WISETECH GLOBAL

FY23 RESULTS INVESTOR BRIEFING

23 August 2023

Speakers:

Richard White, Founder & CEO

Andrew Cartledge, CFO

Richard White CEO & Founder

Slide 4 – FY23 highlights

Good morning everyone, and thank you for joining us today for our FY23 results briefing.

Before getting into the financial highlights, I want to draw your attention to four key points we are going to focus on in today's presentation:

- We have delivered a strong FY23 financial performance and FY24 outlook, underpinned by continued growth in the number of large global freight forwarder rollouts;
- We signed our first global customs rollout in the second half of FY23, and FedEx Trade Networks has recently confirmed they intend to roll out CargoWise global customs alongside their ongoing global forwarding rollout;
- We have executed a strategic move into landside logistics initially with North America; and
- We have substantially increased our global development capability from just over 1,000 staff at the beginning of FY23 to now over 1,800, resulting in 60% of our workforce now focused on product development, in order to further accelerate our product delivery and address new markets.
- This substantial increase in scale and development throughput is driving our continued investment and focus on product innovation. So, I am pleased to announce:
    - The release of the ***CargoWise Warehouse Suite***, one of our six key development priorities, featuring five highly differentiated, advanced warehouse modalities, each purpose built for integrated international forwarding and landside logistics needs,

    AND

    - The release this month of ***CargoWise Neo*** to production customers, another of our six development priorities.

These important product releases again demonstrate our continued strong investment in future growth. Our goal is to drive innovation within the CargoWise ecosystem, so that it is a 'must have' for large global forwarders and logistics operators.

We are exactly where we planned to be, as we head into FY24, and this is down to the exceptional WiseTech team, which grew during the year to more than 3,000 people globally. Their hard work and relentless focus has enabled us to make great progress in realizing our vision to ***be the operating system for global logistics***. I salute them all and their passion, dedication, and work ethic; without them, none of this would be possible.

Slide 5 – FY23 – strong financial performance

In FY23 we delivered total revenue of $816.8 million, representing a $184.6 million, or a 29% increase on FY22. This demonstrates the resilience of our business model and continued strong momentum.

Organically, total revenue was up 21%. As we did at the half year, we have separated out the organic growth to provide understanding and transparency to our results following our substantial acquisitions. Andrew will provide more details in his presentation.

The vast majority of growth came from CargoWise, with revenue up 41% to $659.6 million, an outstanding result. This is driving a 7 percentage point increase in our recurring revenue base to 96%, making our business very stable and predictable. Our customer attrition rate remains at less than 1%, where it has been for the last 11 years.

EBITDA excluding M&A costs grew 28%, or $90.8 million, to $412.1 million and is in line with the top end of our guidance range. EBITDA was up 21% to $385.7 million versus the prior corresponding period. As we explained at the half year results for FY23, due to the near-term dilutive impact of recent M&A, our EBITDA margin was down 3 percentage points to 47%. Our organic EBITDA was up 27%, with an EBITDA margin up 2 percentage points to 53%, reflecting the benefit of new customers, new product releases, price increases, and our enhanced operating leverage and ongoing financial discipline.

Our Underlying NPAT for the year was up 30% to $247.6 million, and our free cash flow for FY23 of $291.4 million was up 23% on FY22. We are delivering high quality earnings giving us plenty of headroom to execute on our organic growth plans and further acquisition opportunities that may arise.

The final dividend of 8.40 cents per share is up 31% on FY22, representing a payout ratio of 20% of Underlying NPAT.

This was against a backdrop of softening global trade flows as geopolitical frictions, persistent inflationary pressures and interest rate rises, impacted global demand. We provide solutions that work well when the economy is going strong, but equally, in tougher operating environments, logistics organizations have a greater need for our software to drive efficiencies, enhance productivity, improve manageability and data visibility, and help with organizational cost reduction programs whilst maintaining their customer service obligations.

As these results show, our business continued to be resilient through the cycle. The strength of our software, diversity of our revenue growth, and the agility of our talented team to adapt to changes in the economics of logistics, has allowed us to consistently deliver against our 3P strategy.

Slide 6 – FY23 strategic highlights

We continued our unrelenting focus on enhancing our CargoWise product by increasing investment in R&D by 45% to $261.9 million in FY23, delivering 1,130 new CargoWise product enhancements, which are key drivers of our revenue growth, including having now made major progress in five of our six CargoWise development priorities. As discussed at the FY22 results and again at the half year, we took advantage of the current environment to accelerate our investment in R&D and drive further long-term revenue growth. This is reflected in the growth of our global employee base, with 60% of our employees focused on product development.

During the year, we completed two strategically significant acquisitions in Envase Technologies and Blume Global. Integration is progressing to plan, and I will talk further on the strategic value of these acquisitions later.

These two acquisitions followed our tuck-in acquisitions in Bolero and Shipamax which have extended CargoWise's digital documentation and straight through processing capabilities, and both have made small contributions to our FY23 revenue growth.

Leveraging our experienced M&A team's acquisition and integration skills to accelerate our presence in these areas is a significant and long-term product and revenue growth lever, and we intend to continue this highly effective strategy by using our strong balance sheet and cash generative capabilities in a disciplined manner, to further enhance growth.

In terms of penetration, our momentum is building with eight new or additional global rollouts secured during FY23. Since year end, we have also secured APL Logistics for a global CargoWise rollout, and recently, FedEx, adding CargoWise global customs alongside their CargoWise Forwarding rollout, making this the second global rollout of a CargoWise global customs system.

As I said at the half year, the significance of these watershed deals cannot be understated. Until now, there has never been a deeply capable, single global customs platform with the capabilities and sophistication required to satisfy the complex needs of Large Global Freight Forwarders. Traditionally, players at this scale have engaged many individual vendors, usually one per country, in order to provide a patchwork of services to their customers and comply with the local requirements and electronic customs procedures.

Our global customs product development has, by contrast, been directly driven by our foothold acquisition strategy and our long-term focus on developing a single, deeply integrated global customs architecture. We now cover approximately 55% of global manufactured trade flows, directly on our native customs platform. With remaining acquired foothold countries in development, we will cover approximately 70% of global manufactured trade flows.

Several other Large Global Freight Forwarders are also looking to reorganize their approach to customs processing, seeing the many advantages of a single global customs platform.

Excluding APL Logistics, this takes our total to 47 Large Global Freight Forwarder rollouts at the end of FY23, including 11 of the Top 25 Global Freight Forwarders, which will continue to drive our growth in revenues through further product utilization. We are well placed to convert our strong pipeline of sales opportunities, underpinning future revenue growth.

And lastly, we have launched a multi-year, company-wide efficiency program which we expect to deliver a net $15 million savings in FY24 with an annual run rate of $40 million. This involves extracting acquisition synergies and streamlining our processes, and removing duplication, to enhance our operating leverage and ensure appropriate allocation of resources to support scalability and delivery of our long-term strategic vision.

Some of the initiatives we will implement to achieve this include centralizing physical operations and product development hubs, consolidating various hosting and data center arrangements, migrating data processing from acquired businesses, streamlining offices and facilities, and extending integration of our acquisitions.

It is important to note, as we indicated in the first half of FY23 report, that while our larger strategic acquisitions are being integrated, our near-term EBITDA margins will be slightly lower. However, we expect EBITDA margins to return to more than 50% in FY26.

With that, I will hand over to Andrew to take you through our financial performance, before talking again in some detail about our strategic progress and outlook.

Andrew Cartledge Chief Financial Officer

Slide 7 – divider – FY23 financial review

Thanks Richard and good morning, everyone.

Slide 8 – FY23 results

Starting with an overview of our FY23 financial performance on slide 8.

As Richard noted, the business delivered strong revenue growth during the year, with Total Revenue of $816.8 million, up 29% year-on-year.

Revenue growth was driven by our core CargoWise platform, with CargoWise recurring revenues growing to $650.1 million, up 37% organically. Total CargoWise revenues were up 41% to $659.6 million, or 30% organically on FY22.

This was slightly offset by Non-CargoWise revenues which reduced as expected by 5% to $157.2 million.

Our strong growth continues to demonstrate the strength of customer demand for our core platform and the successful execution of our strategy.

As we did at our half year results in February, we've shared our organic growth rate which excludes restructuring and M&A costs, as well as the growth related to those acquisitions and FX to help provide transparency over the underlying revenue, EBITDA and EBITDA margin growth of the business. We've provided a full breakdown of the FY23 organic growth on slide 32 in the appendix.

As communicated at the half year, we have reclassified Trinium's revenue from Non-CargoWise to CargoWise, including all prior periods, consistent with our classification of revenues from the recently acquired Envase and Blume businesses.

Gross profit for the year was up 28% on FY22, with gross profit margin of 86% down 1 percentage point on FY22, reflecting dilution from recent M&A.

Excluding M&A costs, EBITDA grew by 28% to $412.1 million, in line with the top end of our guidance range provided at the half year. Reported EBITDA of $385.7 million was up 21% on FY22, reflecting an EBITDA margin of 47%, down 3 percentage points on FY22.

Organically, EBITDA grew by 26% and the EBITDA margin expanded by 2 percentage points to 53%. This strong organic EBITDA growth reflects our strong top line growth underpinned by Large Global Freight Forwarder rollouts; as well as the impact of enhanced operating leverage, new product releases, pricing, and ongoing financial discipline.

EBIT was up 18% on FY22, incorporating a 34% increase in depreciation and amortization, which demonstrates our continued investment in research and development to drive growth, as well as reflecting recent M&A.
At the bottom of the table, you'll see Underlying Net Profit after Tax for the year was up 30% on FY22 at $247.6 million. The definition of Underlying NPAT has been updated to exclude M&A costs and contingent and deferred consideration interest unwind net of tax. A full reconciliation is available in the Appendix.

Underlying EPS was up 30% to 75.6 cents per share, and statutory NPAT was up 9% to $212.2 million.

Slide 9 – FY23 revenue growth

On slide 9, you can see the split between recurring and non-recurring revenues, as well as between CargoWise and non-CargoWise revenues.

For a SaaS and subscription-based business like WiseTech, recurring revenue represents revenues from customers who use our products consistently. Our high proportion of recurring revenues gives us good visibility over future performance.

For WiseTech, our non-recurring revenues include items like customer paid product enhancements and one-off license revenues that helps to accelerate future recurring revenue growth.

In FY23, recurring revenue grew by 37%, or $211.0 million excluding the impact of FX. This was driven by major new products released in FY22, price increases to offset the impact of inflation and generate returns on product investment, and revenues from acquisitions completed over the last two financial years.

As expected, non-recurring revenues decreased by $34.5 million or 52% excluding FX, due to the non-repeat of a product license agreement for a CargoWise landside logistics component in FY22, which was also categorized as a new customer sale, as well as expected contraction from non-CargoWise acquisitions completed in FY21 and prior periods as part of our integration strategy.

On the right-hand side of the slide, you can see the contribution from the strong growth in CargoWise Revenue, which was up $141.8 million, or 30% excluding FX.

Of this, $127.7 million was from existing CargoWise customers, and $14.1 million was from new customers, including new Large Global Freight Forwarder rollouts. This growth also reflects major new products released in FY22, price increases and expected contraction in non-recurring revenue.

Importantly, CargoWise customer attrition remains extremely low at less than 1%, demonstrating the 'stickiness' of the CargoWise platform for our customers and emphasizing the significant long-term value generated from each CargoWise customer under our SaaS model.

Non-CargoWise revenue was down by 5% to $157.2 million, driven by an expected contraction from acquisitions completed in FY21 and prior years, partially offset by general price increases. We expect this trend to continue as customers transition to the WiseTech commercial model and we exit lower margin, non-recurring products and services.

Slide 10 – Revenue growth drivers

Turning to our revenue growth drivers on Slide 10.

As you can see on the chart on the left-hand side, on a constant currency basis over the last seven years, our CargoWise recurring revenue has grown more than seven-fold from $86 million in FY16 to $650 million in FY23, having grown at a 33% compounded annual growth rate over the period.

On the right you can see the relative contribution of each of our revenue drivers to our CargoWise recurring revenue growth over the same period, which shows the most significant driver of CargoWise recurring revenue growth has been the Large Global Freight Forwarder rollouts, which have contributed almost a third of the revenue growth, or 10 percentage points of the 33% CAGR.

The next largest contributor has been new and existing customer growth, which contributed 7 percentage points of growth. This is followed by product enhancements reflected in our pricing and major new product releases, both contributing 5 percentage points each. Inorganic revenues and growth from the underlying supply chain market each contributed 3 percentage points of our growth.

Importantly, this shows that the overwhelming majority of our growth is driven by factors we can influence, including winning new customers and investing in new products and features. Our organic growth is therefore less sensitive to market volatility, giving us far better visibility over our revenues.

Looking ahead, we expect future CargoWise recurring revenue growth to be consistent with our historical experience, with accelerated growth to be driven primarily by Large Global Freight Forwarder rollouts and further customer wins, as well as the new products and features from acquisitions.

We also expect growth from our six key product development priorities, which Richard will talk about in a few moments.

Pursuing inorganic growth opportunities is another important growth lever, including smaller 'tuck-in' as well as potentially larger, strategically significant acquisitions where we can deploy our sizeable balance sheet and strong liquidity, supported by strong operational cash generation and our proven M&A capability to accelerate our development opportunities and build out the CargoWise ecosystem.

Slide 11 – Large Global Freight Forwarder rollouts driving revenue growth

Turning to Slide 11, I'd like to talk about the revenue growth trajectory from each of these Large Global Freight Forwarder rollouts.

As you know, our large global customers can take a number of years to roll out the CargoWise platform across their global operations. As the roll-outs progress, customers add new countries, adopt new modules, and implement our productivity tools.

Of the 47 global rollouts in place at the end of FY23, 33 are 'In Production', meaning they are operationally live on CargoWise and have rolled out to 10 or more countries and 400 or more registered users.

The remaining 14 are 'Contracted and in Progress', meaning they're at an earlier stage of their global rollout.

From a revenue perspective you can see that these 33 global rollouts 'In Production' have delivered a compounded annual growth rate of 37% since FY16, driven by the growth of global rollouts by customers such as DSV, DHL, Toll, Yusen and Geodis, the adoption of additional CargoWise modules, products and features, and customer M&A activity.

Importantly, six of these 33 customers 'In Production' are Top 25 Global Freight Forwarders, which have grown at 42% CAGR over the same period, showing the attractiveness of these large global rollouts.

Looking ahead, we expect growth from a range of sources.

The 14 global rollouts that were 'Contracted and In Progress' in FY23 have grown at a compounded rate of 115% since FY19, and still, collectively they have less than 40% of their expected users currently live on CargoWise. This demonstrates the significant potential revenue upside from existing global rollouts increasing their user bases.

The size of the expected user base not currently live in CargoWise is in line with FY22, with new contract wins including Kuehne+Nagel and OEC, broadly offset by continued rollouts from existing customers such as Hellman, Bolloré and CEVA.

Our existing 33 customers with global rollouts 'In Production' will continue to drive revenue growth as their global rollouts and product penetration continues to expand and they add new products and features including customs, landside logistics and warehouse.

We also anticipate continued logistics industry consolidation will support our future revenue growth, with our Large Global Freight Forwarder customers well positioned to leverage future consolidation to grow.

Given the significant runway of customers available to us in both the Top 25 global freight forwarders and the top 200 logistics providers, we expect to see future revenue growth driven by additional Large Global Freight Forwarder contract wins.

Another important driver is tighter supply chain industry conditions which can motivate industry participants to intensify their focus on increasing the productivity and efficiency of their businesses and cost bases which can drive strong demand for our CargoWise product.

Slide 12 – FY23 operating expenses

Moving to slide 12, you can see our operating expenses over time across the areas of Product design & development; Sales & marketing; and General & administration.

Our strong revenue growth and efficient operating model continues to drive enhanced operating leverage and margin expansion.

Overall, operating expenses as a % of revenue excluding M&A costs were flat year-on-year, with increased expenses from our recent acquisitions offsetting operating efficiency and leverage.

Product design & development expenses increased by $30.9 million, or 1 percentage point of revenue, due to investment in CargoWise innovation and development as well as recent M&A. Expenses for the maintenance of non-CargoWise products were down 14% vs. FY22, decreasing in line with expectations.

As previously indicated, this trend is expected to drive further cost efficiencies as we transition these legacy products and customers onto our efficient CargoWise platform over time.

Sales & marketing expenses were $59.0 million, or flat as a percentage of revenue at 7 percent, with the increase in dollar terms attributable to recent M&A.

General & administration costs were up by 2 percentage points, with M&A costs adding 3 percentage points of revenue, more than offsetting the benefit of growth and ongoing financial discipline. Excluding M&A costs, G&A improved by 1 percentage point on FY22 to 13% of revenue, highlighting the efficiency of our operating model.

Slide 13 – FY23 research & development

Turning now to R&D investment on slide 13.

Investment in innovation and product development remains a strategic priority for WiseTech, with deliberate acceleration in FY23, as previously communicated. This is focused on building integrated software that enables our logistics customers to improve planning, productivity, visibility, and control of their global operations, enabling WiseTech to become the operating system for global logistics.

Our overall R&D investment increased by $81.1 million, or 45% vs. FY22, with strong growth in CargoWise investment and hiring activity to drive future revenue growth, as well as an increase from recent M&A.

Overall, this represents a reinvestment of 32% of our revenue in R&D, which is consistent with prior periods, however now more heavily weighted towards CargoWise.

51% of the FY23 R&D investment was capitalized, up 5 percentage points on FY22, with the second half at 50%, 3 percentage points lower than the first half, which reflected the acceleration of new strategic development priorities which have higher capitalization rates than existing products, driven by favorable hiring conditions.

FY23 capitalized development is above the expected range of 40%–50%. Moving forward, this is projected to be close to the top of the target range.

Development costs for work in progress increased by $29.8 million to $54.3 million, reflecting increased investment in future products not yet in production or delivering revenue.

We delivered 1,130 new CargoWise product enhancements during the year, reflecting increased focus on larger development projects and product optimization. This brings enhancements delivered on the CargoWise application suite to more than 5,300 over the last five years from a total investment of over $880 million.

CargoWise product development resources increased by 96% versus FY22, benefiting from the ongoing recruitment of high-quality talent attracted to WiseTech, in addition to recent M&A, with 60% of our global workforce now focused on product development, up 6 percentage points since FY22.

Slide 14 – FY23 balance sheet

Moving to our balance sheet on slide 14.

You'll see on this slide how our balance sheet strength and liquidity provide a solid platform to fund future growth.

As of the 30th of June 2023, we had liquidity of approximately $400 million, providing significant financial flexibility and headroom to fund strategic growth opportunities, as demonstrated by our recent acquisitions.

The $340.5 million decrease in cash during the period largely reflects investment in recent M&A, offset by strong operating cash flow generation.

The 37% increase in receivables relates to revenue growth and recent M&A.

The $1.2 billion increase in intangible assets was driven largely by the acquisitions made during the period, as well as investments in capitalized development previously mentioned, partially offset by amortization.

Turning to our liabilities, the $225 million of current borrowings reflects partial funding of the strategic acquisition of Blume. As at the 30th of June 2023, we had total debt facilities, both drawn and undrawn, of $475 million, reflecting 1.2x FY23 EBITDA, providing significant additional borrowing capacity.

A $139.8 million increase in other current liabilities was driven primarily by an increase in trade payables from recent M&A and funds collected on behalf of customers, offset in current assets.

You'll also see a $348.4 million increase in share capital, reflecting new shares issued to the vendors, as consideration for the Envase and Blume acquisitions, as well as to the Employee Share Trust to fund our employee equity programs. Our employee equity programs are a key component of our policy to support staff retention, attract high-quality talent and encourage long-term value-creation across our workforce, which is reflected in the high number of our people that own WiseTech shares and share rights.

Slide 15 – FY23 cash flow performance

Finally, I'd like to reference our strong continued cash flow performance on slide 15.

In FY23, our operating cash flows were $433.3 million, up 28% on FY22, demonstrating our highly cash-generative business model, delivering strong free cash flow.

In FY23, we increased the proportion of our operating cash flows reinvested to support long-term growth initiatives to $141.9 million, which were invested primarily in product development and data center capacity.

Pleasingly, our operating cash flow conversion rate was 112%, up 6 percentage points on FY22, driven primarily by higher revenue and EBITDA.

Changes in working capital in FY22 reflected a one-time decrease in deferred revenue from aligning non-CargoWise commercial models to shorter billing cycles, which was not repeated in FY23.

As a result of this improved operating cash flow, free cash flow for FY23 was up 23% to $291.4 million, with free cash flow conversion up 1 percentage points to 76%, reflecting increased product development as mentioned previously. The free cash flow margin remained strong at 36%. Taking the sum of our total revenue growth and free cash flow margins, our Rule of 40 increased by 2 percentage points to 65% in FY23, remaining highly attractive when compared to SaaS businesses globally.

So, to summarize, we're very pleased with WiseTech's financial performance in FY23. The business continues to grow at a very healthy pace, with our highly cash generative business model and strong liquidity providing a solid foundation to fund our ongoing organic and inorganic growth.

With that, I'll hand back to Richard.

Richard White CEO & Founder

Slide 16 –Strategy & outlook

Thank you, Andrew.

Slide 17 – WiseTech's "3P" strategy

WiseTech's strategic vision *is* ***to be the operating system for global logistics***, and we have made significant progress in realizing that vision. In global customs, landside logistics, warehouse and Neo, we have achieved major milestones which add considerably to our existing ecosystem and validate our strategies and long-term efforts.

We are a product led business. Our product strategies create deep value for existing customers, create attraction for new customers in our existing markets, allow us to enter new markets, increase the total addressable market that we serve, and enhance our ability to gain further access to customers and opportunities in new markets.

Acquisitions add to our speed of execution and fuel further and faster organic growth of our flagship product, CargoWise. Targeted acquisitions in customs and warehouse and significant recent acquisitions in landside logistics makes these bold product moves possible, as well as faster and simpler to execute effectively. They will also drive further market penetration, growth, and profitability over time, as has been demonstrated through our results in recent years.

Our continued strong financial performance in FY23 is the result of years of dedicated work on CargoWise by automating processes, stopping low yield activities, enhancing successful activities, and ensuring an ongoing ability to easily scale at very low cost, even as organic revenues grow substantially. This type of planning and execution sets us up for long-term sustainable growth and profitability in our core business and allows us to invest in expanded product segments, such as global customs and landside logistics, progressing further on our six product development priorities.

CargoWise's depth of product capability and global reach is why more and more of the world's largest global freight forwarders keep choosing to move to WiseTech, as they understand the long-term value of what we are doing. CargoWise offers world leading capability, unparalleled productivity improvements, and IT cost reductions in an increasingly complex and costly industry.

It is deeply capable, actively maintained and enhanced. It does not require customization, or complex configuration, so it is fast to roll out globally, and at a cost that is quite simply, insignificant, when compared to IT cost reductions and substantial productivity improvements derived from adopting CargoWise.

This is why 24 of the Top 25 global freight forwarders and 44 of the top 50 third-party logistics providers are already WiseTech customers in at least one area of their business, with the many still lightly penetrated customers providing plenty of opportunity for further CargoWise adoption and revenue growth, which now additionally includes Landside Logistics, the CargoWise Warehouse Suite, and CargoWise Neo, which will provide increased attraction, retention, and expanded share of wallet.

I want to emphasize that enabling our focus on these three pillars is all our talented people who drive these outcomes. We have accelerated the growth in our global talent base as more high value and talented people gravitate towards highly profitable and innovative technology companies like WiseTech, we have seen a substantial increase of inbound applications to work at WiseTech. I am extremely proud of the team and the culture of innovation we have fostered, complemented by the talented people that join WiseTech through our acquisition program, one of the key value-enhancing components of these deals.

Slide 18 – Development priorities to extend the CargoWise ecosystem

Five of the six priorities on this slide have now had significant M&A action or product releases. We continue to focus on these six priorities, in order to deepen the value that we create and build even more attractive capabilities over the long term.

In many ways, in each of these development priorities, we are gaining access to, or creating increased attraction and access to entirely new addressable markets, by solving deeply complex supply chain issues, building new higher function product sets, replacing very manual or missing processes with automations, as well as replacing old technologies with cloud first, fully digital, global capabilities.

First and foremost, we continue to develop our product capabilities organically, with over $880 million invested in R&D since FY19, delivering more than 5,300 product enhancements to date.

1,130 of these came in FY23 which demonstrates the momentum we are building in our development capability.

In addition to the acquisitions of Envase and Blume, which expand and accelerate our development priorities for Landside Logistics in North America, we are rapidly gaining traction with our customs product.

Please note that for global customs, the Warehouse Suite, and Neo we have included download links on the relevant slides to product overviews which will give you more detailed insights into their unique capabilities and competitive advantages. I encourage you to download these documents and study them, at a later time.

In addition to our product development capabilities, we can fast track the capabilities of CargoWise with new knowledge, experienced teams, functionalities, market insights and customers viewpoints, through targeted tuck-in and strategically significant acquisitions.

Slide 19 – Expanding the CargoWise ecosystem

To accelerate our vision to ***be the operating system for global logistics,*** we will continue to develop scale and capability across our product portfolio, to enhance our customer value chain. To help accelerate our growth in these areas, we are also refining our sales processes to include dedicated sales teams focused on these additional growth drivers.

The significant opportunities we have highlighted today are adjacent to our international freight forwarding market, and they are attractive to existing and new customers, and expand into new market segments.

Both forwarding and customs are a deeply integrated part of the CargoWise platform, and they feed Landside Logistics, the Warehouse Suite and Neo. The industrial logic of the Envase and Blume acquisitions further drives our expansion of CargoWise into an integrated landside road and rail capability. These acquisitions are proving to be highly valuable. We are making good progress with integration, which reflects our strong M&A track record and capability.

Slide 20 – Benefits of CargoWise Customs & Compliance

Let me talk to the global customs piece of our value chain and the benefits that CargoWise provides relative to the traditional approach of gluing together many local systems. Traditionally, these legacy systems are based on local needs and experiences in each jurisdiction, in their local languages, and exposing the global business to a range of serious issues including hidden costs, risks, and process limitations.

This involves a myriad of contracts, vendors, architectures, work processes, data integrations, user interfaces, and serious unresolvable cybersecurity risks, not to mention highly variable, complex support and maintenance requirements. Compare these issues to a single, easy to implement, globally capable CargoWise customs solution – single vendor, contract and architecture, with a deeply cyber hardened attack surface, meeting our customers' global customs requirements, across multiple jurisdictions, multi-lingual, in a highly scalable and deeply automated, standardized process capable of supporting 'follow the sun' and shared services models.

As I mentioned earlier, winning Kuehne+Nagel and now FedEx, many of the world's largest freight forwarders will rethink their approach and look to centralize their customs processes, because something like this has never been available to them before. It has become clear that the real cost of customs processes, using many local systems, is not just the minor local costs, but the many factors, substantial inefficiencies, and risks that create a dramatically higher total cost of ownership.

The value proposition is so compelling and the logic so clear now, that we are confident that this will lead to further global customs rollouts. But equally, it is important to note that some customers are choosing to adopt our customs capability incrementally which builds over time, all of which further underpins our long-term revenue growth.

For further details, there is a comprehensive global customs document link in the deck on slide 20.

Many of our existing customers are now operating our global customs solution in one or more locations and we expect that global adoption will continue to accelerate over time.

As I mentioned, with CargoWise and its global customs capability, we cover approximately 55% of global manufactured trade flows including; the four largest EU economies, all major English-speaking countries as well as Mainland China and Taiwan, and have recently added native Türkiye and Brazil capabilities. There are a number of active development projects underway driven using foothold acquisitions which will lift the coverage to 70%, and we are progressively working towards our long-term target of 90% of global manufactured trade flows.

Slide 21 – CargoWise Landside Logistics

There is a dramatic increase in WiseTech's addressable market, beyond international freight forwarding, driven by organic product development and targeted acquisitions. Let me explain what the benefits are for our customers.

As I talked about at the half year, the acquisitions of Envase and Blume added considerably to WiseTech's existing product capabilities and footprint in North America and beyond.

With CargoWise, we can now manage marine and intermodal containers for US trucking, railroads, ocean carriers, intermodal equipment providers, global freight forwarders and beneficial cargo owners or BCOs, digitally linking and integrating all aspects of planning, execution, and visibility.

Freight forwarders, BCOs and carriers can now have complete end-to-end visibility of shipments. Visibility in and of itself only helps highlight problems, it doesn't solve them. We can use that deep global visibility, aggregated from many sources, to dramatically enhance the tracking of ocean vessels, containers, aircraft and air freight, road and rail, and by adding logistics optimization and supply chain orchestration, we make this visibility actionable and much more valuable.

This alone substantially broadens our opportunity set. We are already directly engaged with ocean and air carriers and others, and will now be engaging our freight forwarding customers, via Neo, to help them assist their BCO customers. Neo substantially expands our ecosystem and provides value to our customers' customers and creates further attractive value for international freight forwarders.

The freight forwarders, BCOs and carriers all use landside logistics and can benefit from logistics optimization and supply chain orchestration. This de-risks their operations by helping to predict and avoid problems while delivering considerable savings, reducing inefficiencies and unwanted penalties. All of this will deliver cost savings and penalty reductions, productivity improvements and carbon footprint reductions many times higher than the cost of adoption, whilst further enhancing competitive advantage. It also lays the foundation for further expanding our product capability, market penetration, and long-term revenue growth, demonstrating again, the vast runway we have ahead of us. This really is a win-win for our customers, their customers, and for WiseTech.

Slide 22 – CargoWise Warehouse Suite

As with global customs, there is now a comprehensive warehouse suite that supplies all of the complex and varied international and landside logistics warehousing needs through powerful modules that integrate tightly within CargoWise. Existing customers can easily access these capabilities through their current agreements and potential customers can easily join the CargoWise family. Adopting the CargoWise Warehouse Suite across the global business, is an easy, fast, cost effective and deeply integrated approach that surpasses anything that could be glued together from many disparate vendors and products, at a much lower total cost of ownership.

We now have many more components of global logistics in place having built organically over many years, while learning from numerous global foothold and adjacency acquisitions, including Microlistics, acquired in 2018. CargoWise Warehouse incorporates, contract, transit, short-term and long-term bonded and eCommerce warehouses. This makes the CargoWise capability completely unique, deeply integrated and fit for purpose for our customers.

Slide 23 – Penetration

This slide highlights the progress we have made in securing further global rollouts in FY23. On the right-hand side of the chart, you can see the addition of OEC, BBL Cargo, Kuehne+Nagel, our first global customs rollout, as well as NTG, IFB, and EMO Trans in global freight forwarding. Since the year-end we have also added APL Logistics rolling out CargoWise, and FedEx adding CargoWise global customs to their ongoing CargoWise rollout.

During FY23 we also added two additional organic rollouts 'In Production' in the form of DB Group and Maersk Logistics.

Maersk's acquisition of Senator, along with JAS's acquisition of Greencarrier and CEVA's acquisition of GEFCO, are all great examples of continuing industry consolidation.

This now brings the number of global rollouts to 47 and demonstrates how our customers grow with us and how our software becomes increasingly integral to their operations.

These global rollouts provide us with a significant runway for revenue growth. As Andrew said, Large Global Freight Forwarders 'In Production' delivered a 37% revenue CAGR between FY16 and FY23, and of the 14 that are 'Contracted and In Progress', less than 40% of their expected users are currently live on CargoWise.

Slide 24 – Profitability

Turning now to our third "P", *Profitability*.

We remain focused on driving returns through our high growth, scalable SaaS model which delivers strong profitability and operating cash flows.

Improving our efficiency is part of our ongoing financial discipline, supported by continued reduction in non-CargoWise product maintenance costs, down 14% on FY22, and driving return on product investment and further expansion of our CargoWise product capability.

As I mentioned earlier, we have introduced a new company-wide efficiency program, which we expect will deliver $15 million of net savings in FY24, with annual run rate savings of $40 million. This will continue to enhance our operating leverage as we scale, whilst we continue to assess further efficiencies where appropriate across the business.

Slide 25 – FY24 guidance

This leads me to our guidance for FY24 and our continued strong growth outlook. This is despite a continued softening of global trade volumes, given the trajectory of the core business, resilient nature of our recurring revenues and multiple sources of revenue growth. As we outlined previously, the majority of our growth is driven by factors other than global trade volumes.

Our guidance is based on the assumptions we have clearly set out on slide 24, so I won't go through them.

Assuming there are no material changes to these assumptions and no unforeseen events that arise prior to June 30 2024, we expect to deliver FY24 revenue of $1.04 billion to $1.095 billion, representing revenue growth of 27 to 34% with CargoWise revenue expected to grow by approximately 34 to 43% overall.

In terms of FY24 EBITDA we expect to deliver $455 million to $490 million, representing EBITDA growth of between 18 and 27%.

We expect FY24 revenue and earnings to be more weighted to the second half than in FY23 as we have outlined on the slide, giving us strong momentum into FY25.

It is important to note, that while our larger strategic acquisitions are being integrated, our near-term EBITDA margins will be slightly lower, and contribute to a forecasted 6 percentage points of EBITDA dilution in FY24. However, we expect EBIDTA margins to return to more than 50% in FY26.

Slide 26 – Business model and strategy delivering sustainable shareholder value

You can see our strong track record of revenue, EBITDA and EBITDA margin growth since our listing in FY16. Delivering 34% revenue CAGR, 43% EBITDA CAGR, and 54% free cash flow CAGR really demonstrates the strength and resilience of our business model.

This strong momentum has been underpinned by 47 global rollouts in FY23, including 11 of the Top 25 Global Freight Forwarders, stemming from an investment of over $880 million in CargoWise new products and enhancements since FY19.

We are well placed to benefit from continuing logistics industry consolidation as well as pursuing our own M&A opportunities. Our strong balance sheet and cash generation provides us with significant financial firepower to fund our future growth.

I would finally like to remind you of the four key points of progress I mentioned at the outset:

1) Our strong FY23 financial performance underpinned by 41% CargoWise revenue growth, that brings leverage to our mission, growing the company and creating shareholder value; and

strong outlook with 34 to 43% growth in CargoWise revenues and 18 to 27% growth in EBITDA for FY24.

2) Our first top 25 win for a global customs rollout with the world's largest freight forwarder, Kuehne+Nagel, followed after year end, by FedEx, a second CargoWise global customs rollout. This shows momentum in a key space that drives enormous value for our customers.
3) Our continued move deep into Landside Logistics starting with North America, with our platform delivering breakthrough capabilities, at scale, in an industry beset with complex problems, and inefficiencies, we can create many industry scale improvements and growth opportunities.
4) Lastly, over many years, we have been building substantial and highly efficient product development processes. This year, as expected, we have seen a significant acceleration of that capability, to deliver on and drive our product development priorities. This capability is clearly validated by the release of our CargoWise Warehouse Suite and CargoWise Neo.

There is much to do, but there is also so much potential. As a team, we are rich with enormous talent, motivation, and conviction. I look forward to reporting our progress in the months and years ahead.

Now let's open for questions.

Slide 27 – Q&As

Operator: We will now begin the Q&A session. We request one question per caller to allow broad participation. Your first question comes from Lucy Huang with UBS, please go ahead.

Lucy Huang: (UBS, Analyst) Good morning Richard and Andrew. My one question is around the customs rollout with Kuehne+Nagel and also FedEx. Are you able to give us some color around the progress of the Kuehne+Nagel rollout and when we should start to see some revenue contribution coming from this? Also with FedEx, how should we be thinking about the progression in terms of the revenue uplift coming through? Thanks.

Richard White: Well, Kuehne+Nagel, all large forwarders do quite a bit of planning before rolling out substantially, if you recall the DHL contract we signed in something like April 2016 and they didn't really start rolling out until early 2017. So, Kuehne+Nagel is in that position, they're planning, we've got a number of things going. They do have a number of countries live already, but we won't see a rapid rollout because as with all these large companies, they tend to do it a branch or a country at a time and they tend to do that along the lines of where their business is tracking and how they want to run it.

For instance, late in the year in November/December, nobody rolls anything out because the volumes are very high around that Christmas period. FedEx is also in a rollout plan and I think it'll – both will certainly contribute to revenue this year but that's already included in our guidance. I think really the way to look at the customs capabilities, and I remind you that there's a product brochure attached to the deck, you can load that down and it explains the whole model and the back it explains all of the traditional approach to customs and it explains what CargoWise One global customs does.

It's very important to understand that, this is a real value creator and the long-term opportunity here, the outlook for that product is extremely strong. We're expecting that to accelerate over time, but of course this is not the guidance issue, we're talking about a product driving our long-term capability and our long-term revenue growth.

Operator: Your next question comes from Kane Hannan with Goldman Sachs, please go ahead.

Kane Hannan: (Goldman Sachs, Analyst) Good morning guys, just the margin profile from here. So, guiding to second half margins, 47%, 48%, you've got an extra $25 million I think of cost savings coming through in '25? So, is there any reason why the FY25 margin won't be very close to 50%, therefore meaning '26 could be a few per cent above that 50%? Or I suppose does the second half margin have more of that cost saving in it than I'm thinking?

Andrew Cartledge: Kane, thanks for the question, appreciate it. I think you're right, the EBITDA margin coming out of the second half we're forecasting to be 47%, 48% range. There will be some more cost savings that come through from the $40 million cost efficiency program in FY25. We forecast it right now that our EBITDA margins are going to get above that 50% plus range in FY26. Of course there's a number of variables that get us there and like you say it could be a little bit earlier than we anticipate, but right now we're guiding it to FY26.

Richard White: Just to add on that, we've seen that happen during our original run of M&A, that we worked very hard in '20 and '21 on improving the margin in those companies you buy and then you improve. It's a thing that we've done very well, we've got a very strong team, we know how to run these businesses, we know how to keep costs under control and this program is just something that you do, from time to time you need to look at every aspect of your cost base.

Of course we're actually continuing to hire and we're not talking about layoffs in that sense, we're talking about running the cost program along a range of things, bringing a lot of the cloud hosting into our data centers, looking at the office costs, there's many other things that we've got, levers that we can reduce costs on.

Operator: Your next question comes from Nick Basile with CLSA, please go ahead. Nick Basile, your line is now live, please proceed with your question. Your next question comes from Bob Chen with JPMorgan, please go ahead.

Bob Chen: (JPMorgan, Analyst) Hi guys, just a question on some of your recent acquisitions. It looks like the contribution from your acquisitions is a little bit below what you were expecting for this year, and even looking at your guidance for FY24, it implies there's not much growth, or they might even be going backwards. How are you seeing those acquisitions shape up?

Andrew Cartledge: Bob, I think for FY23 we guided based on the information in the ASX announcements and the first half results. Revenue came in about $33 million which was it's the low end of the range that we'd provided and the EBITDA margin was reasonably in line with where we expected it to be. Obviously these are high growth businesses that are in their investment phase and our 15% negative EBITDA margin is in line with our expectations.

I think what we've indicated in the guidance here is that the overall EBITDA margin is in line with our expectations, the underlying EBITDA margin within the business remains very strong and reflects continued CargoWise revenue growth and the ongoing cost investments to scale the business in the future. What we're seeing is the opportunity to continue to invest further from some of the opportunities that we've seen since we acquired those businesses and going through the diligence process. So, we're going to add a little bit of cost into the business in FY24 to be able to realize those future growth potentials.

Which is bringing the EBITDA margin for the combined three acquired businesses, Shipamax, Envase and Blume in at about 5% when we'd originally probably indicated that it was going to be a few points higher than that but not a lot. The 6 points, the dilution in the margin rate from the acquisitions, we're broadly in line with our expectations ex the additional costs that we are investing to realize those revenue opportunities and revenue benefits.

Richard White: Just on the product side, we've mentioned logistics optimization and supply chain orchestration, they both come from Blume product suites which we have very strong confidence in and the outlook for those is extremely strong, so we're working on building those into the sales model and bringing very strong teams into that. I think you've got to understand that it takes a little bit of time to get a substantial acquisition like Blume and Envase into the Company and running on all cylinders. But from my perspective, everything that we thought we were going to get and more has been delivered in those two acquisitions.

Operator: Your next question comes from Darren Leung with Macquarie, please go head.

Darren Leung: (Macquarie, Analyst) Hi guys, can you hear me?

Richard White: Yes.

Darren Leung: (Macquarie, Analyst) Thanks for the opportunity. I just wanted to ask on the FY24 guidance please, and appreciate there's a lot of focus and knowledge around the acquisitions, and thanks for your disclosure. If we strip out the EBITDA revenue contribution from Envase, Blume and Shipamax and call it CargoWise underlying revenue in EBITDA, it looks like the growth rates for both is about 19% in FY24. Can you confirm that's correct? Also if that is, then it looks like the margin is also flat on a year-on-year basis. I just need commentary around thinking behind that or if it's conservative please?

Andrew Cartledge: Darren, I'll take that one, thank you for the question. I think let's start with the revenue guidance, overall in line with our expectations, really continued strong, positive momentum from the FY23 run rate. What we're seeing is a slight moderation in terms of market growth, and if we remember market growth reflects about just less than 10% of our overall CargoWise growth historically.

That just really reflects some of the current industry volumes that we're seeing and we're forecasting that to continue in FY24, so that's probably just taking a little bit of the top off the revenue growth. Overall, CargoWise revenue growth out of the year we've forecasted to come in at 34% to 43%, and that far exceeds the 33% compounded growth rate that we've seen over the last seven years, FY16 to '23 with inorganic obviously delivering a piece of that between 14 and 18 percentage points.

As we've said also, part of that's going to be more related to the second half of the year than it was in FY23. We had a 46% to 54% split first half, second half in '23, so a little bit more weighted to the second half, there's some of the revenue growth opportunities from the acquisitions off some of the new products and customers come online in the second half, and as we said before, that can be lumpy between first half and second half.

In terms of the overall margin guidance, really saying we're quite in line with where we expected to be from a CargoWise perspective. We've invested heavily this year, as Richard's indicated in the presentation, around our R&D investments which are leading into all of these new products that we're bringing in line. Obviously that's in our cost base for FY24 from a run rate perspective and we're also continuing to invest in FY24 to drive significant future growth.

As indicated, we come out of the year with an overall margin, including the dilution from the acquisitions in the 47% to 48% range and anticipating that the margins will be back to 50% plus in FY26.

Operator: Your next question comes from Paul Mason with E&P, please go ahead.

Paul Mason: (E&P, Analyst) Hi, just one quick one on the cost efficiency program. You [played] like net cost savings this year, I just wanted to ask you, is there any substantial costs around achieving those savings? Or is that just like a relatively straightforward cost out?

Andrew Cartledge: Good question, Paul. There is, the $15 million is net cost savings, so we've budgeted some costs to deliver that in FY24 and then obviously we've got the spring loaded benefit of that running into FY25 with the run rate savings and the program costs dropping away. So yes, there's some program costs to execute in that.

Operator: Your next question comes from Roger Samuel with Jefferies Australia, please go ahead.

Roger Samuel: (Jefferies Australia, Analyst) Hi, morning guys and well done in launching Warehouse and Neo. Just a question on that, have you got any customers in the pipeline for Warehouse and Neo? I imagine that the typical customer there is quite different from your core freight forwarding or customs business, or perhaps you can leverage the customer base from Envase and Blume? Thanks.

Richard White: Let me address Neo first, Neo is a direct replacement to a very substantial upgrade for a product that is actually very widely deployed called Web Tracker. Neo replaces that and extends and expands it very significantly, and rolling that out will be very rapid. We're expecting by the end of the year we'll probably retire Web Tracker and most customers, if not all, will be using Neo.

With Warehouse, we've been operating in stealth mode in Warehouse for some time, because remember the last half I said we weren't prepared to get to Warehouse at that time. We've obviously got quite a lot of customers on Warehouse and something like 350 customers on the product warehouse, 30 odd customers on the transit warehouse and just a little under 20 customers on the ecommerce warehouse. I don't know the short and long-term bond warehouses, that's [hard for us to say].

But all of them operate within the international supply chain and right at the borders around landslide, and in this particular case there's a lot of opportunity. The long-term outlook for these is we're going to be driving sales in this particular space, along of course with the global customs and Neo driving sales as well, because Neo brings all of this together, it creates effectively a control tower, a management portal for customers' customer's to run their businesses.

Operator: Thank you, there are still several questions waiting to be asked. We will extend the briefing for another 15 minutes. Your next question comes from Roy van Keulen with Morning Star. Please go ahead.

Roy van Keulen: (Morningstar, Analyst) Thanks for taking the question. A bit of a long term one for me. You've been quite countercyclical in hiring and acquiring since COVID and you've just announced an 80% headcount increase in product development against the backdrop of other tech companies laying people off. I'm wondering what that's doing for costs in terms of lines of code written per AUD or something akin to that. Then on top of that the – I don't want to be the analyst that asks the Board an AI question, but you have a pretty outsized exposure to product development, so it seems that any productivity improvements on that front would feed through really well for you guys. Maybe to ask the same question in a cheeky different way, the mantra has long been slower today, faster forever, and at an 80% increase in headcount it sounds like you're going pretty fast. I know you don't guide beyond the next year, but it sounds like maybe in the years beyond next year we'd expected revenue growth to pick up. Is that correct?

Andrew Cartledge: Yeah. Roy, I'll do the first bit of that which just centers around the cost, and then I'll just hand it over to Richard. I'll just refer you back to Page 13 in the deck where we look at the total research and development costs for the business. Clearly, we've seen a big step up in research and development costs this year as we'd previously flagged, and there are two reasons for that. Obviously, one is the acquisitions of Blume and Envase which bring in their own inorganic activity, but then there's also the increase that we've had from a hiring perspective where we've been able to execute on more product development projects and I think you're seeing the result of some of that work today with the announcement of the Warehouse Suite and CargoWise Neo. So yeah, I'll hand it over to Richard to just talk about the other parts.

Richard White: As you know, clearly we're a product led company and products don't get built without talented people. What we've actually achieved this year is completely remarkable. We have got a very, very substantial step up in our capacity and capability. We're going to do a little bit more work on integrating all of those people into the WiseTech way, which is a very sophisticated development process, but it's looking very good. We're also continuing to hire at substantial rates, so we're not slowing down here at all.

You're right, the outlook for this is that we are driving into product deliveries that are going to continue to grow our addressable market, make it much more attractive for our customers to stay on and grow into these new products that we're delivering; much more attractive for customers, for people to come in and become customers; and much more revenue because we're expanding the entire ecosystem that we deliver. So, all of that has to have development resources aimed at it. Everything from Blume and the logistics optimization and the supply chain orchestration components I mentioned before; the Neo product, of course, that's very new; warehouse is relatively mature now but it still has work to do; and of course, there's lots of work to do in the Global Customers capability.

In our core product, we're always improving optimization using machine learning automation and various other things to make that product extremely efficient, effective and productive. So, development is at our core. Our people, the talented people that drive the product development of delivery are, in fact, the source of our revenue growth. The more of them we have aimed at fixing the problem solving for the industry and making much more valuable things for our customers to acquire, that's how you get future revenue growth. So, you're completely right.

Operator: Your next question comes from Elise Kennedy with Jarden. Please go ahead.

Elise Kennedy: (Jarden, Analyst) I just wanted to clarify on the acquisitions and their integration, are they going to be brought into the CargoWise platform, or are they going to stay as non CargoWise revenue? Essentially just try to understand, is it similar to what the other acquisitions profile was where they are in a separate bucket or if, eventually, they'll start to grow into the CargoWise revenue?

Andrew Cartledge: Yeah, Elise, good question, thanks for that. As we announced at the acquisition of both Blume and Envase, they're strategically significant acquisitions and we've included them in the CargoWise revenue line. What's left in the non CargoWise now are some of the older foothold and adjacency acquisitions from a few years ago. So, the most recent acquisitions are in CargoWise.

Richard White: There is a platform question there as well and I'd point out that the platform CargoWise is in fact where everything ends up, and we do rebuild or integrate. In the case of Blume, the components that we're talking about which are logistics optimization and supply chain orchestration, that can be published through our platform to customers. Effectively, those components can actually be additive to CargoWise in an ecosystem sense. Things like Shipamax, for instance, is being rebuilt into the native CargoWise application components, and that is typically what we do. We don't really want to have lots of small disparate applications. We want to be able to present a complete application suite, an ecosystem if you will, and they always get rebuilt so that they are part of the CargoWise family.

Operator: The next question comes from Siraj Ahmed with Citigroup. Please go ahead.

Siraj Ahmed: (Citigroup, Analyst) Hi, Richard. Hi, Andrew. Just looking at the slide on the CargoWise growth drivers. I'm [unclear] the guidance for next year, it implies 20% to 25% growth where you've typically done more than 30%. Just wondering, especially with your roll out of product, and then I get market growth, but how negative is market growth in the guidance, and are you seeing customers slow spend potentially into next year?

Andrew Cartledge: Siraj, I'm sorry, you were pretty difficult to hear there. I think you were asking a question about growth drivers, but could you just clarify?

Siraj Ahmed: (Citigroup, Analyst) Yeah. So, Andrew, you're saying for next year's guidance, which is 20% to 25% organic growth, market growth is a headwind, but how significant are you assuming [unclear] only be 3% for you, and you actually have new products coming out, right?

Andrew Cartledge: [I don't know, I didn't get it, no]. Did anybody get it?

Male: I think it's how much is there since the market growth?

Andrew Cartledge: Siraj, okay. I'd maybe try and paraphrase then. So, you're asking about the market growth in the guidance and how much the headwind is?

Siraj Ahmed: (Citigroup, Analyst) That's right.

Andrew Cartledge: Okay, got it. Well, from the growth drivers, I'll point you back there, with 33% compounded growth rate over the last seven years, three percentage points of that, so just less than 10% comes from that market growth. We have seen, and Richard can comment a little bit here and we read about it every day, some of the volume compression within the industry. We've seen that coming through in the latter part of FY23 and we forecast that to continue in FY24. So, that's going to be one of the years where the market growth is slightly below trend. That's, obviously, more than offset with the revenue growth that we're getting from the inorganic activity, plus stronger growth from the momentum carried forward from FY23 from new products and the new customer wins and the new large global forwarder rollouts.

Richard White: I think the way to look at this is that the biggest contraction has not been in volumes. The biggest contraction has been in margin compression for our customers. That for us is a tailwind because, ultimately, during the good times people are sort of fat and happy. In the bad times you have to sort of diet, and that diet involves implementing CargoWise, or implementing it more quickly or adding more modules and more capabilities. So for us, when customers need to relook at their costs and start figuring out how to retain profitability or regain profitability, that is a very positive sales driver. Whilst there is a small amount of headwind from volume, the large amount of tailwind is from the opportunity.

Operator: Your next question comes from Matt Ryan with Barrenjoey. Please go ahead.

Matt Ryan: (Barrenjoey, Analyst) Thank you. I just had a question on the margin profile for Envase and Blume and what you think is a reasonable, I guess, base case over the next two to three years and how much that margin improvement of those two businesses contributes to your FY26 assumption that you get back to 50%.

Richard White: What I would say to you is that over the course of our M&A journey we've always taken on businesses that are very low margin, some of them not profitable. We've turned those businesses into high margin businesses over and over again. This is a job of work that you do because you can't really buy a business that is as profitable as WiseTech – you have to buy businesses that have less margin than we have. It's just inevitable that you're going to have some margin compression when you do M&A. The job of WiseTech is to take those businesses and turn them away from their old approach into high yield businesses, then that's where the margin comes back.

Of course, we're also improving things across the business. That project which was going to deliver $15 million in FY24 is not about cost out of Envase or Blume. It's looking across the entire business, looking at all the things we're doing, and looking cleverly at how you can make better efficiency out of the business. So, these sort of things that we do are standard. We are high growth business, we're also very focused on being a high efficiency business.

Operator: Your next question comes from Nick Basile with CLSA. Please go ahead.

Nick Basile: (CLSA, Analyst) Good morning, Richard, Andrew Thanks for taking my question – missed it earlier. Just on the evolution of customers product or usage uptake on the CargoWise platform, I think there were some comments that those that are being contracted or progress have just 40% of their expected users live, and then you've also made the comment that FedEx are taking on Global Customs. So, just interested in any perspectives on how much more penetration there is from your mature customers going forward?

Andrew Cartledge: Well, all of the things we've been talking about in this release that are significant landside logistics, which includes that logistics optimization capability and the supply chain orchestration capability; Global Customs as a product suite that can roll out across all of our existing customers; Neo, which is a driver of value for customers – it's not a revenue component, it's a value driver for customers. So, customers as revenue driver, the optimization and orchestration of revenue drivers and the Warehouse Suite is definitely a revenue driver. So, we're obviously going to be putting focused sales teams around those pieces and the outlook of those for the medium term is actually very strong.

We expect that there is a massive difference in looking at those products comparative to anything that customers have been able to glue together from their traditional approach of taking a lot of small vendors and trying to make a platform out of lots of small vendors. We've got a really strong, positive message there. If you look at the product ratios which are linked to the presentation for both the Warehouse Suite and the Global Customs capability, at the back it contains a whole lot of traditional problems and WiseTech CargoWise solutions to those problems. It's very telling that there is a very fundamental capability here. It is much better to operate in – the labor cost is better, the risk profile is better and the IT costs are much better and that makes these products very, very attractive. Same thing with the supply chain orchestration and the logistic optimization. There's a lot of upside when you start looking at how much money you can save by implementing those clever solutions.

Operator: Thank you everyone for your interest today. We are now at the end of our market briefing. If you do have further questions, please contact the Investor Relations Team. Thank you and have a good day.

Andrew Cartledge: Thanks, everybody. Thank you.

//END OF TRANSCRIPT