WISETECH GLOBAL
1H23 RESULTS INVESTOR BRIEFING
22 February 2023

Speakers:

Richard White, Founder & CEO

Andrew Cartledge, CFO

Richard White, Founder & CEO

Slide 4 – 1H23 Highlights

Good morning everyone, and thank you for joining us today for our first half 2023 results briefing.

Before I get into financial highlights, I want to acknowledge the WiseTech team, which has grown as at 31st of December 2022, to more than 2,200 people around the world. Their hard work and dedication have enabled us to make great progress in realizing our vision to be the operating system for global logistics.

Today I want to draw your attention to four key points of focus for this report:

1) Our strong first half FY23 financial performance;
2) Our first top 25 win for a global customs rollout;
3) Our move, deep into landside logistics, in North America;
4) Our continued success in our core CargoWise product.

Rather than reiterate the things we have talked about in recent reports to market, all of which remain valid and valuable, we are going to focus on these four key points in today's report.

Slide 5 – 1H23 – strong financial performance

In 1H23 we delivered a total revenue of $378.2 million, representing a $97.3 million, or a 35% increase, on 1H22. Organically, total revenue was up 32%. We have separated out the organic growth to provide understanding and transparency to our results following our recent substantial acquisitions. Andrew will go into this in more detail.

The vast majority of growth came from CargoWise, with revenue up 50% to $289.2 million, an outstanding result. This is driving a 3-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 ten years.

EBITDA was up nearly $50 million or 36% versus the prior corresponding period, with our EBITDA margin up by one percentage point to 50%. Our organic EBITDA was up 42% and organic EBITDA margin was up 4pp to 53%.

This excellent outcome reflects the expansion of our product offering and continued financial discipline, driving further operational leverage as we penetrate our chosen markets further.

Our Underlying NPAT for the first half was up 40% to $108.5 million, and our free cash flow of $137.8 million was up 53% on 1H22, delivering a cash balance at 31st of December 2022 of $489.9 million. We are delivering high quality earnings, which gives us plenty of headroom to execute on our growth plans. The interim dividend of 6.60 cents per share is up 39% on 1H22, representing a payout ratio of 20% of Underlying NPAT.

This was against an environment of softening global trade flows as geopolitical frictions and inflationary pressures persist, impacting global demand.

We provide solutions that work well when the economy is growing but equally, in tougher operating environments, logistics organizations have a greater need for our software to drive improved efficiencies; enhance productivity, drive manageability and labor visibility; and help with organizational cost reduction programs whilst maintaining their customer service obligations.

As these results show, our business continues to be resilient even through this current cycle. A testament to the strength of our software and the diversity of our revenue growth, and the agility of our extremely talented team to pivot as the environment changes to consistently deliver against our 3P strategy.

Slide 6 – Strategically significant acquisitions

We recently announced two strategically significant acquisitions in Envase and Blume Global. This significantly expands CargoWise's landside logistics capability in North America and beyond. As set out in our FY22 results, landside logistics is one of our six key development priorities.

During the first half we also completed two tuck-in acquisitions in Bolero, providing us with enhanced electronic Bills of Lading and digital documentation capabilities; and

data entry automation software business, Shipamax, both of which made a small contribution to our revenue growth.

Leveraging our experienced M&A machine to accelerate our presence in these areas is a significant and long term product and revenue growth lever, and we intend to continue this very effective strategy by using our strong balance sheet and cash generative capability to accelerate our growth in a disciplined manner.

I will provide more details on the Envase and Blume acquisitions, later, in my strategy update.

Slide 7 – WiseTech Global – strategic highlights

Through an unrelenting focus on enhancing our core CargoWise platform, we increased investment in R&D by 37% to $115.1 million in 1H23, delivering 577 new product enhancements, which are key drivers of our revenue growth. As discussed at the FY22 results, we have taken advantage of the current environment which has created improved access to high quality talent, to accelerate investment in R&D to drive further long-term revenue growth.

In terms of penetration, CargoWise added seven new or additional global rollouts since July last year: NTG Nordic Transport Group, IFB International Freightbridge, EMO Trans, and Kuehne+Nagel, and three new organic rollouts 'In Production'.

Most significantly, Kuehne+Nagel is the world's largest global freight forwarder, and this is our first global rollout specifically for customs and compliance. But more on that later.

This takes our total to 47 Large Global Freight Forwarder customer rollouts, 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.

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

Andrew Cartledge, Chief Financial Officer

Thank you, Richard and good morning, everyone.

Slide 9 – 1H23 Results

Starting with an overview of our 1H23 financial performance.

As Richard noted, the business delivered strong revenue growth during the half, with Total Revenue of $378.2 million representing year-on-year growth of 35%. Organically, if you exclude a $2.3 million foreign exchange tailwind and the contribution from tuck-in acquisitions, 1H23 Total Revenue grew by 32%.

This was almost entirely due to the growth in CargoWise, up 50% to $289.2 million, or 46% organically, which was an outstanding result and demonstrates the strength of customer demand for our core platform and execution on our strategy. Non-CargoWise revenue for 1H23 was up 1% to $89.1 million.

As you are aware, having recently announced two strategically significant acquisitions, that will be reported in CargoWise Revenue going forward, 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 as previously adjusted. This is to help provide an understanding of, and transparency to, the underlying revenue, EBITDA and EBITDA margin growth of the business. We've provided a full breakdown on the 1H23 organic growth slide in the appendix.

Gross profit for the year was up 35% on 1H22, in line with total revenue and incorporates increased investment to build scale and drive future growth.

1H23 EBITDA of $187.3 million was up 36% on 1H22, reflecting an EBITDA margin of 50%, up 1 percentage point on 1H22. Organically, EBITDA grew 42% on 1H22 and EBITDA margin expanded 4 percentage points to 53%, excluding the dilution from Bolero and Shipamax completed in 1H23, as well as M&A costs related to these two tuck-ins plus the M&A costs of the strategically significant acquisitions of Envase and Blume announced early in the second half. This EBITDA Margin rate is at the top end of our FY23 guidance range provided at our FY22 results.

The EBITDA performance was driven by our strong top line growth underpinned by Large Global Freight Forwarder rollouts; previously indicated price increases reflecting enhancements to our core product to ensure we're generating appropriate returns from our investments while offsetting cost inflation; new product releases; and ongoing financial discipline.

EBIT was up 40% on 1H22, reflecting a 24% increase in depreciation and amortization related to continued investment in research and development to drive growth, as well as investment in data center capacity.

At the bottom of the table you'll see Underlying Net Profit after Tax for the half year was up 40% on 1H22 at $108.5 million, demonstrating the ability of our business model to deliver revenue growth and expanded earnings.

Underlying EPS was also up 40% to 33.2 cents per share.

Slide 10 – 1H23 Revenue Growth

Moving to the next slide, you'll see the revenue split by recurring and non-recurring, as well as CargoWise versus non-CargoWise revenue.

The backbone of SaaS and subscription-based companies like WiseTech, recurring revenue represents revenues from customers who are using our product consistently and gives us good visibility over future performance.

For WiseTech, our non-recurring revenue includes things like customer paid product enhancements and one-off license revenue that help accelerate future recurring revenue growth.

In 1H23, recurring revenue grew by 38%, or $99.3 million excluding the impact of FX. This was driven by Large Global Freight Forwarder rollouts, price increases reflecting product enhancements to ensure we're generating appropriate returns from our investments while offsetting cost inflation, new product releases, and tuck-in acquisitions including the two we completed during the period.

As expected, non-recurring revenue, decreased by $4.4 million or 23% excluding FX, as we continued to wind back non-core, low margin revenues in acquisitions completed in prior periods as part of our integration strategy.

On the right-hand side of the slide you'll see the contribution from the strong growth in CargoWise Revenue, which was up 46% ex FX, $74.1 million of which was from existing CargoWise customers, and $14.2 million from new customers including new Large Global Freight Forwarder rollouts. This growth also reflected existing Large

Global Freight Forwarder rollouts, price increases and the adoption of new product releases as mentioned. Tuck-in acquisitions contributed growth of $5.7 million.

What's really noteworthy is that CargoWise now makes up more than three quarters of our total revenue. As mentioned by Richard earlier, CargoWise customer attrition remains at an extremely low rate of 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 up 1% to $89.1 million, from acquisitions completed in FY21 and prior years and increased pricing to offset cost inflation. We expect a continued reduction in non-CargoWise revenue over time as customers transition to the WiseTech commercial model and we exit lower margin, non-recurring products and services.

As is customary, we'll provide an update on our longer-term recurring CargoWise revenue compounded annual growth rate and key drivers at the full year, with CAGR numbers for FY16 to FY22 included in the appendix on the revenue growth drivers slide, as a reminder. Revenue CAGR for FY16 to FY22 from Large Global Freight Forwarders is included in the appendix.

Going forward, from 2H23, we will reclassify Trinium revenue from non-CargoWise to CargoWise. Trinium is a key component of our Landside logistics strategy and in line with the acquisitions of Envase and Blume, which will be reported in CargoWise revenue, it's important to reflect revenue from all these activities consistently. Therefore, to provide full comparisons of prior period revenue and in order for you to prepare for this change ahead of our FY23 results, we've provided in the appendix the Trinium revenue reclassification from acquisition date in October 2018 to 1H23. All 1H23 reporting provided today includes Trinium in non-CargoWise revenue consistent with prior periods.

Slide 11 – 1H23 operating expenses

Moving to the next slide, you'll see our operating expenses from 1H21 across the subsequent halves in three areas: 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 down 3 percentage points on 1H22 reflecting our ongoing financial discipline. Product design & development expenses as a percentage of revenue continued to reduce even as actual spend increased $9.2

million on 1H22 to $54.3 million. This was due to strong revenue growth and ongoing investment in CargoWise innovation and development somewhat offset by continued reductions in maintenance of non-CargoWise platforms. The reduction in maintenance of non-CargoWise products was down to 33% for 1H23, from 47% in 1H22 as a percentage of total product design and development expense. 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.

Our sales & marketing expenses were down 1 percentage point to 6% for the half, or $24.1 million. This reflects the efficiency of our targeted sales & marketing approach on the Top 25 Global Freight Forwarders and the top 200 global logistics providers. This is clearly proving to be effective with the addition of four new global rollouts this year, and expanding new customer revenues.

General & administration costs were up by 2 percentage points primarily due to M&A costs. Excluding these costs, G&A reduced by 1 percentage point on 1H22 to 13% of revenue as we continue to grow and benefit from ongoing financial discipline.

Slide 12 – 1H23 research & development

Turning now to our R&D investment on the next slide.

Investment in innovation and product development continues to be a strategic priority for WiseTech, with deliberate acceleration in 1H23, 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, to become the operating system for global logistics.

Overall investment in the half increased by 37% with strong growth in CargoWise investment, partially offset by a reduction in spend on non-CargoWise platforms as previously mentioned, as non-CargoWise teams move to supporting our CargoWise development pipeline.

Overall, this represents a reinvestment of 30% of our revenue in R&D, consistent with 1H22, which is higher than most SaaS peers and further emphasizes our product-led focus.

Capitalized development increased by 57% to $60.7 million versus 1H22, reflecting increased investment in our six key development priorities. This increase also includes major projects incurring investment capitalized at a higher rate, increasing the overall percentage of R&D capitalized to 53%, up 7 percentage points on 1H22 and above our target range of 40 to 50%.

We are happy to maintain flexibility where there are particular projects and opportunities that warrant higher levels of investment and when we see opportunities to accelerate hiring and development activity. We expect the capitalization rate to remain at these higher levels over the medium term as we take advantage of the long-term value creation opportunities before us, in line with our development priorities. Excluding these major projects, our core product investment was within our target range of 40 to 50%.

We delivered 577 new CargoWise product enhancements during the half, bringing these to more than 5,200 over the last five years with total investment of over $775 million. The number of product enhancements in the first half was moderated by a focus on larger, longer-term products as mentioned; a number of new features in pilot with customers; and increased work on core platform optimization which benefits all customers and supports future price increases as well as usage growth.

As forecast at our FY22 results, we accelerated hiring of development and product management staff globally and continue to attract high-quality talent to our business. As a result, our CargoWise product development resources increased by 44% versus 1H22 and have doubled over the past three years, including the transfer of non-CargoWise teams as mentioned. Notably, 57% of our global workforce is now focused on product development, up 4 percentage points since 1H22.

Slide 13 – 1H23 balance sheet

Moving on to our balance sheet.

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

At 31st December 2022, we had $489.9 million in cash, in addition to our undrawn $225 million debt facility, providing significant financial flexibility and headroom to fund strategic growth opportunities as demonstrated by our recent acquisitions.

During the period we deployed $85.8 million of cash to fund the acquisitions of Bolero, a leading provider of electronic Bills of Lading and digital documentation capabilities to facilitate global trade, and Shipamax, an industry-leading provider of data entry automation software for the logistics industry.

The 5% increase in receivables relates to revenue growth and new acquisitions offset by strong collections performance.

The Bolero and Shipamax acquisitions were drivers of the $144.1 million increase in intangible assets, along with higher capitalized development previously mentioned, partially offset by amortization.

Turning to our liabilities, the $42.5 million increase in current liabilities was driven by an increase in trade and other payables reflecting business growth and Shipamax contingent consideration.

You'll also see a $40.7 million increase in share capital, with new shares issued to fund our employee equity program for future vesting and for earnout consideration. Our employee equity program is 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 proportion of our people that own WiseTech shares and share rights.

Slide 14 – 1H23 cash flow performance

I'll quickly refer to our strong continued cash flow performance on the next slide.

In 1H23, our operating cash flows were $203.4 million, up 51% on 1H22, demonstrating the strength of our highly cash-generative operating model, delivering excellent free cash flow.

The portion of our operating cash flows reinvested to support long-term growth initiatives was up to $65.7 million, including new data center capacity.

Pleasingly, our operating cash flow conversion rate of 109% was up 11 percentage points on 1H22, driven primarily by higher revenue and EBITDA.

As a result of this improved operating cash flow, our free cash conversion rate was up 8 percentage points to 74%, with the free cash flow margin up 4 percentage points on 1H22 to 36%.

Taking the sum of our total revenue growth and free cash flow margins, our Rule of 40 increased to 71% in 1H23 from 50% in 1H22, a significant increase, especially from revenue growth, and highly attractive when compared to SaaS businesses globally.

This emphasizes our ability to deliver strong top line revenue growth, while driving enhanced operating leverage and generating excellent free cash flow to fund investments for continued future organic and inorganic growth.

Before handing back to Richard to provide an update on our strategic progress and the outlook for FY23, following the announcement of the acquisitions of Envase and

Blume we wanted to give you an update on our current liquidity, and the progression of our balance sheet from the period end to today.

WiseTech's pro forma liquidity, taking into account the Envase and Blume acquisitions, is strong and stands at approximately $400 million. This follows the expansion of our debt facilities as announced with the Blume acquisition. An update of our pro forma balance sheet and liquidity is included in the appendix.

As you'll appreciate, after the completion of these strategically significant acquisitions we remain in a strong financial position with plenty of flexibility, including ongoing strong free cash flow generation, to pursue further acquisition opportunities where there is a compelling strategic rationale.

I'll now hand back to Richard.

Richard White, Founder **& CEO**

Thank you, Andrew.

Slide 16 – WiseTech's "3Ps" strategy

WiseTech's strategic vision is **to be the operating system for global logistics**, and we have made significant progress on that vision. I would go so far as to say that on both global customs and in

landside logistics we have achieved major milestones which add strongly to our existing ecosystem and validate our strategies and long-term efforts.

We put product first, as you can see in our, 3Ps strategy on this slide. Product strategies like global customs and landside logistics, create deep value for existing customers, create attraction for new customers in our existing markets, and extend our reach to gain further access to customers and opportunities. Acquisitions add to our speed of execution and fuel further and faster organic growth. Targeted acquisitions in customs and significant acquisitions in the landside logistics space makes these bold product moves both possible and much faster and simpler to execute effectively. They also drive market penetration, growth and profitability over time as has been demonstrated though our results in recent years.

Let's take global customs and our foothold M&A strategy. It was a little over five years ago that we started our foothold customs M&A strategy, largely completing that initial phase in early 2020. And whilst the early pandemic moderated our acquisitions for a short time, we have continued to acquire sensibly in FY21 and FY22 and again in FY23 with Bolero and Shipamax earlier and now with two strategically significant acquisitions post December, Envase and Blume.

Our continued strong financial performance in 1H23 is the result of years of dedicated work on our core product CargoWise and across the business, automating processes, stopping low yield activities, enhancing successful activities and ensuring that the core of the business, front and back office, has the 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 and to progress further on our six product development priorities.

Our customers operate in a complex, dynamic, and competitive environment. CargoWise's competitive advantage is that it is an integrated global software solution that enhances visibility, productivity and capability, delivering advantages to customers and presenting an appealing option to potential customers still on ageing legacy systems.

CargoWise's depth of product capability and global reach is why 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.

The industry has also been reminded again, due to the recent failure of yet another substantial investment by a large global logistics provider, about the cost and risk of global freight and logistics providers attempting to build their own global technology platform. The industry has many historical examples of major technology investments, which have taken substantial amounts of time and money and have failed badly. At a global scale, this industry's requirements are extremely complex and require decades of extraordinary focus, dedication, knowledge, and investment. By comparison, CargoWise provides world leading capability, available now, strongly maintained and continuously enhanced. It's out of the box, fast to roll out globally, and at a cost that is orders of magnitude lower than any of these many failed projects.

24 of the Top 25 Global Freight Forwarders and 43 of the top 50 third-party logistics providers are already WiseTech customers in at least one area of their business, and the many lightly penetrated customers provide plenty of opportunity for further CargoWise revenue growth.

Overlaying our focus on these three pillars is the accelerated growth in talent and strong culture of innovation, complemented by an ongoing and active M&A program.

These will be within the six development priorities as we further build out the CargoWise ecosystem, which I'll now talk to in more detail on the next slide.

Slide 17 – Development priorities to extend the CargoWise ecosystem

As a reminder, our development priorities are: landside logistics, warehouse, Neo, digital documents, customs and compliance, and international eCommerce.

In many ways, in each of these development priorities, we are creating 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 $775 million invested in R&D since the second half FY18, delivering more than 5,200 enhancements to date.

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

Kuehne+Nagel is the world's largest freight forwarder, already successfully using our customs and compliance capabilities in a few countries. They have now signed a substantial global customs rollout to realize the benefits of using a single customs platform. The significance of this watershed deal cannot be understated. There has never been a customs platform with the global capability and sophistication required to satisfy the complex needs of customers like Kuehne+Nagel, until now. Traditionally, players at this scale have engaged individual vendors in each country in order to comply with the local legal requirements of electronic customs procedures. Our global customs success has been directly driven from our foothold acquisition strategy and our long term focus on developing a true global customs architecture.

A global customs rollout, at this scale, also demonstrates real progress on a key part of our development priorities and highlights another significant opportunity we have outside of our core international freight forwarding capability, across both existing customers and new customers and regions. This is in addition to what a true global customs capability adds to our product reputation, recognition, customer attraction and retention.

Moving now to the recently announced acquisitions of Envase and Blume, which expand and accelerate our development priorities for landside logistics in North America and beyond.

Slide 18 – Expanding the CargoWise ecosystem

In order to accelerate progress on our vision to be the operating system for global logistics, we need to further develop critical mass and capability across each of the six development priorities that complete our customer value chain. Our Large Global Freight Forwarder rollouts are primarily in our core capability of international freight forwarding, the middle blue segment of the slide. Going one step out from that we have customs and compliance, the adjacent red segments on the slide, managing the declaration and border clearance of import and export goods. Both forwarding and customs feeds the landside logistics segment colored orange on this slide.

Our global customs and compliance capabilities address a major pain point for our customers. With this breakthrough global rollout with Kuehne+Nagel, we continue to advance our customs capabilities in the same way that we have for our core international freight forwarding business.

This follows the more than $250 million of investment we have made in customs/foothold acquisitions and internal product development to deliver a global customs platform, along with significant long-term investments in reusable global customs architecture. This accelerates the delivery and lowers the cost of delivering customs and compliance procedures across approximately 90% of global manufactured trade flows. This is another reason for the world's largest global freight forwarders and logistics organizations to increasingly choose our software as they look for ways to drive operational efficiencies and reduce risks.

Slide 19 – Landside logistics – North America

The industrial logic of the Envase and Blume acquisitions drives our expansion of CargoWise into an integrated landside road and rail capability. Envase adds to WiseTech's existing capabilities and investments in North America and beyond. Blume adds rail and intermodal capability to Envase and WiseTech's container haulage TMS, or drayage capability.

According to the Intermodal Association of North America, the value of the North American intermodal market is approximately US$51 billion. In the US alone, more than 500,000 truck drivers and 12,000 trucking companies are making around 100 million container moves annually. This includes the transportation of containerized goods from port to rail, rail to port, and port or rail to distribution centers. Envase's

TMS software suite is the largest intermodal trucking transport solution in North America.

It's a substantial but also hugely fragmented market, and because of that, highly inefficient. Adding Envase to CargoWise and our existing landside logistics capabilities in North America and beyond, we have considerably expanded our ability to compete in this valuable space.

Blume, amongst other functionalities, has a deep capability in rail in North America, and manages intermodal containers and chassis on behalf of 6 of the 7 Class 1 US railroads, ocean carriers, intermodal equipment providers, global freight forwarders and beneficial cargo owners.

Blume brings the valuable ability to digitally link and integrate planning, execution and visibility through rail, road and intermodal activities.

Both newly acquired businesses and WiseTech provide an extensive portfolio of valuable adjacent product capabilities, development capacities, talented teams, deep industry knowledge and valuable customer relationships. Combined, these businesses will enhance planning, productivity, control, and execution, and create productivity improvements for logistics service providers and their customers.

These are essentially three highly complementary but different sets of landside logistics capabilities. Combining them means we can provide freight forwarders and BCOs with complete end-to-end visibility of shipments from point of origin in the export location to the point the container is delivered to the unpack location or warehouse in North America and returned for dehire, reducing dwell time, container detention costs and delivering significant efficiency and productivity to our customers.

Integration of Envase and Blume's existing systems will be rapid, as we deploy a web services based integration of the platforms that combines booking, tracking, capacity utilization, fleet and journey optimization, and other valuable operational capabilities into the CargoWise architecture. This development approach removes customer disruption, creates rapid "straight through digital processing" whilst building on top of, alongside and through these existing platforms over the long term.

It also enhances our product capability, market penetration and long-term profitability whilst bringing in a wealth of new talent, in addition to our accelerated investment in R&D to drive future revenue growth.

So just to wrap this up, we have made considerable progress in global customs and compliance and have substantially expanded our presence in landside logistics in North America and beyond, all of which demonstrates that we have a vast runway ahead of us in these areas, and of course we have continued to focus on our other key development priorities.

This adds to our ability to win new global customers and further penetrate our core segment, the international freight forwarding space.

Slide 20 – Penetration

On this slide, you can see 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 Kuehne+Nagel, our first global customs rollout, as I have mentioned, as well as NTG, IFB, and EMO Trans in global freight forwarding.

We added three new organic rollouts 'In Production' in the form of DB Group, Jet Logistics, and Maersk. This follows Maersk's acquisition of several companies including Senator, which has been a WiseTech customer since 2012, so Maersk replaces Senator on the slide, and reflects their recently announced unified brand.

We have talked before about the benefits of continuing consolidation amongst global logistics operators. Maersk's acquisition of Senator, along with JAS's acquisition of Greencarrier and CEVA's acquisition of GEFCO, are all great examples.

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

These global rollouts provide us with significant revenue growth runway. As we said at the FY22 results, over a third of the 31% CAGR for CargoWise recurring revenue since FY16 was driven by Large Global Freight Forwarder rollouts.

32 of these 47 global rollouts are already 'In Production' whilst 15 are 'Contracted and In Progress', which means in the process of being rolled out globally. We therefore expect significant growth from these more recent rollouts, with only about one third of their expected users currently live on CargoWise.

Slide 21 – Profitability

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

We continue to work on further efficiency and accretive acquisition opportunities where appropriate across the business, whilst remaining focused on driving returns through our high growth, scalable SaaS model.

Importantly, a direct consequence of liberating talented staff, across the business, from low value or by automating repetitive activities, is that we have been able to apply that liberated talent to high growth, high yield areas of the business, even as others struggled with a very tight IT employment market.

Improving our efficiency is part of our ongoing financial discipline, supported by continued reduction in non-CargoWise product maintenance costs, price increases to drive return on product investment and further expansion of our CargoWise product capability. This will continue to enhance our operating leverage as we scale.

Slide 22 – FY23 Guidance

On this slide, I will to talk to our guidance for FY23 and our continued strong growth outlook. This is despite global trade volumes softening, given the trajectory of the core business, resilient nature of our recurring revenues and multiple sources of revenue growth, the majority driven by factors other than global trade volumes.

Our guidance is based on market conditions not changing materially, and reflects current trends in overall supply chain volumes, noting in particular, prevailing uncertainties relating to industrial production and international goods flows, and sovereign and geopolitical risk.

You will also see that we have added our recent M&A activities to our guidance.

We have also provided a quantification of our expected one-time M&A costs for visibility, but have excluded these from our stated guidance to align with analyst coverage where most have excluded these costs from their EBITDA forecasts.

Assuming there are no material changes to these assumptions and no unforeseen events that arise prior to 30 June 2023 we confirm current guidance and update for recent M&A activity. We

expect to deliver FY23 revenue of $790 million to $822 million, representing revenue growth of 26% to 30% with CargoWise revenue expected to grow by approximately 38% to 44%, overall.

In terms of FY23 EBITDA we expect to deliver $380 million to $412 million, representing EBITDA growth of between 19% to 29%.

Note this represents a reduction in our EBITDA margin rate guidance reflecting the dilution from recent acquisitions. As mentioned earlier, we will provide transparency

to the underlying organic growth rates when we report our FY23 results, as we have done with our 1H23 results.

We are delighted with the continued momentum we are seeing across the business and the success of our multiple revenue growth drivers and are confident in our longer-term outlook and our ability to continue to grow the business and create further shareholder value.

Slide 23 – Business model and strategy delivering sustainable shareholder value

Finally, in wrapping up today, I would like to reiterate my earlier comments.

Our unique CargoWise offering, which we continue to expand and enhance through our own product development and our strategic acquisition program, is enabling us to drive considerable momentum.

On this slide you can see our strong track record of revenue, EBITDA and EBITDA margin growth over the past five years since FY18. Delivering 32% revenue CAGR, 43% EBITDA CAGR, and 63% free cash flow CAGR really demonstrates the strength and resilience of our business model.

This strong momentum has been underpinned by our 47 global rollouts including 11 of the Top 25 Global Freight Forwarders, stemming from an investment of over $775 million in CargoWise new products and enhancements.

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

Meanwhile, structural industry drivers should continue to be a tailwind for our business over the medium-to-long-term.

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

1) Our strong first half FY23 financial performance underpinned by 50% CargoWise revenue growth, that brings leverage to our mission, growing the company and creating shareholder value.
2) Our first Top 25 win for a global customs rollout with the world's largest freight forwarder, Kuehne+Nagel. This is a new, unique and important breakthrough in a key space that drives value for our customers.
3) Our move, deep into landside logistics, in North America. With Envase + Blume + WiseTech, the combined industrial logic of this breakthrough combination of adjacent capabilities, at scale, in an industry beset with complex problems, will create many industry scale efficiencies and growth opportunities.
4) Our continued success in our core CargoWise product and continued penetration into Large Global Freight Forwarders, winning four new global rollouts and three organic Large Global Freight Forwarder rollouts.

There is much to do, but there is also so much talent and potential, I look forward to reporting our progress in the months and years ahead.

Now let's open for questions.

Slide 24 – Q&As

Questions and answers

Source: Open Briefing

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speaker phone, please pick up the handset to ask your questions. Your first question comes from Lucy Huang with UBS. Please go ahead.

Lucy Huang: (UBS, Analyst) Good morning Richard and Andrew. I have three questions. So just firstly in terms of the global customs rollout that you've won with Kuehne+Nagel. Just wondering if you can give us some colour as to what kind of revenue contribution you're expecting from this deal over the next year or two? Then just give us a sense as to with these customs rollouts, are the sizes of these rollouts expected to be bigger over time versus core freight forwarder rollouts? Just wanted to get a sense as to where the customs - the bigger contract versus air and sea freight?

Richard White: Thank you Lucy. Well, first of all, all these rollouts are you know reasonably - they start reasonably slowly. You've got a [unclear] customer on that plan, you've got to get a roadmap organised and in fact, I was in Switzerland at the Kuehne+Nagel headquarters just last week talking this through.

So I don't expect any material addition to revenue this year and really, that wasn't the point of announcing the Kuehne+Nagel deal. The issue is that it's the first of its kind and it's - this has never been done before at this sort of scale and with this sort of depth of technology. We've been working on the customs platform to create a global architecture for customs so that this is possible to do.

The main reason for referencing Kuehne+Nagel is because it's a watershed deal that proves the last five years of effort and all of the M&A we did in our foothold strategy to build this global customs system. When you look at it, the real benefit here is that this will have other people looking at this and realising that although they currently have 40, 50, 100 systems from 100 different vendors, different contracts, different architectures, different life cycles and all these other complexities plus all these interfaces they have to do to make it efficient, this replaces all of that with a single global system with a single interface, single vendor, a single architecture and a single contract.

Much, much lower cost in every sense because of the fundamental costs of doing what most global companies are doing now. So that's the real issue that we're talking about this whole effectively a sea change in the way that people look at it. We are not giving you numbers for the future as a general thing. Andrew, do you have any comments about the financials?

Andrew Cartledge: No, I think you got it right there Richard.

Richard White: Yes. Any other questions Lucy?

Lucy Huang: (UBS, Analyst) Yes, no. That was great. Thank you. I've got two more. So just in terms of guidance? I think you've maintained underlying FY23 revenue guidance. The first half was pretty strong so what are you seeing in terms of kind of the overall environment with global trade volume slowing down? Are we expecting a bit of impact coming through into the second half based on the guidance that we've seen today?

Andrew Cartledge: Yes, Lucy. Thanks for that question. I'll take it. Look, I think overall, we're very, very pleased with the first half. CargoWise recurring revenue growth of 50% and that was you know slightly ahead of our expectations. It also far exceeds the 31% compounded growth rate that we've seen from CargoWise recurring revenue over that FY16 to '22 period that we've reported on previously.

Looking at the sort of growth through the first - sort of second half last year to the first half this year, it's about 25% growth rate half on half and that's basically one of the fastest growth rates that we've seen over the last three years for CargoWise recurring revenue. So you know reflecting a lot of new products, new customer wins, new large global forwarder rollouts that are happening during that period of time as well as some of the price changes that we talked about previously and some of those went through in the second half of '22 as you know and we also did our general price increase in the first half of '23. All that's obviously baked into our run rate for the second half of the year already.

Today, we've obviously confirmed the guidance that we gave earlier in the year at 30% to 35% growth rate for CargoWise recurring revenue for the year excluding [FX] and the recent acquisitions that we've done and as you'd know from that guidance, we'd indicated that the first half, second half splits were going to be more evenly distributed this year versus where we were in FY22 and we certainly see that in the first half as well and I think some of that is based on the timing of the new products and the large forwarder rollouts that we've seen in the first half.

As we've included in our guidance today - you've probably seen it on the guidance assumptions pages. We've reflected you know current trends in the overall supply chain volumes and Richard mentioned just recently softening of global trade flows. I think it's important to remember though that of that 31% compounded annual growth rate that we see on CargoWise recurring revenue, only 3 percentage points of that really relates to market growth and over 90% of it relates to the factors that we control like product development and new product delivery and large global forwarder rollouts and other customer wins as well. So that's what's baked into the guidance for second half.

Richard White: I might also add to that Lucy that our experience is that in times when margins start to contract and volumes fall a little, our value proposition shifts from the traditional - enabling people to grow their businesses to enabling our customers to become more efficient. I mentioned this before but as we saw between 2008 and 2011, we had a real big shift from people coming in and saying that they had to restructure their businesses and they needed technology like CargoWise to do that.

We grew about 3% a month between 2008 and 2011 and obviously, the mix is different and the timing is different but the slight downturns as we're seeing now are actually opportunity for us. They tend to create a long term connection with customers that look for more efficiency. Rather than the traditional approach which is where customers are looking grow their business efficiently and these are just another way of arranging your sales structures so that you capture the market demand at the time. Back to you Lucy.

Lucy Huang: (UBS, Analyst) Wonderful. Thank you. Just sorry one more from me if possible. Just with the Blume and Envase acquisitions. Just wondering are there any more capability gaps needed in landside logistics to eventually build out the product over time?

Richard White: Well, those two acquisitions sort of sit next to each other. Envase is strong in TMS as we are also particularly in what the Americans call drayage. What we call container haulage. Blume provides a very strong entrée into rail and it gives us the [telemetry] across all of those systems so that we can visualise, so that we can track and trace, so that we can plan and execute much more effectively.

But as you'd probably understand from CargoWise, we spent a lot of time looking at those gaps, seeing where we can automate things, where we can add functionality that is not necessarily there in the capabilities and where we can enhance productivity and we can create competitive advantages for our customers in being much more efficient. So there's a lot to do here but the initial phase of this will be very straightforward.

Connecting Blume and Envase to WiseTech and to CargoWise is going to be one of those things which is a pretty straightforward process and then we'll spend some years filling out all of the pieces that we can see in that landside logistics [space]. By the way, both Envase and Blume have more than just TMS in Envase and more than just rail in Blume. They've got very full product portfolios which add very significantly to us in a number of spaces which we'll talk about as we develop through those product releases.

But we also have to think about North America being the starting point for a major move into landside logistics. It is not the end. We want to be very strong in Asia, we want to be very strong in Europe in that space and so there's going to have to be some development done in that area as well. As we always do. We're a product developer. We're not just an acquirer of technology. We build it all the time.

Lucy Huang: (UBS, Analyst) Wonderful, thanks guys.

Operator: Thank you. Your next question comes from Bob Chen with J.P. Morgan. Please go ahead.

Bob Chen: (J.P. Morgan, Analyst) Morning guys, just a few questions from me. I think some of your comments earlier about the impact of price rises helping second half last year and obviously first half this year, I mean how are you thinking about the cadence of price rises going forward or the more medium-term outlook on that?

Richard White: I think strategically speaking we're not really talking about just pure price rises. We're talking about making major enhancements to the product and in doing so, adding modules in that have new licensing. So we obviously do price rises for inflation and other things, which are very regular and relatively mild. I think the big change in pricing this year was that we created quite a lot of capability within and next to the forwarding system and in the back office.

Because we're increasingly global and we're dealing with a very global environment where the tax and reporting compliances become a bigger issue in many countries, electronic reporting I'm talking about and where it's necessary for us to maintain direct connections to hundreds of airlines and shipping lines and transport companies and the like, those capabilities don't come cheaply and they're complex, but they also, despite there being a price on those things, there's an enormous labour saving in avoiding web lookups, telephone calls, emails and other things which are very inefficient and turning those into a straight-through digital process. So it's much more about pricing capabilities that we're adding to the platform than it is just about putting the price up.

Bob Chen: (J.P. Morgan, Analyst) Okay, great. Then just on the customs agreement with Kuehne+Nagel, I think historically Kuehne+Nagel has been a hard one to crack, I mean what's sort of changed with them and then is there any opportunity to extend that relationship to the core freight-forwarding software piece as well?

Richard White: Our relationship with Kuehne+Nagel is very strong and as I said, I was in Schindellegi in Switzerland last week talking directly with them and that was a fantastic meeting. I really like their approach to this. They have been, for a very long time, an investor in their own core platform and we've called this out actually, we've said there are three companies that we think are probably going to continue to invest in their core platform, at least in the medium term. We said Kuehne+Nagel, we said C.H. Robinson and we said Expeditors. We thought that that was a pretty decent thing to say to market.

The fact that we've been able to engineer a global rollout with Kuehne+Nagel on customs indicates that whist there is a core platform that they're going to stick to, that doesn't mean we don't have substantial business that we can build with those companies. I was really trying to flag the fact that this global rollout of customs, this global capability that we've been building is a very sizeable market in itself and the fact that Kuehne+Nagel is doing it is just a proof point, if you will, of the strategy that we've been working very hard on for the past more than five years.

Bob Chen: (J.P. Morgan, Analyst) Okay great and then just on some of the recent acquisitions and moves into landside logistics, I mean it's obviously a very large and fragmented market. Is there going to be much change in terms of your go-to-market strategy to execute in this area?

Richard White: I don't think there's any need to vary the fundamental things that we do as a product developer. I think our core focus is that we start with product and everything else descends from there. Both Envase and Blume are product companies and I have very strong views that we're quite aligned in terms of the culture of that and the teams and obviously the ability for us to join together and execute even faster. But the core strategy about being a product developer and building world-scale, high-class products and solving industry problems, dealing with pain points of industry and making the industry much more efficient, that's fundamental and that's not going to change.

Bob Chen: (J.P. Morgan, Analyst) Okay, great. Just a final one, in terms of cost inflation and hiring, I think at the last result you mentioned you were going to step that up this year. How has that tracked against your expectations? I think you previously called maybe 8% to 10% cost inflation across your business.

Richard White: So look there was a crazy time late 2021 and early 2022 where I think a lot of companies were still in the belief that money was virtually free and hiring employees was the necessary thing to do and it got a bit out of control. We actually pulled back from that and worked hard on retention of our staff and worked hard on making our internal systems as efficient as possible, reorganising our acquisitions and bringing a lot of the talent into that pool, which I did mention in the talk that I just gave. We are very keen on always being an efficient provider, but I've also been talking quite frequently to market about the fact that we're a strong, high-value employer that values staff for the very long term.

But because were very profitable and cash generative, we can make decisions about hiring and retain those decisions for decades really, whereas a lot of the hiring that's going on right now, that went on in 2021 and 2022, has been offset by major layoffs in companies, small and large, across the world. We are not laying off anybody, there is no need to do that and in fact if anything, we've lifted the bar a little bit on the talent that we're hiring in terms of looking for the very best and we're getting enormous amounts of inbound requests for employment, particularly you can see what's happening in industry, typically when these downturns happen and people start laying off, it's contractors go first and we've had quite a large inbound set of contractors wanting to find full-time employment rather than be a contractor. That's an indication that the market is becoming much more able to, first, from a supply point of view, much more able to attract talent in that marketplace.

But our message to the market is always very clear. We are a high-value employer, we pay very well, we give people shares in WiseTech as part of their package, we want them to stay for the very long term and we develop our staff extensively through the WiseTech Academy and with internal training programs and we really care about the talent that we have and hold and we want to hire more high-quality talent.

Andrew Cartledge: What Richard said there Bob, I mean we included some notes on page 12, the CargoWise product development resources have increased by 44% over the last 12 months, so really emphasises the point that you were making about our hiring step up. As we exit the first half, we've got 57% of all the employees in the Company that are really focused on product development and that's up four percentage points versus the same time last year. So really emphasises that point that was in your question.

Bob Chen: (J.P. Morgan, Analyst) Great, thanks guys.

Operator: Thank you. Your next question comes from Kane Hannan with Goldman Sachs. Please go ahead.

Kane Hannan: (Goldman Sachs, Analyst) Morning guys, I'll just go with three as well please. Just back on the guidance for CargoWise, Andrew I think you made the comment before that CargoWise revenues were ahead of expectations in the first half, I mean do I take that you're tracking towards the top half of that guidance range for the full year or is the volume environment deteriorated a bit more in the second half than you were thinking back in August?

Andrew Cartledge: Kane, it's a reasonable question to ask. I did say slightly ahead of expectations, so not too far and I was just really emphasising the first half/second half split was a little bit more weighted towards the first half than we'd originally thought. We've confirmed our guidance range that we gave at the FY22 result, so we'll just stick with the guidance range that we've provided today.

Kane Hannan: (Goldman Sachs, Analyst) Perfect. In terms of the guidance range, if I take the midpoint of it, looks like you've got almost a 30% decline in terms of the sequential growth rates in the second half. So is it right to think about the deltas here being that 20% decline in volumes you put at the end of the pack in terms of the industry, less the pricing? We're obviously not having the double price rises going through and maybe a bigger base to get us the balancing 10%? Just trying to understand where the slowdown is coming from in the second half.

Andrew Cartledge: Look as we sort of pointed out, half/half to half growth as we know can be lumpy. We've had this 31% compounded growth rate over the last five years. A small amount of that, less than 10%, comes from market growth and the other factors, Kane, are the things that we control. We've seen that price and new product introduction and large global forward rollouts, new customers, et cetera have been big items in the second half of last year and the first half of this year and potentially they're going to be a little bit smaller in the second half, but still in line with our guidance for the year. We're still guiding for 30% to 35% CargoWise recurring revenue growth, which in comparison to the 31% that we delivered over the past six years, on average is still very strong.

Kane Hannan: (Goldman Sachs, Analyst) Yes, perfect. Then just one last one, just the Trinium revenue disclosure you've broken out, can you just talk about what's been driving that growth since the first half 2020, I suppose confirming it's all organic since that first half 2020 number and just how much of the revenue relates to North America from Trinium? Cheers.

Andrew Cartledge: Yes, just to confirm, it is all organic, so it's volume and a small amount of price as well included in that and it is all North America.

Kane Hannan: (Goldman Sachs, Analyst) Perfect, thanks guys.

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

Nick Basile: (CLSA, Analyst) Good morning Richard and team, just a couple of questions from me. First one on the Blume and Envase acquisition, I think Richard mentioned integration this time would be rapid and perhaps result in less customer friction than in the past. Just interested what that means for, I guess, earnings and potential synergies from the deals going forward.

Richard White: Okay, so there are two different drivers here. The value of both Blume and Envase and Trinium and the other WiseTech capabilities that sit in the space is quite substantial because when you add all of them together, you end up with a capability that is quite unique, highly productive, highly competitive and highly desirable. It actually makes our customers' business processes much more manageable and more transparent and it will dramatically enable people to avoid container detention, truck wait times, wharf storage and various other problems that occur in landside logistics that can be hundreds of dollars a day in fees and charges and penalties if they're not properly managed. So managing that and making it effective and efficient and creating a straight-through process that allows CargoWise customers that are already on the platform access to much a more efficient market in what is the largest domestic logistics market in the world. This is really quite an important piece, so there's quite a lot of upside value in brining all these pieces together.

What I mentioned about making it less painful for customer transitions is that we'll be using an appropriate set of web services to bind all of the data together. Rather than asking people to change platforms, we'll be bringing those platforms together in a common architecture and slowly over time providing additional capabilities on top of those platforms, beside those platforms and within those platforms so that they'll eventually end up as a common platform. But there won't be a massive customer switch, there won't be a switching one system off and switching another system on. It'll be what we colloquially call a fade-in-fade-out process.

But the key parts of this is that bringing all those pieces together is 90% of all of the value creation. The landside logistics market for North America is the biggest market in the world in that space. It is the most complex by far. It has some quite strange differences to other markets in that the intermodal containers are different sizes and the rail runs at different sizes. There's a whole lot of things that go on in that market that are very complex and locally efficient, but from a global perspective they cause a lot of pain for our customers that are using those services across the world because obviously the import market in the US is such a huge market. There's a lot of upside opportunity for us to make that landside logistics market into a much more efficient market in North America, give people a much mor productive outcome, make the economy better and faster, but also take those learnings and capabilities that we've built in North America and add them to Asia Pacific and European markets which would be also, having regard to those efficiencies, be very valuable.

Nick Basile: (CLSA, Analyst) Okay, great and just a follow up, just interested to know how you're thinking about the selling of, I think it's landside logistics within the product capability within the platform, is that going to be different to how you sell today? Are you going to be leveraging any of your existing relationships? Just sort of interested in how you think about cross-selling to existing customers versus perhaps selling ocean and air freight to some of those US customers with a strong intermodal presence, for example.

Richard White: Landside logistics carriers are a different class of customer and so that's a new market for us. But that's very strongly supported by Trinium, by Envase's TMSs, but there's also quite a lot of new product capabilities to add into that marketplace and to new customers and upsell customers in that marketplace. But equally, because of the visibility, control and manageability that we give in that market, for those carriers to be able to provide data and services, bookings and tracking and invoicing and so forth. Our other customers in the international space are going to benefit tremendously from through transaction process, straight-through transaction processing and visibility and bookings and all of the other reconciliations and so forth. So both sides of this particular complex industry set benefit from being tied directly digitally to each other.

The point I made in my discussion before was that both the forwarding business benefits tremendously from global customers' capability and from landside logistic capability and those benefits accrue in terms of transparency, visibility, manageability, predicting whether there's going to be failures and you're going to end up with storage charges or detention charges and so forth and managing to avoid those by getting ahead of the term. So there's a lot of process in there that is beneficial for our existing customer base and for the new customer base that we have in that space and we already have customers in that space in the US with Trinium, there is a lot to be done by bringing all those things together and creating a digital straight-through process.

Nick Basile: (CLSA, Analyst) Okay, perfect. Thanks very much, Richard.

Operator: Thank you. Your next question comes from Siraj Ahmed with Citi. Please go ahead.

Siraj Ahmed: (Citi, Analyst) Thank you. Morning Richard and Andrew. Andrew, just going back to the guidance, I understand the [cons] in that you had a big bit of stuff, but just forwarding this into 2024, given the strong growth that you've had in the linage this year, should we expect like 20%, because that's like growth really implying second half is the rate going forward or do you expect that 30% to 40% organic that you previously guided to, to be the growth rates?

Andrew Cartledge: Yes, Siraj, the question was a bit difficult to hear, but are you asking about FY24 guidance?

Siraj Ahmed: (Citi, Analyst) Not guidance itself, but just in terms of growth rates, right? You've previously mentioned that organic growth rates for CargoWise should be 30% to 40% over the long term, given it implies 20% second half, is that the sort of rate or should we expect 30% to 40% in the medium term?

Andrew Cartledge: I see, so look I think there we have to go back to what our historical growth rates have been, 31% compounded growth rate, you're very familiar with that analysis. I think that's consistent with how we see the future. We know that some of those items that make up that 31% are going to be different year to year and we've discussed that previously. But given the pipeline that we've got with all of the new large global freight order wins and the rollouts of those customers, compounded with the investment that we'll be making in new products, price increases that we're putting through related to those new products coming into the platform, we're confident with the view that that growth rate continues into the future.

Siraj Ahmed: (Citi, Analyst) Got it. Andrew, just confirming the guidance, assume that 19% decline in volumes, is that the way it sets guidance?

Andrew Cartledge: Are you asking about the second half?

Siraj Ahmed: (Citi, Analyst) That's right, because there's a fact that the industry [unclear] down 19% something, is that how you've set it up?

Andrew Cartledge: No, I don't think that's indicative of what we're seeing across the platform. That was just a market-based view that we provided in that slide. Clearly we're basing our revenue projections and our guidance on the experience that we have with our customers as they roll out on our platform and use the new products that we provide to them each period.

Siraj Ahmed: (Citi, Analyst) Got it. Just Richard, with Kuehne+Nagel, can you just confirm who are you actually replacing in terms of the customs solution? And in terms of revenue potential, is it as much or it's greater, would you be thinking that it's like a multiple of the freight, the core TMS today?

Richard White: The first question is, who are we replacing? I actually have no idea because around the world we have hundreds and hundreds of small competitors, probably three or four or five in each country, all of whom are landlocked into one country only. Whilst we obviously are replacing them, I don't keep a long list of those companies, particularly in the countries that we've already acquired one of those competitors, which we did through 2017 to 2020. We just don't track them anymore and we're much more interested in building a global customer system. I guess from time to time we have to work with them when we're doing the transitions away from them, but I don't have any specific information about that for K+N.

As far as the opportunity for customs, we actually say customs and compliance, it's an important distinction because the compliance side of this is one of the biggest pain points in the industry. You are seeing increasing numbers of fines and penalties being levered against our customer base, large freight forwarders, for accidentally breaching embargoes by shipping dubious goods that shouldn't be shipped that people that shouldn't be receiving them, like breaches of the Wassenaar convention, various other conventions which are very serious and you're seeing aggressive actions from governments, particularly the US Government, around enforcement of those things and the cost of that can be in the tens of millions of dollars and as extreme as being banned from trading in the US at all. So there are significant problems to be solved and whenever there are significant problems to be solved, there is significant opportunity to build product and make significant value creation and therefore revenue for us.

Siraj Ahmed: (Citi, Analyst) Got it. Then last one, in terms of the pipeline for customers, I mean you said this is a watershed moment, right, is the expectation that this unlocks other global customers to come on board or is there already discussions underway? You were quite bullish on this opportunity, so is this really the key turning point here or do we wait for the implementation before other customers start coming through?

Richard White: Okay, we just had a bit of trouble understanding you there, it's a little bit foggy, the phone call. But yes, it does, global customers is, first of all, its own line of business. It clearly unlocks a new customer base because Kuehne+Nagel, at least from the current position, is not a customer in our global forwarding system, but they are a customer in our global customs system. It unlocks quite a lot more of the world's capabilities and I think the size of that segment is very large. We don't know how large because there's never been a global customs system before, so you can't value a segment that didn't exist until you created it. I mean think the archetypal question is, what was the value of the segment for iPhones before Apple created an iPhone? No one knew and now it's in the trillions.

I think the answer is there's a lot to do in that next segment, there's a lot of value and a lot of revenue to be gained in the short-term and we'll have a go at valuing it after a couple of years when we've done a bit more movement in it. But it's a very valuable segment, we're solving very complex problems and its value is easy to see from our customers. This breakthrough that we've done here is something we've been working on and talking about for more than five years, we now have a strong indication that it's working and we're going to, in turn, be talking to customers about that and it is really a delightful change in the industry which has been suffering from an enormous amount of cost that's pretty hard to deal with and a lot of risk that's pretty hard to deal with. All of that becomes solved by this platform component.

Siraj Ahmed: (Citi, Analyst) Perfect, thanks Richard.

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

Elise Kennedy: (Jarden, Analyst) Hi Richard and Andrew, I've got two questions. My first is just around trying to understand this customs contact. I appreciate you can't give any of the financials, but perhaps you can talk to the revenue model, if it's familiar with say the freight forwarding where you have the fee plus a cost for each item and if there's any timing that you're able to give around the rollout, if there's anything similar to what you were able to say historically with DHL.

The second question I want to ask is just around the acquisitions profile. Historically acquisitions revenue have gone backwards, perhaps due to some of the servicing that was in there and margins were clearly impacted in this result, just trying to get a bit of similarity and differences to how you're thinking about the financial profile of these latest acquisitions going forward.

Richard White: I'll put some information out and then maybe Andrew can add a bit more depth. First, I'll answer the second question first. These businesses are pure SaaS businesses, they don't have legacy revenue models and they don't have particularly high servicing revenue. There's a little bit, but it's quite small and it's usually to do with implementations. So I don't expect there's any step back in revenues for either business. In fact I believe that there's a very significant step up for both of them which we've sort of indicated in the Blume case, we're a little bit less able to tell you about the other, the total things, because want to bring the two businesses together, work out how strategically we're going to package all that up, integrate it and market it. But these are recurring revenue businesses, so there's not going to be any one time or services revenue that comes out of those businesses.

In terms of giving you revenue for the customer, we tend to stay away from talking about individual customers' revenues. That's not a thing we do. As I said, this is very early stages in what is our first global rollout, for customs, I'm referring to. So I think we should be able to give you more information as this segment matures, but for right now I don't really have anything to give you, I don't have it myself.

Andrew Cartledge: I might just add to that, Elise. I think you're asking about C-plus transactional items; customs is sold exactly the same way that freight forwarding is sold. It's an item on the price list, it's a customs clearance transaction, it's just another transaction. So the structure of that Kuehne+Nagel deal falls exactly in line with all of our other STL customer contracts.

Elise Kennedy: (Jarden, Analyst) Great.

Richard White: Unfortunately we have to wrap up, ladies and gentlemen. I have another video to do in five minutes, so I literally have to go. But it's been wonderful talking to you all. Thank you very much for your time and we hope to catch you on the rounds when we talk individually. So thank you very much everybody and I'll speak soon.

Andrew Cartledge: Thank you.

Operator: That does conclude our conference for today. Thank you for participating, you may now disconnect.

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