ASX Announcement: 2023/12

22 February 2023

WTC 1H23 Appendix 4D and financial report

Attached are the Appendix 4D, half year information given to ASX under listing rule 4.2A, and the financial report for the half-year ended 31 December 2022.

//ENDS

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

Contact information

Investor Relations and Media

INVESTOR RELATIONS:		MEDIA	
Ross Moffat	+61 412 256 224	Catherine Strong	+61 406 759 268

About WiseTech Global
WiseTech Global is a leading developer and provider of software solutions to the logistics execution industry globally. Our customers include over 18,000[1] 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 worldwide[2].

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

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

[2] 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

APPENDIX 4D

WiseTech Global Limited

for the half-year ended 31 December 2022

Results for announcement to the market

Six months ended 31 December ($M)			2022	2021
Revenue from ordinary activities	Up	35%	378.2	281.0
Statutory net profit after tax	Up	41%	109.0	77.4
Underlying net profit after tax[1]	Up	40%	108.5	77.3
Basic earnings per share (cents)	Up	40%	33.4	23.8

[1] Underlying net profit after tax excludes fair value adjustments from changes to acquisition contingent consideration (2022: nil, 2021: $0.1m) and non-recurring tax on acquisition contingent consideration (2022: $0.6m, 2021: nil).

Dividends – Ordinary shares	Amount per security	Franked amount per security	Record date	Payment date
FY23 interim dividend	6.60 cents	6.60 cents	13 March 2023	6 April 2023
FY22 final dividend	6.40 cents	6.40 cents	12 September 2022	7 October 2022

Dividend reinvestment plan

WiseTech has a dividend reinvestment plan ("DRP") under which eligible shareholders can reinvest all or part of any dividends to acquire additional WiseTech shares. The price of the shares under the DRP will be the average of the daily volume weighted average price per share of all shares sold in the ordinary course of trading on the Australian Securities Exchange ("ASX") for the five trading days from 15 March 2023 to 21 March 2023, rounded to the nearest cent. The last date for receipt of election notices from shareholders wanting to commence, cease or vary their participation in the DRP for the FY23 interim dividend is by 5pm (Sydney time) on 14 March 2023.

Net tangible asset ("NTA") backing

As at 31 December	2022	2021
NTA ($M)	336.2	259.8
Number of shares (in millions)	327.0	326.3
NTA per share (cents)	103	80

Audit

This report is based on the interim consolidated financial statements for the half-year ended 31 December 2022 which have been reviewed by KPMG.

WiseTech Global Limited

1H23 Financial Report

CONTENTS

Directors' report

The Directors present their report together with the interim consolidated financial statements of the Group comprising WiseTech Global Limited ("Company") and its controlled entities for the half-year ended 31 December 2022 and the review report thereon.

Directors

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

- Andrew Harrison
- Richard White
- Richard Dammery
- Teresa Engelhard
- Charles Gibbon
- Michael Gregg (Retired: 23 November 2022)
- Maree Isaacs
- Michael Malone
- Arlene Tansey (Retired: 23 November 2022)

Operating and financial review

for the half-year ended 31 December 2022

Review of operations

Principal activities

WiseTech Global is 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 173 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 centers 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[1] and 43 of the Top 50 Global Third-Party Logistics Providers (3PLs)[2]. 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 an average of over 1,000 new product enhancements each year. This drives greater usage of our CargoWise platform, enabling the business to achieve sustainable, profitable growth. Our *'3Ps' strategy – Product; Penetration; and Profitability* – is delivering 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 are committed to making a positive contribution to the communities that we are part of and recognize that our social license 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 prioritize accountability and that we have robust governance frameworks in place.

Our 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 secured a strong foundation for future technology development and geographic expansion, with 36 product development centers, including centers of excellence in Bangalore and Nanjing, and a headcount of over 2,200 people globally across 35 countries.

1. 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.

2. Based on Armstrong & Associates Inc: Top 50 Global Third Party Logistics Providers List ranked by 2021 gross logistics revenue/turnover – Updated 20 September 2022.

Summary of statutory financial performance

Over the six months to 31 December 2022 **(1H23)**, we delivered Total Revenue of $378.2m, up 35% , driven by growth from existing and new customers.

Revenue increased 35% to $378.2m (1H22: $281.0m)

Operating profit increased 40% to $150.1m (1H22: $107.6m)

Net profit after tax increased 41% to $109.0m (1H22: $77.4m)

Underlying net profit after tax increased 40% to $108.5m (1H22: $77.3m)

Basic earnings per share increased 40% to 33.4 cents (1H22: 23.8 cents)

Summary financial results[1]

	1H23 $m	1H22 $m	Change $m	Change %
Recurring On-Demand License revenue	324.3	225.0	99.3	*44%*
Recurring One-Time License ("OTL") maintenance revenue	39.4	37.1	2.3	*6%*
OTL and support services	14.5	18.8	(4.4)	*(23)%*
Revenue	**378.2**	**281.0**	**97.3**	***35%***
Cost of revenues	(56.9)	(42.4)	(14.5)	*34%*
Gross profit	**321.3**	**238.6**	**82.8**	***35%***
Product design and development[2]	(80.9)	(66.7)	(14.3)	*21%*
Sales and marketing	(26.8)	(22.5)	(4.3)	*19%*
General and administration	(63.5)	(41.9)	(21.7)	*52%*
Total operating expenses	**(171.2)**	**(131.0)**	**(40.2)**	***31%***
Operating profit	**150.1**	**107.6**	**42.5**	***40%***
Net finance income/(costs)[3]	2.5	(1.9)	4.3	*n.a*
Fair value gain on contingent consideration	-	0.1	(0.1)	*n.a*
Profit before income tax	**152.6**	**105.8**	**46.8**	***44%***
Tax expense[4]	(43.5)	(28.5)	(15.1)	*53%*
Net profit after tax	**109.0**	**77.4**	**31.7**	***41%***
Underlying net profit after tax[5]	**108.5**	**77.3**	**31.2**	***40%***

Key financial metrics	**1H23**	**1H22**	**Change**
Recurring revenue %	**96%**	93%	3pp
Gross profit margin %	**85%**	85%	-
Product design and development as % total revenue[2]	**21%**	24%	(2)pp
Sales and marketing as % total revenue	**7%**	8%	(1)pp
General and administration as % total revenue	**17%**	15%	2pp
M&A costs ($m)	**10.1**	0.2	9.9
Capitalized development investment ($m)[6]	**60.7**	38.8	22.0
R&D as a % of total revenue[7]	**30%**	30%	1pp

1. Differences in tables are due to rounding, see page 15 Rounding of amounts.
2. Product design and development includes $26.6m (1H22: $21.5m) depreciation and amortization but excludes capitalized development investment.
3. Net finance income/(costs) includes finance income and finance costs but excludes fair value gain on contingent consideration.
4. Tax expense includes non-recurring tax on acquisition contingent consideration (1H23: $0.6m, 1H22: $ nil).
5. Underlying net profit after tax excludes fair value adjustments from changes to acquisition contingent consideration (1H23: nil, 1H22: $0.1m) and non-recurring tax on acquisition contingent consideration (1H23: $0.6m, 1H22: $ nil).
6. Includes patents and purchased external software licenses used in our products.
7. R&D is total investment in product design and development expense, excluding depreciation and amortization, but including capitalized development investment.

Revenue

Total revenue grew by 35% to $378.2m on 1H22 ($281.0m), with 32% growth being delivered organically[3].

Revenue growth came from:

- increased usage by existing customers, new product releases and price increases during the year to offset the impacts of inflation as well as generate returns on product investments;
- new CargoWise customers won in the period and growth from customers won in FY22 and prior, including new Large Global Freight Forwarder (LGFF) rollouts;
- $1.0m increase in non-CargoWise revenue;
- $5.3m revenue from two tuck-in acquisitions completed in 1H23 and $0.4m growth from two tuck-in acquisitions completed in FY22, all of which are being integrated into the CargoWise ecosystem;
- $2.3m of favorable foreign exchange (FX) movements (1H22: $9.2m unfavorable).

Revenue from CargoWise increased by 46% organically on 1H22. Overall it grew 50% with the inclusion of tuck-in acquisitions and a FX tailwind. Growth was mainly driven by increased CargoWise usage, primarily from LGFF rollouts, new product releases and price increases during the year to offset the impacts of inflation as well as generating returns on product investments. CargoWise revenue growth also includes $5.3m from two tuck-in acquisitions completed in FY23, and $0.4m growth from two tuck-in acquisitions completed in FY22, which are being integrated into the CargoWise ecosystem. $2.2m of favorable FX was experienced in 1H23 (1H22: $6.8m unfavorable).

In 1H23, revenue growth for CargoWise was achieved across all existing customer cohorts (from FY06 and prior through to FY23).

Revenue from customers on non-CargoWise platforms increased by $1.1m, driven by increased usage from FY21 and prior acquisitions and general price increases, partially offset by planned product exits and expected contraction in non-recurring revenue from acquisitions completed in FY21 and prior years. Revenue from non-CargoWise platforms included $0.1m of favorable FX movements (1H22: $2.4m unfavorable).

Revenue from OTL and support services decreased to $14.5m (1H22: $18.8m), reflecting an expected decrease in OTL and support services in non-CargoWise businesses as part of the CargoWise commercial model alignment.

Recurring revenue for the Group increased to 96% of total revenue in 1H23 (1H22: 93%) as a result of ongoing LGFF customer wins and rollouts, price increases and new product releases, as well as an expected contraction from acquisitions completed in FY21 and prior years from OTL and support services as noted above.

The customer attrition rate for the CargoWise platform remains extremely low, less than 1%, as it has been since we started measuring more than 10 years ago[4]. Our customers stay and grow their transaction usage due to the productivity and deep capabilities of our platform.

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. We use foreign exchange instruments to hedge against currency movements.

Gross profit and gross profit margin

Gross profit increased by $82.8m, up 35% in line with revenue growth, to $321.3m (1H22: $238.6m) and the gross profit margin remained strong at 85% (1H22: 85%), with revenue growth offsetting increased investment in resources to build scale and drive future growth.

---

3. 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.
4. Annual attrition rate is a customer attrition measurement relating to the CargoWise platform (excluding any customers on non-CargoWise 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 expenses

Our strong revenue growth and efficient operating model continues to drive enhanced operating leverage and margin expansion. The Company is focused on ongoing financial discipline with overall operating expenses as a % of revenue excluding M&A costs reduced by 3pp on 1H22.

Total R&D investment: In 1H23, we continued our significant investment in product innovation to further develop our software platform and to build our innovation pipeline. Our R&D investment for the period increased by 37% net to $115.1m (1H22: $83.9m), reflecting an expected step up in R&D investment and hiring to drive future revenue growth. This increase was partially offset by the planned reduction in non-CargoWise platforms and resulting cost reductions. In 1H23, 30% of total revenue was reinvested in R&D (1H22: 30%).

Product design and development expense increased by 21% to $80.9m (1H22: $66.7m), reflecting:

- an expected investment in CargoWise innovation and development partially offset by decreasing cost to support non-CargoWise platforms;
- our significant ongoing investment in the development and maintenance of CargoWise;
- increased investment in hiring and retaining high-quality talent globally; and
- increased amortization, primarily due to continued capitalized development investment.

Capitalized development investment increased to $60.7m (1H22: $38.8m), driven by increased investment focused on WiseTech's six key development priorities. Overall percentage of R&D capitalized was 53%, up 7pp on 1H22, and above our target range of 40%–50%. This is anticipated to continue in the medium term and reflects the acceleration of new strategic development priorities which have higher capitalization rates than existing products, supported by favorable hiring conditions.

As a result of our significant R&D investment, in 1H23 we delivered 577 new CargoWise product enhancements, bringing total product enhancements in the last five years to over 5,200. This was moderated by a focus on larger long-term products and features, a number of new features that are in pilot with customers, as well as increased work on core optimization which benefits all customers and drives future price increases and usage growth.

Sales and marketing expense increased to $26.8m (1H22: $22.5m), reflecting our targeted focus on Top 25 Global Freight Forwarders and top 200 global logistics providers.

General and administration expense increased to $63.5m (1H22: $41.9m), representing 17% of total revenue (1H22: 15%), primarily driven by a $9.9m ($10.1m in 1H23: $0.2m in 1H22) increase in M&A expenses. Our General and Administration expense excluding M&A costs was 14% of revenue in 1H23 (1H22: 15%), reflecting ongoing financial discipline.

Net finance income

Other net finance income in 1H23 of $2.5m (1H22: $1.8m net finance costs) included $2.4m of finance costs (1H22: $2.4m), comprising interest expenses and debt facility fees. Finance income of $4.9m (1H22: $0.5m) was due to interest income generated from increased cash balances and rising interest rates.

Cash flow

We continued to generate strong positive operating cash flows, demonstrating the highly cash-generative nature of the business and strength of our underlying operating model. Operating cash flow was up 51% on 1H22 to $203.4m, with net cash flows from operating activities of $181.0m (1H22: $130.8m). Free cash flow of $137.8m was up 53% on 1H22.

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

- $50.1m in intangible assets as we further developed and expanded our commercializable technology, resulting in capitalized development investment for both commercialized products and those yet to be launched (1H22: $34.5m);
- $15.6m in assets mostly related to data center expansion, IT infrastructure investments to enhance scalability, reliability and security (1H22: $10.0m); and

- $85.8m for two tuck-in acquisitions, and contingent payments for prior acquisitions (1H22: $3.4m).

Dividends of $20.2m (1H22: $11.8m) were paid in cash during 1H23, with shareholders choosing to reinvest an additional $0.7m of their dividends via the dividend reinvestment plan.

Our closing cash balance of $489.9m, with no outstanding debt, other than lease liabilities, provides significant financial headroom. In addition, we have an undrawn, unsecured, four-year, $225m bi-lateral debt facility supported by six banks at 31 December 2022.

Product strategy and integration progress

Our vision is to be the operating system for global logistics. Our focus is on six key development priorities, being landside logistics, warehouse, Neo, digital documents, customs and compliance, and international eCommerce. We continue to invest significantly in our own 'in-house' R&D and capabilities which enables us to fast track the expansion of CargoWise's functionality. Accelerating our capabilities in these areas will further embed CargoWise across the global supply chain ecosystem, broaden our market opportunity, and support future revenue growth over the medium to long-term.

Our 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 our IPO in 2016, we have completed 43 acquisitions, including two further tuck-ins in 1H23 in Bolero and Shipamax. The integration of both businesses, their respective technologies and teams into the CargoWise ecosystem is progressing well.

In addition, in early 2H23, we announced the acquisitions of Envase Technologies and Blume Global, leading providers of landside logistics solutions in North America. These acquisitions are strategically significant for WiseTech, extending and strengthening our position in one of our six key development priority areas. Expanded landside logistics capabilities is a logical adjacency in the supply chain process for WiseTech, extending our core customer proposition and addressable market. Moving forward, we will continue to evaluate further tuck-in acquisitions as well as larger, strategically significant acquisition opportunities where there is a compelling strategic rationale.

1H23 strategic highlights

We are focused on our vision by creating breakthrough products that enable and empower the supply chains of the world. We are extending the reach of our 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.

- We now have 47 LGFFs with global rollouts "Contracted and in Progress"[5] or "In Production"[6], including 11 of the Top 25 Global Freight Forwarders. In 1H23, we secured two new global rollout contracts with NTG Nordic Transport Group, IFB International Freightbridge, In early 2H23, we secured two more global rollouts, EMO Trans, and our first global customs rollout, with Kuehne + Nagel, the world's largest global freight forwarder.
- We also added three global rollouts organically through increased adoption of CargoWise by, DB Group, Jet Logistics, and Maersk[7].

Throughout 1H23, we continued our extensive product development program, investing $115.1m and 57% of our people in product development. CargoWise product development resources increased by 44% in 1H23 driven by new hire recruitment and transfers from non-CargoWise teams, delivering 577 product enhancements to the CargoWise platform. In 1H23, we completed two tuck-in acquisitions in Bolero and Shipamax, with their revenue contribution included in total CargoWise revenue for the half.

5. *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, who have less than 75% of expected registered users on CargoWise.
6. *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, excluding customers classified as *'Contracted and In Progress'*.
7. Maersk acquired Senator, LF Logistics, Martin Bencher and Pilot Freight Services. Maersk, A unified Maersk brand, 27 January 2023.

Post balance date events

Since period end, the Directors have declared a fully franked dividend of 6.60 cents per share, payable on 6 April 2023. The dividend will be recognized in subsequent period financial statements.

On 1 February 2023, the Group completed the acquisition of a 100% interest in Envase Technologies, a leading provider of transport management systems software for intermodal trucking and landside logistics in North America. Envase Technologies is expected to generate approximately USD 35.0m of revenue for the calendar year 2023 with an EBITDA margin in the low to mid 20% range. The transaction value consisted of consideration paid of USD 200.0m and payment of existing liabilities of USD 30.0m. To fund the transaction, the Group used existing cash reserves of USD 161.0m and USD 69.0m from the issuance of 1.8m shares, to the vendors; with an acquisition date fair value of $107.1m. The number of shares issued was determined by reference to the Company's volume weighted average share price and average foreign exchange rates preceding the acquisition date. In addition, one-off transaction costs of approximately USD 10.0m will be paid from existing cash reserves of which approximately USD 5.0m were incurred and recognised in the half-year ending 31 December 2022 and recorded within General and administration expenses. The Group is not in a position to present information related to the acquisition date fair values of assets acquired and liabilities assumed along with any goodwill that may arise from the acquisition of the Envase Technologies due to the proximity of the acquisition date to the date of release of these interim Consolidated financial statements.

On 17 February 2023, the Group announced the acquisition of a 100% interest in Blume Global, provider of a leading solution facilitating intermodal rail in North America. Blume Global is expected to generate FY24 revenues in the range of USD 65.0m to USD 70.0m representing annual growth of 45% to 55%. Before operational synergies, on a standalone basis, Blume Global expects to achieve FY24 EBITDA margins of approximately 10% and be cash flow breakeven by the end of FY24. The acquisition is valued at USD 414.0m. To fund the transaction, the Group expects to utilize USD 134.8m from existing cash reserves, USD 155.0m of debt from new facilities and USD 124.2m from the issuance of an estimated 3.1m shares, to the vendors. In addition, one-off transaction costs of approximately USD 10.0m will be paid from existing cash reserves of which approximately USD 0.4m were incurred and recognized in the half-year ended 31 December 2022 and recorded within General and administration expenses. The transaction is subject to customary conditions precedent including receipt of US regulatory approval and is expected to complete in April 2023.

On 16 February 2023, the Group expanded its four-year $225.0m unsecured bi-lateral debt facility executed on 28 July 2021, adding $250.0m of new unsecured bi-lateral facilities to provide a total commitment of $475.0m. The facility remains undrawn and is expected to be utilized to complete the acquisition of Blume Global in April 2023.

Outlook for 2023

FY23 guidance is provided 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 1H23 Results presentation, the Company confirms FY23 guidance and updates for recent M&A activity, and 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%).

Directors' Report

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 Australian Securities and Investments Commission ("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 interim Consolidated financial statements due to rounding in millions to one place of decimals.

Auditor independence declaration

The lead auditor's independence declaration is set out on page 9 and forms part of the Directors' report for the six months ended 31 December 2022.

ASIC guidance

In line with previous periods and in accordance with the Corporations Act 2001, the Directors' report is unaudited. Notwithstanding this, the Directors' report (including the Review of operations) contains disclosures which are extracted or derived from the interim Consolidated financial report for the half-year ended 31 December 2022 which has been reviewed by the Group's independent auditor.

Signed in accordance with a resolution of the Directors:

Andrew Harrison

Chair

22 February 2023

Richard White

Executive Director, Founder and CEO

22 February 2023

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 review of WiseTech Global Limited for the half-year ended 31 December 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli
Partner

Sydney
22 February 2023

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2022

	Notes	31 Dec 2022 $M	31 Dec 2021 $M
Revenue	3	378.2	281.0
Cost of revenues		(56.9)	(42.4)
Gross profit		**321.3**	**238.6**
Product design and development		(80.9)	(66.7)
Sales and marketing		(26.8)	(22.5)
General and administration[1]		(63.5)	(41.9)
Total operating expenses		**(171.2)**	**(131.0)**
Operating profit		**150.1**	**107.6**
Finance income		4.9	0.5
Finance costs	4	(2.4)	(2.4)
Fair value gain on contingent consideration	15	-	0.1
Net finance income/(costs)		**2.5**	**(1.8)**
Profit before income tax		**152.6**	**105.8**
Income tax expense		(43.5)	(28.5)
Net profit after income tax		**109.0**	**77.4**
Other comprehensive income/(loss), net of tax			
Items that are/or may be reclassified to profit or loss			
Movement in cash flow hedges, net of tax		0.2	(5.9)
Exchange differences on translation of foreign operations		9.6	2.6
Other comprehensive income/(loss), net of tax		**9.8**	**(3.2)**
Total comprehensive income, net of tax		**118.9**	**74.1**
Earnings per share			
Basic earnings per share (cents)	5	33.4	23.8
Diluted earnings per share (cents)	5	33.3	23.7

[1]For the half-year ended 31 December 2022, included in General and administration expenses are $1.0m of restructuring expenses (2021: $0.5m) and $10.1m of M&A ("Mergers and Acquisitions") expenses (2021: $0.2m).

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

Consolidated statement of financial position

As at 31 December 2022

	Notes	31 Dec 2022 $M	30 Jun 2022 $M
Assets			
Current assets			
Cash and cash equivalents		489.9	483.4
Trade receivables		92.0	88.0
Current tax receivables		5.2	11.8
Derivative financial instruments		0.3	1.6
Other current assets		27.2	24.3
Total current assets		614.5	609.2
Non-current assets			
Intangible assets	7	1,105.3	961.2
Property, plant and equipment		89.7	75.8
Deferred tax assets		8.4	9.5
Derivative financial instruments		1.1	0.6
Other non-current assets		9.2	7.4
Total non-current assets		1,213.6	1,054.4
Total assets		**1,828.1**	**1,663.6**
Liabilities			
Current liabilities			
Trade and other payables		96.8	75.5
Lease liabilities	9	10.3	9.5
Deferred revenue		12.5	12.5
Employee benefits		22.6	23.3
Current tax liabilities		15.7	12.1
Derivative financial instruments		10.9	7.7
Other current liabilities	8	81.0	66.7
Total current liabilities		249.8	207.4
Non-current liabilities			
Lease liabilities	9	20.8	24.0
Employee benefits		5.3	4.9
Deferred tax liabilities		91.3	81.0
Derivative financial instruments		4.2	8.1
Other non-current liabilities	8	15.3	23.0
Total non-current liabilities		136.8	141.1
Total liabilities		**386.7**	**348.4**
Net assets		**1,441.5**	**1,315.2**
Equity			
Share capital		947.0	906.3
Reserves		(98.8)	(101.0)
Retained earnings		593.3	509.9
Total equity		**1,441.5**	**1,315.2**

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2022

	Share capital	Treasury share reserve	Acquisition reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total equity
	$M	$M	$M	$M	$M	$M	$M	$M
As at 1 July 2021	**827.8**	**(55.0)**	**(17.3)**	**(2.5)**	**47.9**	**(40.6)**	**345.8**	**1,106.0**
Net profit for the period	-	-	-	-	-	-	77.4	77.4
Other comprehensive loss, net of tax	-	-	-	(5.9)	-	2.6	-	(3.2)
Total comprehensive income/(loss)	-	-	-	(5.9)	-	2.6	77.4	74.1
Issue of share capital	70.8	(70.8)	-	-	-	-	-	-
Shares issued under acquisition	6.0	-	(0.1)	-	-	-	-	5.9
Dividends declared and paid	-	-	-	-	-	-	(12.5)	(12.5)
Shares issued under DRP	0.7	-	-	-	-	-	-	0.7
Transaction costs (net of tax)	(0.1)	-	-	-	-	-	-	(0.1)
Vesting of share rights	-	13.0	-	-	(11.0)	-	(2.0)	-
Equity settled share-based payment	-	-	-	-	11.7	-	-	11.7
Equity settled remuneration to Non-Executive Directors	0.1	-	-	-	(0.1)	-	-	-
Tax benefit from equity settled share-based payment	-	-	-	-	6.1	-	-	6.1
Revaluation of subsidiary due to hyperinflationary economy	-	-	-	-	-	-	0.3	0.3
Total contributions and distributions	77.6	(57.8)	(0.1)	-	6.8	-	(14.3)	12.1
Changes in ownership interest								
At 31 December 2021	**905.4**	**(112.9)**	**(17.4)**	**(8.4)**	**54.6**	**(38.0)**	**408.9**	**1,192.2**

Consolidated statement of changes in equity (continued)

For the half-year ended 31 December 2022

	Share capital	Treasury share reserve	Acquisition reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total equity
	$M	$M	$M	$M	$M	$M	$M	$M
As at 1 July 2022	**906.3**	**(109.2)**	**(17.4)**	**(12.7)**	**70.1**	**(31.8)**	**509.9**	**1,315.2**
Net profit for the period	-	-	-	-	-	-	109.0	109.0
Other comprehensive loss, net of tax	-	-	-	0.2	-	9.6	-	9.8
Total comprehensive income/(loss)	-	-	-	0.2	-	9.6	109.0	118.9
Issue of share capital	38.0	(38.0)	-	-	-	-	-	-
Shares issued under acquisition	1.8	-	(0.2)	-	-	-	-	1.6
Dividends declared and paid	-	-	-	-	-	-	(20.9)	(20.9)
Shares issued under DRP	0.7	-	-	-	-	-	-	0.7
Transaction costs (net of tax)	-	-	-	-	-	-	-	-
Vesting of share rights	-	24.0	-	-	(18.6)	-	(5.4)	-
Equity settled share-based payment	-	-	-	-	23.8	-	-	23.8
Equity settled remuneration to Non-Executive Directors	0.2	-	-	-	(0.3)	-	-	(0.1)
Tax benefit from equity settled share-based payment	-	-	-	-	1.6	-	-	1.6
Revaluation of subsidiary due to hyperinflationary economy	-	-	-	-	-	-	0.7	0.7
Total contributions and distributions	40.7	(14.0)	(0.2)	-	6.6	-	(25.6)	7.4
At 31 December 2022	**947.0**	**(123.2)**	**(17.6)**	**(12.5)**	**76.6**	**(22.2)**	**593.3**	**1,441.5**

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

Consolidated statement of cash flows

For the half-year ended 31 December 2022

	Notes	31 Dec 2022 $M	31 Dec 2021 $M
Operating activities			
Receipts from customers		402.6	289.8
Payments to suppliers and employees[1]		(199.2)	(155.1)
Income tax paid		(22.5)	(3.9)
Net cash flows from operating activities		**181.0**	**130.8**
Investing activities			
Acquisition of businesses, net of cash acquired		(85.8)	(3.4)
Payments for intangible assets		(50.1)	(34.5)
Purchase of property, plant and equipment (net of disposal proceeds)		(15.6)	(10.0)
Interest received		4.4	0.5
Net cash flows used in investing activities		**(147.1)**	**(47.3)**
Financing activities			
Proceeds from issue of shares		38.0	70.8
Transaction costs on issue of shares		(0.1)	(0.1)
Treasury shares acquired		(38.1)	(70.8)
Repayments of lease liabilities		(4.8)	(3.6)
Interest paid		(1.1)	(2.8)
Dividends paid	6	(20.2)	(11.8)
Net cash flows used in financing activities		**(26.2)**	**(18.3)**
Net increase in cash and cash equivalents		7.7	65.2
Cash and cash equivalents at 1 July		483.4	315.0
Effect of exchange differences on cash balances		(1.3)	0.1
Cash and cash equivalents at 31 December		**489.9**	**380.3**

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

Notes to the consolidated financial statements

For the half-year ended 31 December 2022

1. Corporate information

WiseTech Global Limited ("Company") is a company domiciled in Australia. These interim Consolidated financial statements comprise the Company and its controlled entities (collectively "Group") as at, and for the six months ended, 31 December 2022. 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. Summary of significant accounting policies

Basis of preparation

Statement of compliance

These interim Consolidated financial statements for the half-year ended 31 December 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the Consolidated financial statements as at, and for the year ended, 30 June 2022, together with any public announcements made by the Company during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations of the ASX Listing Rules. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual Consolidated financial statements as at, and for the year ended, 30 June 2022. A copy of the 2022 Annual Report is available on the Company's website, www.wisetechglobal.com

The interim Consolidated financial statements were authorized for issue by the Board of Directors on 22 February 2023.

Accounting policies

The accounting policies applied in these interim 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 2022.

Use of judgments and estimates

In preparing these interim Consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies were the same as those disclosed in the last annual financial statements.

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 financial statements due to rounding in millions to one place of decimals.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

3. Revenue

	31 Dec 2022 $M	31 Dec 2021 $M
Revenue		
Recurring On-Demand License revenue	324.3	225.0
Recurring One-Time License ("OTL") maintenance revenue	39.4	37.1
OTL and support services	14.5	18.8
Total revenue	**378.2**	**281.0**

4. Finance costs

	31 Dec 2022 $M	31 Dec 2021 $M
Unwinding interest on contingent consideration	0.4	0.5
Unwinding interest on lease liabilities	0.6	0.7
Lease liability interest capitalized to intangible assets	(0.1)	(0.1)
Interest expense and facility fees	0.8	0.8
Loss on net monetary position due to hyperinflationary economy	0.6	0.2
Other	0.1	0.3
Total finance costs	**2.4**	**2.4**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

5. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share ("EPS") computations:

	31 Dec 2022	31 Dec 2021
Net profit after income tax ($M)	109.0	77.4
Basic weighted average number of ordinary shares (in millions)	326.9	325.7
Basic EPS (cents)	**33.4**	**23.8**
Net profit after income tax ($M)	109.0	77.4
Basic weighted average number of ordinary shares (in millions)	326.9	325.7
Shares issuable in relation to equity-based compensation schemes (in millions)	0.1	0.1
Diluted weighted average number of ordinary shares (in millions)	327.0	325.7
Diluted EPS (cents)	**33.3**	**23.7**

Significant accounting policies

Basic EPS is calculated by dividing profit for the half-year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit for the half-year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period 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 half-year:

	31 Dec 2022 $M	31 Dec 2021 $M
Dividends on ordinary shares declared and paid:		
Final dividend in respect of previous reporting period		
(FY22: 6.40 cents per share, FY21: 3.85 cents per share)		
- Paid in cash	20.2	11.8
- Paid via DRP	0.7	0.7
	20.9	**12.5**

For the half-year ended 31 December 2022

7. Intangible assets

	Computer software	Development costs (WIP)	External software licenses	Goodwill	Intellectual property	Customer relationships	Trade names	Patents and other intangibles	Total
Year ended 30 June 2022	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
At 30 June 2021									
Cost	296.1	16.8	7.8	632.1	41.0	23.3	14.8	1.2	1,033.1
Accumulated amortization and impairment	(79.0)	-	(4.2)	(0.1)	(29.5)	(11.3)	(4.4)	(0.1)	(128.6)
Net book value	**217.1**	**16.8**	**3.6**	**632.0**	**11.5**	**12.0**	**10.4**	**1.1**	**904.5**
At 1 July 2021	217.1	16.8	3.6	632.0	11.5	12.0	10.4	1.1	904.5
Additions	-	82.2[1]	0.6	-	0.9	-	-	0.2	84.0
Transfers/reclassifications	74.6	(74.6)	-	-	-	-	-	-	-
Acquisition via business combination	-	-	-	6.1	0.3	0.1	0.2	-	6.8
Amortization	(33.5)	-	(1.4)	-	(4.0)	(2.3)	(1.6)	(0.1)	(43.0)
Exchange differences	0.8	-	-	8.0	-	0.4	(0.1)	-	9.0
Net book value at 30 June 2022	**258.9**	**24.5**	**2.8**	**646.2**	**8.6**	**10.1**	**9.0**	**1.1**	**961.2**
At 30 June 2022									
Cost	371.6	24.5	8.2	646.2	41.8	24.0	14.9	1.4	1,132.6
Accumulated amortization and impairment	(112.6)	-	(5.4)	(0.1)	(33.2)	(13.9)	(6.0)	(0.3)	(171.4)
Net book value	**258.9**	**24.5**	**2.8**	**646.2**	**8.6**	**10.1**	**9.0**	**1.1**	**961.2**
Half-year ended 31 December 2022									
At 1 July 2022	258.9	24.5	2.8	646.2	8.6	10.1	9.0	1.1	961.2
Additions	-	59.9[1]	1.5	-	0.2	-	-	-	61.7
Transfers/reclassifications	45.9	(45.9)	-	-	-	-	-	-	-
Acquisition via business combination	-	-	-	94.1	2.7	-	1.6	-	98.5
Amortization	(19.6)	-	(0.8)	-	(2.1)	(0.9)	(0.8)	-	(24.3)
Exchange differences	0.6	-	-	7.3	0.1	0.1	0.1	-	8.2
Net book value at 31 December 2022	**285.8**	**38.5**	**3.5**	**747.6**	**9.5**	**9.3**	**9.9**	**1.1**	**1,105.3**
At 31 December 2022									
Cost	418.2	38.5	9.8	747.7	45.2	24.2	16.8	1.5	1,301.7
Accumulated amortization and impairment	(132.4)	-	(6.2)	(0.1)	(35.6)	(14.9)	(6.8)	(0.4)	(196.5)
Net book value	**285.8**	**38.5**	**3.5**	**747.6**	**9.5**	**9.3**	**9.9**	**1.1**	**1,105.3**

[1]For the half-year ended 31 December 2022 includes $1.1m (2021: $1.0m) of depreciation charges on right-of-use assets and $0.1m (2021: $0.1m) of interest cost.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

8. Other liabilities

	31 Dec 2022 $M	30 Jun 2022 $M
Current		
Customer deposits[1]	40.8	39.0
Contingent consideration[2]	23.4	9.5
Deferred consideration[3]	1.8	1.8
Indirect taxes payable[4]	11.3	12.6
Customer payables	0.7	0.8
Other current liabilities	3.1	3.0
	81.0	**66.7**
Non-current		
Contingent consideration[2]	14.4	21.7
Other non-current liabilities	0.9	1.3
	15.3	**23.0**
	96.3	**89.6**

[1]Customer deposits represent amounts paid in advance by customers to prepay for services in exchange for price discounts.

[2]See note 15 for accounting policy and measurement of contingent consideration.

[3]Deferred consideration reflects the amount payable on acquisition which is time-based and not contingent on any performance conditions.

[4]Included in indirect taxes payable is a provisional amount related to indirect tax liabilities in overseas jurisdictions, which is likely to be finalized and settled in future periods.

9. Lease liabilities

	31 Dec 2022 $M	30 Jun 2022 $M
Current	10.3	9.5
Non-current	20.8	24.0
	31.1	**33.6**

The movements in lease liability balances are described below:

	31 Dec 2022 $M	31 Dec 2021 $M
Opening balance	33.6	35.0
Additions[1]	3.3	7.3
Acquisitions through business combinations	0.1	0.3
Payments	(6.9)	(5.3)
Unwinding interest on lease liabilities	0.6	0.7
Exchange differences	0.3	-
	31.1	**37.8**

[1]Additions to lease liabilities also includes remeasurement and modification of existing leases.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

10. Business combinations and acquisition of non-controlling interests

Acquisitions in period ended December 2022

During the half-year to 31 December 2022, the Group completed the following acquisitions:

Business acquired	Date of acquisition	Description of acquisition
Bolero.net Limited[1]	1 July 2022	Leading provider of electronic bills of lading and digital document capabilities to facilitate global trade
Shipamax Inc[2]	1 November 2022	Leading provider of document ingestion software

[1]Additional subsidiary entities acquired are Bolero International Limited, Bolero (Shanghai) Enterprise Management Consulting Co., Ltd, Bolero.net Inc., Bolero.net Limited and Bolero.net Singapore Pte. Ltd.
[2]Additional subsidiary entity acquired is Shipamax Ltd.

Neither of the acquisitions completed during the period are individually significant to the Group. 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 recognized as of that date.

	$M
Cash and cash equivalents	1.8
Trade receivables	1.5
Current tax receivables	1.3
Other current assets	1.3
Intangible assets	4.4
Property, plant and equipment	0.1
Trade and other payables	(4.2)
Lease liabilities	(0.1)
Deferred revenue	(4.0)
Employee benefits	(0.5)
Other liabilities	(0.1)
Deferred tax liabilities	(1.0)
Fair value of net identifiable assets acquired	**0.6**
Total consideration paid and payable	94.7
Less: Fair value of net identifiable assets acquired	(0.6)
Goodwill	**94.1**

Goodwill
The total goodwill arising on acquisition is $94.1m which relates predominantly to the key management, specialized 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. Goodwill is not expected to be deductible for tax purposes.

Consideration
The upfront consideration was $87.5m, with further contingent consideration payable of $7.6m. 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 was $7.2m. The acquisitions included $1.8m of cash and cash equivalents acquired.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

10. Business combinations and acquisition of non-controlling interests (continued)

Contribution of acquisitions to revenue and profits
These acquisitions contributed $5.3m to Group revenue and net profit of $0.2m from their respective dates of acquisition. If they had been acquired from 1 July 2022, the contribution to the Group revenue would have been $6.1m and nil impact to net profit.

M&A related expenses
The Group incurs M&A related expenses for activities undertaken during the current period and/or prior periods. The Group incurred $10.1m (2021: $0.2m) of expenses in the period ended 31 December 2022 to external service providers which are recorded within General and administration expenses.

11. Related party disclosures

A key management person ("KMP"), holds positions in other companies that result in them having control or significant influence over these companies. One of these companies transacted with the Group during the half-year. The terms and conditions of this transaction were no more favorable 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 (Founder and CEO) and the entity over which he has control or significant influence were as follows:

Director	**Transactions**	**Transaction values for half-year ended**		**Balance outstanding as at**	
		31 Dec 2022	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
		$000	**$000**	**$000**	**$000**
R White	Office lease[1]	407	484	-	-

The above agreement was made at normal market rates and was approved by the Related Party Committee ("RPC"). The RPC was disbanded in June 2022 and its responsibilities transfered to the Audit & Risk 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 ("USD") 0.6m.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

12. 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 categorized by type of revenue, recurring and non-recurring. This analysis is presented below:

	31 Dec 2022	31 Dec 2021
Continuing operations	**$M**	**$M**
Recurring On-Demand License revenue	324.3	225.0
Recurring OTL maintenance revenue	39.4	37.1
OTL and support services	14.5	18.8
Total revenue	**378.2**	**281.0**

Segment EBITDA[1]	187.3	137.7
Depreciation and amortization	(37.2)	(30.1)
Net finance income/(costs)	2.5	(1.8)
Profit before income tax	**152.6**	**105.8**
Income tax expense	(43.5)	(28.5)
Net profit after income tax	**109.0**	**77.4**

[1]Earnings before interest, tax, depreciation and amortization.

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 or comparative period.

Geographic information

Revenue generated by customer invoicing location:

	31 Dec 2022	31 Dec 2021
	$M	**$M**
Americas	109.2	82.1
Asia Pacific	118.3	87.5
Europe, Middle East and Africa	150.7	111.4
Total revenue	**378.2**	**281.0**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

13. Commitments and contingencies

Capital commitments

The Group does not have any capital commitments as at 31 December 2022 (FY22: nil).

Guarantees

The Group has not provided any material guarantees at 31 December 2022 (FY22: nil).

Contingent assets and liabilities

There were no contingent assets or liabilities that have been recognized by the Group in relation to current period ended 31 December 2022 (FY22: nil).

14. Events after the end of the reporting period

Dividends

Since the period end, the Directors have declared a fully franked interim dividend of 6.60 cents per share, payable on 6 April 2023. The dividend will be recognized in subsequent financial statements.

Acquisitions

Envase Technologies

On 1 February 2023, the Group completed the acquisition of a 100% interest in Envase Technologies, a leading provider of transport management systems software for intermodal trucking and landside logistics in North America. Envase Technologies is expected to generate approximately USD 35.0m of revenue for the calendar year 2023 with an EBITDA margin in the low to mid 20% range.

The transaction value consisted of consideration paid of USD 200.0m and payment of existing liabilities of USD 30.0m. To fund the transaction, the Group used existing cash reserves of USD 161.0m and USD 69.0m from the issuance of 1.8m shares, to the vendors; with an acquisition date fair value of $107.1m. The number of shares issued was determined by reference to the Company's volume weighted average share price and average foreign exchange rates preceding the acquisition date. In addition, one-off transaction costs of approximately USD 10.0m will be paid from existing cash reserves of which approximately USD 5.0m were incurred and recognized in the half-year ending 31 December 2022.

The Group is not in a position to present information related to the acquisition date fair values of assets acquired and liabilities assumed along with any goodwill that may arise from the acquisition of the Envase Technologies due to the proximity of the acquisition date to the date of release of these interim Consolidated financial statements.

14. Events after the end of the reporting period (continued)

Blume Global

On 17 February 2023, the Group announced the acquisition of a 100% interest in Blume Global, provider of a leading solution facilitating intermodal rail in North America. Blume Global is expected to generate FY24 revenues in the range of USD 65.0m to USD 70.0m representing annual growth of 45% to 55%. Before operational synergies, on a standalone basis, Blume Global expects to achieve FY24 EBITDA margins of approximately 10% and be cash flow breakeven by the end of FY24.

The acquisition is valued at USD 414.0m. To fund the transaction, the Group expects to utilise USD 134.8m from existing cash reserves, USD 155.0m of debt from new facilities and USD 124.2m from the issuance of an estimated 3.1m shares, to the vendors. In addition, one-off transaction costs of approximately USD 10.0m will be paid from existing cash reserves of which approximately USD 0.4m were incurred and recognized in the half-year ended 31 December 2022.

The transaction is subject to customary conditions precedent including receipt of US regulatory approval and is expected to complete in April 2023.

Debt facility

On 16 February 2023, the Group expanded its four-year $225.0m unsecured bi-lateral debt facility executed on 28 July 2021, adding $250.0m of new unsecured bi-lateral facilities to provide a total commitment of $475.0m. The facility remains undrawn and is expected to be utilized to complete the acquisition of Blume Global in April 2023.

Other than the matters discussed above, there has not arisen in the interval between 31 December 2022 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, 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.

15. Other disclosures

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 values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximize, 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 of 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 maximizes the receipts from the sale of the asset or minimizes 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.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

15. Other disclosures (continued)

Measurement of fair values (continued)

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

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized 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 categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

15. Other disclosures (continued)

Measurement of fair values (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.

31 December 2022	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Forward foreign exchange contracts	-	0.8	-	0.8
Foreign exchange collars	-	0.6	-	0.6
Total assets	**-**	**1.4**	**-**	**1.4**
Liabilities				
Forward foreign exchange contracts	-	5.7	-	5.7
Foreign exchange collars	-	9.4	-	9.4
Deferred consideration	-	1.8	-	1.8
Contingent consideration	-	-	37.7	37.7
Total liabilities	**-**	**16.9**	**37.7**	**54.6**

30 June 2022	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Forward foreign exchange contracts	-	1.3	-	1.3
Foreign exchange collars	-	0.9	-	0.9
Total assets	**-**	**2.2**	**-**	**2.2**
Liabilities				
Forward foreign exchange contracts	-	5.9	-	5.9
Foreign exchange collars	-	9.9	-	9.9
Deferred consideration	-	1.8	-	1.8
Contingent consideration	-	-	31.2	31.2
Total liabilities	**-**	**17.6**	**31.2**	**48.8**

Hedging instruments

The Group has recognized net liabilities measured at fair value in relation to derivative financial instruments (i.e. forward foreign exchange contracts and options - cash flow hedges). The derivative financial instruments are designated as financial assets and liabilities and deemed to be a Level 2 measurement of fair value. Changes in the fair value of derivative financial instruments are recognized in 'other comprehensive income'.

	31 Dec 2022 $M	**31 Dec 2021 $M**
Opening balance (pre-tax)	(13.7)	(3.0)
New contracts entered during the period	(1.1)	(0.9)
Contracts settled or closed during the year	2.8	1.0
Revaluation	(1.7)	(9.6)
Closing balance (pre-tax)	**(13.7)**	**(12.5)**

Deferred consideration

The Group has recognized liabilities measured at fair value in relation to deferred consideration arising out of acquisitions made by the Group. The deferred consideration is designated as a financial liability and deemed to be a Level 2 measurement of fair value. 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 deferred consideration to change significantly.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2022

15. Other disclosures (continued)

Measurement of fair values (continued)

Contingent consideration
The Group has recognized 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 recognized in profit or loss, unless the changes are measurement period adjustments.

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.

	31 Dec 2022	31 Dec 2021
	$M	$M
Opening balance 1 July	31.2	36.5
Change in fair value estimate[1]	-	(0.1)
Equity payments	(1.8)	(5.7)
Cash payments	(0.1)	(0.1)
Additions	7.2	0.7
Unwinding interest[1]	0.4	0.5
Foreign exchange differences[1]	0.8	0.5
Closing balance	**37.7**	**32.2**

[1]The effect on profit or loss is due to change in fair value estimate, unwinding of earnout interest on acquisitions and a portion of foreign exchange as indicated in the above reconciliation.

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations have been published but are not yet mandatory. The Group had no transactions that are materially affected by these standards and interpretations for the period ended 31 December 2022.

Directors' declaration

In the opinion of the Directors of WiseTech Global Limited:

1. the interim Consolidated financial statements and notes set out on pages 10 to 27, are in accordance with the *Corporations Act 2001* including:

    (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

    (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Andrew Harrison
Chair
22 February 2023

Richard White
Executive Director, Founder and CEO
22 February 2023

Independent Auditor's Review Report

To the shareholders of WiseTech Global Limited

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of WiseTech Global Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of WiseTech Global Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises WiseTech Global Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli
Partner

Sydney
22 February 2023