106.0</b> | <b>1,003.4</b> |
| <b>Equity</b>                        |       |                |                |
| Share capital                        | 17    | 827.8          | 779.8          |
| Reserves                             |       | (67.7)         | (37.5)         |
| Retained earnings                    |       | 345.8          | 261.2          |
| <b>Total equity</b>                  |       | <b>1,106.0</b> | <b>1,003.4</b> |

These Consolidated financial statements should be read in conjunction with accompanying notes.



# Consolidated statement of changes in equity

for the year ended 30 June 2021

|   | Notes | Share capital<br>\$M | Treasury share reserve<br>\$M | Acquisition reserve<br>\$M | Cash flow hedge reserve<br>\$M | Share-based payment reserve<br>\$M | Foreign currency translation reserve<br>\$M | Retained earnings<br>\$M | Total equity<br>\$M |
|---|-------|----------------------|-------------------------------|----------------------------|--------------------------------|------------------------------------|---|--------------------------|---------------------|
| <b>Balance as at 1 July 2019</b>                                    |       | 668.5                | (25.9)                        | (19.0)                     | –                              | 17.6                               | 1.6   | 123.8                    | 766.6               |
| Initial application of AASB 16 Leases                               |       | –                    | –                             | –                          | –                              | –                                  | –   | 0.1                      | 0.1                 |
| <b>As at 1 July 2019</b>  |       | 668.5                | (25.9)                        | (19.0)                     | –                              | 17.6                               | 1.6   | 123.9                    | 766.6               |
| Net profit for the year   |       | –                    | –                             | –                          | –                              | –                                  | –   | 160.8                    | 160.8               |
| Other comprehensive (loss)/income                                   |       | –                    | –                             | –                          | 3.2                            | –                                  | (19.2)                                      | –                        | (16.0)              |
| Total comprehensive (loss)/income                                   |       | –                    | –                             | –                          | 3.2                            | –                                  | (19.2)                                      | 160.8                    | 144.7               |
| <b>Transactions with owners</b>                                     |       |                      |                               |                            |                                |                                    |   |                          |                     |
| Issue of share capital  | 17    | 24.8                 | (24.8)                        | –                          | –                              | –                                  | –   | –                        | –                   |
| Shares issued under acquisition                                     | 17    | 86.0                 | –                             | 3.1                        | –                              | –                                  | –   | –                        | 89.1                |
| Dividends declared and paid   | 6     | –                    | –                             | –                          | –                              | –                                  | –   | (11.6)                   | (11.6)              |
| Shares issued under DRP   | 17    | 0.5                  | –                             | –                          | –                              | –                                  | –   | –                        | 0.5                 |
| Transaction costs (net of tax)                                      |       | (0.1)                | –                             | (0.3)                      | –                              | –                                  | –   | –                        | (0.4)               |
| Vesting of share rights   | 17    | –                    | 26.3                          | –                          | –                              | (8.8)                              | –   | (17.5)                   | –                   |
| Equity settled share-based payment                                  | 19    | –                    | –                             | –                          | –                              | 17.2                               | –   | –                        | 17.2                |
| Tax benefit from equity remuneration – current year                 |       | –                    | –                             | –                          | –                              | –                                  | –   | 5.5                      | 5.5                 |
| Tax benefit from equity remuneration                                |       | –                    | (7.6)                         | –                          | –                              | –                                  | –   | –                        | (7.6)               |
| Revaluation by subsidiary due to hyperinflationary economy          |       | –                    | –                             | –                          | –                              | –                                  | –   | 0.2                      | 0.2                 |
| <b>Total contributions and distributions</b>                        |       | 111.3                | (6.1)                         | 2.7                        | –                              | 8.4                                | –   | (23.5)                   | 92.8                |
| <b>Changes in ownership interest</b>                                |       |                      |                               |                            |                                |                                    |   |                          |                     |
| Acquisition of non-controlling interest without a change in control |       | –                    | –                             | (0.8)                      | –                              | –                                  | –   | –                        | (0.8)               |
| <b>Balance as at 30 June 2020</b>                                   |       | 779.8                | (32.1)                        | (17.0)                     | 3.2                            | 26.0                               | (17.6)                                      | 261.2                    | 1,003.4             |

These Consolidated financial statements should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

for the year ended 30 June 2021

|   | Notes | Share capital<br>\$M | Treasury share reserve<br>\$M | Acquisition reserve<br>\$M | Cash flow hedge reserve<br>\$M | Share-based payment reserve<br>\$M | Foreign currency translation reserve<br>\$M | Retained earnings<br>\$M | Total equity<br>\$M |
|---|-------|----------------------|-------------------------------|----------------------------|--------------------------------|------------------------------------|---|--------------------------|---------------------|
| <b>Balance as at 1 July 2020</b>                                    |       | 779.8                | (32.1)                        | (17.0)                     | 3.2                            | 26.0                               | (17.6)                                      | 261.2                    | 1,003.4             |
| Net profit/(loss) for the year                                      |       | –                    | –                             | –                          | –                              | –                                  | –   | 108.1                    | 108.1               |
| Other comprehensive (loss)/income                                   |       | –                    | –                             | –                          | (5.7)                          | –                                  | (23.0)                                      | –                        | (28.8)              |
| Total comprehensive income/(loss)                                   |       | –                    | –                             | –                          | (5.7)                          | –                                  | (23.0)                                      | 108.1                    | 79.3                |
| <b>Transactions with owners</b>                                     |       |                      |                               |                            |                                |                                    |   |                          |                     |
| Issue of share capital  | 17    | 35.8                 | (35.8)                        | –                          | –                              | –                                  | –   | –                        | –                   |
| Shares issued under acquisition                                     | 17    | 11.4                 | –                             | 0.1                        | –                              | –                                  | –   | –                        | 11.5                |
| Dividends declared and paid   | 6     | –                    | –                             | –                          | –                              | –                                  | –   | (14.0)                   | (14.0)              |
| Shares issued under DRP   | 17    | 0.7                  | –                             | –                          | –                              | –                                  | –   | –                        | 0.7                 |
| Transaction costs (net of tax)                                      |       | (0.1)                | –                             | –                          | –                              | –                                  | –   | –                        | (0.1)               |
| Vesting of share rights   | 17    | –                    | 12.9                          | –                          | –                              | (13.4)                             | –   | 0.5                      | –                   |
| Equity settled share-based payment                                  | 19    | –                    | –                             | –                          | –                              | 22.1                               | –   | –                        | 22.1                |
| Equity settled remuneration to Non-Executive Directors              |       | 0.1                  | –                             | –                          | –                              | (0.1)                              | –   | –                        | –                   |
| Tax benefit from equity remuneration                                |       | –                    | –                             | –                          | –                              | 13.2                               | –   | (10.2)                   | 3.1                 |
| Revaluation by subsidiary due to hyperinflationary economy          |       | –                    | –                             | –                          | –                              | –                                  | –   | 0.2                      | 0.2                 |
| <b>Total contributions and distributions</b>                        |       | 48.0                 | (23.0)                        | 0.1                        | –                              | 21.9                               | –   | (23.4)                   | 23.6                |
| <b>Changes in ownership interest</b>                                |       |                      |                               |                            |                                |                                    |   |                          |                     |
| Acquisition of non-controlling interest without a change in control | 18    | –                    | –                             | (0.3)                      | –                              | –                                  | –   | –                        | (0.3)               |
| <b>Balance as at 30 June 2021</b>                                   |       | 827.8                | (55.0)                        | (17.3)                     | (2.5)                          | 47.9                               | (40.6)                                      | 345.8                    | 1,106.0             |

These Consolidated financial statements should be read in conjunction with the accompanying notes.



# Consolidated statement of cash flows

for the year ended 30 June 2021

|  | Notes | 2021<br>\$M   | 2020<br>\$M    |
|--|-------|---------------|----------------|
| <b>Operating activities</b>  |       |               |                |
| Receipts from customers  |       | 535.6         | 456.4          |
| Payments to suppliers and employees <sup>1</sup>                     |       | (305.6)       | (310.0)        |
| Income tax paid  |       | (18.4)        | (16.5)         |
| <b>Net cash flows from operating activities</b>                      | 22    | <b>211.6</b>  | <b>129.9</b>   |
| <b>Investing activities</b>  |       |               |                |
| Acquisition of businesses, net of cash acquired                      | 18    | (5.8)         | (57.0)         |
| Payments for intangible assets                                       |       | (74.5)        | (70.4)         |
| Purchase of property, plant and equipment (net of disposal proceeds) |       | (16.3)        | (20.1)         |
| Interest received  |       | 1.3           | 3.1            |
| <b>Net cash flows used in investing activities</b>                   |       | <b>(95.2)</b> | <b>(144.4)</b> |
| <b>Financing activities</b>  |       |               |                |
| Proceeds from issue of shares  |       | 35.8          | 24.8           |
| Transaction costs on issue of shares                                 |       | (0.1)         | (0.4)          |
| Treasury shares acquired   |       | (35.8)        | (24.8)         |
| Repayment of borrowings  |       | –             | (0.8)          |
| Repayment of lease liabilities                                       |       | (8.7)         | (5.9)          |
| Interest paid  |       | (2.4)         | (2.4)          |
| Dividends paid   | 6     | (13.2)        | (11.1)         |
| <b>Net cash flows used in financing activities</b>                   |       | <b>(24.4)</b> | <b>(20.6)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          |       |               |                |
| Cash and cash equivalents at 1 July                                  | 9     | 223.7         | 260.1          |
| Effect of exchange differences on cash balances                      |       | (0.6)         | (1.3)          |
| <b>Net cash and cash equivalents at 30 June</b>                      | 9     | <b>315.0</b>  | <b>223.7</b>   |

1 For the year ended 30 June 2021, \$8.6m of payments related to restructuring programs are included in payments to suppliers and employees (2020: nil).

These Consolidated financial statements should be read in conjunction with accompanying notes.

# Notes to the financial statements

for the year ended 30 June 2021

## 1. Corporate information

WiseTech Global Limited ("Company") is a company domiciled in Australia. These Consolidated financial statements comprise the Company and its controlled entities (collectively "Group") for the year ended 30 June 2021. The Company's registered office is at Unit 3a, 72 O'Riordan Street, Alexandria, NSW 2015, Australia.

The Group is a for-profit entity and its principal business is providing software to the logistics services industry globally.

## 2. Basis of preparation

### Statement of compliance

These Consolidated financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Australian Accounting Standards Board. The Consolidated financial statements also comply with International Financial Reporting Standards ("IFRS") and interpretations ("IFRICs") adopted by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of these financial statements are presented alongside the relevant notes and have been consistently applied unless stated otherwise. Other significant accounting policies which are relevant to understanding the basis of preparation of these Consolidated financial statements are included in note 28.

The Consolidated financial statements have been prepared on an accruals basis and are based on historical costs except for:

- Derivative financial instruments which are measured at fair value in accordance with AASB 9 *Financial Instruments*; and
- Contingent consideration which is measured at fair value in accordance with AASB 13 *Fair Value Measurement*.

The Consolidated financial statements have been prepared 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.

The Consolidated financial statements were authorised by the Board of Directors on 25 August 2021.

### Accounting policies

The accounting policies applied in these Consolidated financial statements are the same as those applied in the Group's Consolidated financial statements as at, and for the year ended 30 June 2020.

### Going concern

The accompanying Consolidated financial statements have been prepared assuming the Company will continue as a going concern. The ability of the Company to continue as a going concern has not been impacted by the outbreak of the COVID-19 pandemic. The ultimate parent entity's financial position is strong with robust cash generation, and significant liquidity to support its strategic and operational initiatives. As such, the accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities pertaining to COVID-19.

The Company supplies software as a service ("SaaS") to the logistics industry, which is a critical service to that market sector. The logistics sector continues to be a critical element of the global economy. The Company's customer base is significant and comprises large, medium and small operators. The Company is not subject to concentration of credit risk. The Company has no borrowings as at 30 June 2021 and has sufficient cash to meet all committed liabilities and future expected liabilities.



# Notes to the financial statements

for the year ended 30 June 2021

## 2. Basis of preparation (continued)

### Key accounting estimates and judgements

In preparing these Consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses including accompanying disclosures. Changes in these judgements, estimates and assumptions could result in outcomes that require a material adjustment in future periods. Information on key accounting estimates and judgements can be found in the following notes:

| Accounting judgements, estimates and assumptions               | Note | Page |
|--|------|------|
| Income tax determination in relation to assets and liabilities | 4    | 105  |
| Recognition and recoverability of other intangible assets      | 7    | 108  |
| Recoverability of goodwill                                     | 7    | 108  |
| Trade receivables expected credit losses                       | 10   | 112  |
| Lease terms  | 16   | 117  |
| Valuation of contingent consideration                          | 24   | 131  |

Revenue recognition is excluded on the grounds that the policy adopted in the area is sufficiently objective.

### Functional and presentational currency

These Consolidated financial statements are presented in Australian dollars.

### Rounding of amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as “–” represent zero amounts and amounts less than \$50,000 which have been rounded down. There may be differences in casting the values in the Consolidated financial statements due to rounding in millions to one place of decimals.

### Presentation of results

The Group has presented the expense categories within the Consolidated statement of profit or loss on a functional basis. The categories used are cost of revenues, product design and development, sales and marketing and general and administration. This presentation style provides insight into the Company's business model and enables users to consider the results of the Group compared to other major SaaS companies. The methodology and the nature of costs within each category are further described below and on the next page.

#### Cost of revenues

Cost of revenues consists of expenses directly associated with securely hosting the Group's services and providing support to customers. Costs include data centre costs, personnel and related costs (including salaries, benefits, bonuses and share-based payments) directly associated with cloud infrastructure and customer consulting, implementation and customer support, contracted third party costs, related depreciation and amortisation and allocated overheads.

#### Product design and development expenses

Product design and development expenses consist primarily of personnel and related costs (including salaries, benefits, bonuses and share-based payments) directly associated with the Company's product design and development employees, as well as allocated overheads. When future economic benefits from development of an intangible asset are determined probable and the development activities are capable of being reliably measured, the costs are capitalised as an intangible asset and then amortised to profit or loss over the estimated life of the asset created. The development activities comprise the design, coding and testing of a chosen alternative for new or improved software products, processes, systems and services. The amortisation of those costs capitalised is included as a product design and development expense.

#### Sales and marketing expenses

Sales and marketing expenses consist of personnel and related costs (including salaries, benefits, bonuses, commissions and share-based payments) directly associated with the sales and marketing team's activities to acquire new customers and grow revenue from existing customers. Other costs included are external advertising, digital platforms, marketing and promotional events, as well as allocated overheads.

# Notes to the financial statements

for the year ended 30 June 2021

## 2. Basis of preparation (continued)

### General and administration expenses

General and administration expenses consist of personnel and related costs (including salaries, benefits, bonuses and share-based payments) for the Company's executive, Board of Directors, finance, legal, people and culture, mergers and acquisitions and administration employees. They also include legal, accounting and other professional services fees, insurance premiums, acquisition and integration costs, restructuring expenses, other corporate expenses and allocated overheads.

### Overhead allocation

The presentation of the Consolidated statement of profit or loss and other comprehensive income by function requires certain overhead costs to be allocated to functions. These allocations require management to apply judgement. The costs associated with Group's facilities, internal information technology and non-product related depreciation and amortisation are allocated to each function based on respective headcount.

## 3. Revenue

### Disaggregation of revenue from contracts with customers

The Company has concluded that disclosing a disaggregation of revenue types amongst 'Recurring On-Demand revenue', 'Recurring OTL maintenance revenue' and 'OTL and support services' best reflects how the nature, amount, timing and uncertainty of the Group's revenues and cash flows are affected by economic factors, and that further disaggregation is not required to achieve this objective. Revenue by geographic location is disclosed in note 23.

|  | 2021<br>\$M  | 2020<br>\$M  |
|--|--------------|--------------|
| <b>Revenue</b>   |              |              |
| Recurring On-Demand revenue                            | 383.0        | 309.2        |
| Recurring One-Time Licence ("OTL") maintenance revenue | 75.1         | 72.8         |
| OTL and support services                               | 49.4         | 47.4         |
| <b>Total revenue</b>                                   | <b>507.5</b> | <b>429.4</b> |

The Group applies the following five steps in recognising revenue from contracts with customers:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to performance obligations based on their relative standalone selling price; and
5. Recognise revenue when, or as, performance obligations are satisfied.

Revenue is recognised upon transfer of control of promised products and services to customers in the amount that reflects the consideration expected to be received in exchange.

The Group's revenue primarily consists of licence fees from customers to access or use computing software.

### Revenue recognition approach

#### Recurring On-Demand Licence revenue

The majority of revenue is derived from recurring On-Demand Licences, where customers are provided the right to access the Group's software as a service, without taking possession of the software. These arrangements include the ongoing provision of standard customer support and software maintenance services.

Revenue is recognised over the contract period and is based on the utilisation of the software (numbers of users and transactions). Customers are typically billed on a monthly basis in arrears and revenue is recognised for the amount billed.

#### Recurring One-Time Licence ("OTL") maintenance revenue

Additional recurring revenue is derived from the recurring maintenance fees charged to customers on OTL arrangements and is recognised over time during the maintenance period.



# Notes to the financial statements

for the year ended 30 June 2021

## 3. Revenue (continued)

### OTL and support services

OTL fee revenue is derived when the Group sells, in a one-off transaction, the perpetual right to use the software. This licence revenue is recognised at the point in time when access is granted to the customer and the one-off billing is raised.

Support services revenue mainly consists of fees charged for business consultancy and paid feature services delivered upon specific customer requests. These contracts are typically short-term (less than 12 months) and are charged on a fixed-fee basis. Consulting revenue is recognised on a proportional performance basis and ratably over the contract term. Paid features service revenue is recognised at the time when the requested feature is completed and can be accessed by customers.

### Contracts with multiple performance obligations

The Company enters into contracts with its customers that can include promises to transfer multiple performance obligations. A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct.

Revenue (including any discounts) is allocated between separate goods and services on a relative basis of standalone selling prices. The standalone selling prices reflects the price that would be charged for a specific product or service if it was sold separately and is calculated using standard list prices.

For On-Demand licensing contracts, there are a series of distinct goods and services, including access to software maintenance and support provided to customers, that are treated as a single performance obligation because they are delivered in the same pattern over a period of time.

### Material rights in the form of contract renewal options or incremental discounts

Contracts may involve customers having the option to obtain discounts upon renewal of existing arrangements. AASB 15 *Revenue from contracts with customers* considers a material right to be a separate performance obligation in a customer contract, which gives the customer an option to acquire additional goods or services at a discount or free of charge. The inclusion of these clauses may give rise to a change in the timing of revenue recognition.

The Group assessed renewal options on current contracts. Based on this assessment, there were no renewal options which gave rise to material rights, that would need to be accounted for as separate performance obligations.

### Costs of obtaining a customer contract

AASB 15 requires that incremental costs associated with acquiring a customer contract, such as sales commissions, be recognised as an asset and amortised over a period that corresponds with the period of benefit.

An assessment of commissions paid by the Group was performed in connection with the sale of software products. This assessment concluded that as these commissions were conditional on future performance or service by the recipient of the commission, and therefore were not incremental to obtaining the contract. Consequently, under current arrangements, costs of obtaining a contract are expensed in the period incurred.

### Principal versus agent

Where the Group has arrangements involving multiple parties to provide goods and services to customers, judgement is required to determine if the Group acts as a principal or an agent.

The Group is an agent if its role is to arrange a third party to provide the goods or service; or it is to deliver a third party's goods or service on its behalf. The Group is a principal if it has the primary responsibility for fulfilling the promised goods or service delivery; and has the discretion to establish the price for the specified goods or service.

Where the Group is acting as a principal, revenue is recognised on a gross basis in accordance with the transaction price defined in contracts with customers. Where the Group is acting as an agent, revenue is recognised at a net amount reflecting the commission or margin earned.

### Contract balances

The timing of revenue recognition, customer billings and cash collections results in trade receivables, unbilled receivables (contract assets) and deferred revenue (contract liabilities) recognised on the Group's Consolidated statement of financial position.

Generally, the Group invoices customers as service is provided in accordance with the agreed-upon contract terms, either at periodic intervals (e.g. monthly or quarterly) or upon completion. At times, billing occurs after the revenue recognition, resulting in contract assets (unbilled receivables). For certain customer contracts, the Group receives advance payments before revenue is recognised, resulting in contract liabilities (deferred revenue). These balances, as well as their movements from the prior reporting period, are disclosed in notes 11 and 13 respectively.

# Notes to the financial statements

for the year ended 30 June 2021

## 4. Income tax

### (a) Income tax expense

Income tax expense/(benefit) comprises current and deferred tax expense/(benefit) and is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Income tax expense comprises:

|   | 2021<br>\$M | 2020<br>\$M |
|---|-------------|-------------|
| Current tax                               | 27.7        | 10.6        |
| Deferred tax                              | 13.1        | 10.0        |
| Adjustment for prior years – current tax  | (3.5)       | 4.4         |
| Adjustment for prior years – deferred tax | 2.5         | (4.0)       |
| <b>Income tax expense</b>                 | <b>39.9</b> | <b>21.0</b> |

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

|  | 2021<br>\$M | 2020<br>\$M |
|--|-------------|-------------|
| Accounting profit before income tax                        | 147.9       | 181.8       |
| At Australia's statutory income tax rate of 30% (2020:30%) | 44.4        | 54.5        |
| Adjusted for:  |             |             |
| Other assessable income                                    | 1.1         | 0.7         |
| Non-deductible expenses                                    | 1.4         | 1.3         |
| Non-deductible acquisition expense                         | 0.1         | 0.4         |
| (Over)/under provision for income tax in prior year        | (0.9)       | 0.1         |
|  | 46.0        | 57.0        |
| Adjusted for:  |             |             |
| Tax effect of:   |             |             |
| Earnout adjustments  | (0.7)       | (33.3)      |
| Different tax rates in overseas jurisdictions              | (1.2)       | 0.5         |
| Research and development                                   | (3.8)       | (2.5)       |
| Non-taxable income   | (0.5)       | (0.6)       |
| <b>Income tax expense</b>                                  | <b>39.9</b> | <b>21.0</b> |

### Significant accounting policies

#### Current tax

Current tax comprises the expected payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years.

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.

It is measured using tax rates for each jurisdiction enacted or substantively enacted at the reporting date.

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



# Notes to the financial statements

for the year ended 30 June 2021

## 4. Income tax (continued)

### 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 reversal of existing temporary differences are considered, based on the business plans for the 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 revised when the profitability of future taxable profit 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, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

### (b) Movement in deferred tax balances

| 2020  | Opening balance<br>\$M | Charged to profit or loss<br>\$M | Charged to goodwill<br>\$M | Exchange differences<br>\$M | Charged to equity<br>\$M | Total<br>\$M |
|---|------------------------|----------------------------------|----------------------------|-----------------------------|--------------------------|--------------|
| Software development costs  | 35.3                   | 14.4                             | –                          | –                           | –                        | 49.7         |
| Customer relationships and brands                                 | 5.2                    | (0.8)                            | 0.3                        | (0.1)                       | –                        | 4.6          |
| Intellectual property   | 2.8                    | (3.3)                            | 0.5                        | 0.1                         | –                        | (0.1)        |
| Goodwill  | –                      | 1.1                              | –                          | (0.1)                       | –                        | 1.0          |
| Property, plant and equipment                                     | (0.9)                  | (0.4)                            | –                          | –                           | –                        | (1.3)        |
| Future income tax benefits attributable to tax losses and offsets | (4.0)                  | (5.8)                            | –                          | 0.1                         | –                        | (9.7)        |
| Provisions  | (5.5)                  | (3.5)                            | 0.8                        | 0.1                         | –                        | (8.0)        |
| Revenue timing  | 0.1                    | (1.0)                            | –                          | –                           | –                        | (0.8)        |
| Cash flow hedge   | –                      | –                                | –                          | –                           | 1.4                      | 1.4          |
| Transaction costs   | (3.0)                  | 0.8                              | 0.7                        | –                           | –                        | (1.5)        |
| Employee equity compensation                                      | (2.5)                  | 4.8                              | –                          | –                           | –                        | 2.3          |
| Unrealised foreign exchange                                       | (0.3)                  | (0.4)                            | –                          | –                           | –                        | (0.8)        |
| Other   | –                      | 0.1                              | –                          | –                           | (0.1)                    | –            |
| <b>Net tax liabilities</b>  | <b>27.2</b>            | <b>6.0</b>                       | <b>2.3</b>                 | <b>0.1</b>                  | <b>1.3</b>               | <b>36.7</b>  |

# Notes to the financial statements

for the year ended 30 June 2021

## 4. Income tax (continued)

| 2021  | Opening balance<br>\$M | Charged to profit or loss<br>\$M | Charged to goodwill<br>\$M | Exchange differences<br>\$M | Charged to equity<br>\$M | Total<br>\$M |
|---|------------------------|----------------------------------|----------------------------|-----------------------------|--------------------------|--------------|
| Software development costs  | 49.7                   | 12.4                             | –                          | (0.1)                       | –                        | 62.0         |
| Customer relationships and brands                                 | 4.6                    | (1.9)                            | –                          | (0.1)                       | –                        | 2.6          |
| Intellectual property   | (0.1)                  | 0.7                              | –                          | (0.1)                       | –                        | 0.5          |
| Goodwill  | 1.0                    | 0.9                              | –                          | (0.2)                       | –                        | 1.8          |
| Property, plant and equipment                                     | (1.3)                  | 1.6                              | –                          | (0.1)                       | –                        | 0.2          |
| Future income tax benefits attributable to tax losses and offsets | (9.7)                  | (0.2)                            | –                          | 0.8                         | (3.3)                    | (12.3)       |
| Provisions  | (8.0)                  | (3.5)                            | –                          | –                           | –                        | (11.6)       |
| Revenue timing  | (0.8)                  | (0.1)                            | –                          | –                           | –                        | (0.9)        |
| Cash flow hedge   | 1.4                    | 0.3                              | –                          | –                           | (2.5)                    | (0.8)        |
| Transaction costs   | (1.5)                  | 0.5                              | –                          | –                           | –                        | (1.0)        |
| Employee equity compensation                                      | 2.3                    | 4.3                              | –                          | –                           | 0.2                      | 6.8          |
| Unrealised foreign exchange                                       | (0.8)                  | 0.5                              | –                          | –                           | –                        | (0.2)        |
| Other   | –                      | 0.2                              | –                          | 0.1                         | –                        | 0.3          |
| <b>Net tax liabilities</b>  | <b>36.7</b>            | <b>15.7</b>                      | <b>–</b>                   | <b>0.4</b>                  | <b>(5.6)</b>             | <b>47.3</b>  |

### Key accounting estimates and judgements – Income tax

The Group is subject to tax in numerous jurisdictions. Significant judgement is required in determining the related assets or provisions as there are transactions in the ordinary course of business and calculations for which the ultimate tax determination is uncertain.

The Group is currently reviewing the application of legislation that could result in a tax deduction for payments relating to historical acquisitions. Due to uncertainties in the application of the legislation, management has not treated these payments as tax deductible at 30 June 2021.

The Group recognises liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amount that was initially recognised, such differences will impact on the results for the year and the respective income tax and deferred tax assets or provisions in the year in which such determination is made. The Group recognises tax assets based on forecasts of future profits against which those assets may be utilised; tax losses in subsidiaries of \$5.6m (FY20: \$8.7m) have not been recognised.



# Notes to the financial statements

for the year ended 30 June 2021

## 5. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share ("EPS") computations:

|  | 2021  | 2020  |
|--|-------|-------|
| Net profit for the year (\$M)  | 108.1 | 160.8 |
| Basic weighted average number of ordinary shares (in millions)                 | 324.9 | 319.7 |
| Basic EPS (cents)  | 33.3  | 50.3  |
| Net profit for the year (\$M)  | 108.1 | 160.8 |
| Basic weighted average number of ordinary shares (in millions)                 | 324.9 | 319.7 |
| Shares issuable in relation to equity-based compensation schemes (in millions) | 0.1   | 0.1   |
| Diluted weighted average number of ordinary shares (in millions)               | 325.0 | 319.8 |
| Diluted EPS (cents)  | 33.2  | 50.3  |

## Significant accounting policies

Basic EPS is calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## 6. Dividends

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved prior to the reporting date.

The following dividends were declared and paid by the Company during the year:

|  | 2021<br>\$M | 2020<br>\$M |
|--|-------------|-------------|
| <b>Dividends on ordinary shares declared and paid:</b>   |             |             |
| <b>Final dividend in respect of previous reporting period<br/>(FY20: 1.60 cents per share, FY19: 1.95 cents per share)</b> |             |             |
| – Paid in cash   | 5.0         | 5.9         |
| – Paid via DRP   | 0.2         | 0.3         |
| <b>Interim dividend for the current reporting period<br/>(FY21: 2.70 cents per share, FY20: 1.70 cents per share)</b>      |             |             |
| – Paid in cash   | 8.2         | 5.2         |
| – Paid via DRP   | 0.6         | 0.2         |
|  | 14.0        | 11.6        |
| <b>Franking credit balance</b>   |             |             |
| Franking amount balance as at the end of the financial year  | 36.3        | 28.1        |
| <b>Final dividend on ordinary shares</b>   |             |             |
| Final dividend for FY21: 3.85 cents per share (FY20: 1.60 cents per share)   | 12.5        | 5.2         |

After the reporting date, a dividend of 3.85 cents per share was declared by the Board of Directors. The dividend has not been recognised as a liability and will be franked at 100%.

# Notes to the financial statements

for the year ended 30 June 2021

## 7. Intangible assets

|   | Computer software<br>\$M | Development costs (WIP)<br>\$M | External software licences<br>\$M | Goodwill<br>\$M | Intellectual property<br>\$M | Customer relationships<br>\$M | Trade names<br>\$M | Patents and other intangibles<br>\$M | Total<br>\$M |
|---|--------------------------|--------------------------------|-----------------------------------|-----------------|------------------------------|-------------------------------|--------------------|--------------------------------------|--------------|
| <b>At 30 June 2019</b>                  |                          |                                |                                   |                 |                              |                               |                    |                                      |              |
| Cost                                    | 116.2                    | 48.7                           | 4.7                               | 601.6           | 38.6                         | 24.3                          | 13.8               | 0.3                                  | 848.2        |
| Accumulated amortisation and impairment | (35.2)                   | –                              | (2.9)                             | (0.1)           | (17.9)                       | (6.9)                         | (1.6)              | –                                    | (64.5)       |
| <b>Net book value</b>                   | <b>81.0</b>              | <b>48.7</b>                    | <b>1.9</b>                        | <b>601.5</b>    | <b>20.8</b>                  | <b>17.4</b>                   | <b>12.1</b>        | <b>0.3</b>                           | <b>783.7</b> |
| <b>At 1 July 2019</b>                   |                          |                                |                                   |                 |                              |                               |                    |                                      |              |
| At 1 July 2019                          | 81.0                     | 48.7                           | 1.9                               | 601.5           | 20.8                         | 17.4                          | 12.1               | 0.3                                  | 783.7        |
| Additions                               | –                        | 71.5 <sup>1</sup>              | 2.8                               | –               | –                            | –                             | –                  | 0.1                                  | 74.4         |
| Transfers/reclassifications             | 101.2                    | (101.2)                        | –                                 | –               | –                            | –                             | –                  | –                                    | –            |
| Acquisition via business combination    | –                        | –                              | –                                 | 60.0            | 3.4                          | 0.2                           | 1.6                | –                                    | 65.1         |
| Amortisation                            | (17.4)                   | –                              | (1.0)                             | –               | (6.5)                        | (2.5)                         | (1.6)              | –                                    | (29.0)       |
| Exchange differences                    | (0.3)                    | 0.1                            | –                                 | (8.5)           | (0.3)                        | (0.2)                         | 0.1                | –                                    | (9.1)        |
| <b>Net book value at 30 June 2020</b>   | <b>164.5</b>             | <b>19.1</b>                    | <b>3.6</b>                        | <b>652.9</b>    | <b>17.4</b>                  | <b>14.9</b>                   | <b>12.2</b>        | <b>0.4</b>                           | <b>885.0</b> |
| <b>At 30 June 2020</b>                  |                          |                                |                                   |                 |                              |                               |                    |                                      |              |
| Cost                                    | 217.1                    | 19.1                           | 6.6                               | 653.0           | 41.6                         | 24.1                          | 15.2               | 0.4                                  | 977.0        |
| Accumulated amortisation and impairment | (52.6)                   | –                              | (3.0)                             | (0.1)           | (24.2)                       | (9.1)                         | (3.0)              | (0.1)                                | (92.0)       |
| <b>Net book value</b>                   | <b>164.5</b>             | <b>19.1</b>                    | <b>3.6</b>                        | <b>652.9</b>    | <b>17.4</b>                  | <b>14.9</b>                   | <b>12.2</b>        | <b>0.3</b>                           | <b>885.0</b> |
| <b>At 1 July 2020</b>                   |                          |                                |                                   |                 |                              |                               |                    |                                      |              |
| At 1 July 2020                          | 164.5                    | 19.1                           | 3.6                               | 652.9           | 17.4                         | 14.9                          | 12.2               | 0.4                                  | 885.0        |
| Additions                               | –                        | 77.6 <sup>1</sup>              | 1.9                               | –               | –                            | –                             | –                  | 0.8                                  | 80.3         |
| Transfers/reclassifications             | 79.9                     | (79.9)                         | (0.7)                             | 0.7             | –                            | –                             | –                  | –                                    | –            |
| Acquisition via business combination    | –                        | –                              | –                                 | 1.8             | 0.1                          | –                             | 0.1                | –                                    | 2.0          |
| Amortisation                            | (26.5)                   | –                              | (1.2)                             | –               | (5.6)                        | (2.3)                         | (1.5)              | (0.1)                                | (37.2)       |
| Exchange differences                    | (0.8)                    | –                              | –                                 | (23.4)          | (0.4)                        | (0.6)                         | (0.4)              | –                                    | (25.6)       |
| <b>Net book value at 30 June 2021</b>   | <b>217.1</b>             | <b>16.8</b>                    | <b>3.6</b>                        | <b>632.0</b>    | <b>11.5</b>                  | <b>12.0</b>                   | <b>10.4</b>        | <b>1.1</b>                           | <b>904.5</b> |
| <b>At 30 June 2021</b>                  |                          |                                |                                   |                 |                              |                               |                    |                                      |              |
| Cost                                    | 296.1                    | 16.8                           | 7.8                               | 632.1           | 41.0                         | 23.3                          | 14.8               | 1.2                                  | 1,033.1      |
| Accumulated amortisation and impairment | (79.0)                   | –                              | (4.2)                             | (0.1)           | (29.5)                       | (11.3)                        | (4.4)              | (0.1)                                | (128.6)      |
| <b>Net book value</b>                   | <b>217.1</b>             | <b>16.8</b>                    | <b>3.6</b>                        | <b>632.0</b>    | <b>11.5</b>                  | <b>12.0</b>                   | <b>10.4</b>        | <b>1.1</b>                           | <b>904.5</b> |

<sup>1</sup> For FY21, Development costs (WIP) includes \$2.4m (FY20: \$2.6m) of depreciation charges on right-of-use (ROU) assets and \$0.3m (FY20: \$0.4m) of interest costs.



# Notes to the financial statements

for the year ended 30 June 2021

## 7. Intangible assets (continued)

| Intangible assets                    | Useful life    | Amortisation method | Recognition and measurement  |
|--------------------------------------|----------------|---------------------|--|
| <b>Computer software</b>             | 5 to 10 years  | Straight-line       | Computer software comprises the historic cost of development activities for products transferred from development costs (WIP) when project/products are considered ready for intended use and the historic cost of acquired software. Computer software is carried at historic cost less accumulated amortisation and impairment losses. |
| <b>Development costs (WIP)</b>       | Not applicable | Not amortised       | Development costs are costs incurred on internal software development projects. Development costs are only capitalised when they relate to the creation of an asset that can be used or sold to generate benefits and can be reliably measured.  |
| <b>External software licences</b>    | 1 to 10 years  | Straight-line       | External software licences are carried at historic cost or fair value at the date of acquisition less accumulated amortisation and impairment losses.  |
| <b>Goodwill</b>                      | Indefinite     | Not amortised       | Goodwill acquired in a business combination is measured at cost and subsequently at cost less any impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired.   |
| <b>Intellectual property</b>         | Up to 10 years | Straight-line       | Intellectual property assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.   |
| <b>Customer relationships</b>        | 10 years       | Straight-line       | Customer relationships are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.   |
| <b>Trade names</b>                   | Up to 15 years | Straight-line       | Trade names are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.  |
| <b>Patents and other intangibles</b> | 10 years       | Straight-line       | Patents and other intangibles are carried at historic cost less accumulated amortisation and impairment losses.  |

### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

### Key accounting estimates and judgements – Measurement of other finite life intangible assets

Management has made judgements in respect of intangible assets when assessing whether an internal project in the development phase meets the criteria to be capitalised, and on measuring the costs and economic life attributed to such projects. On acquisition, specific intangible assets are identified and amortised over their estimated useful lives. The capitalisation of these assets and the related amortisation charges are based on judgements about their value and economic life.

Management also makes judgements and assumptions when assessing the economic life of intangible assets and the pattern of consumption of the economic benefits embodied in the assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The economic lives for internal projects, which includes internal use software and internally generated software, and acquired intangibles are between five and 10 years.

### Recoverability of other finite life intangible assets

Other intangible assets with finite life are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use.

If an impairment occurs, a loss is recognised in profit or loss for the amount by which an asset's carrying amount exceeds its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

# Notes to the financial statements

for the year ended 30 June 2021

## 7. Intangible assets (continued)

### Impairment testing of goodwill

The carrying amount of goodwill is tested for impairment annually at 30 June and whenever there is an indicator that the asset may be impaired. If an asset is deemed to be impaired, it is written down to its recoverable amount.

For the purposes of impairment testing, goodwill is allocated to each of the CGUs, or group of CGUs, expected to benefit from the synergies of the business combination. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

At 30 June 2021, the lowest level within the Group for which information about goodwill is monitored for internal management purposes is the consolidated Group, which comprises a group of CGUs. All acquisitions are made with the intention of delivering benefits of revenue growth and synergy to the Group. All CGUs are expected to benefit from synergies and sharing of expertise from these acquisitions.

### Key accounting estimates and judgements – Impairment testing of goodwill

Determining whether goodwill is impaired requires judgement to allocate goodwill to CGUs and judgement and assumptions to estimate the fair value of a CGU or group of CGUs. The Group has determined that goodwill is tested at a single group of CGU level. The valuation model (being a value in use model) which is used to estimate the recoverable amount of the group of CGUs, requires an estimate of the future cash flows expected to arise from the group of CGUs and a suitable discount rate in order to calculate net present value.

### Key assumptions in the Group's discounted cash flow model as at 30 June 2021

A value-in-use discounted cash flow model has been used at 30 June 2021 to value the Group's CGUs incorporating financial plans approved by the Board for year ending 30 June 2022 and management projections for years ending 30 June 2023 to 30 June 2026. These include projected revenues, gross margins and expenses and have been determined with reference to historical company experience, industry data and management's expectation for the future. Management has considered the impacts of COVID-19 on forecasted cash flows and long-term projects.

The following inputs and assumptions have been adopted:

|                                  | 2021  | 2020  |
|----------------------------------|-------|-------|
| Post-tax discount rate per annum | 9.3%  | 9.4%  |
| Pre-tax discount rate per annum  | 11.9% | 12.0% |
| Terminal value growth rate       | 2.5%  | 2.5%  |

### Sensitivity analysis

Management has performed sensitivity analysis and assessed reasonable changes for key assumptions and has not identified any instances that could cause the carrying amount of the group of CGUs, over which goodwill is monitored, to exceed its recoverable amount.



# Notes to the financial statements

for the year ended 30 June 2021

## 8. Property, plant and equipment

|  | Plant and<br>equipment<br>\$M | Leasehold<br>improvements<br>\$M | Right-of-use<br>(ROU) assets<br>\$M | Total<br>\$M |
|--|-------------------------------|----------------------------------|-------------------------------------|--------------|
| <b>At 30 June 2019</b>   |                               |                                  |                                     |              |
| Cost   | 39.1                          | 8.1                              | –                                   | 47.2         |
| Accumulated depreciation   | (27.1)                        | (4.3)                            | –                                   | (31.3)       |
| <b>Net book value</b>  | <b>12.0</b>                   | <b>3.8</b>                       | <b>–</b>                            | <b>15.8</b>  |
| <b>At 1 July 2019</b>  |                               |                                  |                                     |              |
| Recognition of right-of-use assets on initial application of AASB 16 | (0.4)                         | (0.2)                            | 42.1                                | 41.5         |
| Additions  | 21.7                          | 0.2                              | 9.5                                 | 31.4         |
| Acquisition via business combination                                 | (0.1)                         | 0.8                              | 2.5                                 | 3.3          |
| Remeasurement of ROU assets  | –                             | –                                | (0.1)                               | (0.1)        |
| Transfers  | 0.1                           | (0.1)                            | –                                   | –            |
| Depreciation   | (7.7)                         | (1.0)                            | (10.9)                              | (19.6)       |
| Exchange differences   | (0.4)                         | (0.1)                            | (0.6)                               | (1.1)        |
| Disposals  | (0.7)                         | (0.3)                            | (0.2)                               | (1.1)        |
| <b>Net book value at 30 June 2020</b>                                | <b>24.5</b>                   | <b>3.2</b>                       | <b>42.3</b>                         | <b>70.0</b>  |
| <b>At 30 June 2020</b>   |                               |                                  |                                     |              |
| Cost   | 58.1                          | 8.1                              | 52.8                                | 119.0        |
| Accumulated depreciation   | (33.5)                        | (4.9)                            | (10.5)                              | (49.0)       |
| <b>Net book value</b>  | <b>24.5</b>                   | <b>3.2</b>                       | <b>42.3</b>                         | <b>70.0</b>  |
| <b>At 1 July 2020</b>  |                               |                                  |                                     |              |
| Additions  | 15.8                          | 1.5                              | 0.9                                 | 18.1         |
| Acquisition via business combination                                 | –                             | –                                | 0.1                                 | 0.1          |
| Remeasurement of ROU assets  | –                             | –                                | 0.2                                 | 0.2          |
| Depreciation   | (10.1)                        | (0.9)                            | (11.3)                              | (22.2)       |
| Exchange differences   | (0.7)                         | (0.1)                            | (0.9)                               | (1.7)        |
| Disposals  | (0.2)                         | (0.1)                            | –                                   | (0.2)        |
| <b>Net book value at 30 June 2021</b>                                | <b>29.4</b>                   | <b>3.6</b>                       | <b>31.2</b>                         | <b>64.1</b>  |
| <b>At 30 June 2021</b>   |                               |                                  |                                     |              |
| Cost   | 70.9                          | 9.3                              | 51.1                                | 131.3        |
| Accumulated depreciation   | (41.6)                        | (5.7)                            | (19.9)                              | (67.1)       |
| <b>Net book value</b>  | <b>29.4</b>                   | <b>3.6</b>                       | <b>31.2</b>                         | <b>64.1</b>  |

### Significant accounting policies

Refer to note 16 for the accounting policy for right-of-use assets.

Plant and equipment and leasehold improvements are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the Consolidated statement of profit or loss during the financial period in which they are incurred.

# Notes to the financial statements

for the year ended 30 June 2021

## 8. Property, plant and equipment (continued)

### Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis calculated using the cost of the item less its estimated residual values over its estimated useful life. Prior to adoption of AASB 16 on 1 July 2019, leased assets were depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain the ownership by the end of the lease term.

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The annual depreciation rates used for each class of depreciable assets are:

| Class of fixed asset   | Depreciation rate          |
|------------------------|----------------------------|
| Plant and equipment    | 5%–50%;                    |
| Leasehold improvements | 10%–20%; and               |
| Right-of-use assets    | Term of lease <sup>1</sup> |

<sup>1</sup> Lease terms range between 1–10 years.

## 9. Cash and cash equivalents

|                          | 2021<br>\$M | 2020<br>\$M |
|--------------------------|-------------|-------------|
| Cash at bank and on hand | 315.0       | 223.7       |

The effective interest rate on cash and cash equivalents was 0.54% per annum (2020: 1.09% per annum).

### Significant accounting policies

Cash comprises cash on hand and on-demand deposits. 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.

## 10. Trade receivables

|   | 2021<br>\$M | 2020<br>\$M |
|---|-------------|-------------|
| Trade receivables                             | 77.7        | 61.7        |
| Provision for impairment of trade receivables | (3.6)       | (2.1)       |
|   | 74.1        | 59.6        |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The movements in the provision for impairment of trade receivables during the year were as follows:

|                                      | 2021<br>\$M | 2020<br>\$M |
|--------------------------------------|-------------|-------------|
| Opening balance                      | 2.1         | 1.7         |
| Acquisition via business combination | –           | –           |
| Impairment loss recognised           | 2.5         | 1.4         |
| Amount written off                   | (1.0)       | (1.0)       |
| <b>Closing balance</b>               | <b>3.6</b>  | <b>2.1</b>  |



# Notes to the financial statements

for the year ended 30 June 2021

## 10. Trade receivables (continued)

Trade receivables that were considered recoverable as at 30 June 2021 were as follows:

|                            | 2021<br>\$M | 2020<br>\$M |
|----------------------------|-------------|-------------|
| Not past due               | 62.0        | 45.7        |
| Past due 0–30 days         | 9.0         | 7.0         |
| Past due 31–60 days        | 0.9         | 1.5         |
| Past due more than 60 days | 2.3         | 5.3         |
|                            | 74.1        | 59.6        |

### Significant accounting policies

Trade receivables include amounts due from customers for services performed in the ordinary course of business. Trade receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. Other trade receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value. A specific provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. An expected credit loss provision is recognised in respect of all other receivables.

The Group does not hold any collateral as security over any trade receivable balances.

### Key accounting estimate and judgements on trade receivables – Expected credit losses (“ECL”)

The Group recognises loss allowances for ECL on trade receivables.

When estimating ECL, the Group considers reasonable and supportable information that is relevant and available. This includes qualitative and quantitative information and analysis, based on the Group’s historical experience and informed credit assessment.

The Group assumes that credit risk on an individual trade receivable has increased if it is more than 30 days past due.

The Group considers a trade receivable to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

### Measurement of ECL

ECL 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 customer contract and the cash flows that the Group expects to receive). At 30 June 2021, the ECL model also incorporated estimates of potential credit losses resulting from the impact of COVID-19.

### Presentation of allowance for ECL in the Consolidated statement of financial position

Loss allowances for trade receivables are deducted from the gross carrying amount of trade receivables.

### Write-off

The gross carrying amount of a trade receivable is written off when the Group has no reasonable expectations of recovering the balance in its entirety or a portion thereof. For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, trade receivables that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

# Notes to the financial statements

for the year ended 30 June 2021

## 11. Other assets

|  | 2021<br>\$M | 2020<br>\$M |
|--|-------------|-------------|
| <b>Current</b>   |             |             |
| Prepayments  | 16.0        | 12.5        |
| Unbilled receivables                                       | 2.8         | 2.8         |
| Deposits   | 1.5         | 1.6         |
| Indirect tax receivables                                   | 1.4         | 0.6         |
| Contract assets  | 0.1         | –           |
| Other  | 0.8         | 1.2         |
|  | <b>22.6</b> | <b>18.7</b> |
| <b>Non-current</b>   |             |             |
| Prepayments  | 2.0         | 0.5         |
| Contract assets  | 1.6         | –           |
| Other  | 1.6         | 0.9         |
|  | <b>5.1</b>  | <b>1.3</b>  |
| <b>Movements in unbilled receivables:</b>                  |             |             |
|  | 2021<br>\$M | 2020<br>\$M |
| Opening balance  | 2.8         | 3.0         |
| Acquisition via business combination                       | –           | 0.5         |
| Accrued revenue recognised                                 | 1.3         | 2.5         |
| Subsequently invoiced and transferred to trade receivables | (1.2)       | (3.5)       |
| Exchange differences                                       | (0.1)       | 0.3         |
|  | <b>2.8</b>  | <b>2.8</b>  |

### Significant accounting policies

Unbilled receivables represent the revenue recognised to date but not yet invoiced to customers due to the timing of the accounting invoicing cycle.



# Notes to the financial statements

for the year ended 30 June 2021

## 12. Trade and other payables

|                                     | 2021<br>\$M | 2020<br>\$M |
|-------------------------------------|-------------|-------------|
| Trade payables                      | 34.0        | 19.9        |
| Other payables and accrued expenses | 25.3        | 27.9        |
|                                     | 59.3        | 47.9        |

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

### Significant accounting policies

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period.

## 13. Deferred revenue

|                  | 2021<br>\$M | 2020<br>\$M |
|------------------|-------------|-------------|
| Deferred revenue | 25.8        | 22.7        |
|                  | 25.8        | 22.7        |

Deferred revenue reflects the value of advance payments made by customers who have been invoiced for services that will be provided in the future.

Movements in deferred revenue:

|                                      | 2021<br>\$M | 2020<br>\$M |
|--------------------------------------|-------------|-------------|
| Opening balance                      | 22.7        | 19.0        |
| Acquisition via business combination | –           | 4.2         |
| Revenue recognised in current year   | (34.0)      | (33.0)      |
| Advanced payments received           | 37.2        | 32.4        |
| Exchange differences                 | (0.1)       | 0.1         |
|                                      | 25.8        | 22.7        |

The Group does not disclose further qualitative information related to remaining performance obligations, as they are either part of a contract that has an original expected duration of one year or less; or the associated revenue is recognised in the amount to which the Group has a right to invoice.

# Notes to the financial statements

for the year ended 30 June 2021

## 14. Other liabilities

|                               | 2021<br>\$M | 2020<br>\$M |
|-------------------------------|-------------|-------------|
| <b>Current</b>                |             |             |
| Customer deposits             | 30.9        | 25.4        |
| Contingent consideration      | 21.4        | 23.7        |
| Indirect taxes payable        | 7.9         | 1.8         |
| Customer payables             | 0.6         | 0.5         |
| Other current liabilities     | 1.9         | 0.8         |
|                               | <b>62.8</b> | <b>52.2</b> |
| <b>Non-current</b>            |             |             |
| Contingent consideration      | 15.0        | 30.5        |
| Other non-current liabilities | 1.0         | 1.5         |
|                               | <b>16.0</b> | <b>32.0</b> |
|                               | <b>78.8</b> | <b>84.2</b> |

Customer deposits represent amounts paid in advance by customers to prepay for services in exchange for price discounts.

See note 24 for accounting policy and measurement of contingent consideration.

Included in indirect taxes payable is a provisional amount related to indirect tax liabilities in overseas jurisdictions, which is likely to be finalised and settled in FY22.

## 15. Borrowings

### Bank debt facilities

An unsecured syndicated facility was executed on 24 December 2018 between Westpac Banking Corporation, The Hongkong and Shanghai Banking Corporation Limited and Citibank, N.A. The facility has a total syndicated commitment of \$190.0m, plus an additional \$200.0m accordion facility and matures in March 2022. The facility was undrawn at 30 June 2021. Please refer to note 28(f), events after reporting period, for details of new debt facility.



# Notes to the financial statements

for the year ended 30 June 2021

## 16. Lease liabilities

|                    | 2021<br>\$M | 2020<br>\$M |
|--------------------|-------------|-------------|
| <b>Current</b>     |             |             |
| Lease liabilities  | 9.8         | 10.4        |
|                    | 9.8         | 10.4        |
| <b>Non-current</b> |             |             |
| Lease liabilities  | 25.2        | 35.4        |
|                    | 25.2        | 35.4        |
|                    | 35.0        | 45.8        |

### (i) Definition of a lease

The Group assesses whether a contract is, or contains, a lease based on the definition of a lease under AASB 16. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases.

At inception or on reassessment of a contract that contains a lease component, the Group allocates consideration in the contract to each lease and non-lease component, based on their relative standalone prices.

### (ii) As a lessee

The Group leases properties, motor vehicles and office equipment. As a lessee, prior to 1 July 2019, the Group previously classified leases as operating or finance leases, based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (e.g. office equipment) and leases with lease terms of less than 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over lease term.

The Group presents right-of-use assets in "property, plant and equipment".

The Group presents lease liabilities separately on the face of the Consolidated statement of financial position.

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, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, 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 the 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 Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in substance fixed payments;
- Variable lease payments that depend on an index variation, initially measured using the index or value as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in a optional renewal period of the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

# Notes to the financial statements

for the year ended 30 June 2021

## 16. Lease liabilities (continued)

### (ii) As a lessee (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an 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.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the right-of-use asset carrying amount, or is recorded in profit or loss if the right-of-use carrying amount has been reduced to nil.

### Key accounting estimates and judgements – Lease term

The Group has applied judgement to determine 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 affects the amount of lease liabilities and right-of-use assets recognised.

### Impacts for the year

The movements during the year ended 30 June 2021 in lease liability balances are described below:

| Lease liabilities                       | 2021<br>\$M | 2020<br>\$M |
|---|-------------|-------------|
| Opening balance                         | 45.8        | –           |
| Lease liabilities recognised            | –           | 43.4        |
| Additions <sup>1</sup>                  | 1.3         | 9.2         |
| Additions through business combinations | 0.1         | 2.5         |
| Payments                                | (12.8)      | (10.1)      |
| Unwinding interest on lease liabilities | 1.6         | 1.8         |
| Exchange difference                     | (1.0)       | (1.1)       |
| <b>Closing balance</b>                  | <b>35.0</b> | <b>45.8</b> |

<sup>1</sup> Additions to lease liabilities also includes remeasurement and modification of existing leases.



# Notes to the financial statements

for the year ended 30 June 2021

## 17. Share capital and reserves

| Ordinary shares issued and fully paid                      | Shares<br>(thousands) | \$M          |
|--|-----------------------|--------------|
| At 1 July 2019   | 318,161               | 668.5        |
| Shares issued for acquisition of subsidiaries              | 3,845                 | 86.0         |
| Shares issued to employee share trust                      | 1,250                 | 24.8         |
| Shares issued under DRP                                    | 24                    | 0.5          |
| Transaction costs (net of tax)                             | –                     | (0.1)        |
| <b>At 30 June 2020</b>                                     | <b>323,280</b>        | <b>779.8</b> |
| At 1 July 2020   | 323,280               | 779.8        |
| Shares issued for acquisition of subsidiaries              | 505                   | 11.4         |
| Shares issued to employee share trust                      | 1,100                 | 35.8         |
| Shares issued to Non-Executive Directors for fee sacrifice | 2                     | 0.1          |
| Shares issued under DRP                                    | 27                    | 0.7          |
| Transaction costs (net of tax)                             | –                     | (0.1)        |
| <b>At 30 June 2021</b>                                     | <b>324,914</b>        | <b>827.8</b> |

Ordinary shares participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise, each shareholder has one vote on a show of hands.

The Company does not have a par value in respect of its issued shares.

### Nature and purpose of reserves

#### (i) Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the WiseTech Global Limited Employee Share Trust. At 30 June 2021, the Trust held 1,978,217 shares of the Company (2020:1,474,894 shares).

#### (ii) Acquisition reserve

The acquisition reserve comprises the cumulative consideration paid to acquire minority interests in excess of the fair value of the net assets when attaining control, in addition to the difference between the share price at the time of the agreement to issue shares and the share price on the date of issue when the Group's shares are issued under acquisition agreements.

#### (iii) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cashflow hedging instruments.

#### (iv) Share-based payment reserve

The share-based payment reserve represents the value of unvested shares and unissued shares as part of the share-based payment scheme.

#### (v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements not in Australian dollar functional currency.

# Notes to the financial statements

for the year ended 30 June 2021

## 17. Share capital and reserves (continued)

### Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group's capital and debt include ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Throughout FY21, the Group issued \$11.4m in shares to pay for obligations under acquisition agreements. In addition, at 30 June 2021 the Group had an undrawn debt facility of \$190.0m, to apply towards future strategic initiatives. The total equity of the Group at 30 June 2021 was \$1,106.0m (2020: \$1,003.4m) and total cash and cash equivalents at 30 June 2021 were \$315.0m (2020: \$223.7m). The total bank loans at 30 June 2021 were \$nil (2020: \$nil).

The Group is not subject to any externally imposed capital requirements.

## 18. Business combinations and acquisition of non-controlling interests

### Acquisitions in 2021

On 2 November 2020, the Group acquired 100% of the shares and voting interests in Kabushiki Kaisha Exas ("EXA"). EXA is a leading customs and freight forwarding solutions provider in Japan.

Details of the fair value of identifiable assets acquired, liabilities assumed, and goodwill determined are set out below. The identification and fair value measurement of the assets and liabilities acquired are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

|  | \$M        |
|--|------------|
| Cash and cash equivalents                            | 0.2        |
| Trade receivables                                    | 0.1        |
| Intangible assets                                    | 0.2        |
| Property, plant and equipment                        | 0.1        |
| Trade and other payables                             | (0.2)      |
| Other current liabilities                            | (0.1)      |
| Lease liabilities                                    | (0.1)      |
| <b>Fair value of net assets acquired</b>             | <b>0.2</b> |
| Total consideration paid and payable                 | 2.0        |
| Less: Fair value of net identifiable assets acquired | (0.2)      |
| <b>Goodwill</b>                                      | <b>1.8</b> |

### Goodwill

The total goodwill arising on acquisition is \$1.8m which relates predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition.

### Consideration

The upfront consideration was \$1.4m payable in cash, with further contingent consideration payable of \$0.7m. Contingent consideration is based on a number of milestones, including the successful integration of acquired intellectual property. At acquisition, the discounted fair value of these arrangements is \$0.6m. The acquisition included \$0.2m of cash and cash equivalents acquired.

The Group incurred acquisition-related costs of \$0.2m (FY20: \$1.3m) to external service providers in addition to internal costs which are recorded within general and administration expenses.



# Notes to the financial statements

for the year ended 30 June 2021

## 18. Business combinations and acquisition of non-controlling interests (continued)

### Contribution of acquisitions to revenue and profits

EXA contributed \$0.4m to Group revenue and had no impact on net profit from the date of acquisition. If EXA had been acquired from 1 July 2020, the contribution to the Group revenue would have been \$0.6m and no impact on net profit.

### Additional investment in Softship GmbH (formerly 'Softship AG')

During the year ended 30 June 2021, the Group made payments of \$0.3m towards obligations under previously announced share purchase agreements for the acquisition of Softship GmbH shares. This resulted in an increase in the acquisition reserve of \$0.3m.

### Acquisitions in 2020

During the year ended 30 June 2020, the Group completed the following five acquisitions:

| Business acquired          | Date of acquisition | Description of acquisition   |
|----------------------------|---------------------|--|
| Cypress <sup>1</sup>       | 16 Sep 2019         | Tariff management software provider in the USA   |
| Depot Systems <sup>1</sup> | 1 Oct 2019          | Leading US-based container yard and terminal management logistics solutions provider     |
| Ready Korea                | 31 Dec 2019         | Leading customs, bonded warehouse and trade compliance solutions provider in South Korea |
| Sisa                       | 3 Feb 2020          | Leading customs and freight forwarding solutions provider in Switzerland                 |
| SAD EC <sup>1</sup>        | 2 Mar 2020          | Customs solutions provider in Poland   |

1 Asset acquisitions.

None of the acquisitions completed during the period is individually significant. Accordingly, key information on these acquisitions has been presented on an aggregated basis as set out below.

Details of the fair value of identifiable assets acquired, liabilities assumed, and goodwill determined are set out in the following tables. The identification and fair value measurement of the assets and liabilities acquired are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

|  | Total acquisitions<br>\$M |
|--|---------------------------|
| Cash and cash equivalents                                    | 12.8                      |
| Trade receivables  | 5.4                       |
| Other current assets   | 2.4                       |
| Intangible assets  | 5.2                       |
| Property, plant and equipment                                | 3.7                       |
| Trade and other payables                                     | (1.9)                     |
| Deferred revenue   | (4.2)                     |
| Current tax liabilities                                      | (0.9)                     |
| Other current liabilities                                    | (0.9)                     |
| Lease liabilities  | (2.5)                     |
| Deferred tax liabilities                                     | (1.6)                     |
| <b>Fair value of net identifiable assets acquired (100%)</b> | <b>17.5</b>               |
| Total consideration paid and payable                         | 76.3                      |
| Less: Fair value of net identifiable assets acquired         | (17.5)                    |
| <b>Goodwill</b>  | <b>58.8</b>               |

# Notes to the financial statements

for the year ended 30 June 2021

## 18. Business combinations and acquisition of non-controlling interests (continued)

### Goodwill

The total goodwill arising on acquisitions is \$58.8m, which relates predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition. The total amount of goodwill expected to be deductible for tax purposes is \$6.5m.

### Consideration

Total upfront consideration was \$48.2m (cash paid \$45.2m and equity shares issued \$3.0m) with further contingent consideration payable of \$31.0m. Contingent consideration is based on a number of milestones including the successful integration of acquired intellectual property and transfer of customers into CargoWise and in certain acquisitions performance in future periods based on selected revenue and profitability targets of the acquisition. These targets take account of the performance expectations of the acquired business in the context of their contribution across the Group. At acquisition, the discounted fair value of these arrangements is \$28.1m. These acquisitions included \$12.8m of cash and cash equivalents acquired.

In addition to consideration paid, an additional \$0.7m of debt-like items were settled by the Group following the completion of the acquisition and are recorded in the Consolidated statement of cash flows as investing activities, acquisition of businesses, net of cash acquired.

The Group incurred acquisition-related costs of \$1.3m (FY19: \$4.7m) to external service providers, in addition to internal costs which are recorded within general and administration expenses.

### Contribution of acquisitions to revenue and profits

In total, these acquisitions contributed \$10.3m to Group revenue and a reduction to net profit of \$0.2m from their respective dates of acquisition. If the acquisitions had been acquired from 1 July 2019, the contribution to the Group revenue would have been \$22.4m and a reduction to net profit of \$0.8m.

### Additional investment in Softship

During the year ended 30 June 2020, the Group made payments of \$0.8m towards obligations under previously announced share purchase agreements for the acquisition of Softship shares. This resulted in an increase in the acquisition reserve of \$0.8m.

## Significant accounting policy

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. Under the acquisition method, the business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

Consideration transferred, including any contingent consideration is required to be measured at fair value on the date of acquisition, which takes into account the perspective of a 'market participant' and is a measurement of the amount that the Group would have to pay to such a participant for them to assume the remaining obligations under the contracts to acquire these businesses.

Contingent consideration obligations are classified as equity or liability in accordance with AASB 132 *Financial Instruments: Presentation*. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, 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. Where the accounting standards require that an obligation to be settled in shares is classified as a liability, changes in measurement from the point of initial recognition through to when the milestone is achieved and the number of shares to be granted is determined, are recognised in profit or loss. Subsequently, once the number of shares is fixed and determined, any changes in the value of the shares to be granted between the milestone being achieved and the point of settlement, are recognised in acquisition reserve within equity (see note 17).

The Group only has contingent consideration obligations classified as liabilities at the reporting date.

As a consequence, any changes in the fair value of contingent consideration that do not meet the requirements above, such as a subsequent renegotiation and settlement of the obligation, does not result in any change to the measurement of goodwill. Instead, changes to the fair value of contingent consideration classified as a liability are recognised in the profit or loss.

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 the Consolidated statement of profit or loss.



# Notes to the financial statements

for the year ended 30 June 2021

## 19. Employee benefits

|   | 2021<br>\$M  | 2020<br>\$M  |
|---|--------------|--------------|
| Wages and salaries  | 233.0        | 236.4        |
| Share-based payment expense   | 22.0         | 17.2         |
| Defined contribution superannuation expense                         | 18.3         | 17.3         |
| <b>Total employee benefit expense (gross before capitalisation)</b> | <b>273.3</b> | <b>270.9</b> |

### Annual leave and long service leave

|  | 2021<br>\$M | 2020<br>\$M |
|--|-------------|-------------|
| <b>Current</b>                                   |             |             |
| Annual leave                                     | 17.0        | 15.0        |
| Long service leave                               | 3.7         | 3.2         |
|  | <b>20.7</b> | <b>18.2</b> |
| <b>Non-current</b>                               |             |             |
| Long service leave                               | 2.1         | 1.8         |
|  | <b>2.1</b>  | <b>1.8</b>  |
| <b>Total annual leave and long service leave</b> | <b>22.8</b> | <b>20.0</b> |

### Significant accounting policies

#### Short-term employee benefits

Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Consolidated statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as employee benefits in the Consolidated statement of financial position.

#### Long-term employee benefits

Provision is made for employees' long service leave and not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current employee benefits in its Consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee benefits.

#### Defined contribution superannuation benefits

All obligations for contributions in respect of employees' defined contribution superannuation benefits are recognised as an expense as the related service is provided.

# Notes to the financial statements

for the year ended 30 June 2021

## 19. Employee benefits (continued)

### Share-based payment transactions

The Company has a number of share-based payment arrangements that were granted to employees during FY21. These related to shares or share rights granted as part of employee remuneration packages (base remuneration and performance incentives) and arrangements following completion of business acquisitions. The awards were granted on various dates in FY21, based on a specified monetary value to each recipient and a share price at the time the offer is determined. The fair value of these arrangements was deemed to be the function of the number of share rights granted and the share price at grant date. Share rights granted may vest in predetermined tranches. Share rights were also granted as part of the employee Invest As You Earn program which operated during the year. Vesting is dependent on continued employment with the Group. The fair value of the grant is recognised in profit or loss to match to each employee's service period until vesting. Generally, upon cessation of employment unvested rights are forfeited. The cost recognised in prior periods in respect of forfeited rights is credited to the consolidated statement of profit and loss.

The total value of share-based payments was \$22.0m for employees and \$0.1m for Non-Executive Directors (2020: \$17.2m), which was also recognised in the consolidated statement of profit and loss. Subsequently, \$5.8m (2020: \$3.9m) was capitalised as part of directly attributable development costs, which are required to be recognised as internally developed intangibles (refer note 7).

## 20. Key management personnel transactions

### Key management personnel ("KMP") compensation

The total remuneration of the KMP of the Company are as follows:

|                               | 2021<br>\$000 | 2020<br>\$000    |
|-------------------------------|---------------|------------------|
| Short-term employee benefits  | 3,306         | 3,293            |
| Post-employment benefits      | 163           | 158              |
| Other long-term benefits      | 192           | 138 <sup>1</sup> |
| Share-based payments          | 1,369         | 1,064            |
| <b>Total KMP compensation</b> | <b>5,030</b>  | <b>4,654</b>     |

<sup>1</sup> Other long-term benefits relates to annual and long service leave. The comparatives have been amended to a consistent basis with the current year, being the movement in the balance, rather than disclosing the annual and long service leave balance.

Short-term benefits comprise salary, fringe benefits and cash bonuses awarded. Post-employment benefits consist of superannuation contributions made during the year. Other long-term benefits comprise accruals for annual leave and long service leave. Share-based payments represents the expensing over the period to vesting of the fair value at grant date of share rights granted.



# Notes to the financial statements

for the year ended 30 June 2021

## 20. Key management personnel transactions (continued)

### KMP transactions

A KMP holds positions in other companies that result in them having control or significant influence over these companies. Some of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-KMP related companies on an arm's length basis. The aggregate value of transactions and outstanding balances related to Richard White (CEO) and entities over which he has control or significant influence were as follows:

| Director | Transactions                           | Transaction values for year ended 30 June |               | Balance outstanding as at 30 June |                |
|----------|--|---|---------------|-----------------------------------|----------------|
|          |  | 2021<br>\$000                             | 2020<br>\$000 | 2021<br>\$000                     | 2020<br>\$000  |
| R White  | Office leases <sup>1</sup>             | 2,860                                     | 1,583         | –                                 | – <sup>1</sup> |
| R White  | Staff training facility <sup>2</sup>   | –   | 102           | –                                 | –              |
| R White  | Office services agreement <sup>3</sup> | (18)                                      | (18)          | –                                 | –              |
| R White  | Company apartments rent <sup>4</sup>   | –   | 73            | –                                 | –              |
| R White  | US data centre services <sup>5</sup>   | –   | 1,000         | –                                 | –              |
| R White  | Plant and equipment <sup>5</sup>       | –   | 53            | –                                 | –              |

The above transactions are made at normal market rates and approved by the Related Party Committee.

- 1 The Group leases an office owned by R White, in Chicago, USA which has a term ending September 2024 with an annual rent of US Dollars 0.6m. The Group leased an office owned by R White in Alexandria, Australia with a term ending April 2025 and annual rent of Australian Dollars 2.5m. In May 2021, R White completed the sale of the Alexandria property to an unrelated party. Both leases were determined in accordance with advice from independent property valuers. In the prior period, the Group utilised storage space owned by R White. During FY20 the Group stopped using this storage space.
- 2 Staff training courses run by a third-party service provider were held at a facility owned by R White. The charge for usage of the facility was embedded in the service provider fees. During FY20 the Group stopped using this facility.
- 3 The Group provided office accommodation and related services to a company controlled by R White. The service agreement was terminated in FY21.
- 4 The Group had agreements for apartment leases. During FY20, the Group stopped renting these units.
- 5 The Group procured data centre services from a company controlled by R White. The service agreement was terminated in FY20.

# Notes to the financial statements

for the year ended 30 June 2021

## 21. Auditor's remuneration

|   | 2021<br>\$000  | 2020<br>\$000  |
|---|----------------|----------------|
| <b>Audit and assurance related services</b>                           |                |                |
| <i>KPMG Australia</i>   |                |                |
| Audit and review of the financial reports                             | 959.0          | 863.2          |
|   | <b>959.0</b>   | <b>863.2</b>   |
| <b>Audit and assurance related services</b>                           |                |                |
| <i>KPMG and non-KPMG overseas</i>                                     |                |                |
| Audit of statutory financial reports KPMG overseas                    | 765.1          | 769.6          |
| Audit of statutory financial reports by Non-KPMG firms                | 79.2           | 65.7           |
| Total audit and assurance related services KPMG and non-KPMG overseas | <b>844.3</b>   | <b>835.3</b>   |
| <b>Total audit and assurance related services</b>                     | <b>1,803.3</b> | <b>1,698.5</b> |
| <b>Other services</b>   |                |                |
| <i>KPMG Australia</i>   |                |                |
| Other assurance, advisory and taxation services                       | –              | 5.0            |
| <b>Total other services KPMG Australia</b>                            | <b>–</b>       | <b>5.0</b>     |
| <b>Other services</b>   |                |                |
| <i>KPMG overseas and Non-KPMG</i>                                     |                |                |
| Other assurance, advisory and taxation services-KPMG overseas         | 5.5            | 7.5            |
| Other assurance, advisory and taxation services-Non KPMG              | 11.7           | 14.7           |
| Total other services KPMG overseas and non-KPMG                       | <b>17.1</b>    | <b>22.2</b>    |
| <b>Total other services</b>   | <b>17.1</b>    | <b>27.2</b>    |
| <b>Total auditor's remuneration</b>                                   | <b>1,820.4</b> | <b>1,725.7</b> |



# Notes to the financial statements

for the year ended 30 June 2021

## 22. Reconciliation of net cash flows from operating activities

|   | 2021<br>\$M  | 2020<br>\$M  |
|---|--------------|--------------|
| <b>Cash flow reconciliation</b>   |              |              |
| Reconciliation of net profit after tax to net cash flows from operating activities:     |              |              |
| Profit after tax from continuing operations   | 108.1        | 160.8        |
| Net Profit after tax  | 108.1        | 160.8        |
| Adjustments to reconcile profit before tax to net cash flows from operating activities: |              |              |
| Share-based payment expense   | 22.1         | 17.2         |
| Depreciation  | 22.2         | 19.6         |
| Net gain on asset disposals   | (0.2)        | –            |
| Capitalisation of share-based payment expense and depreciation                          | (8.2)        | (6.5)        |
| Amortisation  | 37.2         | 29.1         |
| Doubtful debt expense   | 2.5          | 1.4          |
| Net finance costs/(income)  | 1.9          | (101.3)      |
| Exchange differences  | 0.9          | 1.2          |
| Change in assets and liabilities:   |              |              |
| Increase in trade receivables   | (18.1)       | (4.6)        |
| Increase in other current and non-current assets  | (7.6)        | (8.4)        |
| Increase in trade and other payables  | 11.2         | 11.1         |
| Increase in current tax liabilities   | 5.5          | 0.7          |
| Increase in deferred tax payable  | 16.1         | 3.9          |
| Increase in other liabilities   | 10.8         | 0.7          |
| Increase/(decrease) in deferred revenue   | 4.0          | (0.7)        |
| Increase in provisions  | 3.1          | 5.7          |
| <b>Net cash flows from operating activities</b>   | <b>211.6</b> | <b>129.9</b> |

# Notes to the financial statements

for the year ended 30 June 2021

## 23. Segment information

The Group manages its operations as a single business operation and there are no separate parts of the Group that qualify as operating segments under AASB 8 *Operating Segments*. The Board (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.

Information presented to the CODM on a monthly basis is categorised by type of revenue, recurring and non-recurring. This analysis is presented below:

|                                   | 2021<br>\$M  | 2020<br>\$M  |
|-----------------------------------|--------------|--------------|
| <b>Continuing operations</b>      |              |              |
| Recurring On-Demand revenue       | 383.0        | 309.2        |
| Recurring OTL maintenance revenue | 75.1         | 72.8         |
| OTL and support services          | 49.4         | 47.4         |
| <b>Total revenue</b>              | <b>507.5</b> | <b>429.4</b> |
| Segment EBITDA <sup>1</sup>       | 206.7        | 126.7        |
| Depreciation and amortisation     | (56.8)       | (46.2)       |
| Other finance income/(cost)       | (1.9)        | 101.3        |
| <b>Profit before income tax</b>   | <b>147.9</b> | <b>181.8</b> |
| Income tax expense                | (39.9)       | (21.0)       |
| <b>Net profit for the year</b>    | <b>108.1</b> | <b>160.8</b> |

<sup>1</sup> Earnings before interest, tax, depreciation and amortisation.

In general, a large amount of revenue is generated by customers that are global, from transactions that cross multiple countries and where the source of revenue can be unrelated to the location of the users using the software. Accordingly, the Group is managed as a single segment. The amounts for revenue by region in the following table are based on the invoicing location of the customer. Customers can change their invoicing location periodically. The CODM does not review or assess financial performance on a geographical basis.

There were no customers contributing more than 10% of revenue during the current and comparative period.

## Geographic information

Revenue generated by location of customer (invoicing location):

|   | 2021<br>\$M  | 2020<br>\$M  |
|---|--------------|--------------|
| Americas                                | 144.2        | 128.9        |
| Asia Pacific                            | 154.5        | 134.5        |
| Europe, Middle East and Africa ("EMEA") | 208.8        | 166.1        |
| <b>Total revenue</b>                    | <b>507.5</b> | <b>429.4</b> |

Non-current assets by geographic location:

|                                 | 2021<br>\$M  | 2020<br>\$M  |
|---------------------------------|--------------|--------------|
| Americas                        | 237.7        | 244.8        |
| Asia Pacific                    | 469.1        | 458.7        |
| EMEA                            | 278.4        | 264.2        |
| <b>Total non-current assets</b> | <b>985.2</b> | <b>967.6</b> |



# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments

### (i) Recognition and initial measurement

Trade receivables are initially recognised when customers are invoiced. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual obligations.

A financial asset (unless it is a trade receivable) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. Trade receivables are initially measured at the transaction price.

### (ii) Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from a financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which 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.

#### Financial liabilities

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 financial 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.

### (iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (iv) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge some of its foreign currency risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecasted transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income ("OCI") and accumulated in the cash flow hedge reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit and loss.

The Group has designated foreign exchange forward contracts and foreign exchange collars as hedging instruments in cash flow hedge relationships with highly probable forecasted foreign exchange sales. The change in fair value of the foreign exchange instruments is recognised in a hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments (continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the hedging reserve are immediately reclassified to profit or loss.

### (v) Credit-impaired trade receivables

At each reporting date, the Group assesses whether trade receivables are credit-impaired. A trade receivable is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.

Evidence that a trade receivable is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default; or
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.

### (vi) Measurement of fair values

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability), or, in the absence of such a market, the most advantageous market available to the entity at reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

### Fair value hierarchy

Significant valuation issues are reported to the Audit & Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable 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 quoted 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in 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.



# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments (continued)

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy as detailed above, based on the lowest level of input that is significant to the entire fair value measurement.

| Group – 2021                       | Level 1<br>\$M | Level 2<br>\$M | Level 3<br>\$M | Total<br>\$M |
|------------------------------------|----------------|----------------|----------------|--------------|
| <b>Assets</b>                      |                |                |                |              |
| Forward foreign exchange contracts | –              | 2.9            | –              | 2.9          |
| Foreign exchange collars           | –              | 0.4            | –              | 0.4          |
| <b>Total assets</b>                | –              | 3.3            | –              | 3.3          |
| <b>Liabilities</b>                 |                |                |                |              |
| Forward foreign exchange contracts | –              | 4.0            | –              | 4.0          |
| Foreign exchange collars           | –              | 2.3            | –              | 2.3          |
| Contingent consideration           | –              | –              | 36.5           | 36.5         |
| <b>Total liabilities</b>           | –              | 6.3            | 36.5           | 42.8         |

| Group – 2020                       | Level 1<br>\$M | Level 2<br>\$M | Level 3<br>\$M | Total<br>\$M |
|------------------------------------|----------------|----------------|----------------|--------------|
| <b>Assets</b>                      |                |                |                |              |
| Forward foreign exchange contracts | –              | 4.6            | –              | 4.6          |
| <b>Total assets</b>                | –              | 4.6            | –              | 4.6          |
| <b>Liabilities</b>                 |                |                |                |              |
| Contingent consideration           | –              | –              | 54.2           | 54.2         |
| <b>Total liabilities</b>           | –              | –              | 54.2           | 54.2         |

### Fair value of assets

#### Hedging instruments

The Group has recognised an asset measured at fair value in relation to derivative financial instrument (i.e. forward foreign exchange contracts – cash flow hedges and options). The derivative financial instrument is designated as a financial asset and deemed to be a level 2 measurement of fair value. Changes in the fair value of derivative financial instrument are recognised in 'other comprehensive income'.

|                                       | 2021<br>\$M  | 2020<br>\$M |
|---------------------------------------|--------------|-------------|
| Opening balance (pre-tax)             | 4.6          | –           |
| New contracts entered during the year | (3.4)        | 4.6         |
| Contracts settled during the year     | (4.3)        | –           |
| Revaluation                           | 0.1          | –           |
| <b>Closing balance (pre-tax)</b>      | <b>(3.0)</b> | <b>4.6</b>  |

### Fair value of liabilities

#### Contingent consideration

The Group has recognised liabilities measured at fair value in relation to contingent consideration arising out of acquisitions made by the Group. The contingent consideration is designated as a financial liability and deemed to be a Level 3 measurement of fair value. It has been discounted accordingly based on estimated time to complete a number of milestones. As part of the assessment at each reporting date, the Group has considered a range of reasonably possible changes for key assumptions and has not identified instances that could cause the fair value of contingent consideration to change significantly. Changes in the fair value of contingent consideration after the acquisition date are recognised in profit or loss, unless the changes are measurement period adjustments.

# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments (continued)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 and the end of the measurement period of the hierarchy is provided below.

|  | 2021<br>\$M | 2020<br>\$M |
|--|-------------|-------------|
| Opening balance                            | 54.2        | 226.9       |
| Change in fair value estimate <sup>1</sup> | (2.2)       | (111.0)     |
| Equity payments                            | (11.4)      | (86.4)      |
| Cash payments                              | (4.2)       | (22.8)      |
| Additions                                  | 0.6         | 28.1        |
| Unwinding interest <sup>1</sup>            | 1.3         | 10.0        |
| Foreign exchange differences <sup>1</sup>  | (1.8)       | 9.4         |
| <b>Closing balance</b>                     | <b>36.5</b> | <b>54.2</b> |

<sup>1</sup> The effect on profit or loss is due to unwinding of earnout interest on acquisitions, change in fair value estimate and a portion of foreign exchange, as indicated in the above reconciliation.

### Key accounting estimates and judgements – contingent consideration

Contingent consideration is measured at fair value, which requires management to estimate the amount likely to be paid in the future and the timing of the payment, to assess the present value using appropriate discount rates. The determination of fair value involves judgement about the probability of an acquired business achieving certain performance milestones, which include both financial and non-financial results.

### Financial risk management objectives and policies

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

- credit risk;
- liquidity risk; and
- market risk.

#### (a) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Board has delegated day-to-day responsibility for implementation of the risk management framework to the risk committee. The risk committee is a management committee comprising senior executives and is chaired by the CEO. The aim of the risk committee is to provide our Board with assurance that the major business risks are being identified and consistently assessed and that plans are in place to address risk.

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.

The Board, in conjunction with the Board's Audit & Risk Committee, oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

In FY21, an internal audit and risk management function was established. Detailed work of the function is executed by internal resources and also by external service providers.

#### (b) Credit risk

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

The Group's standard payment and delivery terms and conditions are that payment is generally due within 30 days on receipt of any invoice and the preferred payment options are by direct debit from a bank account or credit card. No limits are used and the Group's receivables are carefully managed by the credit management team. This role includes establishing customer deposits (refer to note 14).



# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

#### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base including the default risk of the industry and country in which customers operate.

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provision for impairment of those assets, as disclosed in the Consolidated statement of financial position. These predominantly relate to trade receivables. Refer to note 10 for further details.

#### Cash and cash equivalents

The Group held cash and cash equivalents of \$315.0m at 30 June 2021 (2020: \$223.7m).

#### (c) 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 always 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 manages liquidity risk by monitoring net cash balances, actual and forecasted operating cash flows and unutilised debt facilities.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts of contractual cash flows are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| 2021                                  | Carrying amount<br>\$M | Total<br>\$M   | Contractual cash flow      |                  |
|---------------------------------------|------------------------|----------------|----------------------------|------------------|
|                                       |                        |                | Less than<br>1 year<br>\$M | 1–5 years<br>\$M |
| <b>Financial liabilities</b>          |                        |                |                            |                  |
| Contingent consideration <sup>1</sup> | 8.2                    | (8.6)          | (5.9)                      | (2.7)            |
| Lease liabilities                     | 35.0                   | (38.7)         | (11.0)                     | (27.7)           |
| Trade payables                        | 34.0                   | (34.0)         | (34.0)                     | –                |
| Other payables and accrued expenses   | 25.3                   | (25.3)         | (25.3)                     | –                |
| Other liabilities                     | 42.3                   | (42.3)         | (41.3)                     | (1.0)            |
| <b>Total</b>                          | <b>144.8</b>           | <b>(148.9)</b> | <b>(117.6)</b>             | <b>(31.3)</b>    |

1 The total carrying value of contingent consideration is \$36.5m, which includes \$28.3m to be settled for an equivalent value of shares once milestones are achieved and become payable and \$8.2m in the table above, which will be cash settled.

| 2020                                  | Carrying amount<br>\$M | Total<br>\$M   | Contractual cash flow      |                  |
|---------------------------------------|------------------------|----------------|----------------------------|------------------|
|                                       |                        |                | Less than<br>1 year<br>\$M | 1–5 years<br>\$M |
| <b>Financial liabilities</b>          |                        |                |                            |                  |
| Contingent consideration <sup>2</sup> | 14.8                   | (15.4)         | (7.4)                      | (8.0)            |
| Lease liabilities                     | 45.7                   | (46.0)         | (12.0)                     | (34.1)           |
| Trade payables                        | 19.9                   | (19.9)         | (19.9)                     | –                |
| Other payables and accrued expenses   | 27.9                   | (27.9)         | (27.9)                     | –                |
| Other liabilities                     | 30.0                   | (30.0)         | (28.5)                     | (1.5)            |
| <b>Total</b>                          | <b>138.4</b>           | <b>(139.3)</b> | <b>(95.7)</b>              | <b>(43.6)</b>    |

2 The total carrying value of contingent consideration is \$54.2m, which includes \$39.4m to be settled for an equivalent value of shares once milestones are achieved and become payable and \$14.8m in the table above, which will be cash settled.

# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

#### Bank debt facilities

An unsecured syndicated facility was executed on 24 December 2018 between Westpac Banking Corporation, The Hongkong and Shanghai Banking Corporation Limited and Citibank, N.A. The facility has a total syndicated commitment of \$190.0m, plus an additional \$200.0m accordion facility and matures in March 2022. The facility was undrawn at 30 June 2021. Please refer to note 28(f), events after reporting period, for details of new debt facility.

Finance costs are broken down as follows:

|   | 2021<br>\$M | 2020<br>\$M |
|---|-------------|-------------|
| Unwinding interest on contingent consideration            | 1.3         | 10.0        |
| Unwinding interest on lease liabilities                   | 1.6         | 1.8         |
| Lease liability interest capitalised to intangible assets | (0.3)       | (0.4)       |
| Interest expense and facility fees                        | 1.6         | 1.3         |
| Other   | 1.3         | 0.1         |
| <b>Total finance costs</b>                                | <b>5.5</b>  | <b>12.9</b> |

#### (d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will adversely 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.

#### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of this risk arise from operations and translation risks.

The Company's reporting currency is Australian dollars. However, international operations give rise to an exposure to changes in foreign exchange rates as the majority of revenue from outside Australia is denominated in currencies other than Australian dollars, most significantly US dollars ("USD"), pounds sterling ("GBP"), and euros ("EUR").

The Group has exposures surrounding foreign currencies due to non-functional currency transactions within operations in overseas jurisdictions.

The Group has hedged approximately 45% of its estimated foreign currency exposure in respect of forecasted sales over the following 12 months. The Group uses forward exchange contracts and foreign currency collars to hedge its currency risk. These instruments are generally designated as cash flow hedges.

The Group designates the spot element of foreign exchange instruments to hedge its currency risk and applies a hedge ratio of 1:1. Any forward elements of forward exchange contracts is excluded from the designation of the hedging instrument and is separately accounted for in equity in a cash flow hedge reserve.

The Group's policy is for the critical terms of the foreign exchange instruments to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedged relationships, the main sources of the ineffectiveness are the effect of the counterparties and the Group's own credit risk on the fair value of the foreign exchange instruments, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and changes in the timing of the hedged transactions.



# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

Details of total outstanding cash flow hedges as at 30 June 2021:

| Foreign exchange contracts | Average exchange rates | Contract value LC <sup>1</sup> (Millions) | Asset AUD (Millions) | Liability AUD (Millions) |
|----------------------------|------------------------|---|----------------------|--------------------------|
| <b>EUR</b>                 |                        |   |                      |                          |
| Up to 1 year               | 0.6199                 | 22.9                                      | 0.7                  | (0.2)                    |
| 1–5 years                  | 0.6261                 | 25.1                                      | 0.2                  | (0.4)                    |
| <b>Total</b>               |                        | 48.0                                      | 1.0                  | (0.5)                    |
| <b>USD</b>                 |                        |   |                      |                          |
| Up to 1 year               | 0.7538                 | 111.7                                     | 1.7                  | (1.9)                    |
| 1–5 years                  | 0.7660                 | 58.0                                      | 0.2                  | (1.5)                    |
| <b>Total</b>               |                        | 169.7                                     | 1.9                  | (3.4)                    |

| FX Collars   | Average put rates | Average call rates | Contract value LC <sup>1</sup> (Millions) | Asset AUD (Millions) | Liability AUD (Millions) |
|--------------|-------------------|--------------------|---|----------------------|--------------------------|
| <b>EUR</b>   |                   |                    |   |                      |                          |
| Up to 1 year | 0.6000            | 0.6315             | 4.2                                       | 0.1                  | –                        |
| <b>Total</b> |                   |                    | 4.2                                       | 0.1                  | –                        |
| <b>USD</b>   |                   |                    |   |                      |                          |
| Up to 1 year | 0.7125            | 0.7480             | 18.2                                      | 0.4                  | –                        |
| 1–5 years    | 0.7665            | 0.7845             | 64.8                                      | –                    | (2.3)                    |
| <b>Total</b> |                   |                    | 83.0                                      | 0.4                  | (2.3)                    |

Details of total outstanding cash flow hedges as at 30 June 2020:

| Foreign exchange contracts | Average exchange rates | Contract value LC <sup>1</sup> (Millions) | Asset AUD (Millions) | Liability AUD (Millions) |
|----------------------------|------------------------|---|----------------------|--------------------------|
| <b>EUR</b>                 |                        |   |                      |                          |
| Up to 1 year               | 0.5421                 | 7.0                                       | 1.4                  | –                        |
| 1–5 years                  | 0.5395                 | 2.0                                       | 0.4                  | –                        |
| <b>Total</b>               |                        | 9.0                                       | 1.8                  | –                        |
| <b>USD</b>                 |                        |   |                      |                          |
| Up to 1 year               | 0.5950                 | 10.3                                      | 2.3                  | –                        |
| 1–5 years                  | 0.5953                 | 2.1                                       | 0.5                  | –                        |
| <b>Total</b>               |                        | 12.4                                      | 2.8                  | –                        |

1 LC – Local currency.

# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

#### Variance analysis – FY21

A reasonably possible strengthening (weakening) of the USD or EUR weighted average exchange rate against AUD at 30 June 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity by the amounts shown below. This analysis assumes hedge designations as at 30 June 2021 remain unchanged and that all designations are effective.

| Foreign currency forward contracts | Average exchange rate |         |        | Effect on equity (pre-tax)   |                              | Profit (pre-tax)             |                              |
|------------------------------------|-----------------------|---------|--------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                    |                       | +10%    | -10%   | Change (+10%) AUD (Millions) | Change (-10%) AUD (Millions) | Change (+10%) AUD (Millions) | Change (-10%) AUD (Millions) |
|                                    |                       | AUD/EUR | 0.6231 | 0.6854                       | 0.5608                       | –                            | –                            |
| AUD/USD                            | 0.7579                | 0.8337  | 0.6821 | 0.2                          | (0.2)                        | –                            | –                            |

Forward contracts with maturity dates greater than 12 months hedge revenues for July 2022 to December 2023.

#### Variance analysis – FY20

A reasonably possible strengthening (weakening) of the USD or EUR weighted average exchange rate against AUD at 30 June 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity by the amounts shown below. This analysis assumes hedge designations as at 30 June 2020 remain unchanged and that all designations are effective.

| Foreign currency forward contracts | Average exchange rate |         |        | Effect on equity (pre-tax)   |                              | Profit (pre-tax)             |                              |
|------------------------------------|-----------------------|---------|--------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                    |                       | +10%    | -10%   | Change (+10%) AUD (Millions) | Change (-10%) AUD (Millions) | Change (+10%) AUD (Millions) | Change (-10%) AUD (Millions) |
|                                    |                       | AUD/EUR | 0.5415 | 0.5957                       | 0.4874                       | 0.2                          | (0.2)                        |
| AUD/USD                            | 0.5951                | 0.6546  | 0.5356 | 0.3                          | (0.3)                        | –                            | –                            |

Forward contracts with maturity dates greater than 12 months hedge revenues for April 2020 to June 2020.

A reasonably possible strengthening (weakening) of the USD, GBP or EUR against all other currencies at 30 June 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

|   | 30 June 2021 LC <sup>1</sup> (Millions) | Profit or loss (pre-tax)    |                             | Equity                      |                             |
|---|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |   | Change (+10%) LC (Millions) | Change (-10%) LC (Millions) | Change (+10%) LC (Millions) | Change (-10%) LC (Millions) |
|   |   | <b>USD</b>                  |                             |                             |                             |
| Net trade receivables/(payables) exposure | 12.5                                    | (1.1)                       | 1.4                         | –                           | –                           |
| <b>GBP</b>                                |   |                             |                             |                             |                             |
| Net trade receivables/(payables) exposure | 0.3                                     | –                           | –                           | –                           | –                           |
| <b>EUR</b>                                |   |                             |                             |                             |                             |
| Net trade receivables/(payables) exposure | 2.3                                     | (0.2)                       | 0.3                         | –                           | –                           |



# Notes to the financial statements

for the year ended 30 June 2021

## 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

|   | 30 June 2020<br>LC<br>(Millions) | Profit or loss (pre-tax)          |                                   | Equity                            |                                   |
|---|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   |                                  | Change (+10%)<br>LC<br>(Millions) | Change (-10%)<br>LC<br>(Millions) | Change (+10%)<br>LC<br>(Millions) | Change (-10%)<br>LC<br>(Millions) |
| <b>USD</b>                                |                                  |                                   |                                   |                                   |                                   |
| Net trade receivables/(payables) exposure | 7.7                              | (0.7)                             | 0.9                               | -                                 | -                                 |
| <b>GBP</b>                                |                                  |                                   |                                   |                                   |                                   |
| Net trade receivables/(payables) exposure | 0.3                              | -                                 | -                                 | -                                 | -                                 |
| <b>EUR</b>                                |                                  |                                   |                                   |                                   |                                   |
| Net trade receivables/(payables) exposure | 1.9                              | (0.2)                             | 0.2                               | -                                 | -                                 |

1 LC – Local currency.

### Interest rate risk and cash flow sensitivity

At 30 June 2021, the Group held no interest bearing financial liabilities (i.e. bank loans) (2020: nil) and held interest bearing financial assets (i.e. cash and short-term deposits) of \$315.0m (2020: \$223.7m).

Based on the cash balance at 30 June, a reasonably possible change of 100 basis points in interest rates at the reporting date would increase the profit or loss after tax by \$2.2m (2020: increase by \$1.6m). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

## 25. Group information

| Parent entity                                   | Country of incorporation | % Equity interest |       |
|---|--------------------------|-------------------|-------|
|   |                          | 2021              | 2020  |
| WiseTech Global Limited                         | Australia                |                   |       |
| Subsidiaries                                    | Country of incorporation | 2021              | 2020  |
| Candent Australia Pty Ltd                       | Australia                | 100.0             | 100.0 |
| Cargo Community Network Pty Ltd                 | Australia                | 100.0             | 100.0 |
| CMS Transport Systems Pty Ltd                   | Australia                | 100.0             | 100.0 |
| Compdata Technology Services Pty Ltd            | Australia                | 100.0             | 100.0 |
| Container Chain Pty Ltd                         | Australia                | 100.0             | 100.0 |
| Containerchain Australia Pty Ltd                | Australia                | 100.0             | 100.0 |
| Containerchain Australia Holdings Pty Ltd       | Australia                | 100.0             | 100.0 |
| Containerchain Unit Trust                       | Australia                | 100.0             | 100.0 |
| IFS Global Holdings Pty Ltd                     | Australia                | 100.0             | 100.0 |
| IFS Global Pty Ltd <sup>1</sup>                 | Australia                | -                 | 100.0 |
| IFS NZ Pty Ltd <sup>1</sup>                     | Australia                | -                 | 100.0 |
| Interactive Freight Systems Pty Ltd             | Australia                | 100.0             | 100.0 |
| Maximas Pty Ltd                                 | Australia                | 100.0             | 100.0 |
| Microlistics International Pty Ltd <sup>1</sup> | Australia                | -                 | 100.0 |
| Microlistics Pty Ltd                            | Australia                | 100.0             | 100.0 |
| Tankstream Systems Pty Ltd                      | Australia                | 100.0             | 100.0 |
| Translogix (Australia) Pty Ltd                  | Australia                | 100.0             | 100.0 |
| WiseTech Academy Pty Ltd                        | Australia                | 100.0             | 100.0 |
| WiseTech Global (Australia) Pty Ltd             | Australia                | 100.0             | 100.0 |

# Notes to the financial statements

for the year ended 30 June 2021

## 25. Group information (continued)

| Subsidiaries   | Country of incorporation | % Equity interest |       |
|--|--------------------------|-------------------|-------|
|  |                          | 2021              | 2020  |
| WiseTech Global (Europe) Holdings Pty Ltd                            | Australia                | 100.0             | 100.0 |
| WiseTech Global (Financing) Pty Ltd                                  | Australia                | 100.0             | 100.0 |
| WiseTech Global (Licensing) Pty Ltd                                  | Australia                | 100.0             | 100.0 |
| WiseTech Global (Holdings 2) Pty Ltd                                 | Australia                | 100.0             | 100.0 |
| WiseTech Global (Trading) Pty Ltd                                    | Australia                | 100.0             | 100.0 |
| WiseTech Global Holdings Pty Ltd                                     | Australia                | 100.0             | 100.0 |
| WiseTech Global Limited Employee Share Trust                         | Australia                | 100.0             | 100.0 |
| WiseTech Global (Argentina) S.A.U.                                   | Argentina                | 100.0             | 100.0 |
| Intris N.V.  | Belgium                  | 100.0             | 100.0 |
| Bysoft Solucoes em Sistemas Para Comercio Exterior Ltda <sup>1</sup> | Brazil                   | –                 | 100.0 |
| CargoWise Brasil Solucoes em Sistemas Ltda                           | Brazil                   | 100.0             | 100.0 |
| Fenix Data Systems Inc. <sup>1</sup>                                 | Canada                   | –                 | 100.0 |
| WiseTech Global (CA) Ltd   | Canada                   | 100.0             | 100.0 |
| Softcargo Chile SpA  | Chile                    | 100.0             | 100.0 |
| WiseTech Global (China) Information Technology Ltd                   | China                    | 100.0             | 100.0 |
| Pierbridge Finland Oy  | Finland                  | 100.0             | 100.0 |
| EasyLog SAS  | France                   | 100.0             | 100.0 |
| CargoWise GmbH   | Germany                  | 100.0             | 100.0 |
| Containerchain Germany GmbH  | Germany                  | 100.0             | 100.0 |
| Softship GmbH (formerly Softship AG)                                 | Germany                  | 100.0             | 100.0 |
| znet group GmbH  | Germany                  | 100.0             | 100.0 |
| Containerchain Hong Kong Ltd   | Hong Kong                | 100.0             | 100.0 |
| WiseTech Global (HK) Ltd   | Hong Kong                | 100.0             | 100.0 |
| WiseTech Global (India) Private Limited                              | India                    | 100.0             | 100.0 |
| ABM Data Systems Ltd   | Ireland                  | 100.0             | 100.0 |
| Cargo Community Systems Ltd  | Ireland                  | 100.0             | 100.0 |
| CargoWise (Ireland) Ltd  | Ireland                  | 100.0             | 100.0 |
| A.C.O. Informatica S.r.l.  | Italy                    | 100.0             | 100.0 |
| Kabushiki Kaisha Exas  | Japan                    | 100.0             | –     |
| WiseTech Global (Japan) K.K.   | Japan                    | 100.0             | 100.0 |
| Containerchain Malaysia Sdn Bhd                                      | Malaysia                 | 100.0             | 100.0 |
| Maxfame Technologies Sdn Bhd   | Malaysia                 | 100.0             | 100.0 |
| Cargoguide International B.V.  | Netherlands              | 100.0             | 100.0 |
| Containerchain Netherlands B.V.                                      | Netherlands              | 100.0             | 100.0 |
| LSP Solutions B.V.   | Netherlands              | 100.0             | 100.0 |
| Containerchain New Zealand Ltd                                       | New Zealand              | 100.0             | 100.0 |
| WiseTech Global (NZ) Ltd   | New Zealand              | 100.0             | 100.0 |
| Systema AS   | Norway                   | 100.0             | 100.0 |
| Softship Inc.  | Philippines              | 100.0             | 100.0 |
| Candent Singapore Pte Ltd  | Singapore                | 100.0             | 100.0 |
| Containerchain Global Holdings Pte Ltd                               | Singapore                | 100.0             | 100.0 |
| Containerchain (Singapore) Pte Ltd                                   | Singapore                | 100.0             | 100.0 |



# Notes to the financial statements

for the year ended 30 June 2021

## 25. Group information (continued)

| Subsidiaries  | Country of incorporation | % Equity interest |       |
|---|--------------------------|-------------------|-------|
|   |                          | 2021              | 2020  |
| Softship Dataprocessing Pte Ltd                               | Singapore                | 100.0             | 100.0 |
| WiseTech Global (SG) Pte Ltd                                  | Singapore                | 100.0             | 100.0 |
| Compu-Clearing (Pty) Ltd                                      | South Africa             | 100.0             | 100.0 |
| Compu-Clearing Drome Road Property (Pty) Ltd                  | South Africa             | 100.0             | 100.0 |
| Compu-Clearing Outsourcing Ltd                                | South Africa             | 100.0             | 100.0 |
| Core Freight Systems (Pty) Ltd                                | South Africa             | 100.0             | 100.0 |
| Drome Road Share Block (Pty) Ltd                              | South Africa             | 100.0             | 100.0 |
| Wisetechglobal (Pty) Ltd                                      | South Africa             | 100.0             | 100.0 |
| WiseTech Global LLC   | South Korea              | 100.0             | 100.0 |
| Ready Korea Co., Ltd.   | South Korea              | 100.0             | 100.0 |
| Taric Canarias S.A.   | Spain                    | 100.0             | 100.0 |
| Taric S.A.U.  | Spain                    | 100.0             | 100.0 |
| Taric Trans S.L.  | Spain                    | 100.0             | 100.0 |
| CargoIT i Skandinavien AB                                     | Sweden                   | 100.0             | 100.0 |
| X Ware Aktiebolag   | Sweden                   | 100.0             | 100.0 |
| Sisa Studio Informatica SA                                    | Switzerland              | 100.0             | 100.0 |
| WiseTech Global (Taiwan) Ltd                                  | Taiwan                   | 100.0             | 100.0 |
| Containerchain (Thailand) Pte Ltd                             | Thailand                 | 100.0             | 100.0 |
| Ulukom Bilgisayar Yazılım Donanım Danışmanlık ve Ticaret A.Ş. | Turkey                   | 100.0             | 100.0 |
| WiseTech Global FZ-LLC  | UAE                      | 100.0             | 100.0 |
| LSI – Sigma Software Limited                                  | UK                       | 100.0             | 100.0 |
| Pierbridge Ltd  | UK                       | 100.0             | 100.0 |
| WiseTech Global (International) Ltd                           | UK                       | 100.0             | 100.0 |
| WiseTech Global (UK) Ltd                                      | UK                       | 100.0             | 100.0 |
| Eyalir S.A.   | Uruguay                  | 100.0             | 100.0 |
| Ilun S.A.   | Uruguay                  | 100.0             | 100.0 |
| Pierbridge Holdings Inc.                                      | USA                      | 100.0             | 100.0 |
| Pierbridge Inc.   | USA                      | 100.0             | 100.0 |
| Planet Traders Inc.   | USA                      | 100.0             | 100.0 |
| Softship America Inc.   | USA                      | 100.0             | 100.0 |
| WiseTech Global (US) Inc.                                     | USA                      | 100.0             | 100.0 |

1 Entity de-registered, merged or amalgamated in 2021.

# Notes to the financial statements

for the year ended 30 June 2021

## 26. Deed of Cross Guarantee

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

In order to receive the benefit of the relief provided under the Instrument, the Company and each subsidiary must be a party to the Deed of Cross Guarantee. The effect of the Deed of Cross Guarantee is that each party guarantees to each creditor of each other party, payment in full of any debt in the event of winding up of another party to the Deed of Cross Guarantee under certain provisions of the *Corporations Act 2001*.

Details of entities entering and exiting the Deed of Cross Guarantee, which represent a 'Closed Group' for the purposes of the Instruments are as follows:

|   | Assumption date | Revocation date |
|---|-----------------|-----------------|
| <b>Parent entity</b>                      |                 |                 |
| WiseTech Global Limited                   | 20 Jun 2017     | –               |
| <b>Subsidiary entities</b>                |                 |                 |
| Microlistics International Pty Ltd        | 15 Jun 2018     | 5 Dec 2020      |
| Microlistics Pty Ltd                      | 15 Jun 2018     | –               |
| Translogix (Australia) Pty Ltd            | 6 Jun 2019      | –               |
| WiseTech Academy Pty Ltd                  | 6 Jun 2019      | –               |
| WiseTech Global (Australia) Pty Ltd       | 20 Jun 2017     | –               |
| WiseTech Global (Europe) Holdings Pty Ltd | 6 Jun 2019      | –               |
| WiseTech Global (Financing) Pty Ltd       | 6 Jun 2019      | –               |
| WiseTech Global (Licensing) Pty Ltd       | 15 Jun 2018     | –               |
| WiseTech Global Holdings Pty Ltd          | 5 May 2021      | –               |
| WiseTech Global (Holdings 2) Pty Ltd      | 5 May 2021      | –               |
| WiseTech Global (Trading) Pty Ltd         | 20 Jun 2017     | –               |

The Consolidated statement of profit or loss and other comprehensive income and Consolidated statement of financial position of the entities that are members of the Closed Group, after eliminating all transactions between members of the Closed Group, are as follows:

|   | Closed Group |             |
|---|--------------|-------------|
|   | 2021<br>\$M  | 2020<br>\$M |
| Profit from continuing operations before income tax     | 131.5        | 132.3       |
| Income tax expense                                      | (34.7)       | (25.3)      |
| Profit after tax from continuing operations             | 96.7         | 106.9       |
| Retained earnings at the beginning of the period        | 213.3        | 130.2       |
| Opening retained earnings of entities added to the deed | 1.5          | –           |
| Net profit for the period                               | 96.7         | 106.9       |
| Dividend declared and paid                              | (14.0)       | (11.6)      |
| Vesting of share rights                                 | 0.5          | (17.5)      |
| Tax benefit from equity remuneration                    | 3.1          | 5.2         |
| Retained earnings at the end of the period              | 301.1        | 213.3       |



# Notes to the financial statements

for the year ended 30 June 2021

## 26. Deed of Cross Guarantee (continued)

|                                      | Closed Group   |                |
|--------------------------------------|----------------|----------------|
|                                      | 2021<br>\$M    | 2020<br>\$M    |
| <b>Assets</b>                        |                |                |
| <b>Current assets</b>                |                |                |
| Cash and cash equivalents            | 222.5          | 165.6          |
| Trade and other receivables          | 39.6           | 29.8           |
| Intercompany receivables             | 8.7            | 16.6           |
| Derivative financial instruments     | 2.9            | 3.7            |
| Current tax receivables              | –              | 2.0            |
| Other current assets                 | 15.3           | 12.9           |
| <b>Total current assets</b>          | <b>289.0</b>   | <b>230.7</b>   |
| <b>Non-current assets</b>            |                |                |
| Investments in subsidiaries          | 750.7          | 693.9          |
| Intangible assets                    | 229.7          | 189.4          |
| Property, plant and equipment        | 24.0           | 27.3           |
| Derivative financial instruments     | 0.4            | 0.9            |
| Other non-current assets             | 3.8            | 1.1            |
| <b>Total non-current assets</b>      | <b>1,008.6</b> | <b>912.5</b>   |
| <b>Total assets</b>                  | <b>1,297.6</b> | <b>1,143.2</b> |
| <b>Liabilities</b>                   |                |                |
| <b>Current liabilities</b>           |                |                |
| Trade and other payables             | 26.3           | 18.6           |
| Intercompany payables                | 9.6            | –              |
| Lease liabilities                    | 4.1            | 3.8            |
| Deferred revenue                     | 7.5            | 5.3            |
| Employee benefits                    | 13.8           | 11.3           |
| Current tax liabilities              | 2.3            | –              |
| Derivative financial instruments     | 2.1            | –              |
| Other current liabilities            | 43.2           | 25.6           |
| <b>Total current liabilities</b>     | <b>108.8</b>   | <b>64.6</b>    |
| <b>Non-current liabilities</b>       |                |                |
| Lease liabilities                    | 9.8            | 14.4           |
| Employee benefits                    | 2.1            | 1.7            |
| Deferred tax liabilities             | 58.0           | 42.6           |
| Derivative financial instruments     | 4.3            | –              |
| Other non-current liabilities        | 7.4            | 28.5           |
| <b>Total non-current liabilities</b> | <b>81.5</b>    | <b>87.2</b>    |
| <b>Total liabilities</b>             | <b>190.3</b>   | <b>151.8</b>   |
| <b>Net assets</b>                    | <b>1,107.4</b> | <b>991.4</b>   |
| <b>Equity</b>                        |                |                |
| Share capital                        | 827.8          | 779.8          |
| Reserves                             | (21.6)         | (1.7)          |
| Retained earnings                    | 301.1          | 213.3          |
| <b>Total equity</b>                  | <b>1,107.4</b> | <b>991.4</b>   |

# Notes to the financial statements

for the year ended 30 June 2021

## 27. Parent entity information

As at, and throughout the financial year ended, 30 June 2021 the parent entity of the Group was WiseTech Global Limited.

|  | 2021<br>\$M  | 2020<br>\$M |
|--|--------------|-------------|
| <b>Result of parent entity</b>                 |              |             |
| Net profit for the year                        | 113.1        | 48.8        |
| <b>Total comprehensive income for the year</b> | <b>113.1</b> | <b>48.8</b> |

|  | 2021<br>\$M    | 2020<br>\$M  |
|--|----------------|--------------|
| <b>Financial position of parent entity at year end</b> |                |              |
| Current assets   | 592.5          | 537.7        |
| Total assets   | 1,241.2        | 1,097.3      |
| Current liabilities                                    | 41.9           | 39.2         |
| Total liabilities                                      | 113.5          | 103.0        |
| <b>Net assets</b>                                      | <b>1,127.6</b> | <b>994.3</b> |

|  | 2021<br>\$M    | 2020<br>\$M  |
|--|----------------|--------------|
| <b>Total equity of parent entity comprising:</b> |                |              |
| Share capital                                    | 827.8          | 779.8        |
| Reserves   | (7.7)          | (2.7)        |
| Retained earnings                                | 307.5          | 217.3        |
| <b>Total equity</b>                              | <b>1,127.6</b> | <b>994.3</b> |

### (a) Parent entity contingent liabilities

The parent entity has provided guarantees for the future settlement of a portion of contingent consideration (cash and shares) recognised in subsidiaries of the Group. There are no other contingent liabilities as at 30 June 2021 or 30 June 2020.

### (b) Parent entity capital commitments for acquisition of property, plant and equipment

The parent entity had no capital commitments as at 30 June 2021 or 30 June 2020.

### (c) Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee. Refer to note 26 for further details.



# Notes to the financial statements

for the year ended 30 June 2021

## 28. Other policies and disclosures

### (a) Principles of consolidation

The Consolidated financial statements incorporate all of the assets, liabilities and results of WiseTech Global Limited and all of the 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 assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

### (b) Foreign currency transactions and balances

#### Transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the exchange rate at the reporting date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise, the exchange difference is recognised in profit or loss.

#### Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities including goodwill and fair value adjustments arising on acquisition are translated at exchange rates prevailing at the reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transactions.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the Consolidated statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

#### Currency of hyperinflationary economy

If the functional currency of a foreign operation is the currency of a hyperinflationary economy, then its financial information is first adjusted to reflect the purchasing power at the current reporting date and then translated into the presentation currency, using the exchange rate at the current reporting date.

### (c) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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.

# Notes to the financial statements

for the year ended 30 June 2021

## 28. Other policies and disclosures (continued)

### (d) Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been applied in preparing these Consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's Consolidated financial statements:

- AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*;
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

### (e) Commitments and contingencies

#### Guarantees

The Group has not provided for any material guarantees at 30 June 2021 (2020: nil).

#### Contingent assets and contingent liabilities

There were no contingent assets or liabilities of the Group in relation to FY21 or FY20.

### (f) Events after reporting period

#### New debt facility

On 28 July 2021, a new unsecured four-year bi-lateral debt facility was executed with six banks and the previous facility was retired. The new facility has a total commitment of \$225.0m.

#### Dividend

Since the period end, the Directors have declared a fully franked final dividend of 3.85 cents per share, payable 8 October 2021. The dividend will be recognised in subsequent financial statements.



# Directors' declaration

for the year ended 30 June 2021

In accordance with a resolution of the Directors of WiseTech Global Limited, we state that:

1. In the opinion of the Directors:
  - (a) the consolidated financial statements and notes that are set out on pages 94 to 143 and the Remuneration report on pages 67 to 86 in the report are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
    - (ii) 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.
2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 26 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*.
3. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.
4. The Directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with the International Financial Reporting Standards.

On behalf of the board



**Andrew Harrison**  
Chair

25 August 2021



**Richard White**  
Executive Director, Founder and CEO

25 August 2021

# Independent Auditor's Report

for the year ended 30 June 2021



This is the original version of the audit report over the financial statements signed by the directors on 25 August 2021. Page references in relation to the Remuneration Report should be read as referring to pages 68 to 86 as opposed to 7 to 22, to reflect the correct references now that the financial statements have been presented in the context of the annual report in its entirety.

## Independent Auditor's Report

To the shareholders of WiseTech Global Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of WiseTech Global 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 2021 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 2021
- 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 the Code.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



# Independent Auditor's Report

for the year ended 30 June 2021



## Key Audit Matters

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

- Recognition of revenue;
- Capitalisation of software development costs;
- Accounting for contingent consideration; and
- Testing for impairment of goodwill and intangible assets.

**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.

### Recognition of revenue (\$507.5m)

Refer to Note 3 'Revenue,' and Note 13 'Deferred revenue' of the financial report

| The key audit matter   | How the matter was addressed in our audit   |
|--|---|
| <p>The recognition of revenue is considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of revenue to the financial statements;</li> <li>• Recurring CargoWise One revenue that is earned in relation to customer usage is determined by the Group with reference to price lists and complex discount structures. It involves high volumes of customer transaction data recorded using a highly automated billing system. Auditing the revenue recognised based on this transactional data requires significant effort, including the use of IT and Data Specialists to supplement our senior audit team members; and</li> <li>• Remaining revenue is recorded across a large number of different billing systems as a result of multiple acquisitions. Auditing this revenue requires significant audit effort with extensive sample sizes, and involving multiple overseas KPMG teams.</li> </ul> | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We stratified the revenue population into homogenous revenue streams for the purposes of performing our testing;</li> <li>• For key recurring CargoWise One revenue streams, where revenue is recognised based on customer usage of the software, with the assistance of our IT and Data Specialists, we developed an expectation of the revenue for the year and compared this to the amount recorded by the Company. The formation of our expectation involved: <ul style="list-style-type: none"> <li>- understanding the Group's process for collection of transaction data, and the application of price lists and discount structures to this data;</li> <li>- assessing the completeness, existence and accuracy of transaction data interfaced with the billing module;</li> <li>- inspecting transaction data which is not subject to billing for consistency with our understanding of the process;</li> <li>- testing controls over access to the billing module, price lists and discount structures;</li> <li>- testing the interface of the output from the billing module to the general ledger; and</li> <li>- assessing for a sample of customers the appropriateness of price list records and discount structures based on their underlying contract</li> </ul> </li> </ul> |

# Independent Auditor’s Report

for the year ended 30 June 2021



|  |   |
|--|---|
|  | <p>documentation.</p> <ul style="list-style-type: none"> <li>• We tested the Group’s key manual revenue recognition controls including;             <ul style="list-style-type: none"> <li>- approval of new customer contracts;</li> <li>- review and approval of customers initial billing invoice, including checking prices to underlying signed customer contracts;</li> <li>- review of monthly billing data.</li> </ul> </li> <li>• For other revenue, we selected a statistical sample of revenue across the Group’s subsidiaries. We tested revenue recognition and related deferred revenue, by obtaining and inspecting revenue contracts and invoices, checking against cash receipts recorded in bank statements, and using the conditions of the contract to check appropriateness of the timing of revenue. We evaluated the adequacy of disclosures included in the financial report against the requirements of the accounting standards.</li> </ul> |
|--|---|

| Capitalisation of software development costs (\$77.6m)  |  |
|---|--|
| Refer to Note 7 ‘Intangible assets’ of the financial report   |  |
| The key audit matter  | How the matter was addressed in our audit  |
| <p>Capitalisation of software costs is considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The high volume of software developer hours;</li> <li>• The Group’s calculation of the amount of hours capitalised is reliant on data extracts from the Company’s automated software workflow tool (PAVE) used for monitoring and recording the activities of software developers for the majority of its capitalised software development;</li> <li>• The Group develops its software products using an iterative development methodology. This approach requires more judgement in assessing the Group’s application of the requirements of the accounting</li> </ul> | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We inspected the Group’s documentation on the status of projects and the evaluation of the future economic return of the software under development;</li> <li>• We assessed the Group’s positions using our knowledge of the business and projects, and through discussions with various stakeholders, including: Project Managers, the Chief Technology Officer, the Chief Executive Officer and the Chief Financial Officer. We also inspected price lists and Board of Director’s papers to evaluate these assertions;</li> <li>• We obtained an understanding of the Group’s software development processes and how software developers use PAVE to record activities;</li> <li>• We inspected the information recorded in PAVE and assessed the Group’s identification of activities that constitute development;</li> </ul> |



# Independent Auditor's Report

for the year ended 30 June 2021



|  |  |
|--|--|
| <p>standards to capitalise the development costs. These assessments include:</p> <ul style="list-style-type: none"> <li>- Whether a project can be completed and produce a viable software product;</li> <li>- whether an activity is eligible for capitalisation;</li> <li>- determination of the appropriate rate per hour for developers' time eligible for capitalisation; and</li> <li>- whether a project is available for its intended use and, accordingly, commence amortisation.</li> </ul> <p>We involved IT specialists to supplement our senior audit team members in assessing this key audit matter</p> | <ul style="list-style-type: none"> <li>• Working with our IT specialists we tested the computer system controls designed to safeguard information recorded in PAVE;</li> <li>• We tested a statistical sample of PAVE and non-PAVE recorded developer time capitalised, to check the activities being performed related to a project in development or an enhancement to an existing software product as opposed to research or maintenance;</li> <li>• We tested the capitalisation of developer hours to projects on a sample basis;             <ul style="list-style-type: none"> <li>- evaluating task descriptions logged against the criteria in the accounting standards;</li> <li>- assessing, for the sampled activity, the hours recorded for coding relates to an employee with a developer related role; and</li> <li>- investigated task nature with Project Managers.</li> </ul> </li> <li>• We assessed the rate per hour calculations applied to time eligible for capitalisation by testing a sample of key inputs to underlying records. We also assessed the Group's allocation of directly attributable overhead costs against the criteria within the accounting standards.</li> <li>• We considered the appropriateness of the amortisation period including the commencement date of amortisation for completed projects for the capitalised software development costs.</li> <li>• We evaluated the adequacy of the disclosures included in the financial report against the requirements of the accounting standards.</li> </ul> |
|--|--|

## Accounting for contingent consideration (\$36.4m)

Refer to Note 14 'Other liabilities' and Note 24 'Financial instruments' of the financial report.

| The key audit matter   | How the matter was addressed in our audit  |
|--|--|
| <p>In accordance with the accounting standards and the Group's policy, contingent consideration payable is initially recognised at fair value in connection with a business combination, and subsequently assessed at each reporting period. During the measurement period (maximum 12</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We assessed the Group's determination of the contingent consideration against the contractual terms of the underlying sale and purchase agreements and the criteria in the accounting standards;</li> </ul> |

# Independent Auditor's Report

for the year ended 30 June 2021



months following the acquisition), if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of amounts recognised as of that date, then fair values are reassessed and adjusted against goodwill. After the measurement period, all reassessments, settlements and fair value adjustments are made through the profit or loss. There is uncertainty regarding the actual contingent consideration payments that will be made by the Group, as they are subject to financial and non-financial metrics and targets occurring in the future.

The fair value of contingent consideration is a key audit matter due to the judgement applied by us when evaluating the Group's assessment of fair value of these arrangements. We focused on:

- assessing the feasibility of forward looking assumptions in relation to the achievement of financial and non-financial metrics;
  - assessing whether for accounting purposes contingent consideration obligations that are settled in shares, are classified as either a liability or equity; and
  - assessing whether remeasurement of the liability is to be accounted for as a measurement period adjustment to business combination accounting.
- We checked the integrity of the Group's fair value of contingent consideration models including accuracy of the underlying calculation formula;
  - We evaluated the forward looking assumptions underpinning the significant judgements used by the Group including examining the basis for the Group's expectation that remaining contingent consideration will be paid. We did this by considering the performance assumptions (financial and non-financial) against the actual performance achieved to date and our understanding of the business and economic environment relevant in the forecast period;
  - Where contingent consideration obligations are to be settled through the issuance of shares, we assessed the Group's classification of those obligations as either a liability or equity for appropriateness. We did this by inspecting the terms of the sale and purchase agreement and considering the application of the criteria in the accounting standards. We evaluated the amounts recognised in the acquisition reserve and the profit or loss by assessing contractual terms and amended agreement terms, and applying relevant share prices and foreign exchange rates, with reference to the requirements of the accounting standards;
  - We assessed the remeasurement of contingent consideration not being treated as a measurement period adjustment to business combination accounting (i.e. which would have been adjusted against goodwill), by evaluating the factors giving rise to the remeasurement;
  - We evaluated the adequacy of the disclosures included in the financial report against the requirements of the accounting standards.



# Independent Auditor's Report

for the year ended 30 June 2021



## Testing for impairment of goodwill and other intangible assets (\$904.5m)

Refer to Note 7 'Intangible assets' of the financial report.

### The key audit matter

The Group's annual testing of goodwill and intangible assets for impairment is a key audit matter, given the size of the balance relative to total assets and the judgements applied by us in assessing the Group's identification of Cash Generating Units (CGUs), allocation of goodwill and the forward-looking assumptions that the Group applied in their value in use models.

We focused on:

- Identification of CGUs – non-financial assets (other than goodwill) are required to be assessed for impairment separately, or as part of a CGU where the assets do not generate independent cash inflows. As the Group is pursuing a strategy for the integration of acquired businesses, assessing whether an acquired business generates substantially independent cash inflows during the process of integration with the global platform requires judgement;
- Allocation of goodwill to CGUs – goodwill is required to be allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the business combination. As the Group is acquiring businesses for the purposes of integrating functionality into a global platform, determining which of the CGUs that these synergies will be obtained, and the amount of goodwill to be allocated to them requires judgement; and
- Forward looking assumptions - forecast cash flows, growth rates, discount rates and terminal growth rates used by the Group given their inherent uncertainty.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

### How the matter was addressed in our audit

Our procedures included:

- We assessed the Group's determination of the CGUs used in the impairment model and the determination that goodwill is tested at the single group of CGU level with other intangible and operating assets test at a lower level, based on our understanding of the Group's business, acquisition strategy, and examination of cash inflows. We assessed these against the criteria in the accounting standards. We also considered internal reporting of the Group's results to assess how earnings and goodwill are monitored and reported;
- We assessed the impairment testing methodology used by the Group against the requirements of Australian Accounting Standards;
- We tested the mathematical accuracy of the Group's value in use models;
- We assessed the Group's cash flow forecasts including:
  - Consideration of the historical accuracy of previous estimates
  - Reconciled the underlying cash flow projections to Board approved forecasts
- We assessed the cash flows and related growth rates applied in the models by comparing them to external analysts' reports. We checked the consistency of the growth rates to the Group's stated plan and strategy, past performance of the Group, and our experience regarding the feasibility of these in the industry in which they operate;
- Working with our valuation specialists we assessed the Group's assumptions for terminal growth rates in comparison to economic and industry forecasts;
- Working with our valuation specialists we analysed the discount rates against publicly

# Independent Auditor's Report

for the year ended 30 June 2021



|  |  |
|--|--|
|  | <p>available data of a group of comparable entities, adjusted by risk factors specific to the Group;</p> <ul style="list-style-type: none"> <li>• We performed sensitivity analyses on the key assumptions used in the models and applied other values within a range that we assessed as being reasonably possible, to focus our further work; and</li> <li>• We assessed the disclosures in the financial report using our understanding of the Group's testing for impairment obtained from our procedures and against the requirements of the accounting standards.</li> </ul> |
|--|--|

## Other Information

Other Information is financial and non-financial information in WiseTech Global 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.

The Other Information we obtained prior to the date of this Auditor's Report was the Operating and Financial Review, Board of Directors, and the Directors' Report. The Financial Highlights, Strategic highlights, Chair's Letter, CEO's message, Our business, Sustainability report (Environmental, social and governance), Five year financial summary, Risk management, Shareholder information, Glossary and Corporate Directory are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will 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



# Independent Auditor's Report

for the year ended 30 June 2021



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](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 WiseTech Global Limited for the year ended 30 June 2021, 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 7 to 22 of the Directors' report for the year ended 30 June 2021.

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

KPMG

Caoimhe Toouli

Partner

Sydney

25 August 2021

# Shareholder information

## WiseTech Global Limited ordinary shares

WiseTech Global's ordinary shares are listed on the Australian Securities Exchange under ASX code: WTC.

At a general meeting, every shareholder present, in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each share held.

All information below is as at 1 September 2021.

### Distribution of shareholdings

| Number of shares held | Number of holders | Number of shares   | % of issued capital |
|-----------------------|-------------------|--------------------|---------------------|
| 100,001 and over      | 55                | 309,399,416        | 95.22               |
| 10,001 to 100,000     | 203               | 5,440,036          | 1.67                |
| 5,001 to 10,000       | 280               | 1,930,726          | 0.59                |
| 1,001 to 5,000        | 2,310             | 4,929,501          | 1.52                |
| 1 to 1,000            | 10,801            | 3,237,343          | 1.00                |
| <b>Total</b>          | <b>13,649</b>     | <b>324,937,022</b> | <b>100.00</b>       |

There were 268 investors holding less than a marketable parcel of 11 shares (based on a share price of \$48.45).

### Largest 20 shareholders

|    | Name  | Number of shares   | % of issued capital |
|----|---|--------------------|---------------------|
| 1  | RealWise Holdings Pty Limited                     | 137,015,458        | 42.17               |
| 2  | HSBC Custody Nominees (Australia) Limited         | 43,574,980         | 13.41               |
| 3  | J P Morgan Nominees Australia Pty Limited         | 37,217,698         | 11.45               |
| 4  | Citicorp Nominees Pty Limited                     | 17,425,477         | 5.36                |
| 5  | Fabemu No 2 Pty Ltd ABN 67 003 954 070            | 17,127,197         | 5.27                |
| 6  | MSG Holdings Pty Ltd                              | 7,339,893          | 2.26                |
| 7  | Mr Richard John White                             | 6,110,800          | 1.88                |
| 8  | Citicorp Nominees Pty Limited                     | 5,632,093          | 1.73                |
| 9  | Mr Michael John Gregg & Mrs Suzanne Jane Gregg    | 5,296,707          | 1.63                |
| 10 | National Nominees Limited                         | 5,169,371          | 1.59                |
| 11 | Merrill Lynch (Australia) Nominees Pty Limited    | 4,766,939          | 1.47                |
| 12 | BNP Paribas Noms Pty Ltd                          | 4,381,490          | 1.35                |
| 13 | BNP Paribas Nominees Pty Ltd                      | 2,646,856          | 0.81                |
| 14 | Solium Nominees (Aus) Pty Ltd                     | 1,616,574          | 0.50                |
| 15 | Mycroft Investments Pty Ltd                       | 1,567,000          | 0.48                |
| 16 | HSBC Custody Nominees (Australia) Limited - A/C 2 | 1,224,081          | 0.38                |
| 17 | HSBC Custody Nominees (Australia) Limited         | 970,411            | 0.30                |
| 18 | BNP Paribas Nominees Pty Ltd Six Sis Ltd          | 929,900            | 0.29                |
| 19 | Solium Nominees (Australia) Pty Ltd               | 858,029            | 0.26                |
| 20 | Mr William Leigh Porter                           | 730,000            | 0.22                |
|    | <b>Total</b>                                      | <b>301,600,954</b> | <b>92.82</b>        |



# Shareholder information

## Substantial shareholders

The following have disclosed a substantial shareholder notice:

| Name   | Number of shares | % of voting power | Date of latest notice |
|--|------------------|-------------------|-----------------------|
| Richard White and RealWise Holdings Pty Ltd                                | 145,094,141      | 44.66             | 30 April 2021         |
| Charles Gibbon, Fabemu No 2 Pty Ltd and Gibbon Family Holdings Pty Limited | 17,349,014       | 5.47              | 6 May 2019            |

## Shares subject to voluntary escrow

| Number of shares | Date period of escrow ends |
|------------------|----------------------------|
| 34,328           | 19 January 2022            |
| 21,081           | 8 July 2022                |

## Unlisted securities

There were a total of 2,296,547 share rights on issue, held by 1,212 individual holders. Share rights have no voting rights.

## On-market buy-back

There is no current on-market buy-back.

# Glossary

| Term  | Meaning  |
|---|--|
| <b>3PL</b>  | Third party logistics provider   |
| <b>Attrition rate</b>                               | Annual attrition rate is a customer attrition measurement relating to the CargoWise platform (excluding any customers on acquired platforms). A customer's users are included in the customer attrition calculation upon leaving i.e. having not used the product for at least four months |
| <b>BCO</b>  | Beneficial Cargo Owner   |
| <b>CargoWise</b>                                    | Our flagship product, a single source, cloud-based, deeply integrated global platform for the logistics industry; see page 13  |
| <b>CargoWise Neo</b>                                | Our global integrated platform for BCOs  |
| <b>'Contracted and in Progress' global rollouts</b> | Refers to CargoWise customers who are contracted to grow to rolling out CargoWise in 10 or more countries and for 400 or more registered users   |
| <b>EBITDA</b>                                       | Earnings before interest, tax, depreciation and amortisation   |
| <b>Ecosystem</b>                                    | A complex network or interconnected system of components and participants  |
| <b>Foothold acquisition</b>                         | Targeted acquisitions of strategically valuable software providers in key regions (in Europe, Asia and the Americas focusing primarily on customs and cross-border capability) to provide safer, faster, stronger entry into new geographic markets  |
| <b>Global manufactured trade flows</b>              | Refers to import and export related manufactured commodities   |
| <b>'In Production' global rollouts</b>              | Refers to CargoWise customers who are operationally live on CargoWise and using the platform on a production database (rolled out in 10 or more countries and 400 or more registered users on CargoWise)   |
| <b>Large Global Freight Forwarder</b>               | A Large Global Freight Forwarder is a CargoWise customer contracted to grow or who has grown either organically or contractually to 10 or more countries and 400 or more registered users on CargoWise   |
| <b>NPAT</b>   | Net profit after tax attributable to equity holders of the parent  |
| <b>Production Release of native customs</b>         | CargoWise Customs is defined as 'Production Release' for a particular country when the product module has been released into the main CargoWise release build, available for production use by any customer, and is able to be used for all major customs import/export procedures         |
| <b>R&amp;D</b>                                      | Total investment in product design and development expense, excluding depreciation and amortisation, but including capitalised development investment  |
| <b>Recurring revenue</b>                            | Recurring revenue is the sum of On-Demand revenue and OTL maintenance revenue which is categorised in our statutory financial statements as recurring monthly and recurring annual software usage revenue  |
| <b>Share right</b>                                  | A right to receive an ordinary share in WiseTech Global at a point in the future. Share rights are issued to employees   |
| <b>TSR</b>  | Total Shareholder Return   |
| <b>Underlying NPAT</b>                              | Net Profit After Tax excluding fair value adjustments from changes to acquisition contingent consideration and contingent consideration interest unwind net of tax   |



# Corporate directory

## Shareholder enquiries

### Enquiries about shareholdings in WiseTech Global

Please direct all correspondence to WiseTech Global's share registry:

#### Link Market Services

Level 12, 680 George Street  
Sydney NSW 2000

Telephone: 1300 554 474

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Further information about WiseTech Global

### Website

[www.wisetechglobal.com/investors](http://www.wisetechglobal.com/investors)

### Investor relations

Email: [investor.relations@wisetechglobal.com](mailto:investor.relations@wisetechglobal.com)

Telephone: +61 (0)2 8001 2200

### Registered office

Unit 3a, 72 O'Riordan Street  
Alexandria NSW 2015

Telephone: +61 (0)2 8001 2200

### Company Secretary

Email: [company.secretary@wisetechglobal.com](mailto:company.secretary@wisetechglobal.com)

Telephone: +61 (0)2 8001 2200

## Auditor

### KPMG

Level 38, Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000

Telephone: +61 (0)2 9335 7000





