



empowering and enabling global logistics

ASX Announcement: 2021/08

24 February 2021

WTC 1H21 Appendix 4D and financial statements

Attached is the Appendix 4D and financial statements for the half-year ended 31 December 2020.

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

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About WiseTech Global

WiseTech Global is a leading developer and provider of software solutions to the logistics execution industry globally. Our customers include over 17,000¹ of the world's logistics companies across 160 countries, including 41 of the top 50 global third-party logistics providers and all of the 25 largest global freight forwarders worldwide². Our flagship platform, CargoWise, forms an integral link in the global supply chain and executes over 60 billion data transactions annually.

Our mission is to change the world by creating breakthrough products that empower those that own, enable and operate the supply chains of the world.

At WiseTech, we are relentless about innovation, adding over 4,000 product enhancements to our global platform in the past five years while bringing meaningful continual improvement to the world's supply chains. Our breakthrough software solutions are renowned for their powerful productivity, extensive functionality, comprehensive integration, deep compliance capabilities, and truly global reach.

For more information about WiseTech Global or CargoWise, please visit wisetechglobal.com and cargowise.com

¹ Includes customers on CargoWise and platforms of acquired businesses whose customers may be counted with reference to installed sites.

² Armstrong & Associates: Top 50 Global Third-Party Logistics Providers List, ranked by 2019 logistics gross revenue/turnover. Armstrong & Associates: Top 25 Global Freight Forwarders List, ranked by 2019 logistics gross revenue/turnover and freight forwarding volumes.

APPENDIX 4D

WiseTech Global Limited

For the half-year ended 31 December 2020

Results for announcement to the market

Six months ended 31 December (\$M)		2020	2019
Revenue from ordinary activities	Up 15.93%	238.7	205.9
Profit from ordinary activities after tax attributable to members	Down (25.85%)	44.4	59.9
Net profit for the period attributable to members	Down (25.85%)	44.4	59.9

Dividends - Ordinary shares	Amount per security	Franked amount per security	Record date	Payment date
FY21 interim dividend	2.70 cents	2.70 cents	15 March 2021	9 April 2021
FY20 final dividend	1.60 cents	1.60 cents	7 September 2020	2 October 2020

Dividend reinvestment plan

WiseTech has a dividend reinvestment plan ("DRP") under which eligible shareholders can reinvest all or part of any dividends to acquire additional WiseTech shares. The price of the shares under the DRP will be the average of the daily volume weighted average price per share of all shares sold in the ordinary course of trading on the Australian Securities Exchange ("ASX") for the five trading days from 17 March 2021 to 23 March 2021, rounded to the nearest cent. The last date for receipt of election notices from shareholders wanting to commence, cease or vary their participation in the DRP for the FY21 interim dividend is by 5pm (Sydney time) on 16 March 2021.

Net tangible assets ("NTA") backing

As at 31 December	2020	2019
NTA (\$M)	160.6	(14.5)
Number of shares (in millions)	323.8	318.2
NTA per share (cents)	50	(5)

Review

This report is based on the consolidated financial statements for the half-year ended 31 December 2020 which have been reviewed by KPMG.

Directors' report

The Directors present their report together with the consolidated financial statements of the Group comprising WiseTech Global Limited ("Company") and its controlled entities for the half-year ended 31 December 2020 and the review report thereon.

Directors

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

- Andrew Harrison
- Richard White
- Teresa Engelhard
- Charles Gibbon
- Michael Gregg
- Maree Isaacs
- Arlene Tansey

Operating and Financial Review

For the half-year ended 31 December 2020

Review of operations

Principal activities

We are a leading provider of software solutions to the logistics industry globally. We develop, sell and implement software solutions that enable logistics service providers to facilitate the movement and storage of goods and information, domestically and internationally. We provide our solutions to over 17,000 customers in over 160 countries.

Our industry-leading flagship technology, CargoWise, is a deeply integrated, global software platform for logistics service providers. Our software enables logistics service providers to execute highly complex logistics transactions and manage their operations on one global database across multiple users, functions, offices, corporations, currencies, countries and languages. Our three data centres in Australia, the US and Europe deliver our CargoWise platform principally through the cloud which customers access as needed and pay for usage as they execute on our platform.

Our customers range from small and mid-sized domestic and regional logistics providers to large multi-national and global logistics providers, including all of the top 25 global freight forwarders and 41 of the top 50 global third party logistics providers (3PLs)¹. Our software solutions are designed to assist our customers to better address the complexities of the logistics industry and can dramatically increase productivity, reduce costs and mitigate risks for our customers.

Innovation and productivity remain a key area of focus for the business. We invest significantly in product development and continue to deliver hundreds of new features, enhancements and functionality each year to drive greater usage of our CargoWise platform, enabling the business to achieve sustainable, profitable growth. Through continued product development and our targeted strategy to acquire skilled resources and technology capability around the world, we are expanding and extending CargoWise's integrated global platform to become the operating system for global logistics.

Our vision delivers a comprehensive global logistics execution solution for our customers, capable of managing from the first-mile road movement, connecting to long-haul air, sea, rail and road, crossing international borders, all while navigating complex regulatory frameworks with improved compliance, safety, visibility, predictability, manageability and productivity.

We have now secured a strong foundation for future technology development and geographic expansion, with 35 product development centres and our people in more than 50 offices worldwide.

¹Armstrong & Associates: Top 50 Global Third Party Logistics Providers List ranked by 2019 logistics gross revenue/turnover. Armstrong & Associates: Top 25 Global Freight Forwarders List ranked by 2019 logistics gross revenue/turnover and freight forwarding volumes. Updated 23 July 2020.

Summary of statutory financial performance

During the six months to 31 December 2020, global logistics industry volumes showed a strong recovery from COVID-19 disruption and we delivered solid revenue growth mainly from increased market penetration, customer usage and adoption of our technology in addition to CargoWise price changes reflecting increased product investment, data centre hardware and cyber security. We continued our significant investment in innovation and development and made considerable progress with the cost reduction initiatives to drive operational efficiencies across the business.

Revenue for 1H21 increased 16% to \$238.7m (1H20: \$205.9m)

Operating profit increased 46% to \$61.4m (1H20: \$42.0m)

Net profit after tax decreased 26% to \$44.4m (1H20: \$59.9m)

Basic earnings per share decreased 27% to 13.7 cents (1H20: 18.8 cents)

Summary financial results¹

	1H21 \$m	1H20 \$m	Change \$m	Change %
Recurring On-Demand revenue	179.4	151.8	27.6	18%
Recurring One-Time Licence ("OTL") maintenance revenue	39.0	34.1	4.9	14%
OTL and support services	20.3	19.9	0.4	2%
Total revenue	238.7	205.9	32.8	16%
Cost of revenues	(38.9)	(39.3)	0.4	(1)%
Gross profit	199.7	166.5	33.2	20%
Product design and development ²	(64.1)	(51.3)	(12.8)	25%
Sales and marketing	(27.0)	(31.7)	4.7	(15)%
General and administration	(47.2)	(41.5)	(5.7)	14%
Total operating expenses	(138.3)	(124.5)	(13.8)	11%
Operating profit	61.4	42.0	19.4	46%
Net finance costs	(1.3)	(3.0)	1.7	(57)%
Fair value gain on contingent consideration	0.8	32.7	(31.9)	(98)%
Profit before income tax	60.8	71.8	(11.0)	(15)%
Tax expense	(16.5)	(11.9)	(4.6)	39%
Net profit after tax	44.4	59.9	(15.5)	(26)%
Key financial metrics	1H21	1H20	Change	1H21⁵
Recurring revenue %	91%	90%	1pp	99%
Gross profit margin %	84%	81%	3pp	92%
Product design and development as % total revenue ²	27%	25%	2pp	21%
Sales and marketing as % total revenue	11%	15%	(4)pp	9%
General and administration as % total revenue	20%	20%	-	19%
Capitalised development investment (\$m) ³	38.3	35.0	3.3	28.4
R&D as a % of total revenue ⁴	35%	36%	(1)pp	31%

1. Differences in tables are due to rounding, see page 16 Rounding of amounts.

2. Product design and development includes \$19.4m (1H20: \$13.0m) depreciation and amortisation but excludes capitalised development investment.

3. Includes patents and purchased external software licences used in our products.

4. R&D is total investment in product design and development expense, excluding depreciation and amortisation, but including capitalised development investment.

5. Excluding acquisitions; acquisitions are those businesses acquired since 2012 that are not included in CargoWise revenue.

Revenue

Total revenue grew 16% to \$238.7m (1H20: \$205.9m). Increased revenue growth came from:

- increased transaction and user growth within the existing CargoWise customer base;
- a price change to offset increased product investment in research and development (R&D), data centre hardware and cyber security;
- new CargoWise customers won in the period and growth from customers won in FY20;
- growth in revenue from strategic assets (primarily the full period impact of FY20 acquisitions); and
- offset by \$3.6m of unfavourable foreign exchange movements (1H20: \$4.6m benefit versus 1H19)

Revenues from our existing and new CargoWise customers increased by \$23.5m, a 19% growth on 1H20 with \$17.5m (1H20: \$17.0m) from existing customers and \$6.0m (1H20: \$7.3m) from new customers. This growth includes a price increase to offset increased product investment in R&D, data centre hardware and cyber security designed to deliver a highly efficient platform for our customers and ensure a return on these significant investments. Part of the growth was also driven by increased usage of the CargoWise platform from existing customers adding transactions, seats and new sites, utilising additional modules and growth from industry consolidation.

Existing and new CargoWise customer revenue growth was partially offset by \$1.4m of unfavourable foreign exchange movements (1H20: \$4.4m benefit versus 1H19).

In 1H21, revenue growth for CargoWise was achieved across all existing customer cohorts (from FY06 through to FY21).

Revenue from customers on acquired platforms increased by \$9.4m, driven mostly by the \$10.4m full period impact of acquisitions completed in FY20, partially offset by a small delay in non-recurring services revenue due to COVID-19. During 1H21 we completed a small foothold acquisition in Japan. Revenue from acquired platforms included \$2.3m of unfavourable foreign exchange movements.

Revenue from OTL and support services increased to \$20.3m (1H20: \$19.9m), reflecting the contribution from acquired businesses as they typically have higher levels of OTL and/or support services revenue. These revenues may be flat or reduce as we transition the businesses to the CargoWise commercial model.

Recurring revenue 99% of our CargoWise revenue is recurring revenue which is unchanged from 1H20. Recurring revenue for the Group increased from 90% in 1H20 to 91% in 1H21 reflecting lower levels of non-recurring services in the acquired businesses.

Customer attrition The attrition rate for the CargoWise platform continued to be extremely low, at under 1%, as it had been for the previous eight and a half years since we started measuring². Our customers stay and grow their transaction usage due to the productivity of our platform.

Licensing and transition Overall, including acquisitions, the percentage of On-Demand revenue is 75% of total revenue (1H20: 74%), reflecting the higher growth rates of On-Demand licensing versus other licence types.

Foreign exchange Our revenue is invoiced in a range of currencies, reflecting the global nature of our customer base and, as a result, may be positively or negatively impacted by movements in foreign currency exchange rates.

²Annual attrition rate is a customer attrition measurement relating to the CargoWise platform (excluding any customers on acquired platforms). A customer's users are included in the customer attrition calculation upon leaving i.e. having not used the product for at least four months.

Gross profit and gross profit margin

Gross profit increased by \$33.2m, up 20%, to \$199.7m (1H20: \$166.5m). Gross profit growth was mainly driven by CargoWise revenue growth and the full period revenue impact of the FY20 acquisitions.

Gross profit margin increased to 84% (1H20: 81%), reflecting revenue growth from the CargoWise platform and the benefit from cost reduction initiatives. During 1H21, CargoWise gross profit margin rose to 92% (1H20: 91%). The acquired businesses have, on average, higher product and service support costs and lower cost leverage due to their smaller size and commercial/licence model maturity, which means they typically have a lower gross profit margin than CargoWise. We have started to see an increase in acquisition gross margin, reducing the dilutive impact on overall gross margin as these businesses evolve to our more efficient commercial model and as they integrate with or convert onto the CargoWise platform.

Operating expenses

A cost reduction program has been undertaken to improve profitability and extract efficiencies by removing duplication in functions and platforms across the global business. The program has delivered \$6.1m of cost reductions with a \$1.0m net benefit after restructuring costs of \$5.1m.

Total research and development investment In 1H21 we continued our significant investment in product innovation to further develop our software platform and to build our innovation pipeline. Our research and development investment for the period increased 13% to \$83.0m (1H20: \$73.3m), reflecting 35% of total revenue (1H20: 36%). With our research and development investment we delivered 456 product upgrades and enhancements to our CargoWise platform in 1H21, further improving the scalability, functionality, productivity and performance, and also building out more technology assets across our businesses utilising our 35 product development centres worldwide.

Product design and development expense increased by 25% to \$64.1m (1H20: \$51.3m), reflecting:

- our significant ongoing investment in the development and maintenance of CargoWise;
- increased investment in expanding and retaining our skilled development workforce; and
- increased amortisation, primarily due to continued capitalised development investment and newly commercialised products including GLOW

Capitalised development investment increased 9% to \$38.3m (1H20: \$35.0m) reflecting mainly an increase in the investment of native customs, border and country compliance development. Costs related to development activity that is not commercialisable and maintenance costs are expensed.

Sales and marketing expense During 1H21, we invested 11% of revenue (1H20: 15%) or \$27.0m (1H20: \$31.7m) in sales and marketing. The decrease mainly reflects no travel or tradeshow costs in 1H21 as a result of COVID-19 and the overall impact of cost reductions.

General and administration expense We increased our investment in supporting and growing our business globally to \$47.2m (1H20: \$41.5m), representing 20% of total revenue (1H20: 20%). The increase was driven by:

- \$5.1m of restructuring costs as a result of cost reduction initiatives;
- increased corporate governance costs including D&O insurance; and
- partially offset by cost reductions

Our general and administration expense, excluding restructuring costs, was 18% of revenue in 1H21.

Throughout 1H21, and consistent with FY20, we did not receive any material benefit from any COVID-19 government support programs globally.

Net finance costs

Fair value gain on contingent consideration This reflects the impact of contingent consideration liability settlement and reassessment in 1H21 which resulted in a net reduction of the contingent consideration liability and a corresponding fair value gain of \$0.8m (1H20: \$32.7m).

Other net finance costs Net finance costs in 1H21 of \$1.3m (1H20: \$3.0m) included \$2.1m of finance costs comprising interest unwind on contingent consideration and lease liabilities, interest expense and debt facility fees. Finance income of \$0.8m (1H20: \$2.0m) reflected interest received on cash reserves.

Cash flow

We continued to generate positive operating cash flows, with \$92.1m of operating cash flow (which includes \$5.1m of payments for restructuring activities), up 32% on 1H20. 1H21 net cash flows from operating activities were \$87.1m (1H20: \$62.4m).

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

- \$5.5m in new acquisitions as well as contingent payments for acquisitions made in prior years (1H20: \$39.2m);
- \$36.5m in intangible assets as we further developed and expanded our commercialisable technology, resulting in capitalised development investment for both commercialised products and those yet to be launched (1H20: \$33.0m); and
- \$6.9m in assets mostly related to spend on data centres and IT infrastructure to enhance the scalability, reliability and security of our platform and increase capacity for future growth (1H20: \$8.7m).

Dividends of \$5.0m (1H20: \$5.9m) were paid in cash during 1H21, with shareholders choosing to reinvest an additional \$0.2m of their dividends via the dividend reinvestment plan.

Our closing cash balance of \$251.4m, with no outstanding debt other than lease liabilities, at 31 December 2020 provides significant liquidity and financial headroom.

Product strategy and integration progress

WiseTech's vision is to create the operating system for global logistics. To achieve this, we have focused on investing significantly in our product, particularly in-house R&D, building expertise through the recruitment of technology and industry experts and strategic acquisitions that bring additional skills and resources as well as access to intellectual property (IP) to converge with our own technology.

We have completed a number of strategic acquisitions since listing on the ASX in 2016. We consider our strategic investments holistically rather than individually in isolation. They are interconnected and designed to drive improved product capability, greater market penetration and sustainable profit growth. The focus now is on ongoing CargoWise product development, utilizing the skills and expertise of valuable acquired resources to continue to expand the functionality, extend the scope and increase the value of our industry-leading technology to deliver the operating system for global logistics and a strong base to further accelerate our growth.

In 1H21 we accelerated our native customs and border compliance builds in Europe, Asia and South America. As at 31 December 2020, the CargoWise native customs functionality was live and well established in Australia, Canada, China, New Zealand, Singapore, South Africa, Taiwan, the United Kingdom and the United States. We also progressed product development across global adjacencies in the areas of global rates management and international ecommerce with customers now being able to access functionality from the adjacency businesses with the integrations in pilot stage.

1H21 strategic highlights

We are focused on our long-term vision of delivering the operating system for global logistics to drive efficiency and digital transformation. We are extending the reach of the global CargoWise integrated platform, expanding technology to increase market penetration and new addressable markets, growing our commercial foundation to new geographies, investing in transforming our content architectures, channels and brand while also growing our R&D capacity. Throughout 1H21, we made progress with our cost reduction initiatives in an effort to improve efficiencies and extract organisational synergies.

- Overall, we have 34 large global freight forwarders³ with global rollouts in process or completed including 11 of the Top 25 Global Freight Forwarders with current rollouts for DHL Global Forwarding and DSV/Panalpina progressing well. Since 1 January 2020, we have signed eight new global roll-out contracts (previously disclosed Aramex, Hellmann, deugro, a. hartrodt, CEVA Logistics, cargo-partner, Seafrigo Group including one signed since the end of 1H21, Hankyu Hanshin Express).
- Throughout 1H21 we continued our extensive product development program, investing \$83.0m and 53% of our people in product development delivering 456 product upgrades and enhancements to the CargoWise platform. We also accelerated native customs and border compliance builds in Europe, Asia and South America in addition to progressing product development across our global adjacencies including global rates management and Ecommerce.
- In 1H21 we completed one small acquisition in Japan covering customs and country compliance. Having completed 39 acquisitions since IPO, we have now assembled the significant resources and development capability to fuel our CargoWise technology pipeline and therefore intend to slow our pace of acquisitions in the near term.

Post balance date events

Since period end, the Directors have declared a fully-franked interim dividend of 2.70 cents per share, payable on 9 April 2021. The dividend will be recognised in subsequent period financial statements.

Outlook for 2021

WiseTech has today increased the FY21 EBITDA guidance range provided to the market on 19 August 2020 and reaffirmed at the Company's Annual General Meeting In November 2020.

This increase reflects the benefits expected to be generated from operational leverage as the Company continues to implement its organisation-wide efficiency initiatives and to extract acquisition synergies.

Based on the assumptions set out in the 1H21 results presentation and subject to no material adverse events arising, the Company reaffirms its expectation that FY21 revenue growth will be in the range of 9% to 19% (representing revenue of \$470 million – \$510 million) and updates its EBITDA growth expectations to be in the range of 30% to 50% (representing \$165 million – \$190 million), a \$10 million increase from the previously disclosed range of 22% to 42%.

³ A large global freight forwarder is defined here as a CargoWise customer contracted to grow or who has organically grown to 10 or more countries and 400 or more registered users on CargoWise.

Directors' report

Rounding of amounts

Rounding of amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as "-" represent zero amounts and amounts less than \$50,000 which have been rounded down. There may be differences in casting the values in Consolidated financial statements due to rounding in millions to one place of decimals.

Auditor independence declaration

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' report for the six months ended 31 December 2020.


ASIC guidance

In line with previous periods and in accordance with the *Corporations Act 2001*, the Directors' report is unaudited. Notwithstanding this, the Directors' report (including the Review of operations) contains disclosures which are extracted or derived from the consolidated interim financial report for the half-year ended 31 December 2020 which has been reviewed by the Group's independent auditor.

Signed in accordance with a resolution of the Directors:



Andrew Harrison
Chair
24 February 2021



Richard White
Executive Director, Founder and CEO
24 February 2021



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of WiseTech Global Limited

I declare that, to the best of my knowledge and belief, in relation to the review of WiseTech Global Limited for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli
Partner

Sydney
24 February 2021

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2020

		31 Dec 2020	31 Dec 2019
	Notes	\$M	\$M
Revenue	3	238.7	205.9
Cost of revenues		(38.9)	(39.3)
Gross profit		199.7	166.5
Product design and development		(64.1)	(51.3)
Sales and marketing		(27.0)	(31.7)
General and administration ¹		(47.2)	(41.5)
Total operating expenses		(138.3)	(124.5)
Operating profit		61.4	42.0
Finance income	4	0.8	2.0
Finance costs	5	(2.1)	(5.0)
Fair value gain on contingent consideration	16	0.8	32.7
Net finance (costs)/income		(0.5)	29.7
Profit before income tax		60.8	71.8
Income tax expense		(16.5)	(11.9)
Net profit for the period		44.4	59.9
Other comprehensive loss			
<i>Items that are/or may be reclassified to profit or loss</i>			
Cash flow hedges - effective portion of changes in fair value, net of tax		6.8	-
Cash flow hedges - reclassified to profit or loss, net of tax		(1.5)	-
Exchange differences on translation of foreign operations		(20.5)	(1.3)
Other comprehensive loss for the period, net of tax		(15.2)	(1.3)
Total comprehensive income for the period, net of tax		29.2	58.6
Earnings per share			
Basic earnings per share (cents)	6	13.7	18.8
Diluted earnings per share (cents)	6	13.7	18.7

¹ For the half-year ended 31 December 2020 \$5.1m of restructuring expenses are included in General and administration expenses (2019: nil).

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

Consolidated statement of financial position

As at 31 December 2020

	31 Dec 2020	30 Jun 2020
Notes	\$M	\$M
Assets		
Current assets		
Cash and cash equivalents	251.4	223.7
Trade receivables	63.2	59.6
Derivative financial instruments	8.8	3.7
Current tax receivables	4.1	3.6
Other current assets	13.8	18.7
Total current assets	<u>341.3</u>	<u>309.3</u>
Non-current assets		
Intangible assets	8 887.0	885.0
Property, plant and equipment	70.6	70.0
Deferred tax assets	13.4	10.4
Derivative financial instruments	3.4	0.9
Other non-current assets	1.9	1.3
Total non-current assets	<u>976.2</u>	<u>967.6</u>
Total assets	<u>1,317.6</u>	<u>1,276.9</u>
Liabilities		
Current liabilities		
Trade and other payables	55.5	47.9
Lease liabilities	10 10.4	10.4
Deferred revenue	14.3	22.7
Employee benefits	18.5	18.2
Current tax liabilities	17.5	5.8
Derivative financial instruments	0.0	-
Other current liabilities	9 53.3	52.2
Total current liabilities	<u>169.6</u>	<u>157.2</u>
Non-current liabilities		
Lease liabilities	10 30.4	35.4
Employee benefits	2.0	1.8
Deferred tax liabilities	52.4	47.1
Other non-current liabilities	9 15.6	32.0
Total non-current liabilities	<u>100.3</u>	<u>116.4</u>
Total liabilities	<u>269.9</u>	<u>273.5</u>
Net assets	<u>1,047.6</u>	<u>1,003.4</u>
Equity		
Share capital	790.3	779.8
Reserves	(44.3)	(37.5)
Retained earnings	301.6	261.2
Total equity	<u>1,047.6</u>	<u>1,003.4</u>

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2020

	Share capital	Treasury share reserve	Acquisition reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total equity
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
As at 1 July 2019	668.5	(25.9)	(19.0)	-	17.6	1.6	123.8	766.6
Initial application of AASB 16 Leases	-	-	-	-	-	-	0.1	0.1
As at 1 July 2019	668.5	(25.9)	(19.0)	-	17.6	1.6	123.9	766.6
Net profit for the period	-	-	-	-	-	-	59.9	59.9
Other comprehensive (loss)/income	-	-	-	-	-	(1.3)	-	(1.3)
Total comprehensive income	-	-	-	-	-	(1.3)	59.9	58.6
Shares issued under acquisition	0.7	-	(0.1)	-	-	-	-	0.7
Dividends declared and paid (Note 7)	-	-	-	-	-	-	(6.2)	(6.2)
Shares issued under DRP	0.3	-	-	-	-	-	-	0.3
Transaction costs (net of tax)	-	-	(0.2)	-	-	-	-	(0.2)
Vesting of share rights	-	24.0	-	-	(7.5)	-	(16.5)	-
Equity settled share-based payment	-	-	-	-	8.9	-	-	8.9
Tax benefit from equity remuneration	-	-	-	-	-	-	1.8	1.8
Revaluation by subsidiary due to hyperinflationary economy	-	-	-	-	-	-	0.1	0.1
Total contributions and distributions	1.0	24.0	(0.3)	-	1.5	-	(20.8)	5.4
Changes in ownership interest								
Acquisition of non-controlling interest without a change in control	-	-	(0.5)	-	-	-	-	(0.5)
At 31 December 2019	669.5	(1.9)	(19.8)	-	19.1	0.4	162.9	830.1

Consolidated statement of changes in equity (continued)

For the half-year ended 31 December 2020

	Share capital	Treasury share reserve	Acquisition reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total equity
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
As at 1 July 2020	779.8	(32.1)	(17.0)	3.2	26.0	(17.6)	261.2	1,003.4
Net profit for the period	-	-	-	-	-	-	44.4	44.4
Other comprehensive (loss)/income	-	-	-	5.3	-	(20.5)	-	(15.2)
Total comprehensive income	-	-	-	5.3	-	(20.5)	44.4	29.2
Shares issued under acquisition	10.4	-	-	-	-	-	-	10.4
Dividends declared and paid (Note 7)	-	-	-	-	-	-	(5.2)	(5.2)
Shares issued under DRP	0.2	-	-	-	-	-	-	0.2
Vesting of share rights	-	9.4	-	-	(10.4)	-	0.9	-
Equity settled share-based payment	-	-	-	-	9.7	-	-	9.7
Tax benefit from equity remuneration	-	-	-	-	-	-	0.2	0.2
Revaluation by subsidiary due to hyperinflationary economy	-	-	-	-	-	-	0.1	0.1
Total contributions and distributions	10.6	9.4	-	-	(0.7)	-	(4.0)	15.4
Changes in ownership interest								
Acquisition of non-controlling interest without a change in control	-	-	(0.3)	-	-	-	-	(0.3)
At 31 December 2020	790.3	(22.6)	(17.4)	8.5	25.3	(38.1)	301.6	1,047.6

The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect is recognised in retained earnings at the date of initial application.

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

Consolidated statement of cash flows

For the half-year ended 31 December 2020

	31 Dec 2020	31 Dec 2019
Notes	\$M	\$M
Operating activities		
Receipts from customers	243.0	218.6
Payments to suppliers and employees ¹	(150.9)	(148.9)
Income tax paid	(5.0)	(7.3)
Net cash flows from operating activities	87.1	62.4
Investing activities		
Acquisition of businesses, net of cash acquired	(5.5)	(39.2)
Payments for intangible assets	(36.5)	(33.0)
Purchase of property, plant and equipment	(6.9)	(8.7)
Interest received	0.8	2.0
Net cash flows used in investing activities	(48.1)	(78.9)
Financing activities		
Repayment of borrowings	-	(0.1)
Transaction costs on issue of shares	-	(0.2)
Repayment of lease liabilities	(4.2)	(2.6)
Interest paid	(1.2)	(1.3)
Dividends paid	(5.0)	(5.9)
Net cash flows used in financing activities	(10.4)	(10.2)
Net increase/(decrease) in cash and cash equivalents	28.6	(26.7)
Cash and cash equivalents at 1 July	223.7	260.1
Effect of exchange differences on cash balances	(0.8)	(0.3)
Cash and cash equivalents at 31 December	251.4	233.1

¹ For the half-year ended 31 December 2020 \$5.1m of payments related to restructuring programs are included in Payments to suppliers and employees (2019: nil).

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

Notes to the consolidated financial statements

For the half-year ended 31 December 2020

1. Corporate information

WiseTech Global Limited ("Company") is a company domiciled in Australia. These consolidated interim financial statements comprise the Company and its controlled entities (collectively "Group") as at, and for the six months ended, 31 December 2020. The Company's registered office is at Unit 3a, 72 O'Riordan Street, Alexandria, NSW 2015, Australia.

The Group is a for-profit entity and its principal business is providing software to the logistics services industry globally.

2. Summary of significant accounting policies

Basis of preparation

Statement of compliance

These consolidated interim financial statements for the half-year ended 31 December 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the consolidated financial statements as at, and for the year ended, 30 June 2020, together with any public announcements made by the Company during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX Listing Rules. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at, and for the year ended, 30 June 2020. A copy of the 2020 Annual Report is available on the Company's website, www.wisetechglobal.com

The consolidated interim financial statements were authorised for issue by the Board of Directors on 24 February 2021.

Accounting policies

The accounting policies applied in these consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at, and for the year ended, 30 June 2020.

Use of judgements and estimates

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

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

Rounding of amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as "-" represent zero amounts and amounts less than \$50,000 which have been rounded down. There may be differences in casting the values in financial statements due to rounding in millions to one place of decimals.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

3. Disaggregation of revenue from contracts with customers

	31 Dec 2020	31 Dec 2019
	\$M	\$M
Revenue		
Recurring On-Demand revenue	179.4	151.8
Recurring One-Time Licence ("OTL") maintenance revenue	39.0	34.1
OTL and support services	20.3	19.9
Total revenue	238.7	205.9

4. Finance income

	31 Dec 2020	31 Dec 2019
	\$M	\$M
Interest income	0.8	2.0
Total finance income	0.8	2.0

5. Finance costs

	31 Dec 2020	31 Dec 2019
	\$M	\$M
Unwinding interest on contingent consideration	0.6	3.7
Unwinding interest on lease liabilities	0.9	0.8
Lease liability interest capitalised to intangible assets	(0.2)	(0.2)
Interest expense and facility fees	0.7	0.7
Other	0.1	0.1
Total finance costs	2.1	5.0

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

6. Earnings per share

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

	31 Dec 2020	31 Dec 2019
Profit attributable to equity holders of the Company (\$M)	44.4	59.9
Basic weighted average number of ordinary shares (in millions)	324.8	319.2
Basic EPS (cents)	<u>13.7</u>	<u>18.8</u>
Profit attributable to equity holders of the Company (\$M)	44.4	59.9
Basic weighted average number of ordinary shares (in millions)	324.8	319.2
Shares issuable in relation to equity-based compensation schemes (in millions)	0.1	0.1
Diluted weighted average number of ordinary shares (in millions)	324.8	319.3
Diluted EPS (cents)	<u>13.7</u>	<u>18.7</u>

Significant accounting policies

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

Diluted EPS is calculated by dividing the profit for the half-year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

7. Dividends

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved prior to the reporting date.

The following dividends were declared and paid by the Company during the half-year:

	31 Dec 2020	31 Dec 2019
	\$M	\$M
Dividends on ordinary shares declared and paid:		
Final dividend in respect of previous reporting period (FY20: 1.60 cents per share, FY19: 1.95 cents per share)		
- Paid in cash	5.0	5.9
- Paid via DRP	<u>0.2</u>	<u>0.3</u>
	<u>5.2</u>	<u>6.2</u>

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

8. Intangible assets

	Computer software	Development costs (WIP)	External software licences	Goodwill	Intellectual property	Customer relationships	Trade names	Patents	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Year ended 30 June 2020									
At 30 June 2019									
Cost	116.2	48.7	4.7	601.6	38.6	24.3	13.8	0.3	848.2
Accumulated amortisation and impairment	(35.2)	-	(2.9)	(0.1)	(17.9)	(6.9)	(1.6)	-	(64.5)
Net book value	81.0	48.7	1.9	601.5	20.8	17.4	12.1	0.3	783.7
At 1 July 2019	81.0	48.7	1.9	601.5	20.8	17.4	12.1	0.3	783.7
Additions	-	71.5 ¹	2.8	-	-	-	-	0.1	74.4
Transfers/reclassifications	101.2	(101.2)	-	-	-	-	-	-	-
Acquisition via business combination	-	-	-	60.0	3.4	0.2	1.6	-	65.1
Amortisation	(17.4)	-	(1.0)	-	(6.5)	(2.5)	(1.6)	-	(29.0)
Exchange differences	(0.3)	0.1	-	(8.5)	(0.3)	(0.2)	0.1	-	(9.1)
Net book value at 30 June 2020	164.5	19.1	3.6	652.9	17.4	14.9	12.2	0.4	885.0
At 30 June 2020									
Cost	217.1	19.1	6.6	653.0	41.6	24.1	15.2	0.4	977.0
Accumulated amortisation and impairment	(52.6)	-	(3.0)	(0.1)	(24.2)	(9.1)	(3.0)	(0.1)	(92.0)
Net book value	164.5	19.1	3.6	652.9	17.4	14.9	12.2	0.3	885.0
Half-year ended 31 December 2020									
At 1 July 2020	164.5	19.1	3.6	652.9	17.4	14.9	12.2	0.4	885.0
Additions	-	37.7 ¹	1.7	-	-	-	-	-	39.4
Transfers/reclassifications	38.1	(38.1)	(0.7)	0.7	-	-	-	-	-
Acquisition via business combination	-	-	-	1.8	0.1	-	0.1	-	2.0
Amortisation	(12.1)	-	(0.6)	-	(3.1)	(1.2)	(0.7)	-	(17.7)
Exchange differences	(0.9)	-	-	(19.6)	(0.3)	(0.6)	(0.3)	-	(21.7)
Net book value at 31 December 2020	189.6	18.7	4.0	635.8	14.1	13.1	11.3	0.4	887.0
At 31 December 2020									
Cost	254.2	18.7	7.5	635.9	41.1	23.2	14.9	0.5	996.0
Accumulated amortisation and impairment	(64.6)	-	(3.5)	(0.1)	(27.0)	(10.1)	(3.7)	(0.1)	(109.1)
Net book value	189.6	18.7	4.0	635.8	14.1	13.1	11.3	0.4	887.0

¹ For the half-year ended 31 December 2020 includes \$1.2m (2019: \$1.2m) of depreciation charges on ROU assets and \$0.2m (Dec 2019: \$0.2m) of interest cost.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

9. Other liabilities

	31 Dec 2020	30 Jun 2020
	\$M	\$M
Current		
Contingent consideration	24.7	23.7
Customer deposits	24.3	25.4
Customer payables	0.3	0.5
Indirect taxes payable	2.8	1.8
Other current liabilities	1.0	0.8
	53.3	52.2
Non-current		
Contingent consideration	14.6	30.5
Other non-current liabilities	1.0	1.5
	15.6	32.0
	68.9	84.2

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

10. Lease liabilities

	31 Dec 2020	30 Jun 2020
	\$M	\$M
Current		
Lease liabilities	10.4	10.4
	10.4	10.4
Non-current		
Lease liabilities	30.4	35.4
	30.4	35.4
	40.7	45.8

The movements during the period ended 31 December 2020 in lease liability balances are described below:

	31 Dec 2020	31 Dec 2019
	\$M	\$M
Opening balance	45.8	-
Lease liabilities recognised on first time adoption of AASB 16	-	43.4
Additions ¹	0.7	3.5
Acquisitions through business combinations	0.1	0.1
Payments	(6.0)	(4.8)
Unwinding interest on lease liabilities	0.9	0.8
Exchange difference	(0.8)	-
Closing balance	40.7	43.0

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

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

11. Business combinations and acquisition of non-controlling interests

Acquisitions in period ended December 2020

On 2 November 2020, the Group acquired 100% of the shares and voting interests in Kabushiki Kaisha Exas ("EXA"). EXA is a leading customs and freight forwarding solutions provider in Japan. Details of the fair value of identifiable assets acquired, liabilities assumed, and goodwill determined are set out below. The identification and fair value measurement of the assets and liabilities acquired are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

	\$M
Cash and cash equivalents	0.2
Trade receivables	0.1
Intangible assets	0.2
Property, plant and equipment	0.1
Trade and other payables	(0.2)
Other current liabilities	(0.1)
Lease liabilities	(0.1)
Fair value of net assets acquired	<u>0.2</u>
Total consideration paid and payable	2.0
Less: Fair value of net identifiable assets acquired	(0.2)
Goodwill	<u><u>1.8</u></u>

Goodwill

The total goodwill arising on acquisition is \$1.8m which relates predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition.

Consideration

The upfront consideration was \$1.4m payable in cash with further contingent consideration payable of \$0.7m. Contingent consideration is based on a number of milestones including the successful integration of acquired intellectual property. At acquisition, the discounted fair value of these arrangements is \$0.6m. The acquisition included \$0.2m of cash and cash equivalents acquired. \$0.1m of the upfront consideration remains outstanding at the end of the period.

The Group incurred acquisition-related costs of \$0.3m (FY20: \$1.3m) to external service providers in addition to internal costs which are recorded within general and administration expenses.

Contribution of acquisitions to revenue and profits

EXA contributed \$0.1m to Group revenue and had no impact on net profit from the date of acquisition. If EXA had been acquired from 1 July 2020, the contribution to the Group revenue would have been \$0.3m and no impact on net profit.

Additional investment in Softship GmbH (formerly 'Softship AG')

During the period ended 31 December 2020, the Group made payments of \$0.3m towards obligations under previously announced share purchase agreements for the acquisition of Softship GmbH shares. This resulted in an increase in the acquisition reserve of \$0.3m.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

12. Related party disclosures

A key management person (“KMP”), holds positions in other companies that result in them having control or significant influence over these companies. Some of these companies transacted with the Group during the half-year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-KMP related companies on an arm’s length basis.

The aggregate value of transactions and outstanding balances related to Richard White (CEO) and entities over which he has control or significant influence were as follows:

		Transaction values for		Balance outstanding as	
		half-year ended		at	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Director	Transactions	\$000	\$000	\$000	\$000
R White	Office leases ¹	1,690	1,370	- ¹	(1,220)
R White	Staff training facility ²	N/A	82	N/A	-
R White	Office services agreement ³	(10)	(10)	-	-
R White	Company apartments rent ⁴	N/A	64	N/A	-
R White	US data centre services ⁵	N/A	439	N/A	-

The above agreements are made at normal market rates and approved by the Related Party Committee.

¹The Group leases two offices owned by R White, comprising an office property in Chicago, USA which has a term ending September 2024 and an office property in Alexandria, Australia which has a term ending April 2025. The annual rents for the two offices are US Dollars 0.6m and Australian Dollars 2.5m respectively, both leases were determined in accordance with advice from independent property valuers. In the prior period the Group utilised storage space owned by R White. During FY20 the Group stopped using this storage space.

R White has entered into a process to sell the Alexandria office property to an unrelated party. The sale is expected to complete in FY21.

²Staff training courses run by a third-party service provider were held at a facility owned by R White. The charge for usage of the facility was embedded in the service provider fees. During FY20 the Group stopped using this facility.

³The Group provides office accommodation and related services to a company controlled by R White.

⁴The Group had agreements for apartment leases. During FY20, the Group stopped renting these units.

⁵The Group procured data centre services from a company controlled by R White. The service agreement was terminated in FY20.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

13. Segment information

The Group manages its operations as a single business operation and there are no separate parts of the Group that qualify as operating segments under AASB 8 *Operating Segments*. The CEO (Chief Operating Decision Maker or "CODM") assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment.

Information presented to the CODM on a monthly basis is categorised by type of revenue, recurring and non-recurring. This analysis is presented below:

	31 Dec 2020	31 Dec 2019
	\$M	\$M
Continuing operations		
Recurring On-Demand revenue	179.4	151.8
Recurring OTL maintenance revenue	39.0	34.1
OTL and support services	20.3	19.9
Total revenue	238.7	205.9
Segment profit before tax	60.8	71.8

The revenue information below is based on the locations of the customers.

In general, a large amount of revenue is generated by customers that are global, from transactions that cross multiple countries and where the source of revenue can be unrelated to the location of the users using the software. Accordingly, the Group is managed as a single segment. The amounts for revenue by region in the following table are based on the invoicing location of the customer. Customers can change their invoicing location periodically. The CODM does not review or assess financial performance on a geographical basis.

There were no customers contributing more than 10% of revenue during the current or comparative period.

Geographic information

Revenue generated by location of customer (invoicing location):

	31 Dec 2020	31 Dec 2019
	\$M	\$M
Americas	67.0	63.9
Asia Pacific	76.4	68.0
Europe, Middle East and Africa	95.2	74.0
Total revenue	238.7	205.9

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

14. Commitments and contingencies

Guarantees

The Group has not provided any material guarantees at 31 December 2020.

Contingent assets and liabilities

There were no contingent assets or liabilities that have been recognised by the Group in relation to current period ended 31 December 2020 (2019: nil).

15. Events after the end of the reporting period

Dividends

Since the period end, the Directors have declared a fully franked interim dividend of 2.70 cents per share, payable on 9 April 2021. The dividend will be recognised in subsequent financial statements.

Other than the matters discussed above, there has not arisen in the interval between 31 December 2020 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

16. Other disclosures

Measurement of fair values

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability), or, in the absence of such a market, the most advantageous market available to the entity at reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

16. Other disclosures (continued)

Measurement of fair values (continued)

Fair value hierarchy

Significant valuation issues are reported to the Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy as detailed above, based on the lowest level of input that is significant to the entire fair value measurement. The fair value and carrying value of financial assets and financial liabilities is same and disclosed in the Statement of financial position.

Group - 31 December 2020

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
<i>Assets</i>				
Forward foreign exchange contracts	-	10.8	-	10.8
Foreign exchange options	-	1.4	-	1.4
Total assets	-	12.1	-	12.1
<i>Liabilities</i>				
Contingent consideration	-	-	39.3	39.3
Total liabilities	-	-	39.3	39.3

Group - 30 June 2020

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
<i>Assets</i>				
Forward foreign exchange contracts	-	4.6	-	4.6
Total assets	-	4.6	-	4.6
<i>Liabilities</i>				
Contingent consideration	-	-	54.2	54.2
Total liabilities	-	-	54.2	54.2

Fair value of assets

Hedging instruments

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

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2020

16. Other disclosures (continued)

Measurement of fair values (continued)

Fair value of liabilities

Contingent consideration

The Group has recognised liabilities measured at fair value in relation to contingent consideration arising out of acquisitions made by the Group. The contingent consideration is designated as a financial liability and deemed to be a Level 3 measurement of fair value. It has been discounted accordingly based on the estimated time to complete a number of milestones. As part of the assessment at each reporting date, the Group has considered a range of reasonably possible changes for key assumptions and has not identified instances that could cause the fair value of contingent consideration to change significantly. Changes in the fair value of contingent consideration after the acquisition date are recognised in profit or loss, unless the changes are measurement period adjustments.

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 and the end of the measurement period of the hierarchy is provided below.

	31 Dec 2020	31 Dec 2019
	\$M	\$M
Opening balance 1 July	54.2	226.9
Change in fair value estimate ¹	(0.8)	(32.7)
Equity payments	(10.4)	(0.7)
Cash payments	(3.9)	(20.2)
Additions	0.6	20.2
Unwinding interest ¹	0.6	3.7
Foreign exchange differences ¹	(1.0)	0.6
Closing balance 31 December	39.3	197.8

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

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations have been published but are not yet mandatory. The Group had no transactions that are materially affected by these standards and interpretations for the period ended 31 December 2020.

Directors' declaration

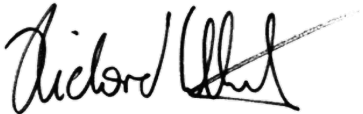
In the opinion of the Directors of WiseTech Global Limited:

1. the condensed consolidated financial statements and notes set out on pages 11 to 27, are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Andrew Harrison
Chair
24 February 2021



Richard White
Executive Director, Founder and CEO
24 February 2021



Independent Auditor's Review Report

To the shareholders of WiseTech Global Limited

Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Consolidated statement of financial position as at 31 December 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

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

Basis for Conclusion

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

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli
Partner

Sydney
24 February 2021