

24 August 2022

WiseTech delivers strong FY22 performance and growth outlook

*CargoWise revenue up 37% (ex FX), total revenue up 26% (ex FX),
EBITDA up 54% and free cash flow up 71%*

Full Year 2022 (FY22) overview

- FY22 Total Revenue of \$632.2 million, up 25% (26% ex FX) on FY21 – at top end of guidance range
- CargoWise revenue of \$447.9 million, up 35% (37% ex FX) on FY21, driven by Large Global Freight Forwarder (LGFF) rollouts, new customer wins and increased usage from existing customers
- Market penetration momentum continues with the notable win of UPS and four additional new LGFF rollouts in FY22
- EBITDA of \$319.0 million up 54% on FY21
- EBITDA margin of 50% up 9 percentage points (pp) on FY21, reflecting enhanced operating leverage, the benefits of exceeding cost reduction program targets and pricing offsetting inflation
- Underlying NPAT¹ of \$181.8 million, up 72% on FY21; statutory NPAT of \$194.6 million, up 80% on FY21
- Strong free cash flow of \$237.3 million, up 71% on FY21; cash at 30 June of \$483.4 million
- Final dividend of 6.40 cents per share (cps), up 66% on FY21 and taking full year dividend to 11.15cps, up 71% on FY21
- Strong outlook: FY23 guidance of 20%–23% revenue growth and 21%–30% EBITDA growth

Group financial metrics (FY22 v FY21)

Group financial metrics	FY21	FY22	FY22 v FY21
Total Revenue (A\$m)	507.5	632.2	25%
Recurring revenue ²	90%	89%	(1)pp
EBITDA (A\$m)	206.7	319.0	54%
EBITDA margin	41%	50%	9pp
Statutory NPAT (A\$m)	108.1	194.6	80%
Underlying NPAT (A\$m)	105.8	181.8	72%
Underlying EPS (cents per share)	32.6	55.8	71%
Final ordinary dividend (cents per share)	3.85	6.4	66%
Free cash flow (A\$m)	139.2	237.3	71%
Free cash flow conversion rate	67%	74%	7pp

¹Underlying NPAT excludes fair value adjustments from changes to acquisition contingent consideration (FY22: \$0.1 million, FY21: \$2.2 million) and non-recurring tax on acquisition contingent consideration (FY22: \$12.8 million, FY21: \$nil).

²Recurring 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

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WiseTech Global Limited (WiseTech or the Company) today announced its financial results for the 12 months ended 30 June 2022 (FY22). The Company reported **Total Revenue** of \$632.2 million, up 25% on the 2021 financial year (FY21). FY22 **Statutory Net Profit after Tax** (NPAT) of \$194.6 million was up 80% (FY21: \$108.1 million) and **Underlying NPAT** of \$181.8 million was up 72%, delivering Underlying earnings per share (EPS) of 55.8 cps. The Board declared a final dividend of 6.40cps, representing a payout ratio of 20% of Underlying NPAT.

WiseTech Founder and CEO, Richard White said, *"This standout performance demonstrates the increasing resilience of our business model. In an environment of persistent supply chain constraints, inflationary pressures and COVID-related business disruption, to have delivered these outcomes is a real testament to the strength of our business, the dedication of our people, and the effectiveness of our 3P strategy."*

"37% growth in CargoWise revenues, excluding FX, shows the accelerating momentum of our core product. CargoWise added 10 new global customers in FY22. Signing five new global rollouts with UPS, Fedex and Craft Multimodal in the second half, and Brink's and Access World in the first half, and a further five customers grew into the large global category in FY22 from smaller initial CargoWise deals. We now have 43 large global freight forwarder rollouts, of which 10 are in the Top 25."

"There is a substantial growth opportunity available to us by increasing penetration across our existing customer base through greater adoption of our existing capabilities. We also have a strong pipeline of potential new global customers which we are actively pursuing while continuing to expand through tuck-in acquisitions and potential strategically significant acquisition opportunities, supported by strong cash generation, a range of funding options and our proven M&A capability."

"We are taking advantage of the current environment by increasing the pace of our investment in R&D and high-quality talent to drive future revenue growth. We have a proven track record since our IPO of accelerated growth while generating strong returns. When combined with the benefits of our increasing scale and significant operating leverage, this provides a strong platform for long-term sustainable revenue and earnings growth."

"We remain firmly focused on achieving our vision of being the operating system for global logistics, and we have the product, strategy and resources to achieve it."

Market conditions

Mr White said, *"COVID-related capacity constraints, port congestion and labor shortages experienced during the year resulted in an overloaded supply chain which could take some time to unwind. Demand for goods continues to outpace pre-COVID-19 levels, 4.9% above pre-COVID trendlines³. While global trade flows remain strong, prevailing uncertainties relating to industrial production, international goods flow, and sovereign and geopolitical risk continue. Global freight forwarders and logistics organizations continue to accelerate their adoption of technology in the pursuit of improved productivity, and our new Large Global Freight Forwarder wins with leaders like UPS and FedEx demonstrate how CargoWise is rapidly becoming the industry standard."*

³ Journal of Commerce: Freight demand to remain strong through 2022: analyst, 3 August 2022

Strong financial and operational performance

The Company reported **Total Revenue** growth of 25% to \$632.2 million (FY21: \$507.5 million) reflecting strong growth from the CargoWise platform (up 37% ex FX). Total Revenue growth in FY22 was impacted by \$9.4 million of unfavorable FX movements versus \$23.4 million in FY21. Excluding FX impacts, Total Revenue grew by 26% (\$134.2 million) in FY22 on the pcp. \$116.5 million was **recurring revenue** growth, up 25% on pcp, and \$17.7 million was non-recurring revenue growth.

CargoWise revenue in FY22 grew by \$116.4 million, or 35% on FY21. Excluding a \$7.7 million FX headwind experienced in the year, CargoWise revenue grew by \$124.1 million (FY21: \$82.2 million), or 37%, reflecting:

- increased usage by existing customers (through the addition of transactions, seats and new sites, utilization of additional products and modules and growth from industry consolidation and global rollouts) equating to \$82.7 million (FY21: \$63.4 million);
- new customer growth which delivered \$39.6 million of revenue growth (FY21: \$18.9 million), including a product license agreement to accelerate commercialization and future growth of a CargoWise landside logistics component; and
- \$1.8 million from two tuck-in acquisitions.

CargoWise's FY22 Revenue growth includes price increases during the year to offset the impacts of inflation as well as generate returns on product investments.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew 54% on the pcp to \$319.0 million. The Company achieved an **EBITDA Margin** of 50% for the year, up 9pp on FY21. This improvement reflects WiseTech's revenue growth and \$32.6 million in net cost benefits, from the cost reduction program which exceeded its FY22 run rate target of ~\$45 million.

Strong balance sheet, cash flow generation and liquidity

Cash as at 30 June 2022 has grown to \$483.4 million with no outstanding debt (excluding lease liabilities). The Company has an undrawn, unsecured \$225 million debt facility supported by six banks. Along with the ability to expand its leverage, this provides the Company with considerable headroom to support its growth strategy.

WiseTech continues to generate strong cash flows, demonstrating the highly cash-generative nature of the business and strength of WiseTech's underlying operating model. FY22 operating cash flow of \$339.6 million was up 48% on FY21 and free cash flow of \$237.3 million was up 71% on FY21.

Strategic update

WiseTech's '*3P Strategy*' – *Product; Penetration; and Profitability* – is delivering our vision to be the operating system for global logistics.

1. Product

Product development is integral to achieving this vision. 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.

WiseTech invested \$180.8 million in R&D in FY22 (FY21: \$167.1 million) equating to 29% of Total Revenue, delivering 1,199 new product enhancements and facilitating the ongoing progress of CargoWise's development priorities.

Our focus is on six key development priorities, being landside logistics, warehouse, Neo, digital documents, customs and compliance, and international eCommerce. Accelerating the Company's capabilities in these six areas will further embed CargoWise across the global supply chain ecosystem, broaden its market opportunity and support future revenue growth over the medium to long-term.

Since IPO in FY16, the Company has completed 41 acquisitions and is well progressed in integrating the intellectual property into the CargoWise ecosystem. Accordingly, the Company is now focused on the next strategic opportunities. This included two tuck-in acquisitions completed during FY22, Inobiz and Hazmatica, with their staff and capability integrated directly into the CargoWise ecosystem to provide benefits to existing CargoWise customers. As a result, their revenue contribution is included in CargoWise revenue.

In addition, in early FY23, WiseTech also acquired Bolero, which will considerably enhance our capability in digital documentation and will be integrated directly into the CargoWise ecosystem. Going forward, WiseTech will focus on further tuck-in acquisitions as well as larger, strategically significant, acquisition opportunities.

Mr White said, *"We are actively looking at further tuck-in acquisition opportunities which are typically smaller in size but can quickly bring their team, technology and knowledge, without major rewrites, and rapidly add value to the CargoWise ecosystem. We also continue to look at larger, strategically significant, acquisition opportunities supported by our strong balance sheet, cash flow and funding options. We have a talented and experienced team with proven M&A capability and we know our markets well. This means we can efficiently assess and execute on appropriate opportunities."*

2. Penetration

WiseTech's market penetration approach is to target the Top 25 Global Freight Forwarders⁴ 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 FY22, the Company secured five global rollouts from new customer wins including the addition of Top 25 Large Global Freight Forwarder, UPS. It also added an additional five global rollouts organically through increased adoption of CargoWise. 10 Top 25 Global Freight Forwarders have rollouts on the CargoWise platform. 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

At the Company's FY20 Results, WiseTech announced that it had commenced work on an organization-wide efficiency and acquisition synergy extraction program to streamline processes and teams, maximize operating leverage and ensure appropriate allocation of resources. This specific program is essentially completed and delivered a \$32.6 million net benefit in FY22, in addition to a \$13.8 million net benefit in FY21. The cost reduction run-rate for FY22 was ahead of its updated ~\$45 million target provided at the half year. As development and therefore maintenance of

⁴ Based on Armstrong & Associates, Inc. Top 25 Global Freight Forwarders List ranked by 2021 gross logistics revenue/turnover and freight forwarding volumes - Updated 4 August 2022

non-CargoWise products reduces, this is expected to drive future cost savings as these products and their customers transition onto the CargoWise platform over time. We also undertook price increases to offset the impacts of inflation and generate returns on product investments. The Company will continue to enhance operating leverage by maintaining its disciplined and efficient cost structure, while supporting continued revenue growth.

Dividend

The Board has declared a fully franked final ordinary dividend of 6.40 cents per share (cps), representing a 66% increase on the FY21 final dividend. The final dividend is payable on 7 October 2022 to shareholders registered as at 12 September 2022. Coupled with the FY22 interim dividend of 4.75 cps, the total FY22 dividend equates to 11.15 cps and represents a payout ratio of 20% of Underlying NPAT.

Outlook and guidance

WiseTech provides FY23 guidance on the basis that market conditions do not materially change, 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 FY22 Results presentation the Company anticipates FY23 revenue growth of 20%-23% (representing revenue of \$755m-\$780m) and EBITDA growth of 21%-30% (representing EBITDA of \$385m-\$415m).

Mr White concluded, “*The strong growth in revenue and profitability we have seen in FY22 is testament to our product-led strategy, which is delivering increased usage by existing customers and penetration from new global rollout wins. We are well placed to benefit from the continuing M&A consolidation activity amongst global logistics operators, and their increasing investment in replacing legacy systems with digital solutions, as well as pursuing our own M&A opportunities. Looking ahead we also remain focused on R&D and accelerating our investments to deliver breakthrough products that enable and empower those that own and operate the supply chains of the world.*”

//ENDS

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

Investor Presentation Please refer to the WiseTech Global FY22 Results presentation released today for detailed financial data and analysis.

Analyst Briefing The WiseTech Global FY22 Results presentation webcast will be held at 10.30am (Sydney time) today. The webcast will be available at <https://webcast.openbriefing.com/8617/>

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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 18,000⁵ of the world's logistics companies across 170 countries, including 41 of the top 50 global third-party logistics providers and 24 of the 25 largest global freight forwarders worldwide⁶.

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 4,900 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

⁵ Includes customers on CargoWise and non-CargoWise platforms whose customers may be counted with reference to installed sites

⁶ Armstrong & Associates: Top 50 Global 3PLs & Top 25 Global Freight Forwarders ranked by 2021 gross logistics revenue/turnover and freight forwarding volumes – Updated 4 August 2022

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