

22 February 2023

WiseTech delivers strong growth and margin expansion

*CargoWise revenue up 50%, total revenue up 35%,
EBITDA up 36% and free cash flow up 53%*

First half financial year 2023 (1H23) overview

- 1H23 Total Revenue of \$378.2 million, up 35% (up 32% organically¹) on 1H22
- CargoWise revenue of \$289.2 million, up 50% (up 46% organically) on 1H22, driven by growth from existing and new customers including new Large Global Freight Forwarder (LGFF) rollouts
- Signed global customs rollout with world's largest freight forwarder, Kuehne+Nagel²
- EBITDA of \$187.3 million up 36% on 1H22 (up 42% organically)
- EBITDA margin of 50%, up 1 percentage point (pp) on 1H22 (up 4pp organically to 53%) reflecting enhanced operating leverage, pricing, new product releases, and ongoing financial discipline
- Underlying NPAT³ of \$108.5 million, up 40% on 1H22; with statutory NPAT of \$109.0 million, up 41%
- Strong free cash flow of \$137.8 million, up 53% on 1H22
- Interim dividend of 6.60 cents per share (cps) fully franked, up 39% on 1H22 and representing a payout ratio of 20% of underlying NPAT
- Acquisitions of Envase Technologies (US\$230 million) and Blume Global (US\$414 million), two leading North American landside logistics businesses, announced post-period end, extending and strengthening WiseTech's position in one of its six key development priority areas
- FY23 guidance confirmed and updated for recent M&A activity to revenue of \$790 million–\$822 million (representing revenue growth of 26%–30%) and EBITDA excluding M&A costs of \$380 million–\$412 million (representing EBITDA growth of 19%–29%)

Group financial metrics

Group financial metrics	1H22	1H23	1H23 v 1H22
Total Revenue (A\$m)	281.0	378.2	35%
Recurring revenue ⁴	93%	96%	3pp
EBITDA (A\$m)	137.7	187.3	36%
EBITDA margin	49%	50%	1pp
Statutory NPAT (A\$m)	77.4	109.0	41%
Underlying NPAT (A\$m)	77.3	108.5	40%
Underlying EPS (cps)	23.7	33.2	40%
Interim ordinary dividend (cps)	4.75	6.60	39%
Free cash flow (A\$m)	90.3	137.8	53%
Free cash flow conversion rate	66%	74%	8pp

¹ Refers to revenue and EBITDA growth and EBITDA margin adjusted for recent M&A without full period comparisons, foreign exchange impacts, restructuring and M&A costs

² Based on Armstrong & Associates, Inc. Top 25 Global Freight Forwarders List ranked by 2021 gross logistics revenue/turnover and freight forwarding volumes - Updated 20 September 2022

³ Underlying NPAT excludes fair value adjustments from changes to acquisition contingent consideration (1H23: \$nil, 1H22: \$0.1 million,) and non-recurring tax on acquisition contingent consideration (1H23: \$0.6 million, 1H22: \$nil)

⁴ Recurring revenue percentage is the sum of revenue categorized as Recurring On-Demand License revenue and Recurring One-Time License ("OTL") Maintenance revenue divided by Total Revenue

WiseTech Global Limited (WiseTech or the Company) today announced its financial results for the six months ended 31 December 2022 (1H23). The Company reported **Total Revenue** of \$378.2 million, up 35% on the six months ended 31 December 2021 (1H22). 1H23 **Statutory Net Profit after Tax** (NPAT) of \$109.0 million was up 41% (1H22: \$77.4 million) and **Underlying NPAT** of \$108.5 million was up 40%, delivering Underlying earnings per share (EPS) of 33.2 cps. The Board declared an interim ordinary dividend of 6.60cps, representing a payout ratio of 20% of Underlying NPAT.

WiseTech Founder and CEO, Richard White said, *“Our strong first half performance highlights the continued resilience of our business model and progress of our 3P strategy. Our ability to deliver strong growth in revenue, earnings and free cash flow, in a softening global macroeconomic climate, is the result of a tremendous effort by our teams around the world and we’re immensely proud of the progress we are making towards our vision of being the operating system for global logistics.*

“We continue to see strong demand for our products from the world’s largest freight forwarders, having secured four new global rollouts and three organic global rollouts since July last year. CargoWise is rapidly becoming the industry standard. Importantly, in January this year, we also secured our first global customs rollout with Kuehne+Nagel, the world’s largest global freight forwarder. This is a testament to the success of our foothold acquisition strategy and our customs product development, as we build out a global customs engine. We now have 47 large global rollouts in place, including 11 of the Top 25 Global Freight Forwarders, with a significant pipeline of new customers and the opportunity to deepen our penetration with existing customers.

“To supplement our organic growth, we use targeted acquisitions to accelerate the development of the CargoWise product and give us further reach in the global logistics ecosystem. We completed two further tuck-in acquisitions in the first half in Bolero and Shipamax, and recently we announced the strategic acquisitions of Envase Technologies and Blume Global, both leading landside logistics businesses, which together extend and strengthen our position in one of our six key development priority areas.”

Strong financial and operational performance

The Company reported **Total Revenue** growth in 1H23 of 35% to \$378.2 million (1H22: \$281.0 million) reflecting strong growth from the CargoWise platform (up 50%). Total Revenue growth benefited from a \$2.3 million FX tailwind and includes \$5.7 million growth from tuck-in acquisitions. Organically, Total Revenue grew by 32% (\$89.3 million) on the prior corresponding period (pcp). This included a \$93.9 million increase to **recurring revenue**, up 36% on the pcp, and a \$4.7 million decrease in non-recurring revenue resulting from an expected contraction from acquisitions completed in prior years.

CargoWise revenue in 1H23 grew by \$96.1 million, or 50% on 1H22, to \$289.2 million. Organically, CargoWise revenue grew by \$88.3 million or 46%, reflecting:

- Growth from existing customers equating to \$74.1 million (1H22: \$37.3 million), driven by the continued progress of global rollouts, price increases and new product releases; and
- Growth from new customers equating to \$14.2 million (1H22: \$11.8 million).

Earnings before interest, tax, depreciation and amortization (EBITDA) grew 36% on the pcp to \$187.3 million, including tuck-in M&A dilution and \$10.1 million M&A costs. Recent M&A activities limited EBITDA Margin growth to 50%, up 1pp on 1H22. Organically, the Company achieved an EBITDA

Margin of 53% for the half, up 4pp on 1H22. This improvement reflects WiseTech's enhanced operating leverage, pricing, new product releases, and ongoing financial discipline.

Strong balance sheet, cash flow generation and liquidity

Cash as at 31 December 2022 was \$489.9 million, demonstrating the highly cash-generative nature of the business and strength of its underlying operating model. 1H23 operating cash flow of \$203.4 million was up 51% on 1H22 and free cash flow of \$137.8 million was up 53% on 1H22.

The Company expects to have available liquidity of ~\$400 million from existing cash reserves and undrawn debt facilities post the completion of the Blume Global acquisition, as well as ongoing strong free cash flow generation.

Strategic update

WiseTech's '3P Strategy' – *Product; Penetration; and Profitability* – is delivering the Company's vision and enables WiseTech to deliver sustainable growth through the cycle.

1. Product

The Company's approach to product development is two-fold: it invests in its own 'in-house' R&D and capabilities; and it invests in acquisitions which enable it to fast track the expansion of CargoWise's functionality.

The Company's six key development priorities – landside logistics, warehouse, Neo, digital documents, customs and compliance, and international eCommerce – are key to further embedding CargoWise across the global supply chain ecosystem and fuelling growth over the medium to long-term.

WiseTech accelerated its innovation and product development efforts in 1H23, investing \$115.1 million in R&D (1H22: \$83.9 million), equating to 30% of Total Revenue. This investment delivered 577 new product enhancements in the half, taking total product enhancements in the last five years to more than 5,200.

CargoWise product development resources have doubled over the last three years and increased by 44% in 1H23 vs. 1H22. The Company has accelerated hiring in line with its commitment to increase the pace of R&D investment, successfully attracting top talent globally and drive continued long-term revenue growth.

In 1H23, capitalized development increased by 57% vs. 1H22 to \$60.7 million, reflecting the acceleration of new strategic projects in support of WiseTech's six key development priorities. As a result, 53% of total R&D investment was capitalized in 1H23, above the target range of 40%–50%. This included significant new projects which were capitalized at a higher rate, in addition to core product investment within the target range. WiseTech's organic growth is supplemented by an inorganic growth strategy focused around tuck-in and strategically significant acquisitions to accelerate CargoWise product development and ecosystem reach. From its IPO in FY16, the Company has completed 43 acquisitions, including two tuck-ins completed during 1H23 in Bolero and Shipamax. The integration of both businesses, their respective technologies and their teams into the CargoWise ecosystem is progressing well, with their revenue contribution included in CargoWise revenue for the half.

In addition, WiseTech recently announced the acquisitions of Envasse Technologies and Blume Global, leading providers of landside logistics solutions in North America. These acquisitions are strategically significant for WiseTech, giving strong capability across both road and rail, extending and strengthening the Company's position in one of its six key development priority areas. Expanded landside logistics capabilities is a logical adjacency in the supply chain process for WiseTech, extending the core customer proposition and addressable market. Both acquisitions will be reported in CargoWise Revenue in future. Moving forward, WiseTech will continue to evaluate further tuck-in acquisitions as well as larger, strategically significant acquisition opportunities where there is a compelling strategic rationale.

2. Penetration

WiseTech's market penetration approach is to target the Top 25 Global Freight Forwarders⁵ and the top 200 global logistics providers. This enables the Company to benefit from global rollouts and consolidation within the logistics sector, as large customers acquire other industry players and add them to their existing CargoWise platform. In 1H23, the Company secured two new LGFF rollouts, NTG Nordic Transport Group and IFB International Freightbridge. It also added three global rollouts organically through increased adoption of CargoWise by DB Group, Jet Logistics, and Maersk⁶. Since 31 December 2022, WiseTech secured a global customs rollout with Kuehne+Nagel, the world's largest global freight forwarder, and a global rollout with EMO Trans. This takes the Company to a total of 47 LGFF rollouts, including 11 of the Top 25 Global Freight Forwarders.

3. Profitability

WiseTech's strong revenue growth and efficient operating model continues to drive enhanced operating leverage and margin expansion. The Company retains strong financial discipline following the completion of its organization-wide efficiency and acquisition synergy program.

Profitability also benefited from new product releases and price increases to offset the impacts of inflation and generate appropriate returns on its product investments. The Company will continue to enhance organic operating leverage by maintaining its disciplined and efficient cost structures, while driving continued revenue growth.

Dividend

The Board has declared a fully franked interim ordinary dividend of 6.60 cps, representing a 39% increase on the FY22 interim dividend. The interim dividend is payable on 6 April 2023 to shareholders registered as at 13 March 2023 and represents a payout ratio of 20% of Underlying NPAT.

Outlook and updated guidance

FY23 guidance is provided on the basis that market conditions do not materially change, and reflects current trends in supply chain volumes, noting that changes in industrial production and/or global trade (both favorable and unfavorable) may impact guidance. Subject to the assumptions set out in the WiseTech Global 1H23 Results presentation, the Company confirms FY23 guidance and updates

⁵ Based on Armstrong & Associates, Inc. Top 25 Global Freight Forwarders List ranked by 2021 gross logistics revenue/turnover and freight forwarding volumes - Updated 20 September 2022

⁶ Maersk acquired Senator, LF Logistics, Martin Bencher and Pilot Freight Services. Maersk, [A unified Maersk brand](#), 27 January 2023.

for recent M&A activity, and anticipates FY23 revenue of \$790 million–\$822 million (representing revenue growth of 26%–30%) and EBITDA excluding M&A costs of \$380 million–\$412 million (representing EBITDA growth of 19%–29%).

Mr White concluded, *“WiseTech is a business that continues to grow and create value. Our unique CargoWise offering, which we expand and enhance through our own product development and our acquisition program, is enabling us to drive considerable momentum. This is underpinned by our global rollouts, stemming from an investment of over \$775 million in research and development over the last five years.*

“We have a strong track record of delivering on our strategy, demonstrating the strength and resilience of our business model. Our strong balance sheet and cash generation provide us with significant financial firepower to fund our future growth. I am excited by the opportunities ahead of us and the future growth team WiseTech will deliver.”

//ENDS

Authorized for release to ASX by David Rippon, Corporate Governance Executive and Company Secretary.

Investor Presentation Please refer to the WiseTech Global 1H23 Results presentation released today for detailed financial data and analysis.

Analyst Briefing The WiseTech Global 1H23 Results presentation webcast will be held at 10.00am (Sydney time) today. The webcast will be available [here](#).

Contact information

INVESTOR RELATIONS:

Ross Moffat +61 412 256 224

MEDIA:

Catherine Strong +61 406 759 268

Forward looking statements

Forward-looking statements in this release are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of WiseTech Global. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

About WiseTech Global

WiseTech Global is a leading developer and provider of software solutions to the logistics execution industry globally. Our customers include over 18,000⁷ of the world's logistics companies across 173 countries, including 43 of the top 50 global third-party logistics providers and 24 of the 25 largest global freight forwarders worldwide⁸.

Our mission is to change the world by creating breakthrough products that enable and empower those that own and operate the supply chains of the world. At WiseTech, we are relentless about innovation, adding over 5,200 product enhancements to our global platform in the last five years while bringing meaningful continual improvement to the world's supply chains. Our breakthrough software solutions are renowned for their powerful productivity, extensive functionality, comprehensive integration, deep compliance capabilities, and truly global reach. For more information about WiseTech Global or CargoWise, please visit wisetechglobal.com and cargowise.com

⁷ Includes customers on CargoWise and non-CargoWise platforms whose customers may be counted with reference to installed sites

⁸ Armstrong & Associates: Top 50 Global 3PLs & Top 25 Global Freight Forwarders ranked by 2021 gross logistics revenue/turnover and freight forwarding volumes – Updated 20 September 2022