

23 August 2023

## WiseTech delivers strong financial performance and outlook

*CargoWise recurring revenue up 48%, total revenue up 29%,  
EBITDA up 21% and free cash flow up 23%*

### Full Year 2023 (FY23) highlights

- FY23 Total Revenue of \$816.8 million, up 29% (up 21% organically<sup>1</sup>) on FY22
- CargoWise recurring revenue of \$650.1 million, up 48% (up 37% organically) on FY22, driven by existing and new customer growth including new Large Global Freight Forwarder (LGFF) rollouts
- Executed a strategic move into North American landside logistics with acquisitions of Envasse Technologies and Blume Global, extending and strengthening WiseTech's position in one of its six key development priorities
- Signed first global customs rollout with world's largest freight forwarder, Kuehne+Nagel (K+N)<sup>2</sup>; post year-end momentum with expansion of FedEx global rollout to include global customs
- EBITDA ex. M&A costs of \$412.1 million up 28% on FY22. EBITDA of \$385.7 million up 21% on FY22
- Organic EBITDA margin up 2 percentage points (pp) to 53%, reflecting enhanced operating leverage, new product releases, pricing and ongoing financial discipline. EBITDA margin of 47%, down 3pp on FY22 reflecting recent M&A
- Underlying NPAT<sup>3</sup> of \$247.6 million, up 30% on FY22; with statutory NPAT of \$212.2 million, up 9%
- Strong free cash flow of \$291.4 million, up 23% on FY22
- Final dividend of 8.40 cents per share (cps), up 31% on FY22 and representing a payout ratio of 20% of Underlying NPAT

Group financial metrics	FY22	FY23	FY23 vs FY22
Total Revenue (A\$m)	632.2	816.8	29%
Recurring revenue <sup>4</sup>	89%	96%	7pp
EBITDA (ex. M&A costs) (A\$m)	321.3	412.1	28%
EBITDA (A\$m)	319.0	385.7	21%
EBITDA margin	50%	47%	(3)pp
Statutory NPAT (A\$m)	194.6	212.2	9%
Underlying NPAT (A\$m)	189.8	247.6	30%
Underlying EPS (cps)	58.2	75.6	30%
Final ordinary dividend (cps)	6.40	8.40	31%
Free cash flow (A\$m)	237.3	291.4	23%
Free cash flow conversion rate	74%	76%	1pp

<sup>1</sup> 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

<sup>2</sup> 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

<sup>3</sup> Underlying NPAT is Net profit after tax excluding fair value adjustments from changes to acquisition contingent consideration (FY23: \$0.2m, FY22: \$0.1m), non-recurring tax on acquisition contingent consideration (FY23: \$2.4m, FY22: \$12.8m), acquired amortization, net of tax (FY23: \$10.9m, FY22: \$5.8m), contingent and deferred consideration interest unwind, net of tax (FY23: \$0.7m, FY22: nil) & M&A costs (FY23: \$26.4m, FY22: \$2.3m)

<sup>4</sup> 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

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WiseTech Global Limited (WiseTech or the Company) today announced its financial results for the 12 months ended 30 June 2023 (FY23). The Company reported **Total Revenue** of \$816.8 million, up 29% on the 2022 financial year (FY22). FY23 **Statutory Net Profit after Tax (NPAT)** of \$212.2 million was up 9% (FY22: \$194.6 million) and **Underlying NPAT** of \$247.6 million was up 30%, delivering Underlying earnings per share (EPS) of 75.6 cps. The Board declared a final dividend of 8.40cps, up 31% and representing a payout ratio of 20% of Underlying NPAT.

WiseTech Founder and CEO, Richard White said, *"I am proud to announce a strong FY23 financial performance, reflecting the expansion of our product offering, ongoing financial discipline and enhanced operating leverage as we further penetrate our chosen markets and execute our 3P strategy. This is down to the exceptional WiseTech team; their passion, dedication, and work ethic.*

*"We are driving enormous value for our customers, validated this year with the signing of our first global customs and compliance rollout with the world's largest global freight forwarder, Kuehne+Nagel. This momentum continued after year end with FedEx confirming they intend to roll out global customs alongside their ongoing global forwarding rollout.*

*"Our deep move into Landside Logistics as a result of our strategically significant acquisitions of Envase Technologies and Blume Global is delivering breakthrough capabilities, at scale, creating significant growth opportunities.*

*"We have also accelerated our development capability over the year, growing our product development team from just over 1,000 team members at the beginning of FY23 to now over 1,800. This incredible growth means that 60% of our global team is now focused on accelerating our product development. Our vision is to be the operating system for global logistics, and we have made significant progress in realizing that vision with the release of our CargoWise Warehouse Suite and CargoWise Neo."*

### **Strong financial and operational performance**

The Company reported **Total Revenue** growth in FY23 of 29% to \$816.8 million (FY22: \$632.2 million) reflecting strong growth from the CargoWise platform (up 41%). Total Revenue growth benefited from an \$8.2 million FX tailwind and includes \$42.8 million growth from strategically significant and tuck-in acquisitions. Organically, Total Revenue grew by 21% (\$133.7 million) on the prior corresponding period (pcp). This included a \$169.7 million increase in recurring revenue, up 30% on the pcp, and a \$36.0 million decrease in non-recurring revenue due to a one-off product license agreement of a CargoWise landside logistics component in FY22 and lower CargoWise customer paid product enhancements in FY23. **CargoWise recurring revenue** in FY23 grew by \$211.6 million, or 48% on FY22, to \$650.1 million. Organically, CargoWise recurring revenue grew by \$162.8 million or 37%, reflecting:

- Major new products released in FY22
- Price increases to offset inflation and generate returns on product investment
- \$41.3m from FY22 and FY23 M&A.

**Earnings before interest, tax, depreciation and amortization (EBITDA)**, excluding \$26.4 million M&A costs (FY22: \$2.3 million), grew 28% on the pcp to \$412.1 million. Organically, the Company achieved EBITDA Margin expansion of 2pp to 53% for the full year, reflecting the benefit of new product releases

and price increases, as well as WiseTech's enhanced operating leverage and ongoing financial discipline. Dilution from recent M&A resulted in an EBITDA margin of 47%, down 3pp on FY22.

### **Strong balance sheet, cash flow generation and liquidity**

FY23 operating cash flow of \$433.3 million was up 28% on FY22 and free cash flow of \$291.4 million was up 23% on FY22, demonstrating the highly cash-generative nature of the Company's operating model. The Company has significant financial headroom, and total liquidity of approximately \$400 million from cash and undrawn debt facilities.

### **Strategic update**

WiseTech's '3P strategy' – *Product; Penetration; and Profitability* – is underpinned by its talented people and key to delivering its vision and enabling WiseTech to achieve sustainable growth through the cycle.

#### **1. Product**

The Company's approach to product development is twofold: it invests in its own 'in-house' R&D and capabilities, as well as acquisitions which enable it to accelerate the expansion of CargoWise's functionality.

The Company continues to make progress on its six key development priorities – landside logistics, warehouse, Neo, digital documents, customs and compliance, and international eCommerce – which are key to further embedding CargoWise across the global supply chain ecosystem to fuel growth over the medium to long-term.

In FY23, WiseTech accelerated its innovation and product development efforts, investing \$261.9 million in R&D (FY22: \$180.8 million), equating to 32% of Total Revenue. This investment delivered 1,130 new product enhancements over the full year, taking total product enhancements delivered on the CargoWise application suite over the last five years to more than 5,300.

CargoWise product development resources increased by 96% in FY23 vs FY22, driven by the addition of new teams from recent acquisitions, and new hires. The Company has taken advantage of favorable hiring conditions and accelerated hiring and is attracting top talent globally, in line with its commitment to increase the pace of R&D investment to drive continued long-term revenue growth and returns.

In FY23, capitalized development increased by 60% vs FY22 to \$134.2 million, reflecting the acceleration of new strategic projects in support of WiseTech's six key development priorities. As a result, 51% of total R&D investment was capitalized in FY23, above the target range of 40%–50%. This is projected to be close to the top of the target range in the medium-term and reflects the acceleration of new strategic development priorities which have higher capitalization rates.

WiseTech's organic growth is supplemented by an inorganic growth strategy focused on tuck-in and strategically significant acquisitions to accelerate CargoWise product development and ecosystem reach. In FY23, the Company completed two tuck-ins, Bolero and Shipamax, to expand our presence in digital documentation. The Company also completed two strategically significant acquisitions in

Envase Technologies and Blume Global, both leading providers of landside logistics solutions in North America. These acquisitions add strong capability across landside and intermodal road and rail, extending and strengthening the Company's position in one of its six key development priorities. Moving forward, WiseTech will continue to evaluate further tuck-in and 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 Forwarders<sup>5</sup> and the top 200 global logistics providers. This enables the Company to benefit from large scale global rollouts and consolidation within the logistics sector, as large customers acquire other industry players and add them to their existing CargoWise platform. In FY23, the Company secured six new LGFF rollouts and added two global rollouts organically through increased adoption of CargoWise by DB Group and Maersk<sup>6</sup>. WiseTech also secured a global customs rollout with Kuehne+Nagel, the world's largest global freight forwarder, taking the Company to a total of 47 LGFF rollouts, including 11 of the Top 25 Global Freight Forwarders. Since year-end, the Company also added APL Logistics, and FedEx confirming they intend to rollout global customs alongside their global freight forwarding rollout.

## **3. Profitability**

WiseTech's strong revenue growth, efficient operating model, and strong financial discipline continues to drive enhanced operating leverage and margin expansion.

Profitability also benefited from new product releases and price increases to offset the impacts of inflation and generate appropriate returns on its investments. WiseTech will continue to pursue further integration efficiencies, with a targeted acquisition strategy to accelerate CargoWise product development, ecosystem reach, and future returns.

The Company has launched a \$40 million company-wide cost efficiency program, which is forecast to deliver \$15 million net savings in FY24.

Recent strategic acquisitions will continue to dilute the overall EBITDA margin while being integrated, however, WiseTech expects to return to 50%+ EBITDA margins in FY26.

## **Dividend**

The Board has declared a fully franked final ordinary dividend of 8.40cps, representing a 31% increase on the FY22 final dividend. The final dividend is payable on 6 October 2023 to shareholders registered as at 11 September 2023 and represents a payout ratio of 20% of Underlying NPAT.

Effective today, the Board has updated the Company's dividend policy, with the target payout ratio now up to 20% of Underlying NPAT, from up to 20% of NPAT previously.

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<sup>5</sup> 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

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

## Outlook and updated guidance

FY24 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 FY23 Results presentation, including EBITDA margin dilution from a full-year of the acquisitions of Shipamax, Envase & Blume, the Company anticipates FY24 revenue of \$1,040 million–\$1,095 million (representing revenue growth of 27%–34%) and EBITDA of \$455 million–\$490 million (representing EBITDA growth of 18%–27%).

Mr White concluded, *"I am very excited about the significant opportunities ahead of WiseTech. We are exactly where we planned to be, as we head into FY24. Our growth has been underpinned by our exceptional team of people, our relentless focus on our strategy and vision is driving four key outcomes:*

- *Our strong financial performance and outlook; and*
- *Our first Top 25 win (K+N) for a global customs rollout followed after year end with FedEx; and*
- *Our continued deep move into Landside Logistics starting with North America; and*
- *Our substantial and highly efficient product development processes, growing from over 1,000 to over 1,800 team members or 60% of our global team in FY23, driving our product development priorities, validated by the release of our CargoWise Warehouse Suite and CargoWise Neo.*

*Our goal is to drive innovation within the CargoWise ecosystem, so that it is a 'must have' for large global forwarders and logistics operators.*

*Looking ahead, our strong balance sheet and cash generation provide us with significant financial firepower to fund our future growth."*

//ENDS

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

**Investor Presentation** Please refer to the WiseTech Global FY23 Results presentation released today for detailed financial data and analysis.

**Analyst Briefing** The WiseTech Global FY23 Results presentation webcast will be held at 10.00am (Sydney time) today. The webcast will be available [here](#).

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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 17,000<sup>7</sup> of the world's logistics companies across 174 countries, including 44 of the top 50 global third-party logistics providers and 24 of the 25 largest global freight forwarders worldwide<sup>8</sup>.

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 5,300 product enhancements to our global CargoWise application suite 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](https://www.wisetechglobal.com) and [cargowise.com](https://www.cargowise.com)

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

<sup>8</sup> 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

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