ASX Announcement: 2022/08

23 February 2022

WTC 1H22 Appendix 4D and financial report

Attached are the Appendix 4D and financial report for the half-year ended 31 December 2021.

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

Contact information

INVESTOR RELATIONS:		MEDIA:	
Ross Moffat	+61 412 256 224	Helen Karlis	+61 419 593 348

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 more than 165 countries, including 42 of the top 50 global third-party logistics providers and 24 of the 25 largest global freight forwarders worldwide[2]. Our flagship platform, CargoWise, forms an integral link in the global supply chain and executes over 72 billion data transactions annually.

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 4,600 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 platforms of acquired businesses whose customers may be counted with reference to installed sites

[2] Armstrong & Associates: Top 50 Global 3PLs & Top 25 Global Freight Forwarders ranked by 2020 logistics gross revenue/turnover and freight forwarding volumes

APPENDIX 4D
WiseTech Global Limited
For the half-year ended 31 December 2021

Results for announcement to the market

Six months ended 31 December ($M)			2021	2020
Revenue from ordinary activities	Up	18%	281.0	238.7
Statutory net profit after tax	Up	74%	77.4	44.4
Underlying net profit after tax[1]	Up	77%	77.3	43.6
Basic Earnings per share (cents)	Up	74%	23.8	13.7

[1]Underlying net profit after tax excludes fair value adjustments from changes to acquisition contingent consideration (FY21: $0.1m, FY20: $0.8m).

Dividends - Ordinary shares	Amount per security	Franked amount per security	Record date	Payment date
FY22 interim dividend	4.75 cents	4.75 cents	14 March 2022	8 April 2022
FY21 final dividend	3.85 cents	3.85 cents	13 September 2021	8 October 2021

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 16 March 2022 to 22 March 2022, 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 FY22 interim dividend is by 5pm (Sydney time) on 15 March 2022.

Net tangible assets ("NTA") backing

As at 31 December	2021	2020
NTA ($M)	259.8	160.6
Number of shares (in millions)	326.3	323.8
NTA per share (cents)	80	50

Review

This report is based on the consolidated financial statements for the half-year ended 31 December 2021 which have been reviewed by KPMG.

Directors' report

The Directors present their report together with the consolidated financial statements of the Group comprising WiseTech Global Limited ("Company") and its controlled entities for the half-year ended 31 December 2021 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 (Appointed: 1 December 2021)
- Teresa Engelhard
- Charles Gibbon
- Michael Gregg
- Maree Isaacs
- Michael Malone (Appointed: 1 December 2021)
- Arlene Tansey

Operating and financial review

for the half-year ended 31 December 2021

Review of operations

Principal activities

We are 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 over 165 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 42 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 hundreds of new product features and enhancements each year. This drives greater usage of our CargoWise platform, enabling the business to achieve sustainable, profitable growth. Our strategy of focusing on the *'3Ps' – Product; Penetration; and Profitability* – is designed to deliver 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 now secured a strong foundation for future technology development and geographic expansion, with 35 product development centers, including centers of excellence in Bangalore and Nanjing, and a headcount of 1,900 people globally across 35 countries.

1. Based on Armstrong & Associates Inc. Top 25 Global Freight Forwarders List ranked by 2020 logistics gross revenue/turnover and freight forwarding volumes - Updated 3 September 2021.

2. Based on Armstrong & Associates Inc: Top 50 Global Third Party Logistics Providers List ranked by 2020 logistics gross revenue/turnover – Updated 3 September 2021.

Summary of statutory financial performance

During the six months to 31 December 2021, we delivered solid revenue growth, driven mainly by increased market penetration, customer usage and adoption of our technology, as well a price change to CargoWise reflecting increased investment in product research and development (R&D), data center hardware and cyber security. We continued our significant investment in innovation and development and made considerable progress with our cost reduction initiatives to drive operational efficiencies and acquisition synergies across the business.

Revenue increased 18% to $281.0m (1H21: $238.7m)

Operating profit increased 75% to $107.6m (1H21: $61.4m)

Net profit after tax increased 74% to $77.4m (1H21: $44.4m)

Underlying net profit after tax increased 77% to $77.3m (1H21: $43.6m)

Basic earnings per share increased 74% to 23.8 cents (1H21: 13.7 cents)

Summary financial results[1]

	1H22 $m	1H21 $m	Change $m	Change %
Recurring On-Demand revenue	225.0	179.4	45.6	*25%*
Recurring One-Time License ("OTL") maintenance revenue	37.1	39.0	(1.9)	*(5)%*
OTL and support services	18.8	20.3	(1.5)	*(7)%*
Revenue	**281.0**	**238.7**	**42.3**	***18%***
Cost of revenues	(42.4)	(38.9)	(3.5)	*9%*
Gross profit	**238.6**	**199.7**	**38.9**	***19%***
Product design and development[2]	(66.7)	(64.1)	(2.5)	*4%*
Sales and marketing	(22.5)	(27.0)	4.6	*(17)%*
General and administration	(41.9)	(47.2)	5.3	*(11)%*
Total operating expenses	**(131.0)**	**(138.3)**	**7.3**	***(5)%***
Operating profit	**107.6**	**61.4**	**46.2**	***75%***
Net finance costs[3]	(1.9)	(1.3)	(0.6)	*43%*
Fair value gain on contingent consideration	0.1	0.8	(0.7)	*(90)%*
Profit before income tax	**105.8**	**60.8**	**44.9**	***74%***
Tax expense	(28.5)	(16.5)	(12.0)	*73%*
Net profit after tax	**77.4**	**44.4**	**33.0**	***74%***
Underlying net profit after tax[4]	**77.3**	**43.6**	**33.7**	***77%***

Key financial metrics	**1H22**	**1H21**	**Change**	**1H22[7]**
Recurring revenue %	**93%**	91%	2pp	99%
Gross profit margin %	**85%**	84%	1pp	90%
Product design and development as % total revenue[2]	**24%**	27%	(3)pp	20%
Sales and marketing as % total revenue	**8%**	11%	(3)pp	7%
General and administration as % total revenue	**15%**	20%	(5)pp	15%
Capitalized development investment ($m)[5]	**38.8**	38.3	0.5	32.5
R&D as a % of total revenue[6]	**30%**	35%	(5)pp	29%

1. Differences in tables are due to rounding, see page 16 Rounding of amounts.
2. Product design and development includes $21.5m (1H21: $19.4m) depreciation and amortization but excludes capitalized development investment.
3. Net finance costs includes finance income and finance costs but excludes fair value gain on contingent consideration.
4. Underlying net profit after tax excludes fair value adjustments from changes to acquisition contingent consideration (1H22: $0.1m, 1H21: $0.8m).
5. Includes patents and purchased external software licenses used in our products.
6. R&D is total investment in product design and development expense, excluding depreciation and amortization, but including capitalized development investment.
7. Excluding acquisitions; acquisitions are those businesses acquired since 2012 and not embedded into the CargoWise platform.

Revenue

Total revenue grew 18% to $281.0m (1H21: $238.7m). Increased revenue growth came from:

- 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;
- new CargoWise customers won in the period and growth from customers won in FY21;
- a price change implemented in 1H21 to partially offset increased product investment in R&D, data center hardware and cyber security;
- CargoWise revenue growth also includes $0.7m from two *'tuck-in'* acquisitions completed in 1H22, which are being integrated into the CargoWise ecosystem;
- partially offset by $9.2m of unfavorable foreign exchange (FX) movements (1H21: $3.6m unfavorable) and;
- a $0.7m decline in acquisition (non-CargoWise) revenue, in line with expectations.

Revenues from our existing and new CargoWise customers increased by $49.9m (excluding FX) (1H21: $24.8m), with $37.3m (1H21: $18.5m) from existing customers and $12.5m (1H21: $6.3m) from new customers driven by the success in securing additional large global rollouts in FY20 and FY21. Growth was mainly driven by increased usage of the CargoWise platform from existing customers adding transactions, seats and new sites, utilizing additional modules, growth from industry consolidation and growth from Large Global Freight Forwarder[3] rollouts. Part of the growth includes an approximate $11m price change implemented in 1H21 to offset increased product investment in R&D, data center hardware and cyber security, designed to deliver a highly efficient platform for our customers and ensure a return on these significant investments. CargoWise revenue growth also includes $0.7m from two '*tuck-in*' acquisitions completed in 1H22, which are being integrated into the CargoWise ecosystem. $6.8m of unfavorable FX was experienced in 1H22 (1H21: $1.4m unfavorable).

In 1H22, revenue growth for CargoWise was achieved across all existing customer cohorts (from FY06 & prior through to FY22).

Revenue from customers on acquired (non-CargoWise) platforms decreased by $0.7m in line with expectations, reflecting a $0.9m net reduction in revenue from acquisitions completed in FY20 and prior years, partially offset by a $0.2m increase in revenue from one acquisition in FY21. Revenue from acquired platforms included $2.4m of unfavorable FX movements (1H21: $2.3m unfavorable).

Revenue from OTL and support services decreased to $18.8m (1H21: $20.3m), driven by a decline in paid product enhancements in the acquired businesses as part of the CargoWise commercial model alignment. Acquired (non-CargoWise) businesses typically have higher levels of OTL and/or support services revenue and we expect these revenues to be flat or reduce as we transition the businesses to the CargoWise commercial model.

Recurring revenue 99% of our CargoWise revenue is recurring revenue, which is unchanged from 1H21. Recurring revenue for the Group increased from 91% in 1H21 to 93% in 1H22, reflecting higher growth in recurring revenues.

Customer attrition The attrition rate for the CargoWise platform continued to be extremely low, less than 1%, as it has been for the nine and a half years since we started measuring[4]. Our customers stay and grow their transaction usage due to the productivity and deep capabilities of our platform.

Licensing and transition Overall, including acquisitions, the percentage of On-Demand revenue is 80% of total revenue (1H21: 75%), reflecting the higher growth rates of On-Demand licensing versus other license types.

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.

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3. A Large Global Freight Forwarder is a CargoWise customer contracted to grow or who has grown either organically or contractually to 10 or more countries and 400 or more registered users on CargoWise.
4. Annual attrition rate is a customer attrition measurement relating to the CargoWise platform (excluding any customers on acquired (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.

Gross profit and gross profit margin

Gross profit increased by $38.9m, up 19%, to $238.6m (1H21: $199.7m). Gross profit growth was driven mainly by CargoWise revenue growth and cost reduction initiatives.

Gross profit margin increased to 85% (1H21: 84%), reflecting revenue growth from the CargoWise platform and the benefit from cost reduction initiatives. CargoWise gross profit margin was 90% (1H21: 92%) reflecting the consolidation of group wide services such as data centers which are now mainly included in CargoWise gross profit margin. The acquired (non-CargoWise) businesses have on average, higher product and service support costs and lower cost leverage due to their smaller size and commercial/license model maturity, which means they typically have a lower gross profit margin than CargoWise. Our cost reduction initiatives have led to improvements in acquisition gross profit margin, reducing the dilutive impact on overall gross profit margin.

Operating expenses

An *organization-wide efficiency and acquisition synergy program* has been undertaken to extract efficiencies by streamlining processes and teams and ensuring that resources are appropriately allocated to support scalability, growth and delivery of WiseTech's strategic vision. In 1H22, this program delivered a $19.7m net benefit (gross cost reductions of $20.2m offset by $0.5m of restructuring costs). This program is now well-progressed and we are on track to achieve a cost reduction run-rate of ~$45m for FY22, exceeding the previous target of ~$40m.

Total R&D investment: In 1H22, we continued our significant investment in product innovation to further develop our software platform and to build our innovation pipeline. Our research and development investment for the period increased by 1% net to $83.9m (1H21: $83.0m), reflecting efficiency and acquisition synergies savings offsetting increased investment in driving our strategic expansion of the CargoWise ecosystem. In 1H22, 30% of total revenue was reinvested in R&D (1H21: 35%). Throughout 1H22, our top development priorities included accelerating native customs and cross-border compliance builds in key markets. As of 31 December 2021, the CargoWise native customs functionality was in Production Release[5] across jurisdictions accounting for ~45% of global manufactured trade flows (up from ~35% in 1H21).

Product design and development expense increased by 4% to $66.7m (1H21: $64.1m), reflecting:

- our significant ongoing investment in the development and maintenance of CargoWise;
- increased investment in expanding and retaining our skilled development workforce;
- increased amortization, primarily due to continued capitalized development investment; and
- the effect of cost reductions in acquired businesses.

Capitalized development investment increased 1% to $38.8m (1H21: $38.3m), driven mainly by an increase in the investment in native customs, border and country compliance development. Costs related to development activity that is not commercializable and maintenance costs are expensed, including a project currently in research phase which has resulted in a lower capitalized development percentage. The project is expected to be capitalized once the research phase has successfully been completed.

Sales and marketing expense During 1H22, we invested 8% of revenue (1H21: 11%), or $22.5m (1H21: $27.0m), in sales and marketing. The decrease mainly reflects cost reductions in acquisitions and a more targeted sales and marketing focus on the Top 25 Global Freight Forwarders and top 200 global logistics providers.

General and administration expense decreased 11% to $41.9m (1H21: $47.2m), representing 15% of total revenue (1H21: 20%) driven by the benefits of our cost efficiency program in FY21. Our general and administration expense excluding restructuring costs, was 15% of revenue in 1H22 (1H21: 18%).

Throughout 1H22, and consistent with 1H21, we did not receive any material benefit from any COVID-19 government support programs globally.

5. CargoWise Customs is defined as in "production release" for a particular country when the product module has been released into the main CargoWise release build, available for production use by any customer, and is able to be used for all major customs import/export procedures.

Net finance costs

Fair value gain on contingent consideration reflects the impact of contingent consideration liability settlement and reassessment which, in 1H22, resulted in a net reduction of the contingent consideration liability and a corresponding non-cash (not taxed) fair value gain of $0.1m (1H21: $0.8m).

Other net finance costs Net finance costs in 1H22 of $1.9m (1H21: $1.3m) included $2.4m of finance costs (1H21: $2.1m), comprising interest expenses and debt facility fees. Finance income of $0.5m (1H21: $0.8m) reflected a reduction in interest rates globally partially offset by growing cash balances.

Cash flow

We continued to generate strong positive operating cash flows demonstrating the highly cash-generative nature of the business, with $134.7m of operating cash flow, up 46% on 1H21. 1H22 net cash flows from operating activities were $130.8m (1H21: $87.1m). Free cash flow of $90.3m was up 85% on 1H21. 1H22 cash flows include $0.9m of payments for restructuring activities.

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

- $34.5m 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 (1H21: $36.5m);
- $10.0m in assets mostly related to data centers and IT infrastructure investments to enhance scalability, reliability and security providing increased capacity for future growth (1H21: $6.9m); and
- $3.4m for a new acquisition, and contingent payments for prior year acquisitions (1H21: $5.5m).

Dividends of $11.8m (1H21: $5.0m) were paid in cash during 1H22, with shareholders choosing to reinvest an additional $0.7m of their dividends via the dividend reinvestment plan.

Our closing cash balance of $380.3m, 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, providing a solid financial foundation for future growth including supporting our acquisition strategy where we will focus on both smaller '*tuck-in*' acquisitions and larger strategically significant acquisition opportunities.

Product strategy and integration progress

WiseTech's vision is to be the operating system for global logistics. To achieve this, we have invested significantly in our product, particularly in-house R&D, building expertise through the recruitment of technology and industry experts, and strategic acquisitions that bring additional skills and resources as well as access to synergistic intellectual property.

We have completed a number of strategic acquisitions since listing on the ASX in 2016. We consider our strategic investments holistically, rather than individually in isolation. They are interconnected and designed to drive improved product capability, greater market penetration and sustainable profit growth. We are now well progressed in integrating the intellectual property from prior acquisitions into the CargoWise ecosystem and aligning the acquisition teams to CargoWise's development priorities.

Accordingly, we are now focused on the next strategic opportunities. Going forward we'll focus on both smaller '*tuck-in*' acquisitions and larger strategically significant acquisition opportunities. We are actively looking at, and executing on, '*tuck-in*' acquisitions, which are typically smaller acquisitions that 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. We have a very talented, successful, experienced and skilled team internally and we know our markets well which gives us confidence as we continue to explore and evaluate these opportunities.

1H22 strategic highlights

We are focused on our vision to be the operating system for global logistics by creating breakthrough products that enable and empower those that own and operate the supply chains of the world. We are extending the reach of the 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. Throughout 1H22, we made significant progress with our organization-wide efficiency program to maximize operating leverage and allocate resources to support ongoing growth.

- We have 40 Large Global Freight Forwarders with global rollouts "Contracted and in Progress"[6] or "In Production"[7], including 10 of the Top 25 Global Freight Forwarders. In 1H22, we have secured two new global rollout contracts (FedEx and Access World) and, post 31 December 2021, we have signed with Brink's Global Services.
- Throughout 1H22, we continued our extensive product development program, investing $83.9m and 53% of our people in product development, delivering 589 product upgrades and enhancements to the CargoWise platform

In 1H22, we completed two '*tuck-in*' acquisitions. These were Inobiz, which provides tools for designing and managing CargoWise connection to industry and between customers and Hazmatica, which provides hazardous materials compliance and management capabilities. Both these acquisitions, including their staff, knowledge and technology stacks are being integrated directly into the CargoWise ecosystem to provide benefits to existing CargoWise customers and as a result, their revenue contribution is included in CargoWise Revenue in 1H22.

Post balance date events

Since period end, the Directors have declared a fully franked interim dividend of 4.75 cents per share, payable on 8 April 2022. The dividend will be recognized in subsequent period financial statements.

Outlook for 2022

WiseTech provides the following guidance on the basis that market conditions do not materially change, noting in particular uncertainty around future economic and industrial production growth and/or global trade may lead to alternative outcomes. Prevailing uncertainties relating to sovereign and geopolitical risk may also reduce assumed growth rates.

Based on, and subject to, the underlying assumptions set out in the WiseTech 1H22 Results Investor Briefing Materials, we reaffirm our expectation that the FY22 revenue growth will be in the range of 18% to 25% (representing revenue of $600m - $635m) and upgraded EBITDA guidance from 26% to 38% (representing $260m - $285m) to 33% to 43% (representing $275m - $295m).

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6. *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.
7. *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.

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 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 10 and forms part of the Directors' report for the six months ended 31 December 2021.

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 consolidated interim financial report for the half-year ended 31 December 2021 which has been reviewed by the Group’s independent auditor.

Signed in accordance with a resolution of the Directors:

Andrew Harrison
Chair
23 February 2022

Richard White
Executive Director, Founder and CEO
23 February 2022

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 2021 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
23 February 2022

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2021

	Notes	31 Dec 2021 $M	31 Dec 2020 $M
Revenue	3	281.0	238.7
Cost of revenues		(42.4)	(38.9)
Gross profit		**238.6**	**199.7**
Product design and development		(66.7)	(64.1)
Sales and marketing		(22.5)	(27.0)
General and administration[1]		(41.9)	(47.2)
Total operating expenses		**(131.0)**	**(138.3)**
Operating profit		**107.6**	**61.4**
Finance income		0.5	0.8
Finance costs	4	(2.4)	(2.1)
Fair value gain on contingent consideration	15	0.1	0.8
Net finance (costs)/income		**(1.8)**	**(0.5)**
Profit before income tax		**105.8**	**60.8**
Income tax expense		(28.5)	(16.5)
Net profit after income tax		**77.4**	**44.4**
Other comprehensive loss, net of tax			
Items that are/or may be reclassified to profit or loss			
Movement in cash flow hedges, net of tax		(5.9)	5.3
Exchange differences on translation of foreign operations		2.6	(20.5)
Other comprehensive loss, net of tax		**(3.2)**	**(15.2)**
Total comprehensive income, net of tax		**74.1**	**29.2**
Earnings per share			
Basic earnings per share (cents)	5	23.8	13.7
Diluted earnings per share (cents)	5	23.7	13.7

[1]For the half-year ended 31 December 2021, $0.5m of restructuring expenses are included in General and administration expenses (2020: $5.1m).

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

Consolidated statement of financial position

As at 31 December 2021

	Notes	31 Dec 2021 $M	30 Jun 2021 $M
Assets			
Current assets			
Cash and cash equivalents		380.3	315.0
Trade receivables		69.2	74.1
Derivative financial instruments		1.2	2.9
Other current assets		25.8	22.6
Total current assets		476.6	414.6
Non-current assets			
Intangible assets	7	932.4	904.5
Property, plant and equipment		70.2	64.1
Deferred tax assets		11.0	11.0
Derivative financial instruments		0.4	0.4
Other non-current assets		5.5	5.1
Total non-current assets		1,019.6	985.2
Total assets		**1,496.1**	**1,399.8**
Liabilities			
Current liabilities			
Trade and other payables		57.4	59.3
Lease liabilities	9	9.5	9.8
Deferred revenue		11.2	25.8
Employee benefits		20.3	20.7
Current tax liabilities		19.4	7.5
Derivative financial instruments		7.5	2.1
Other current liabilities	8	65.5	62.8
Total current liabilities		190.9	188.0
Non-current liabilities			
Lease liabilities	9	28.3	25.2
Employee benefits		3.2	2.1
Deferred tax liabilities		62.5	58.3
Derivative financial instruments		6.6	4.3
Other non-current liabilities	8	12.5	16.0
Total non-current liabilities		113.1	105.9
Total liabilities		**303.9**	**293.9**
Net assets		**1,192.2**	**1,106.0**
Equity			
Share capital		905.4	827.8
Reserves		(122.1)	(67.7)
Retained earnings		408.9	345.8
Total equity		**1,192.2**	**1,106.0**

These 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 2021

	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 2020	**779.8**	**(32.1)**	**(17.0)**	**3.2**	**26.0**	**(17.6)**	**261.2**	**1,003.4**
Net profit for the period	-	-	-	-	-	-	44.4	44.4
Other comprehensive income/(loss)	-	-	-	5.3	-	(20.5)	-	(15.2)
Total comprehensive income/(loss)	-	-	-	5.3	-	(20.5)	44.4	29.2
Shares issued under acquisition	10.4	-	-	-	-	-	-	10.4
Dividends declared and paid	-	-	-	-	-	-	(5.2)	(5.2)
Shares issued under DRP	0.2	-	-	-	-	-	-	0.2
Vesting of share rights	-	9.4	-	-	(10.4)	-	0.9	-
Equity settled share-based payment	-	-	-	-	9.7	-	-	9.7
Tax benefit from equity remuneration	-	-	-	-	-	-	0.2	0.2
Revaluation by subsidiary due to hyperinflationary economy	-	-	-	-	-	-	0.1	0.1
Total contributions and distributions	10.6	9.4	-	-	(0.7)	-	(4.0)	15.4
Changes in ownership interest								
Acquisition of non-controlling interest without a change in control	-	-	(0.3)	-	-	-	-	(0.3)
At 31 December 2020	**790.3**	**(22.6)**	**(17.4)**	**8.5**	**25.3**	**(38.1)**	**301.6**	**1,047.6**

Consolidated statement of changes in equity (continued)

For the half-year ended 31 December 2021

	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 income/(loss)	-	-	-	(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 remuneration	-	-	-	-	6.1	-	-	6.1
Revaluation by 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
At 31 December 2021	**905.4**	**(112.9)**	**(17.4)**	**(8.4)**	**54.6**	**(38.0)**	**408.9**	**1,192.2**

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

Consolidated statement of cash flows

For the half-year ended 31 December 2021

	Notes	31 Dec 2021 $M	31 Dec 2020 $M
Operating activities			
Receipts from customers		289.8	243.0
Payments to suppliers and employees[1]		(155.1)	(150.9)
Income tax paid		(3.9)	(5.0)
Net cash flows from operating activities		**130.8**	**87.1**
Investing activities			
Acquisition of businesses, net of cash acquired		(3.4)	(5.5)
Payments for intangible assets		(34.5)	(36.5)
Purchase of property, plant and equipment (net of disposal proceeds)		(10.0)	(6.9)
Interest received		0.5	0.8
Net cash flows used in investing activities		**(47.3)**	**(48.1)**
Financing activities			
Proceeds from issue of shares		70.8	-
Transaction costs on issue of shares		(0.1)	-
Treasury shares acquired		(70.8)	-
Repayments of lease liabilities		(3.6)	(4.2)
Interest paid		(2.8)	(1.2)
Dividends paid	6	(11.8)	(5.0)
Net cash flows used in financing activities		**(18.3)**	**(10.4)**
Net increase in cash and cash equivalents		65.2	28.6
Cash and cash equivalents at 1 July		315.0	223.7
Effect of exchange differences on cash balances		0.1	(0.8)
Cash and cash equivalents at 31 December		**380.3**	**251.4**

[1]For the half-year ended 31 December 2021, $0.9m of payments related to restructuring programs are included in Payments to suppliers and employees (2020: $5.1m).

These 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 2021

1. Corporate information

WiseTech Global Limited ("Company") is a company domiciled in Australia. These consolidated interim financial statements comprise the Company and its controlled entities (collectively "Group") as at, and for the six months ended, 31 December 2021. 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 consolidated interim financial statements for the half-year ended 31 December 2021 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 2021, together with any public announcements made by the Company during the half-year ended 31 December 2021 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 2021. A copy of the 2021 Annual Report is available on the Company's website, www.wisetechglobal.com

The consolidated interim financial statements were authorized for issue by the Board of Directors on 23 February 2022.

Accounting policies

The accounting policies applied in these consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at, and for the year ended, 30 June 2021.

Use of judgments and estimates

In preparing these consolidated interim 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 2021

3. Revenue

	31 Dec 2021 $M	31 Dec 2020 $M
Revenue		
Recurring On-Demand revenue	225.0	179.4
Recurring One-Time License ("OTL") maintenance revenue	37.1	39.0
OTL and support services	18.8	20.3
Total revenue	**281.0**	**238.7**

4. Finance costs

	31 Dec 2021 $M	31 Dec 2020 $M
Unwinding interest on contingent consideration	0.6	0.6
Unwinding interest on lease liabilities	0.7	0.9
Lease liability interest capitalized to intangible assets	(0.1)	(0.2)
Interest expense and facility fees	0.8	0.7
Other	0.5	0.1
Total finance costs	**2.4**	**2.1**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2021

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 2021	31 Dec 2020
Net profit after income tax ($M)	77.4	44.4
Basic weighted average number of ordinary shares (in millions)	325.7	324.8
Basic EPS (cents)	**23.8**	**13.7**
Net profit after income tax ($M)	77.4	44.4
Basic weighted average number of ordinary shares (in millions)	325.7	324.8
Shares issuable in relation to equity-based compensation schemes (in millions)	0.1	0.1
Diluted weighted average number of ordinary shares (in millions)	325.7	324.8
Diluted EPS (cents)	**23.7**	**13.7**

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 2021 $M	31 Dec 2020 $M
Dividends on ordinary shares declared and paid:		
Final dividend in respect of previous reporting period		
(FY21: 3.85 cents per share, FY20: 1.60 cents per share)		
- Paid in cash	11.8	5.0
- Paid via DRP	0.7	0.2
	12.5	**5.2**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2021

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 2021	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
At 30 June 2020									
Cost	217.1	19.1	6.6	653.0	41.6	24.1	15.2	0.4	977.0
Accumulated amortization and impairment	(52.6)	-	(3.0)	(0.1)	(24.2)	(9.1)	(3.0)	(0.1)	(92.0)
Net book value	**164.5**	**19.1**	**3.6**	**652.9**	**17.4**	**14.9**	**12.2**	**0.3**	**885.0**
At 1 July 2020	164.5	19.1	3.6	652.9	17.4	14.9	12.2	0.4	885.0
Additions	-	77.6[1]	1.9	-	-	-	-	0.8	80.3
Transfers/reclassifications	79.9	(79.9)	(0.7)	0.7	-	-	-	-	-
Acquisition via business combination	-	-	-	1.8	0.1	-	0.1	-	2.0
Amortization	(26.5)	-	(1.2)	-	(5.6)	(2.3)	(1.5)	(0.1)	(37.2)
Exchange differences	(0.8)	-	-	(23.4)	(0.4)	(0.6)	(0.4)	-	(25.6)
Net book value at 30 June 2021	**217.1**	**16.8**	**3.6**	**632.0**	**11.5**	**12.0**	**10.4**	**1.1**	**904.5**
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**
Half-year ended 31 December 2021									
At 1 July 2021	217.1	16.8	3.6	632.0	11.5	12.0	10.4	1.1	904.5
Additions	-	38.1[1]	0.7	-	-	-	-	0.1	38.8
Transfers/reclassifications	35.5	(35.5)	-	-	-	-	-	-	-
Acquisition via business combination	-	-	-	6.1	0.3	0.1	0.2	-	6.8
Amortization	(15.4)	-	(0.7)	-	(2.1)	(1.2)	(0.9)	(0.1)	(20.4)
Exchange differences	0.4	-	-	2.2	-	0.1	-	-	2.7
Net book value at 31 December 2021	**237.7**	**19.4**	**3.5**	**640.4**	**9.6**	**11.0**	**9.8**	**1.1**	**932.4**
At 31 December 2021									
Cost	332.1	19.4	8.4	640.4	41.1	23.5	15.0	1.3	1,081.3
Accumulated amortization and impairment	(94.5)	-	(4.9)	(0.1)	(31.5)	(12.5)	(5.3)	(0.2)	(148.9)
Net book value	**237.7**	**19.4**	**3.5**	**640.4**	**9.6**	**11.0**	**9.8**	**1.1**	**932.4**

[1]For the half-year ended 31 December 2021 includes $1.0m (FY20: $1.2m) of depreciation charges on right-of-use (ROU) assets and $0.1m (FY20: $0.2m) of interest cost.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2021

8. Other liabilities

	31 Dec 2021 $M	30 Jun 2021 $M
Current		
Customer deposits	31.6	30.9
Contingent consideration	22.2	21.4
Indirect taxes payable[1]	8.6	7.9
Customer payables	0.7	0.6
Other current liabilities	2.3	1.9
	65.5	**62.8**
Non-current		
Contingent consideration	10.0	15.0
Deferred consideration	1.9	-
Other non-current liabilities	0.6	1.0
	12.5	**16.0**
	77.9	**78.8**

[1]Included in indirect taxes payable is a provisional amount related to indirect tax liabilities in overseas jurisdictions, which is likely to be finalised and settled in FY22.

9. Lease liabilities

	31 Dec 2021 $M	30 Jun 2021 $M
Current		
Lease liabilities	9.5	9.8
	9.5	**9.8**
Non-current		
Lease liabilities	28.3	25.2
	28.3	**25.2**
	37.8	**35.0**

The movements in lease liability balances are described below:

	31 Dec 2021 $M	31 Dec 2020 $M
Opening balance	35.0	45.8
Additions[1]	7.3	0.7
Acquisitions through business combinations	0.3	0.1
Payments	(5.3)	(6.0)
Unwinding interest on lease liabilities	0.7	0.9
Exchange differences	-	(0.8)
	37.8	**40.7**

[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 2021

10. Business combinations and acquisition of non-controlling interests

Acquisitions in period ended December 2021

During the half-year to 31 December 2021, the Group completed the following acquisitions:

Business acquired	Date of acquisition	Description of acquisition
Inobiz AB	1 October 2021	Messaging mapping solutions provider in Sweden
Hazmatica[1]	1 November 2021	US-based hazardous materials transportation software solutions provider

[1]Asset acquisition

Neither of the acquisitions completed during the period are individually significant. 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	1.1
Trade receivables	0.4
Current tax receivable	0.1
Intangible assets	0.6
Property, plant and equipment	0.3
Trade and other payables	(0.4)
Deferred revenue	(0.4)
Other current liabilities	(0.1)
Lease liabilities	(0.3)
Deferred tax liabilities	(0.2)
Fair value of net assets acquired	**1.1**
Total consideration paid and payable	7.2
Less: Fair value of net identifiable assets acquired	(1.1)
Goodwill	**6.1**

Goodwill
The total goodwill arising on acquisition is $6.1m 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. The total amount of goodwill expected to be deducted for tax purposes is $1.7m.

Consideration
The upfront consideration was $4.7m (cash $4.4m and equity shares $0.2m), with further deferred consideration and contingent consideration payable of $2.0m and $0.8m respectively. Contingent consideration is based on a number of milestones, including the successful integration of the business acquired. At acquisition, the discounted fair value of deferred consideration and contingent consideration were $1.9m and $0.7m respectively. The acquisitions included $1.1m of cash and cash equivalents acquired. The Group incurred acquisition-related costs of $0.2m (FY21: $0.2m) to external service providers in addition to internal costs which are recorded within general and administration expenses.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2021

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

Contribution of acquisitions to revenue and profits
These acquisitions contributed $0.7m to Group revenue and no contribution to the net profit from their respective dates of acquisition. If they had been acquired from 1 July 2021, the contribution to the Group revenue would have been $1.3m and a reduction to net profit of $0.1m respectively.

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. Some of these companies transacted with the Group during the half-year. The terms and conditions of these transactions 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 (CEO) and entities over which he has control or significant influence were as follows:

		Transaction values for half-year ended		Balance outstanding as at	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Director	**Transactions**	**$000**	**$000**	**$000**	**$000**
R White	Office leases[1]	484	1,690	-	-
R White	Office services agreement[2]	-	(10)	-	-

The above agreements are made at normal market rates and approved by the Related Party 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 0.6m. In FY20, the Group leased an office owned by R White in Alexandria, Australia with a term ending April 2025 and annual rent of Australian Dollars 2.5m. In May 2021, R White completed the sale of the Alexandria property to an unrelated party. Both leases were determined in accordance with advice from independent property valuers.

[2]The Group provided office accommodation and related services to a company controlled by R White. The service agreement was terminated in FY21.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2021

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 2021	31 Dec 2020
Continuing operations	**$M**	**$M**
Recurring On-Demand revenue	225.0	179.4
Recurring OTL maintenance revenue	37.1	39.0
OTL and support services	18.8	20.3
Total revenue	**281.0**	**238.7**
Segment EBITDA[1]	137.7	89.2
Depreciation and amortization	(30.1)	(27.8)
Net finance (costs)/income	(1.8)	(0.5)
Profit before income tax	**105.8**	**60.8**
Income tax expense	(28.5)	(16.5)
Net profit after income tax	**77.4**	**44.4**

[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 2021	31 Dec 2020
	$M	**$M**
Americas	82.1	67.0
Asia Pacific	87.5	76.4
Europe, Middle East and Africa	111.4	95.2
Total revenue	**281.0**	**238.7**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2021

13. Commitments and contingencies

Capital commitments

The Group has undelivered purchase orders for plant and equipment as at 31 December 2021 amounting to $13.5m (FY21: nil).

Guarantees

The Group has not provided any material guarantees at 31 December 2021 (FY21: 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 2021 (FY21: 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 4.75 cents per share, payable on 8 April 2022. The dividend will be recognized in subsequent financial statements.

Other than the matters discussed above, there has not arisen in the interval between 31 December 2021 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.

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.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2021

15. Other disclosures (continued)

Measurement of fair values (continued)

Fair value hierarchy
Significant valuation issues are reported to the Audit & Risk Committee.

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.

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. The fair value and carrying value of financial assets and financial liabilities is the same and disclosed in the Statement of financial position.

31 December 2021	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Forward foreign exchange contracts	-	1.0	-	1.0
Foreign exchange collars	-	0.6	-	0.6
Total assets	**-**	**1.6**	**-**	**1.6**
Liabilities				
Forward foreign exchange contracts	-	7.7	-	7.7
Foreign exchange collars	-	6.4	-	6.4
Deferred consideration	-	-	1.9	1.9
Contingent consideration	-	-	32.2	32.2
Total liabilities	**-**	**14.1**	**34.1**	**48.2**

30 June 2021	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Forward foreign exchange contracts	-	2.9	-	2.9
Foreign exchange collars	-	0.4	-	0.4
Total assets	**-**	**3.3**	**-**	**3.3**
Liabilities				
Forward foreign exchange contracts	-	4.0	-	4.0
Foreign exchange collars	-	2.3	-	2.3
Contingent consideration	-	-	36.5	36.5
Total liabilities	**-**	**6.3**	**36.5**	**42.8**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2021

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 2021	31 Dec 2020
	$M	$M
Opening balance 1 July	36.5	54.2
Change in fair value estimate[1]	(0.1)	(0.8)
Equity payments	(5.7)	(10.4)
Cash payments	(0.1)	(3.9)
Additions	0.7	0.6
Unwinding interest[1]	0.5	0.6
Exchange differences[1]	0.5	(1.0)
Closing balance 31 December	**32.2**	**39.3**

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

Uncertain tax position

WiseTech recognises tax benefits and liabilities for uncertain tax positions in accordance with IFRS interpretation IFRIC 23. The Group has investigated the application of legislation which may provide tax deductions for certain payments relating to acquisitions. During the period WiseTech lodged amended returns for the income tax years FY18, FY19 and FY20, and lodged the FY21 income tax return applying the same interpretation of the legislation. The Australian Taxation Office (ATO) has advised WiseTech they are reviewing the legislation applicable to this matter, which is complex in nature.

If accepted, the application of legislation will provide a tax benefit to the Group totalling $11.7m. At 31 December 2021, $8.3m had been received by way of a procedural cash refund in respect of a portion of the amended tax returns and was recorded in tax liabilities. The remaining $3.4m had not been received at 31 December 2021 and no tax receivable position was established at 31 December 2021. Subsequent to 31 December 2021 $1.8m has been received and $1.6m remains outstanding.

Based on the information available to the Directors, noting that discussions with the ATO are in preliminary stages, no amounts have been reflected in tax expense given the uncertainties that exist and the untested nature of the deductions.

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 2021.

Directors' declaration

In the opinion of the Directors of WiseTech Global Limited:

1. the condensed consolidated financial statements and notes set out on pages 11 to 26, 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 2021 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
23 February 2022

Richard White
Executive Director, Founder and CEO
23 February 2022

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 2021 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 2021
- 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 2021 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
23 February 2022