

1H21 Results



Agenda

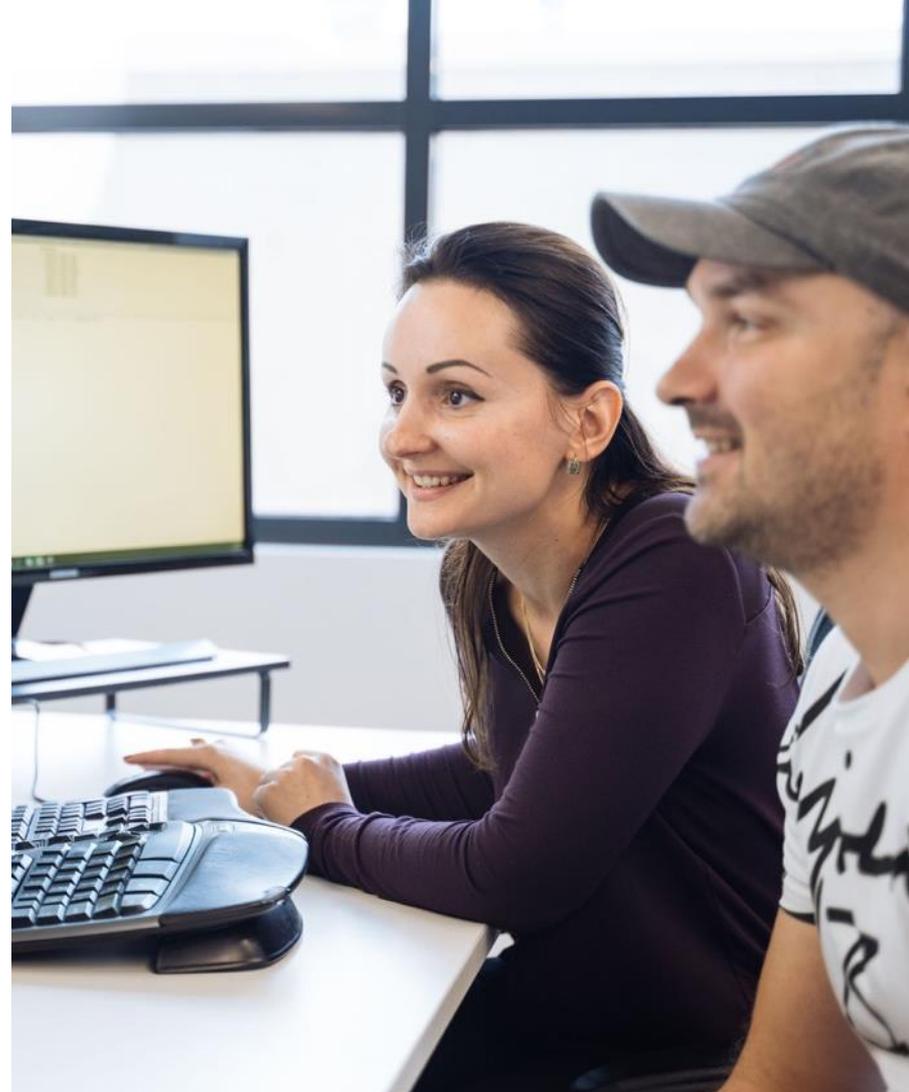
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1H21 Highlights

RICHARD WHITE, CEO & FOUNDER



1H21 overview

Strong 1H21 financial and strategic performance

Total Revenue
\$238.7m ↑16%
on 1H20

\$150.0m CargoWise revenue (↑19%)
\$88.7m Acquisition revenue (↑12%)

EBITDA
\$89.2m ↑43%
on 1H20

EBITDA margin **37%** (↑7pp)
CargoWise EBITDA margin **54%** (↑5pp)

Underlying NPAT
\$43.6m ↑61%
on 1H20

Statutory NPAT **\$44.4m¹**
Underlying EPS **13.4 cps** (↑58%)

Free cash flow
\$48.7m ↑74%
on 1H20

\$251.4m in cash
as at 31 December 2020
\$190.0m undrawn debt facility
\$200.0m accordion facility

Strategic progress
(3Ps)

Product: 456 product enhancements & long-lead product development progressing well
Penetration: 8 new global rollouts signed since 1 January 2020²
Profitability: revenue growth and cost reduction (7pp margin expansion)

Interim dividend
2.70 cps (↑59%)

Fully franked
Payout ratio **20%** of Underlying NPAT

COVID-19 market context

Evolving outcome of global pandemic on international trade



Our industry

- Volatility and marked slowdown in movement of goods across all modes of transport in early stages of COVID-19
- Signs of recovery from mid 2020 with momentum improving and continuing
- COVID-19 mobility restrictions resulting in a 'goods led' recovery boosting demand for manufacturing and global trade
- COVID-19 has accelerated longer-term structural changes providing strong tailwind for digitisation and integrated global technology logistics solutions
- Logistics providers seizing opportunities for industry consolidation



Our customers

- Customer activity levels started to improve mid 2020
- By the end of July 2020, CargoWise transaction numbers were close to pre-COVID-19 levels
- Since August 2020, CargoWise transaction numbers have trended upwards, with 1H21 CargoWise shipment transactions¹ up 19% on 1H20
- Increasing demand for air and ocean freight, making productivity critical for the industry
- Global logistics companies increasingly looking to replace inefficient legacy systems with integrated global technology such as CargoWise

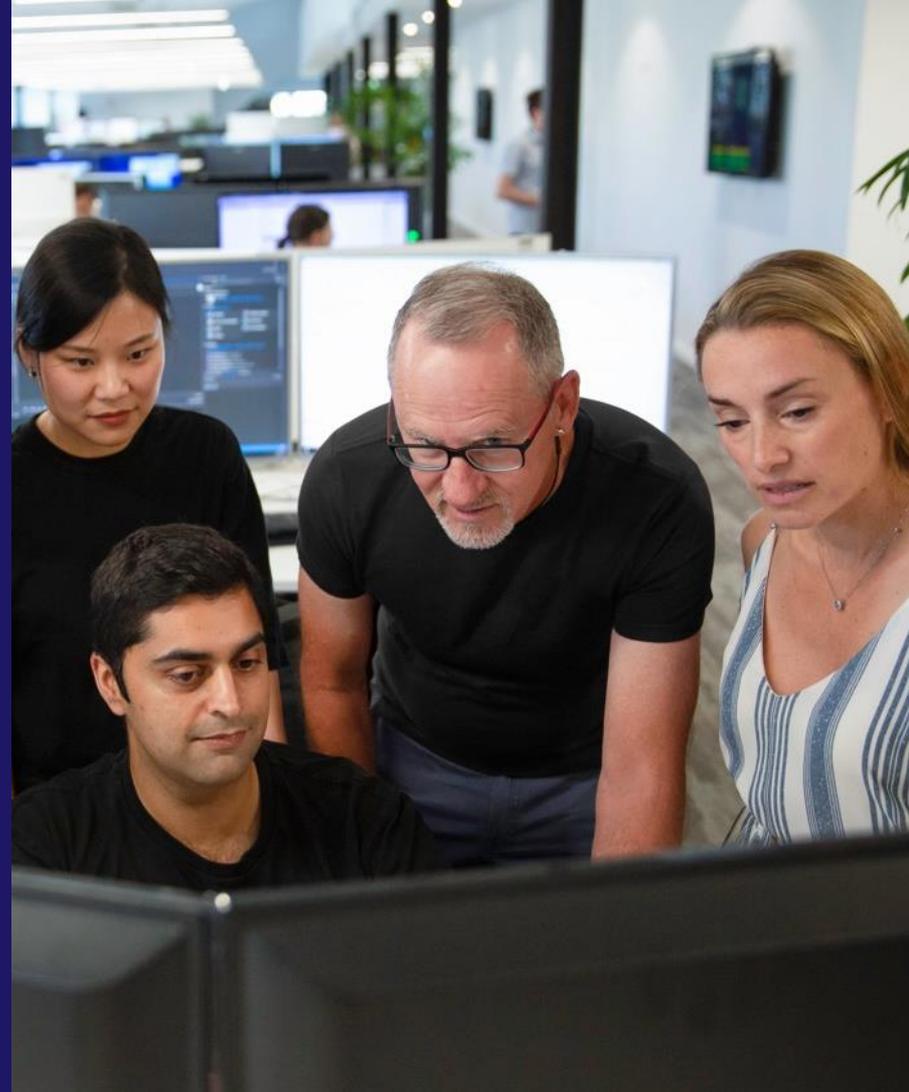


Our business

- Increased demand for CargoWise services among larger global customers
- Revenue from the CargoWise platform grew 19% in 1H21 vs. 1H20 from new and existing customers
- Continued investment in product innovation to leverage structural shift to consolidation, integration and digitisation of global logistics and supply chains
- Focused on executing global rollouts, targeting top 25 global freight forwarders and top 200 logistics providers

1H21 Financial Review

ANDREW CARTLEDGE, CFO



1H21 results

Strong financial performance

A\$m	1H20	1H21	% change
CargoWise revenue	126.5	150.0	19%
Acquisition revenue ¹	79.3	88.7	12%
Total revenue	205.9	238.7	16%
Cost of revenues	(36.4)	(35.3)	(3)%
Gross profit	169.4	203.4	20%
Gross profit margin	82%	85%	3pp
Operating expenses	(106.9)	(114.1)	7%
EBITDA	62.5	89.2	43%
EBITDA margin	30%	37%	7pp
Depreciation & amortisation ²	(20.5)	(27.8)	36%
EBIT	42.0	61.4	46%
Net finance costs	(3.0)	(1.3)	(56)%
Fair value gain on contingent consideration	32.7	0.8	(98)%
Profit before income tax	71.8	60.8	(15)%
Tax expense	(11.9)	(16.5)	38%
Statutory NPAT	59.9	44.4	(26)%
EPS (CPS)	18.8	13.7	(27)%
Underlying NPAT³	27.1	43.6	61%
Underlying EPS (CPS)	8.5	13.4	58%

Total revenue

- Total revenue of \$238.7m, up 16% on 1H20
- \$3.6m FX headwind in 1H21 (1H20: \$4.6m FX benefit vs. 1H19)
- Excluding FX headwind, total revenue grew 18% and CargoWise revenue grew 20% on 1H20

Gross profit margin

- Increased to 85% (1H20: 82%)
- CargoWise gross profit margin of 94% (1H20: 92%)

EBITDA

- \$89.2m up 43% on 1H20 reflecting continued revenue growth and benefits from cost reduction initiatives
- EBITDA margin at 37%, up 7pp on 1H20
- CargoWise EBITDA margin of 54%, up 5pp on 1H20 reflecting revenue growth and lower sales & marketing expenditure
- 1H21 EBITDA includes \$5.1m of restructuring costs

Depreciation & amortisation

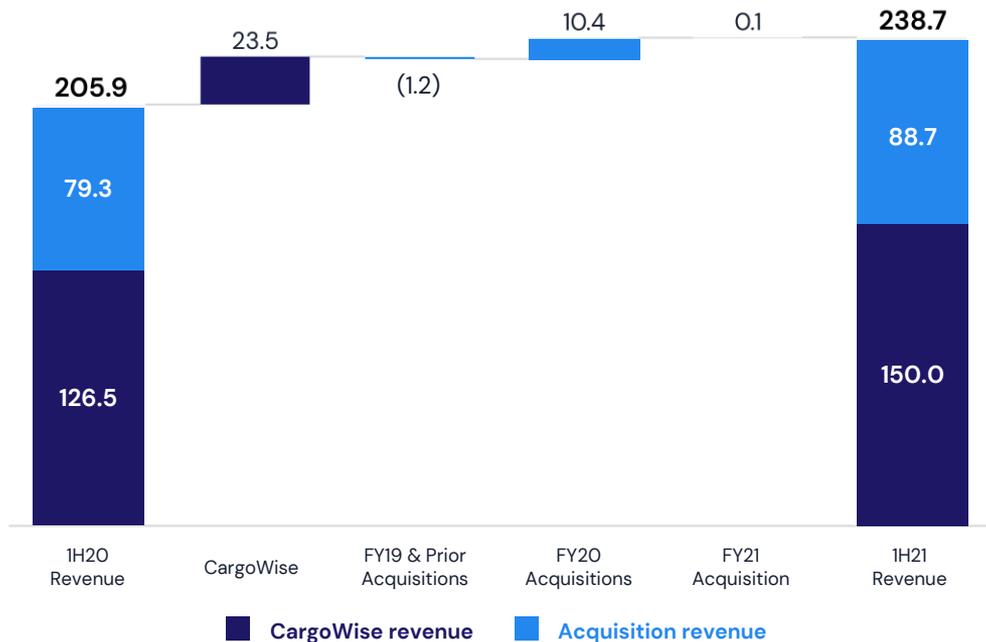
- 36% increase reflects increased investment in R&D²

NPAT & earnings per share (eps)

- Statutory NPAT of \$44.4m, down 26% on 1H20 reflecting the higher fair value gain in 1H20 compared to 1H21 in relation to acquisition contingent consideration
- Underlying NPAT³ of \$43.6m, up 61% on 1H20, demonstrating the resilience of the core CargoWise platform to deliver revenue growth and the benefit of cost reductions
- Underlying EPS 13.4 cps, up 58% on 1H20

1H21 revenue growth

A\$m



CargoWise revenue growth

- \$23.5m or 19% revenue growth in 1H21 on 1H20
 - \$17.5m of revenue growth from **existing customers** (1H20: \$17.0m)
 - \$6.0m growth from **new customers** (1H20: \$7.3m) and strong pipeline especially with larger global freight forwarders
- Growth from existing & new customers reflects:
 - Increased CargoWise usage (increased transaction volumes, seats and new sites, utilisation of new modules, and growth from industry consolidation)
 - A \$5.7m price change for both existing and new customers to offset increased product investment in R&D, data centre hardware and cyber security
- Includes \$1.4m FX headwind

Acquisition revenue growth

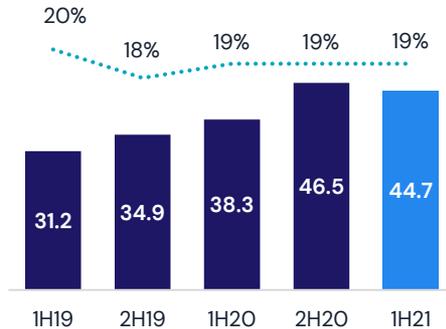
- \$10.4m increase in revenue from 5 acquisitions in FY20
- \$(1.2m) net change in revenue from acquisitions in FY19 and prior years due to small delays in non-recurring services revenue due to COVID-19
- Includes \$2.3m FX headwind

1H21 operating expenses¹

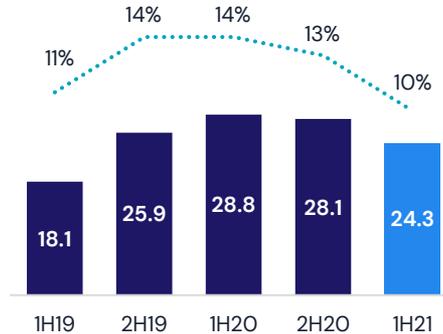
Cost reductions driving margin expansion

..... % of revenue
 ■ Expenses (A\$m)

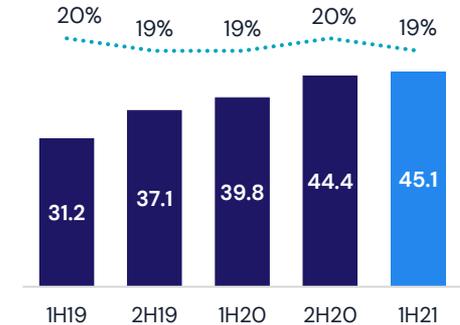
Product Design & Development (A\$m)



Sales & Marketing (A\$m)



General & Administration (A\$m)



Product design & development expense

Flat as a % of revenue on 1H20, reflecting the significant investment in FY20 prior to COVID-19 (in line with previously communicated strategy on innovation and development investment) which is now in WiseTech's cost structure.

Sales & marketing expense

Down 4pp as a % of revenue on 1H20. The decrease reflects a reduction in travel and tradeshow costs in 1H21 due to COVID-19 and a reduction in sales & marketing headcount.

General & administration (G&A) expense

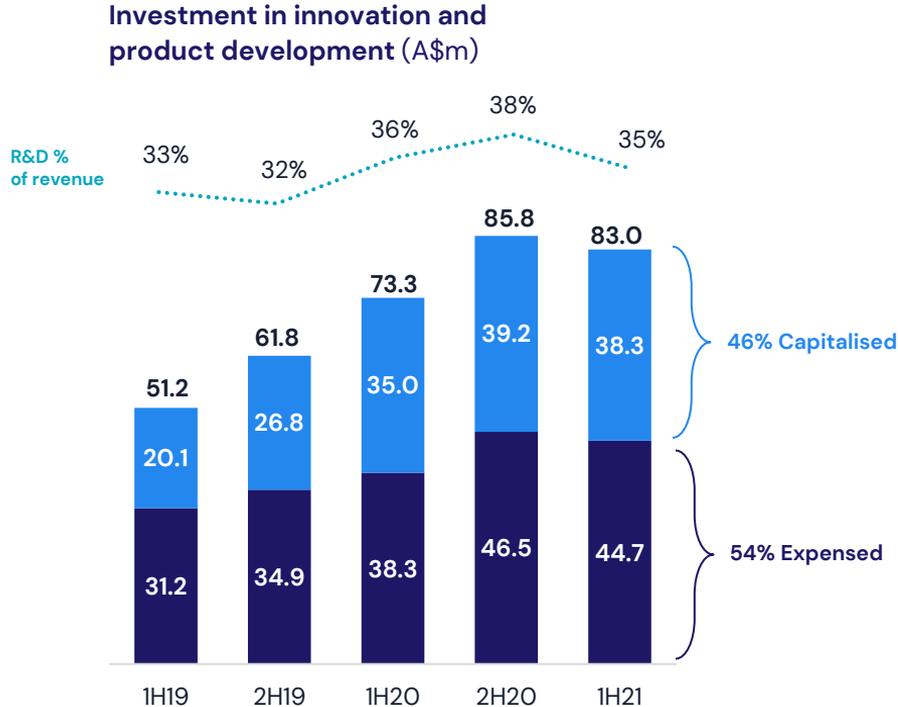
Flat as a % of revenue primarily driven by \$5.1m in restructuring costs. G&A excluding restructuring costs was 17% of total revenue.

Overall operating expenses

Down 4pp as a % of revenue, reflecting revenue growth and the benefit of cost reductions across the business.

1H21 research and development

Innovation and product development continues to be a priority



Product investment

- 13% increase in innovation and product development in 1H21 vs. 1H20 focused on product enhancements and further developing the CargoWise platform
- 35% of revenue reinvested in R&D in 1H21
- Capitalised development increased 9% to \$38.3 million in 1H21 vs. 1H20 reflecting an increase in native customs and compliance development
- Maintenance, bug fixes and research costs are expensed
- 46% of R&D investment capitalised in 1H21, down 2pp versus 1H20
- Proportion of R&D investment capitalised broadly in the range of 40%–50%
- \$500m in product investment in the last 5 years (2H16 to 1H21)

1H21 balance sheet

Strong balance sheet and liquidity

A\$m	30 Jun 20	31 Dec 20
Cash	223.7	251.4
Receivables	59.6	63.2
Derivative financial instruments	4.6	12.1
Other current assets	22.3	17.9
Intangible assets	885.0	887.0
Other non-current assets	81.7	85.9
Total assets	1,276.9	1,317.6
Current liabilities	157.2	169.6
Borrowings	-	-
Non-current liabilities	116.4	100.3
Total liabilities	273.5	269.9
Net assets	1,003.4	1,047.6
Share capital	779.8	790.3
Retained earnings & reserves	223.6	257.3
Total equity	1,003.4	1,047.6

Strong liquidity

- \$251.4m in cash
- \$190.0m undrawn debt facility with additional \$200.0m accordion facility

Derivatives

- \$7.5m increase reflecting additional foreign exchange derivatives on EUR and USD revenue through to 1H23

Intangible assets

- \$2.0m increase reflecting investment in one new acquisition in 1H21, new capitalised development, amortisation and foreign exchange

Share capital

- \$10.5m new share capital issued mainly for acquisition consideration

1H21 operating cash performance

Strong operating cash flow, investing in long-term growth

A\$m	1H20	1H21	% change
EBITDA	62.5	89.2	43%
Non-cash items in EBITDA	6.8	8.4	24%
Working capital changes	0.4	(5.5)	(1,475)%
Operating cash flow	69.7	92.1	32%
Capitalised development costs	(33.0)	(36.5)	11%
Other Capital Expenditure	(8.7)	(6.9)	(21)%
Free cash flow	28.0	48.7	74%
Operating cash flow conversion	111%	103%	(8)pp
Free cash flow conversion	45%	55%	10pp

Strong operating cash flow

- Operating cash flows were \$92.1m (1H20: \$69.7m), up 32% on 1H20, demonstrating strength of underlying operating model, highly cash generative
- Increase in operating cash flow reinvested into long-term growth, \$48.9m invested in product development, acquisitions and global expansion
- 103% conversion rate, down 8pp on 1H20
- Non-cash items in EBITDA increased due to greater use of employee equity which improves long-term retention and shareholder alignment
- Changes in working capital mainly reflect timing on deferred revenue and increases in receivables from revenue growth, partially offset by increases in trade payables
- 1H21 includes \$5.1m of payments relating to restructuring costs

Free cash flow

- 1H21 free cash flow up 74% driven by lower growth in capitalised development costs and reduction in other capital expenditure as spend on office facilities slowed
- 55% free cash flow conversion rate, up 10pp on 1H20

Strategy & Outlook

RICHARD WHITE, CEO & FOUNDER



Long-term strategy: CargoWise global expansion

We are doing what we said we would; COVID-19 further accelerates the opportunity we have built

Our vision is to create the operating system for global logistics

Foundation established
FY15–17

Resources + global foothold
FY18–20

Penetration + efficiency
FY21–23

Our people facilitate the acceleration of our long-term strategy



Product

Extend technology
lead

Penetration

Expand market
penetration

Profitability

Drive operational
efficiency

Product

Building the operating system for global logistics

CargoWise product development strategy

456 product features and enhancements in 1H21 ... 4,000+ since FY16



- Foothold acquisitions: customs & domestic compliance
- BorderWise compliance libraries
- Cypress machine learning

- Cargoguide
- CargoSphere
- X-ware

- Pierbridge
- SmartFreight
- Foothold acquisitions: customs & domestic compliance

- CMS
- Containerchain
- Depot Systems
- SaaS Transportation
- TransLogix
- Trinium

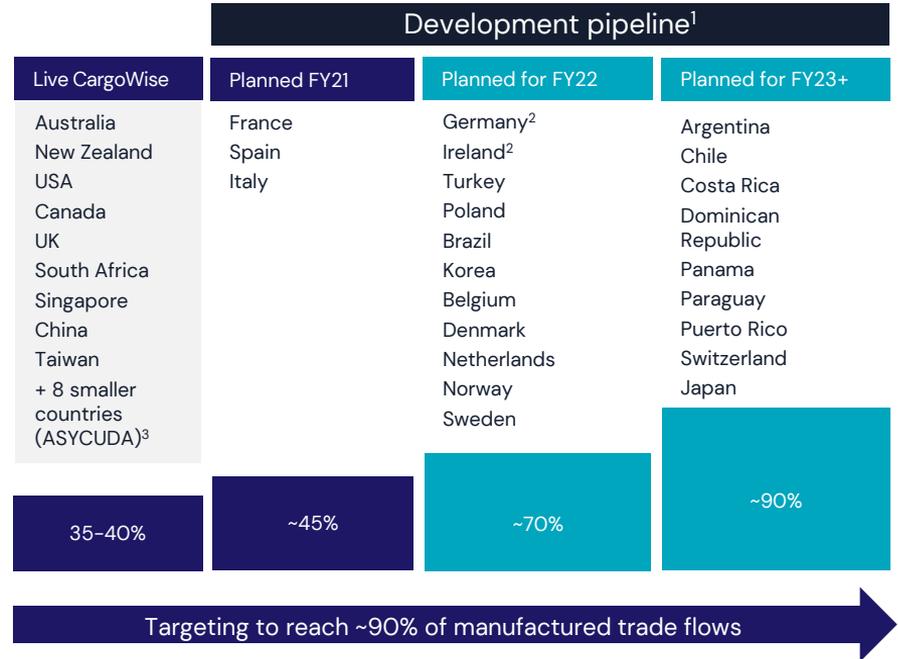
- CCN
- Microlistics
- Softship
- X-ware
- Foothold acquisitions: domestic compliance

Product: CargoWise global native customs & cross border compliance

Product development priority 1

Acquisitions accelerate multi-year development process to build the global customs platform

Industry pain points	Our solution
<ul style="list-style-type: none"> Customs agents and forwarders take on compliance risks which are hard to control given complexity and pressure on cross border trade Failures expose providers to hefty fines, penalties, sanctions and reputation risk Industry uses many small, local, country specific solutions which are not effective at controlling risk 	<ul style="list-style-type: none"> One globally unified system: to create, manage and clear import and export customs declarations for countries covering ~90% of manufactured trade flows which will: <ul style="list-style-type: none"> Mitigate regulatory risk Simplify declaration process Streamline or automate data entry Correctly classify goods and meet regulatory requirements Other key areas of our cross-border compliance solution <ul style="list-style-type: none"> Invoicing and local accounting compliance Localisation of the documentation for international and local logistics trade compliance Port integration with government and major port authorities Air cargo security and other freight security items Language localisation



Product: CargoWise global rates engines and ecosystem

Product development priority 2

Our global rates solution is designed to streamline the booking-to-payment process and improve customer profitability with an advanced multi-modal rates engine and live rate connectivity

Industry pain points

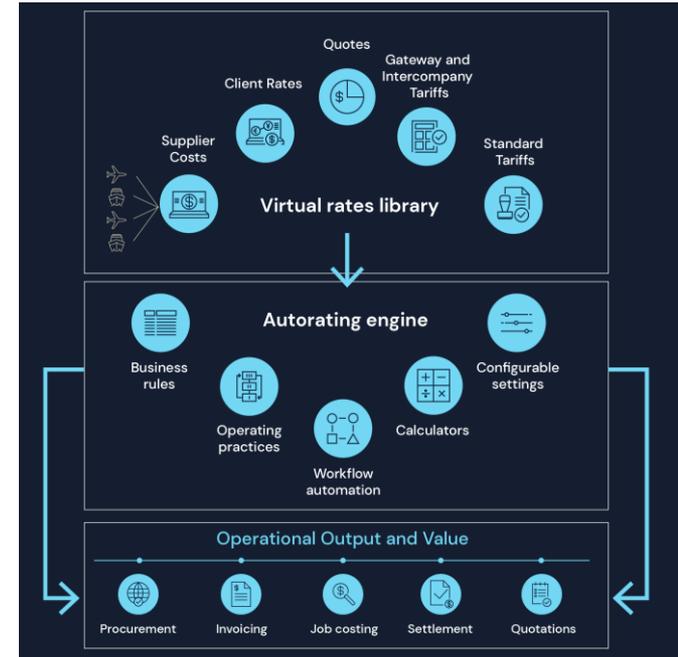
- Searching for rates, tariffs and charges is manual and therefore time consuming, error prone and costly
- Costs must be collected and compared from hundreds of service providers and carriers, each with thousands of contracted rates, surcharges, incentives and discounts which frequently change and are provided in non-standardised formats
- Significant amount of data and complex calculations required to pay suppliers and invoice customers quickly and accurately
- Incorrect choice or calculation of rates can reduce or eliminate customer's profit

Our current solution

- Real-time, automated rates with direct electronic feed from 9 carriers of which 4 recently contracted
- Autocosting and autorating instantly search and apply buy/sell rates to shipments without user data entry
- Customisable pricing strategy rules to calculate profit margins and build accurate quotes
- Full integration with all logistics modules of CargoWise ensures accurate and timely cost settlement and customer invoicing
- **CargoSphere** and **Cargoguide** integrated and in pilot with CargoWise global customers

Development pipeline

- Acquired CargoSphere and Cargoguide product teams redeployed to native CargoWise development
- Spot rates and instant bookings with ocean and air carriers
- Block Space Agreements and allocation management with ocean and air carriers
- Guided carrier selection process and profitability forecast



Product: CargoWise International Ecommerce

Product development priority 3

Our solution is a single platform for the entire international ecommerce fulfilment supply chain

Industry pain points

- The rise of ecommerce has significantly increased the demand for logistics services
- Unprecedented volumes of ecommerce shipments amplify customer challenges faced including:
 - Customs compliance specifically for high volume, low value goods movement where normal customs declaration methods make it difficult to manage
- Tracking deliveries

Our current solution

- Launched in 1H20
- Expanded ecommerce capability in US for ocean and road consignments in 1H21
- Compliant with customs declaration rules in AU, NZ and US
- Automate orders, consignments and shipper manifests
- Bulk screening and customs submission with GUI that manages by exception – efficiently handling large volumes
- **Pierbridge** and **SmartFreight** products integrated, currently identifying suitable customer pilots

Development pipeline

- Further development in the areas of shipping, customs, final mile delivery, full track-and-trace, international freight forwarding and parcel
- US ecommerce security filings for air consignments

Retail ecommerce sales worldwide, 2019–2024¹ US\$ trillions



Ecommerce shipments are managing unprecedented volumes

Traditional shipment



1 order



In 1 consignment

Ecommerce shipment



1,000 – 50,000 online orders



Product: CargoWise Neo

Beta version of CargoWise Neo launched

- Beta version deployed to a select group of Beneficial Cargo Owners (BCOs) via existing WiseTech logistic provider customers
- Working with one of our largest customers to trial Neo and develop extensions with a large retailer who is also an existing CargoWise customer
- These early adopters will test the platform and their feedback will help enhance and develop the product
- Focused on penetration ahead of monetisation. Seeding of the market will take 12+ months, with a long lead time before Neo is significantly revenue generating

Neo is the global integrated platform enabling BCOs to book, track, trace and manage their freight. Neo acts as the control tower between BCOs and their logistics providers and carriers.

Neo provides a unique level of data connectivity and information visibility that helps BCOs to manage their operations more efficiently and reliably.

- Dashboard visibility of jobs 'at-a-glance'
- Integrated tracking
- Streamlined bookings and quotes



Neo opens up a new customer segment and could expand WiseTech's total addressable market.

Neo potentially expands WiseTech's total addressable market from the supply chain execution segment (US\$4.7bn) to the broader supply chain management IT segment valued at US\$15.2bn¹.

Profitability

On track to deliver \$10 million in net cost reductions in FY21 and achieve \$20–\$30 million run–rate for FY22



Organisation-wide efficiency program and acquisition synergy extraction

- Efficiency initiatives implemented to date include gross reduction of 269¹ employees and contractors relating predominantly to sales, marketing, technical and product support staff in acquired teams
- Additional cost reduction initiatives in business support functions globally, including legacy acquired product support and sales & marketing
- Data centre consolidation and data migration of acquired businesses in progress
- Centralising physical operations and product development hubs, lease terminations identified and actioned
- Aligning product portfolio with CargoWise product suite
- Facility & office support efficiency programs actioned

\$6.1m cost reductions realised in 1H21
(net benefit of \$1.0m after \$5.1m
restructuring costs)

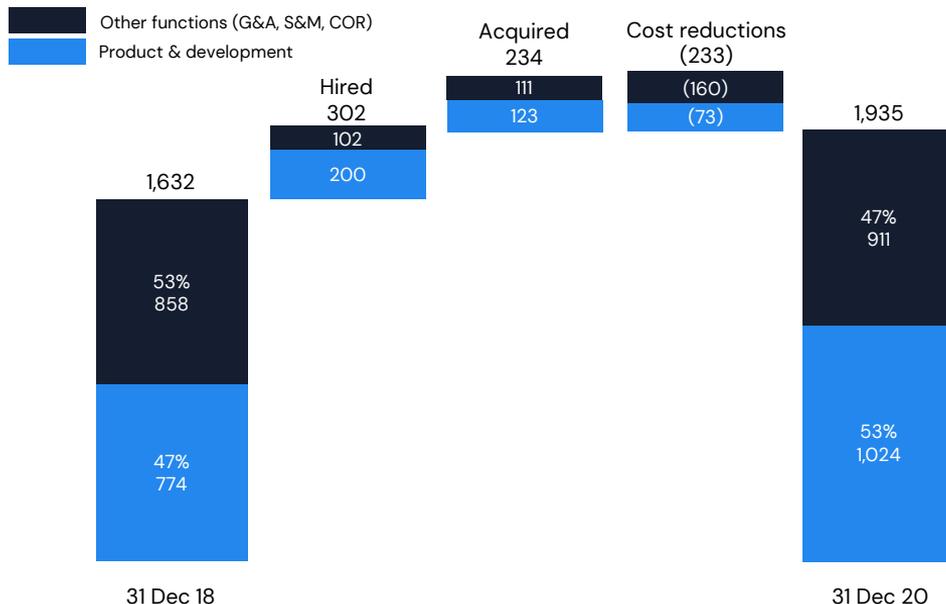
On track to deliver \$10m in net cost reductions
(after restructuring costs) **in FY21 and cost reduction**
run–rate of \$20–\$30m for FY22

People

Investing in our product & development talent

WiseTech's unique team of technology and industry experts has been built over many years through recruitment and strategic acquisitions

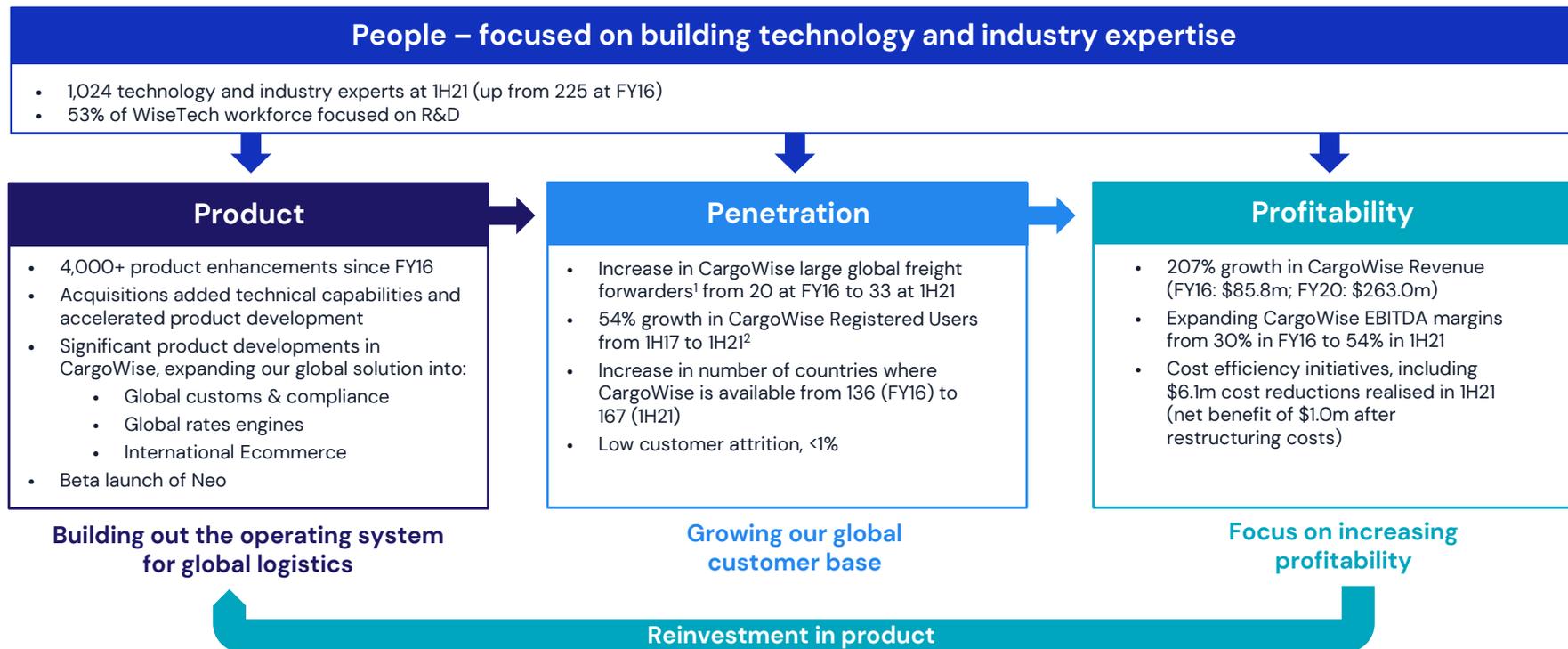
WiseTech employees



- Increased **product & development** talent by 32% over the last 2 years (31 Dec 2018 to 31 Dec 2020), reflecting significant investment pre-COVID-19
- Following a short slowdown in recruitment in 2H20, WiseTech recommenced its recruitment investment in product & development talent
- We have continued to realign acquired product & development teams into our CargoWise team

Strategic achievements to date

Our strategic investment is driving long-term strategic growth and delivering shareholder value



Management's FY21 priorities

Product

Extend technology lead

- Investment and focus on expanding CargoWise product suite:
- Native customs geographic expansion
- Global rates engine
- International Ecommerce
- Beta testing and development of Neo
- Accelerate data agreements and full integration with major carriers for sea, air, rail and road
- Integrate datasets and drive automation within CargoWise stack

Penetration

Expand market penetration

- Sales team targeting Top 25 Global Freight Forwarders and Top 200 Global Logistics Providers
- Expand and enhance Delta sales team with further talent and additional support
- Marketing and digital activities focused on CargoWise
- Expand existing global rollouts and customer usage

Profitability

Drive operational efficiency

- Continued implementation of organisation-wide efficiency program
- Automate high volume, manual customer-facing and internal functions via a self-service portal
- Establish regional centre in Hamburg (post Brexit EU headquarters)
- Building a global network operations and development centre in Bangalore
- Align all geographic product teams with key development resources and scale in global headquarters (Sydney)

People – focused on building technology and industry expertise

FY21 revised guidance

EBITDA guidance increased by \$10m from \$155m–\$180m to \$165m–\$190m; Revenue guidance reaffirmed

FY21 revenue
\$470m – \$510m
9% – 19% FY21 growth vs FY20
FY21 EBITDA
\$165m – \$190m
30% – 50% FY21 growth vs FY20
FY21 EBITDA %
35% – 37%
5pp – 7pp FY21 vs FY20

FY21 guidance update

- 1. CargoWise: recurring revenue market share growth of 15%–30%**
 - In line with expectations
- 2. CargoWise: recurring revenue industrial production growth**
 - 1H21 preliminary industrial production growth ~6% HoH¹
 - 2H21 forecast ~3% HoH¹, previously expecting ~1% HoH
 - Industrial production growth tracking slightly ahead of expectations,
- 3. FX headwind \$20m revenue; \$9m EBITDA**
 - Additional FX headwind, partially offset by hedging
 - See Appendix for sensitivity analysis
 - \$25m revenue; \$12m EBITDA headwind included in revised guidance
- 4. Acquisitions**
 - Included EXA, Japan (November 2020), immaterial revenue and EBITDA benefit
 - No further new acquisitions not already closed
 - Remaining acquisitions broadly in line with expectations
- 5. Cost reduction**
 - On track to deliver \$10m net cost out in FY21 & \$20–\$30m run rate for FY22
 - EBITDA guidance revised to include additional 1H21 cost favourability from hiring, pay reviews and lower run rate costs e.g. travel
 - \$10m increase in EBITDA guidance from \$155m–\$180m to \$165m–\$190m

Guidance provided in line with these assumptions and those in the [Appendix, slide 29](#).

Uncertainty around future economic and industrial production growth based on pandemic, stimulus measures and China may lead to alternative outcomes. Prevailing uncertainties relating to sovereign and geopolitical risk may also reduce assumed growth rate.

Conclusion

Solid CargoWise revenue growth

Testament to increasing market share

Strong EBITDA and Underlying NPAT growth

Reflects revenue growth and disciplined cost management

Acquisition synergies a key focus

Good progress on CargoWise product development and delivering efficiencies

Strategy delivering growth

Increasing market penetration

Strong balance sheet

Significant liquidity providing financial flexibility and headroom

Robust cash flow generation

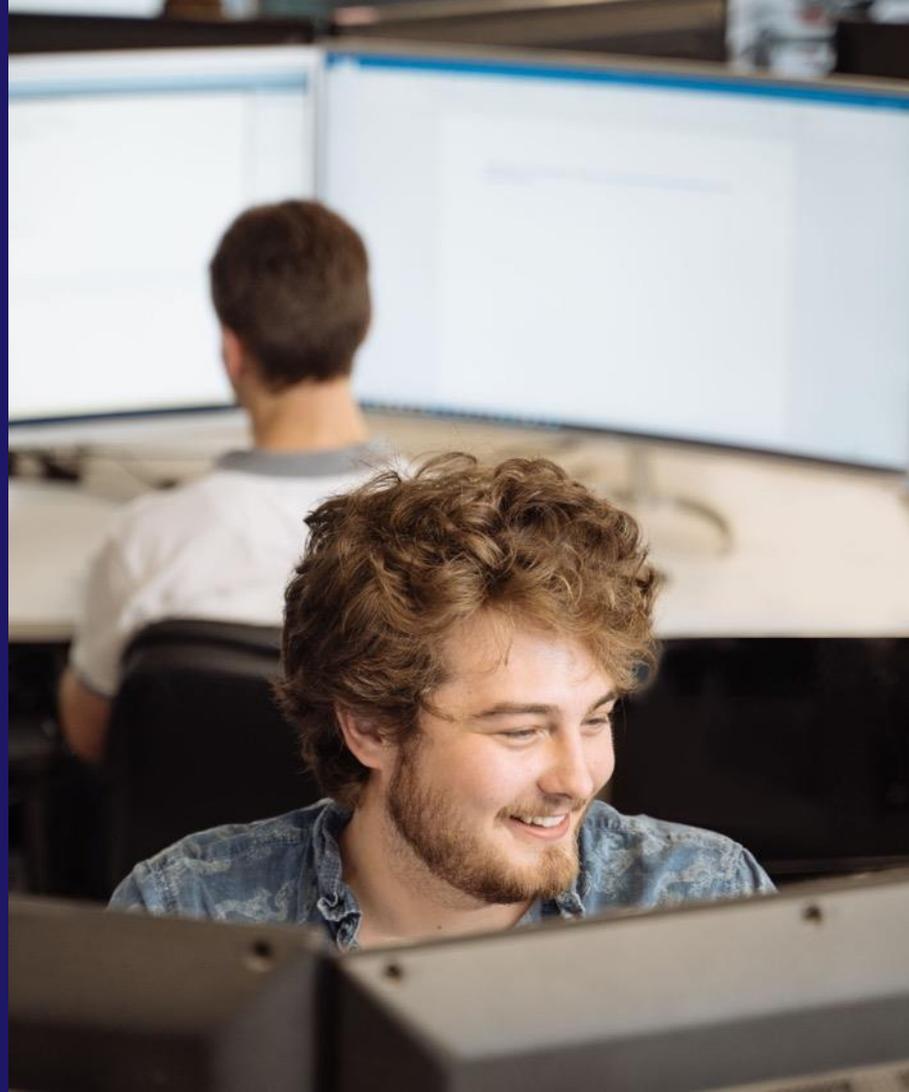
Testament to high quality earnings

Q&A

Appendices

Slides

- 29. FY21 guidance assumptions and FX
- 30. CargoWise container bookings and container departures
- 31. Overview of revenue licensing models
- 32. Drivers of CargoWise revenue growth
- 33. Income statement
- 34. Key operating metrics
- 35. Reconciliation of statutory expenses to non-statutory expenses
- 36. Explanatory notes
- 37. Important notice and disclaimer



FY21 guidance assumptions and FX

What is included in the FY21 guidance:

- Retention of existing customers with CargoWise usage growth consistent with historical levels
- New customer growth consistent with historical levels
- New product and feature launches monetised
- Contractual increases in revenue from existing customers, including those reflecting the end of temporary pricing arrangements
- Price increases
- Full year effect of prior year acquisitions and minimal growth for acquisitions as a group overall
- Prudent allowance for COVID-19 impact

What is not included in the guidance:

- Revenue from new products in development but not planned to be commercialised
- Benefits from migration of customers from acquired platforms, where CargoWise development is yet to be completed
- Changes in services revenue outside of e-services
- Changes in the mix of invoicing currencies
- Future potential acquisitions, revenues and associated costs
- Major disruption from pandemic, trade or stimulus-related slowdowns

FX rates v AUD	FY20 actual	1H21 actual	2H21 forward guidance
USD	0.67	0.70	0.79
EUR	0.61	0.60	0.65
GBP	0.53	0.55	0.57
ZAR	10.37	11.84	11.65
TRY	4.05	5.25	5.76
RMB	4.71	4.88	5.01
NZD	1.05	1.07	1.08

Sensitivities	Increase/decrease	2H21 revenue A\$m	2H21 EBITDA A\$m
FX rates vs AUD			
USD	+/- 5%	-0.9 / +1.0	-0.3 / +0.3
EUR	+/- 5%	-0.8 / +1.0	- / +0.1
GBP	+/- 5%	-0.2 / +0.2	-0.1 / +0.1
ZAR	+/- 10%	-0.4 / +0.5	-0.3 / +0.3
TRY	+/- 10%	- / +0.1	- / -

Foreign Exchange

1H21

- 75% of 1H21 revenue in non-AUD currencies, no change from 1H20
- Natural hedges in some regions with both revenue and expenses denominated in local currencies – including recent acquisitions
- 44% of 1H21 revenue in non-local currency due to impact from overseas acquisitions and mix of transactions and users in CargoWise

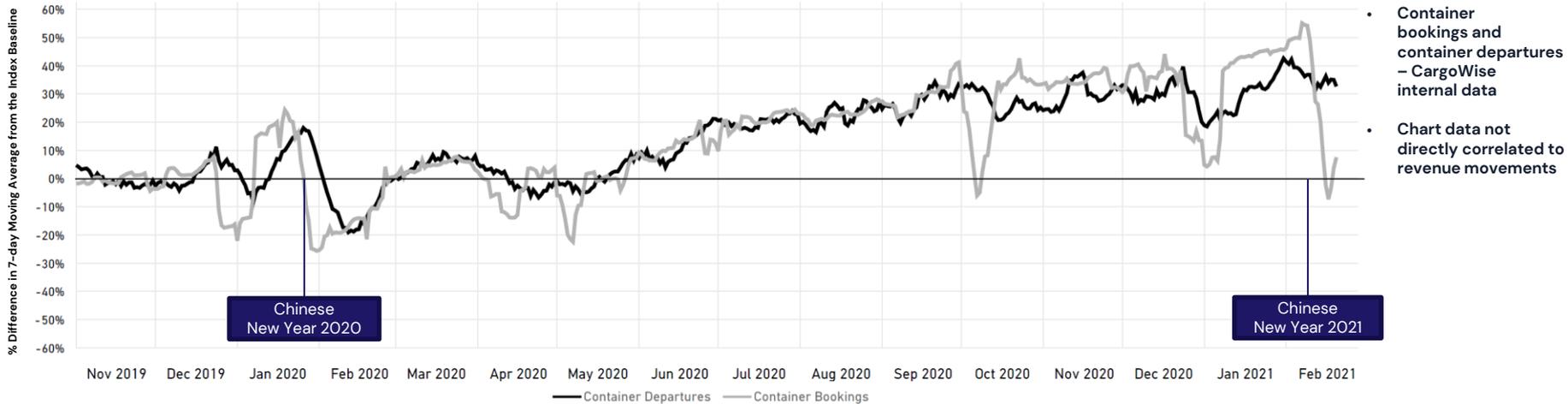
2H21

- ~60% of forecast 2H21 revenue is in AUD or covered by (USD/EUR) hedges
- ~25% of 2H21 revenue is in local functional currency with offsetting costs creating natural hedges
- ~15% of 2H21 revenue is in other currencies with partial cost offsets
- Additional hedge coverage up to 1H23 for USD and EUR revenue exposure

CargoWise container bookings and container departures

Container bookings executed through CargoWise can act as a leading indicator to departure volumes representing our customers' intent to move goods

Global Index - Container Bookings vs Container Departures



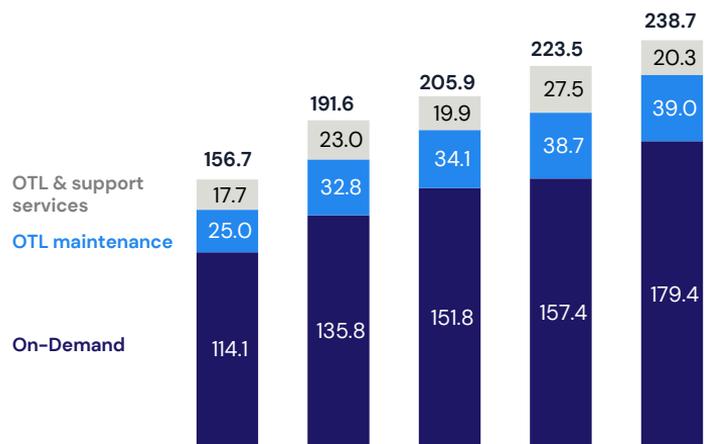
Source: CargoWise industry data – Global: Container Bookings and Container Departures 7-day moving average (Nov 2019– Feb 2021)

Index baseline is calculated using the average container departure volume for the 60 day period up to 1-Dec-19 (from 2-Oct-19 to 30-Nov-19 inclusive)

This chart is provided to give insight into the logistics industry and the container departures and bookings data does not represent, indicate or correlate with any revenues. Container bookings depicted in this chart reflect bookings made through CargoWise between the period 1 Nov 2019 – 20 Feb 2021 and do not guarantee or confirm any future container bookings. Container departures depicted in this chart reflect the physical movement of containers via ocean. WiseTech makes no express or implied warranties, representations, projections or guarantees in relation to the data in this chart.

Overview of revenue licensing models

Group revenue by licence type (A\$m)



	1H19	2H19	1H20	2H20	1H21
Recurring revenue (A\$m)	139.1	168.6	185.9	196.1	218.4
% of total revenue	89%	88%	90%	88%	91%

	Recurring revenue (91% of revenue) ¹			Other revenue (9% of revenue) ¹		
Revenue	On-Demand Licensing 75% ¹		OTL maintenance 16% ¹	OTL & support services 9% ¹		
Licence	Seat + Transaction Licensing (STL)		Module User License	OTL	Support services	
Revenue drivers	Price drivers <ul style="list-style-type: none"> • Seat licence fee • Transaction fee 	Transition pricing & commitment agreements	Price drivers <ul style="list-style-type: none"> • Price per user • Price per module used Volume drivers <ul style="list-style-type: none"> • Number of users • Monthly modules used <i>(only 1% of CargoWise revenue is MUL)</i>	Price drivers: <ul style="list-style-type: none"> • Annual maintenance price per licence Volume drivers: <ul style="list-style-type: none"> • Number of licences 	Price drivers: <ul style="list-style-type: none"> • One-time price per perpetual licence Volume drivers: <ul style="list-style-type: none"> • Number of licences 	Ad hoc revenue (professional services, training & paid feature requests)
CargoWise	✓	✓	✓	✗	✗	✓

Drivers of CargoWise revenue growth

Drivers of CargoWise revenue

- 1 Transitional pricing agreements
 - 2 Commitment agreements
 - 3 Seat licence fee
 - 4 Transaction fee
1. **Existing customers**
 - Add transactions, including by responding to global trade patterns
 - Add more users, including by opening up in new sites and increasing headcount
 - Expand to more geographies
 - Start to use more modules and features
 - Extend to global rollouts
 - Add automations to increase transaction throughput
 - Consolidate their acquisitions onto the platform
 2. **New customer wins**
 - Global rollouts
 - General customers deals (single-site or multi-region)
 - Conversion of legacy acquired customers
 3. **Revenue growth from customers that have transitioned from (static) temporary pricing arrangements**
 4. **Customer take up of behavioural discounts**
 5. **Measured price changes related to new product additions or CPI adjustment**
 6. **Usage of new product/features on the platform by existing customers** (commercialised then monetised through transaction charges or in seat licence)
 7. **(Revenue from) Acquired businesses becoming fully embedded into CargoWise**

Acquired revenue transition to CargoWise revenue

For geographic expansion assets:

- the revenue will only become CargoWise when the customs technology is embedded in CargoWise and usage of the module/platform is native to CargoWise
- the revenue related to the customers acquired, that remain on the acquired platform, is recorded as acquired revenue until that customer transitions to CargoWise

For adjacent technology assets:

Adjacent technology assets will move to the CargoWise revenue category when:

- their technology interface to CargoWise is complete and seamless (SSO)
- they have completed the commercial foundation (e.g. content and eLearning architecture, contract and licensing transition, sales and support model)

Acquisitions with minimal or no revenues or customers can be absorbed quickly into the CargoWise core, predominantly impacting operating expense

Income statement

A\$m	1H20	1H21
Revenue		
Recurring On-Demand licence	151.8	179.4
Recurring OTL maintenance	34.1	39.0
OTL and support services	19.9	20.3
Total revenue	205.9	238.7
Cost of revenues	(36.4)	(35.3)
Gross profit	169.4	203.4
Operating expenses		
Product design and development	(38.3)	(44.7)
Sales and marketing	(28.8)	(24.3)
General and administration	(39.8)	(45.1)
Total operating expenses	(106.9)	(114.1)
EBITDA	62.5	89.2
Depreciation	(7.8)	(10.1)
Amortisation	(7.5)	(12.7)
EBITA	47.2	66.4
Acquired amortisation	(5.2)	(5.0)
EBIT	42.0	61.4
Net finance costs	(3.0)	(1.3)
Fair value gain on contingent consideration	32.7	0.8
Profit before income tax	71.8	60.8
Tax expense	(11.9)	(16.5)
NPAT	59.9	44.4
Underlying NPAT¹	27.1	43.6
NPATA²	33.5	47.8

Key operating metrics

WiseTech Global including and excluding acquisitions

	1H20	1H21	1H21 CargoWise ¹
Total revenue growth vs. prior year	31%	16%	19%
Recurring revenue – % of total revenue	90%	91%	99%
On-Demand licence revenue – % of total revenue	74%	75%	99%
Gross profit margin	82%	85%	94%
Product design and development – % of total revenue	19%	19%	12%
Total R&D – % of total revenue	36%	35%	31%
Sales and marketing – % of total revenue	14%	10%	9%
General and administration – % of total revenue	19%	19%	18%
EBITDA margin	30%	37%	54%
EBIT margin	20%	26%	
Underlying NPAT ² – % of total revenue	13%	18%	
NPATA – % of total revenue	16%	20%	
Capitalised development investment A\$m	35.0	38.3	
Total R&D A\$m	73.3	83.0	
Effective tax rate	17%	27%	
Underlying effective tax rate	31%	27%	

Reconciliation of statutory expenses to non-statutory expenses

Statutory to non-statutory reconciliation	A\$m	1H20	2H20	FY20	1H21
	Cost of Revenues				
	Cost of revenue – statutory	39.3	44.2	83.5	38.9
	Less: Depreciation & amortisation	2.9	3.9	6.8	3.6
	Cost of revenues – non-statutory	36.4	40.3	76.7	35.3
	Product design & development				
	Product design & development – statutory	51.3	64.0	115.4	64.1
	Less: Depreciation & amortization	14.2	18.9	33.1	20.6
	Less: Right-of-use asset depreciation capitalised	(1.2)	(1.4)	(2.6)	(1.2)
	Product design & development – non-statutory	38.3	46.5	84.9	44.7
Sales & marketing					
Sales & marketing – statutory	31.7	30.7	62.3	27.0	
Less: Depreciation & amortisation	2.8	2.5	5.4	2.7	
Sales & marketing – non-statutory	28.8	28.1	57.0	24.3	
General & administration					
General & administration – statutory	41.5	46.2	87.7	47.2	
Less: Depreciation & amortisation	1.7	1.8	3.5	2.1	
General & administration – non-statutory	39.8	44.4	84.1	45.1	

Explanatory notes

NPAT	A\$m	1H20	1H21
NPAT		59.9	44.4
Fair value gain on contingent consideration		(32.7)	(0.8)
Underlying¹ NPAT		27.1	43.6
NPAT		59.9	44.4
Fair value gain on contingent consideration		(32.7)	(0.8)
Acquired amortisation (net of tax)		3.8	3.7
Contingent consideration interest unwind (net of tax)		2.6	0.4
NPATA²		33.5	47.8

Effective tax rate	A\$m	1H20	1H21
Profit before income tax		71.8	60.8
Fair value gain on contingent consideration		(32.7)	(0.8)
Underlying¹ profit before income tax		39.1	60.1
Tax expense		(11.9)	(16.5)
Underlying effective tax rate		30.5%	27.4%

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