ASX Announcement: 2020/08

19 February 2020

WTC 1H20 Appendix 4D and financial statements

Attached is the Appendix 4D and financial statements for the half-year ended 31 December 2019.

//

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

About WiseTech Global

WiseTech Global is a leading developer and provider of software solutions to the logistics execution industry globally. Our customers include over 15,000 of the world's logistics companies across 150+ countries, including 40 of the top 50 global third-party logistics providers and 25 of the 25 largest global freight forwarders worldwide[1]. Our flagship platform, CargoWise One, forms an integral link in the global supply chain and executes over 50 billion data transactions annually. At WiseTech, we are relentless about innovation, adding ~3,500 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.

The WiseTech Global group includes CargoWise One, ABM Data Systems, ACO Informatica, BorderWise, Bysoft, Cargoguide, CargoIT, CargoSphere, CMS Transport Systems, Containerchain, CustomsMatters, DataFreight, Depot Systems, EasyLog, Fenix, Forward, Intris, LSP Solutions, Microlistics, Multi Consult, Pierbridge, Prolink, Ready Korea, SaaS Transportation, SISA, SmartFreight, Softcargo, Softship, Systema, Taric, Trinium Technologies, Ulukom, Xware, zsoft and znet Group.

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

Contact information

MEDIA

Matthew Gregorowski + 61 422 534 755 mgregorowski@citadelmagnus.com

INVESTOR RELATIONS

Gail Williamson, Chief Growth Officer + 61 2 8001 2200 investor.relations@wisetechglobal.com

[1] Armstrong & Associates: Top 50 Global Third Party Logistics Providers List, ranked by 2018 logistics gross revenue/turnover. Armstrong & Associates: Top 25 Global Freight Forwarders List, ranked by 2018 logistics gross revenue/turnover and freight forwarding volumes.

APPENDIX 4D
WiseTech Global Limited
For the half-year ended 31 December 2019

Results for announcement to the market

Six months ended 31 December ($M)			2019	2018
Revenue from ordinary activities	Up	31.40%	205.9	156.7
Profit from ordinary activities after tax attributable to members	Up	159.59%	59.9	23.1
Net profit for the period attributable to members	Up	159.59%	59.9	23.1

Dividends - Ordinary shares	Amount per security	Franked amount per security	Record date	Payment date
FY20 interim dividend	1.70 cents	1.70 cents	9 March 2020	3 April 2020
FY19 final dividend	1.95 cents	1.95 cents	9 September 2019	4 October 2019

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 11 March 2020 to 17 March 2020, 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 FY20 interim dividend is by 5pm (Sydney time) on 10 March 2020.

Net tangible assets ("NTA") backing[1]

As at 31 December	2019	2018
NTA ($M)	(14.5)	(263.0)
Number of shares (in millions)	318.2	301.0
NTA per share (cents)	(5)	(87)

[1]The right-of-use asset and related lease liabilties under AASB 16 *Leases* ("AASB 16") are included in the NTA calculations above.

Review

This report is based on the consolidated financial statements for the half-year ended 31 December 2019 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 2019 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 Llewlyn Gibbon
- Michael John Gregg
- Christine Francis Holman (Resigned: 18 October 2019)
- Maree McDonald Isaacs

Operating and Financial Review

For the half-year ended 31 December 2019

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 15,000 logistics organisations across over 150 countries.

Our industry-leading flagship technology, CargoWise, is a deeply integrated, global software solution for logistics service providers that enables them to execute highly complex logistics transactions and manage their operations on one database across multiple users, functions, offices, corporations, currencies, countries and languages. We operate our own data centres and deliver our CargoWise software principally through the cloud. We provide our software on demand, as a service, which customers can access any and all functionality as needed and pay for such usage monthly.

Our customers range from small and mid-sized domestic and regional logistics providers to large multi-national and global logistics providers, including 25 of the top 25 global freight forwarders and 40 of the top 50 global 3PLs[1]. Our software solutions are designed to assist our customers to better address the complexities of the logistics industry. Our CargoWise solution can dramatically increase productivity, reduce costs and mitigate risks and is delivered as a single, global, highly integrated software platform.

Innovation and productivity are at the core of what we do. We invest relentlessly in product development and have achieved strong and profitable growth during our history. Through product development and our targeted strategic acquisitions, we are expanding CargoWise's integrated global platform. Our vision is of 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 burdens with improved compliance, safety, visibility, predictability, manageability and productivity.

In addition to the strong organic growth from our existing CargoWise platform, since the beginning of 1H20, we have completed the acquisition of four additional software businesses – either spanning new geographies focusing primarily on customs or new adjacencies with the potential to grow to global capacity. These acquisitions are at various stages of integration and, once fully integrated, they will expand the functionality, scope and value of our industry-leading technology and provide strong bases for further accelerating our growth.

We have over 35 product development centres worldwide and over 60 offices including in Australia, Argentina, Belgium, Brazil, Canada, Chile, China, Finland, France, Germany, Ireland, Italy, Japan, Malaysia, the Netherlands, New Zealand, Norway, the Philippines, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, the United Arab Emirates, the United Kingdom, the United States and Uruguay.

---

[1] *Armstrong & Associates: Top 50 Global Third Party Logistics Providers List ranked by 2018 logistics gross revenue/turnover. Armstrong & Associates: Top 25 Global Freight Forwarders List ranked by 2018 logistics gross revenue/turnover and freight forwarding volumes.*

Summary of statutory financial performance

During the six months to 31 December 2019, we delivered significant revenue growth driven by continued strong organic growth across our global business, supported by the addition of over 450 internally developed product enhancements and upgrades to our CargoWise platform. In addition, the acquisition of strategic assets in new geographies and adjacent technologies will accelerate our future growth.

Revenue for 1H20 increased 31% to $205.9m (1H19: $156.7m)

Operating profit increased 17% to $42.0m (1H19: $35.9m)

NPATA[2] increased 22% to $33.5m (1H19: $27.5m)

Net profit after tax increased 160% to $59.9m (1H19: $23.0m)

Basic earnings per share increased 147% to 18.8 cents (1H19: 7.6 cents)

Summary financial results[1]	**1H20 $m**	**1H19 $m**	**Change $m**	**Change %**
Recurring On-Demand revenue	151.8	114.1	37.7	*33%*
Recurring One-Time-Licence ("OTL") maintenance revenue	34.1	25.0	9.1	*36%*
OTL and support services	19.9	17.7	2.2	*12%*
Total revenue	**205.9**	**156.7**	**49.2**	***31%***
Cost of revenues	(39.3)	(30.1)	(9.2)	*31%*
Gross profit	**166.5**	**126.6**	**39.9**	***32%***
Product design and development[2]	(51.3)	(39.3)	(12.0)	*31%*
Sales and marketing	(31.7)	(19.7)	(12.0)	*61%*
General and administration	(41.5)	(31.7)	(9.8)	*31%*
Total operating expenses	**(124.5)**	**(90.8)**	**(33.7)**	***37%***
Operating profit	**42.0**	**35.9**	**6.1**	***17%***
Net finance costs	(3.0)	(2.9)	(0.1)	*3%*
Fair value gain on contingent consideration	32.7	0.1	32.6	*n.a.*
Profit before income tax	**71.8**	**33.1**	**38.7**	***117%***
Tax expense	(11.9)	(10.1)	(1.8)	*19%*
Net profit after tax	**59.9**	**23.0**	**36.8**	***160%***
Net profit after tax attributable to:				
Equity holders of the parent	59.9	23.1	36.8	*160%*
Non-controlling interests	-	-	-	-
Net profit after tax	**59.9**	**23.0**	**36.8**	***160%***

Key financial metrics	**1H20**	**1H19**	**Change**	**1H20** (ex-acqui-sitions)[5]
Recurring revenue %	**90%**	89%	1pp	99%
Gross profit margin %	**81%**	81%	-	91%
Product design and development as % total revenue[2]	**25%**	25%	-	17%
Sales and marketing as % total revenue	**15%**	13%	2pp	13%
General and administration as % total revenue	**20%**	20%	-	20%
Capitalised development investment ($m)[3]	**35.0**	20.1	14.9	26.8
R&D as a % of total revenue[4]	**36%**	33%	3pp	32%

1. *Differences in tables are due to rounding.*
2. *Product design and development includes $13.0m (1H19: $8.1m) 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. *Acquisitions are those businesses acquired since 2012 and not embedded into the CargoWise platform.*

[2] *NPATA – net profit after tax attributable to equity holders of the parent before: acquired amortisation net of tax, contingent consideration interest unwind net of tax and fair value changes on contingent consideration.*

Revenue

Total revenue grew 31% to $205.9m (1H19: $156.7m).

Increased revenue growth came from:
- increased transaction and user growth within the existing CargoWise customer base;
- new CargoWise customers won in the period and growth from customers won in FY19 and FY18; and
- growth in revenue from strategic assets (businesses acquired in FY18 and prior; and strategic acquisitions completed in 1H20 and the full year impact of FY19 acquisitions).

Organic revenues from our existing and new CargoWise customers delivered $24.3m of growth on 1H19. Growth in organic revenue from existing and new CargoWise customers was 24% compared with 1H19 and driven by:
- continued increased usage of the CargoWise platform by existing customers – adding transactions, users, new sites, utilising additional modules and the growth resulting from industry consolidation;
- transition of customer licensing to standard transaction-based licensing;
- revenue from new products and features; and
- onboarding of new sales and increased usage by new CargoWise customers.

Revenue from existing CargoWise customers increased by $17.0m (1H19: $25.5m), the higher growth in 1H19 reflected the timing of new products and feature releases. Revenue from new CargoWise customers increased by $7.3m (1H19: $5.0m) as contract wins rollout progressively. Given our growing global reach across thousands of logistics organisations, it is worth noting that some larger CargoWise sales wins will appear in the existing customer category due to an existing relationship for a select component or region.

Existing and new CargoWise customer growth included $4.4m of favourable foreign exchange movements.

In 1H20, revenue growth for CargoWise was achieved across all existing customer cohorts (from FY06 through to FY20).

Revenue from customers on acquired platforms increased by $24.9m, primarily driven by the full period impact of acquisitions completed in FY19. We buy strategic assets in the form of software companies and specialist technology teams. These bring additional skills, increase speed to market and access to IP to converge with our own technology.

Smaller, targeted acquisitions are a risk reduction and global expansion strategy. These provide safer, faster, stronger entry to new key markets along with talented industry experts and developers, local management, local infrastructure and relevant customer bases. Over time, we utilise these assets to expand the reach of CargoWise geographically and build globally scalable adjacencies. Initially, as we reshape these businesses the revenue from strategic acquisitions may not be as high-growth or high-recurring as CargoWise, as they tend to have higher levels of one time licence and/or support services revenue. We will transition these businesses over time to our commercial foundation and may reduce acquired revenues initially.

Revenue from customers on acquired platforms included $0.2m of favourable foreign exchange movements.

Revenue overall from OTL and support services rose to $19.9m (1H19: $17.7m), reflecting the contribution of revenue from strategically acquired businesses as they typically have higher proportions of OTL or consulting revenue.

Recurring revenue 99% of our CargoWise revenue is recurring revenue. The change from 100% in 1H19 to 99% reflected the increase in revenue from development of new technologies to solve specific customer pain points. We will ultimately deploy these paid feature solutions across the global platform and make these available to all customers, driving future recurring revenue. Even with our significant volume of acquisitions in FY19, which have higher levels of OTL and support services revenue, our recurring revenue for the Group overall was 90% of total revenue (1H19: 89%).

Customer attrition The attrition rate for the CargoWise platform continued to be extremely low, at under 1%, as it had been for the previous seven and a half years since we started measuring[3]. Our customers stay and grow their transaction usage due to the productivity of our platform.

Licensing and transition All new CargoWise customers use our transaction-based Seat Plus Transaction Licensing ("STL") revenue model. We have transitioned customers from historical OTL agreements to On-Demand licence models and are focusing on the transition of customers from:

- our Module User Licence ("MUL") model to STL which has significantly progressed; and
- acquired platforms, over time, to CargoWise.

For the CargoWise platform for 1H20, the percentage of revenue from our high growth On-Demand licensing was 99%. Importantly, STL transaction licensing now comprises 95% of CargoWise revenues. Overall, including acquisitions, the percentage of On-Demand licence model revenue is 74% of total revenue (1H19: 73%), reflecting the higher levels of OTL and support services revenue in acquisitions compared to our CargoWise platform. We will transition these revenue streams to higher growth On-Demand licensing over time.

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 exchange rates. As we continue to acquire businesses in new geographies, the range of currencies in which we invoice and incur costs expands.

Gross profit and gross profit margin

Gross profit increased by $39.9m, up 32%, to $166.5m (1H19: $126.6m). Gross profit growth was mainly driven by organic revenue growth and the full period impact of the FY19 acquisitions.

---

[3]*Annual 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.*

We experienced continued strength in gross profit margin of 81% (1H19: 81%), reflecting the power of our CargoWise platform, even with the impact of 17 acquisitions since the start of FY19 and 23 in prior periods. 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. For each business acquired, we expect the dilutive impact of their existing gross profit margin to reduce over time as they evolve to our more efficient commercial model and as they integrate with or convert onto the CargoWise platform. The transition of acquired businesses occurs over multiple years.

Operating expenses

Total research and development investment We continued our relentless product innovation to further develop our software platform and build our innovation pipeline, with our research and development investment at $73.3m in 1H20 (1H19: $51.2m), reflecting 36% of total revenue (1H19: 33%). Within our research and development investment:

Product design and development expense increased by 31% to $51.3m (1H19: $39.3m), reflecting:
- our significant ongoing investment in the development and maintenance of CargoWise;
- increased investment in expanding and retaining our skilled development workforce;
- increased amortisation, primarily due to continued capitalised development investment and the impact of FY19 and 1H20 acquisitions; and
- $8.2m expense for acquired businesses which typically have relatively higher levels of maintenance and support costs.

Capitalised development investment rose 74% to $35.0m (1H19: $20.1m), reflecting significant investment in building technology assets. The investment comprises the costs associated with skilled software developers and industry experts who build new product developments including customs modules in new countries, international logistics products, cargo chain solutions, adjacent acquisition product integrations, global capabilities and cleansed and verified data sets. Costs related to development activity that is not commercialisable are expensed.

Sales and marketing expense During 1H20, we invested 15% of revenue (1H19: 13%) or $31.7m (1H19: $19.7m) in sales and marketing. The increase primarily reflects an additional $6.4m sales and marketing expense from acquisitions, commissions for new sales of CargoWise and expansion in commercial resources. In addition, we are investing in expanding our capabilities, marketing capacity and content infrastructure to support our geographic expansion and multi-lingual capabilities to support new regions and growth into new technology adjacencies.

General and administration expense We increased our investment in supporting and growing our business globally to $41.5m (1H19: $31.7m), being 20% of total revenue (1H19: 20%). The increase was driven by:
- the full period impact of FY19 acquisitions and costs from newly acquired businesses with their own general and administration costs;
- costs of key management teams, including Founder MDs, for almost all of the strategic assets acquired;

- cost of M&A activities to support the execution of transactions to acquire strategic assets; and
- headcount additions in finance, people, administration and IT to support the expansion of our global operations.

Net finance income

Fair value gain on contingent consideration The contingent consideration liability is related to earnouts agreed, at the time of acquisition for 29 acquired businesses, contingent on achieving select milestones over periods of three years or more, such as for financial performance, product development or customer transition. As part of the assessment of the liability at each reporting date, the fair value of contingent consideration is determined, taking into account historical and expected future performance. Changes in the fair value of contingent consideration after the acquisition date must be recognised in profit or loss. Each period, we gain a clearer picture of the operational performance and potential of our acquired businesses. This updates our assessment of the contingent consideration payable pursuant to performance conditions. In this period, the assessment resulted in a liability reduction and a corresponding fair value gain of $32.7m (1H19: $0.1m). See Note 17 to the consolidated financial statements.

Other net finance costs Net finance costs in 1H20 of $5.0m (1H19: $3.2m) included $3.7m of non-cash interest unwind on contingent consideration. Finance income of $2.0m (1H19: $0.3m) reflected interest received on cash reserves.

Cash flow

We continued to generate positive operating cash flows, with $62.4m of net cash flows from operating activities (1H19: $43.7m). Investing activities included:

- $39.2m in new acquisitions as well as contingent payments for acquisitions made in prior years (1H19: $120.4m);
- $33.0m in intangible assets as we further developed and expanded our global platform, resulting in capitalised development investment for both commercialised products and those yet to be launched (1H19: $18.3m); and
- $8.7m in assets mostly related to our IT infrastructure to enhance the scalability and reliability of our platform and increase capacity for future growth and facilities upgrade (1H19: $3.1m).

Dividends of $6.2m (1H19: $5.0m) were paid during 1H20, with shareholders choosing to reinvest $0.3m of their dividends via the dividend reinvestment plan.

Delivery on our growth strategy

The key strategic focal points, investment areas and developments in 1H20 were:

Expansion of our global platform

We invested $73.3m and 49% of our people in product development, further expanding our pipeline of commercialisable innovations, and delivered over 450 product enhancements and upgrades seamlessly across the CargoWise platform. We are accelerating our development capability within our development teams in over 20 countries.

The hundreds of 1H20 product enhancements and upgrades included initiatives such as:

- implemented enhancements to container and air waybill automation, including additional air and ocean carriers;
- extended localisation of our comprehensive accounting solution to further countries and a focus on EU and LATAM high tax-complexity countries;
- increased rates shopping functionality and increased functionality of hubs and gateway operations, rating and billing;
- completed air advance reporting for the United States and Brazil;
- launched web-based international fulfilment ecommerce integrated solution for 3PLs in Australia and New Zealand; and
- delivered regulatory upgrades for a myriad of government changes including UK regulatory CDS platform replacement, China Trade Single Window, US Air Cargo Advance Screening and Automated Commercial Environment consolidated express filings, and German customs ATLAS release.

We progressed our larger pipeline components including:

- web-based international fulfilment ecommerce managing shipments from origin to door with Shipper Portal, export consolidation warehouse and import deconsolidation warehouse;
- comprehensive global port integration direct to CargoWise for largest trading ports. France is currently in development ahead of the Bollore Logistics rollout;
- next-generation accounting functionalities such as automated Hubs, Gateway billing and universal transaction messaging;
- additional predictive machine learning and assistive natural language models that process myriad integrated data sources across the supply chain that are monitored, retrieved and processed automatically;
- expansion of the Universal Customs Engine designed to deliver complex, multi-year localisations;
- design and development ahead of Brexit customs implementation;
- progress in the development of CargoWise ‘neo’ (formerly nexus), the platform for users of logistics services to engage with their logistics solutions provider in a fully digital process. Early beta release on track for select customers by the end of calendar year 2020;
- integration of acquired adjacencies and our innovation developments to build out the cargo chain ecosystem for rates, schedules, contracts, quoting and bookings; and
- ongoing scaling of database models (including new SQL and non-SQL database structures), additional scaleout of WiseCloud infrastructure, increasing redundancy and expanding performance capacity.

Within our acquired strategic assets, development work is progressing to address new customer segments or expand regional presence. A sample of activities includes:

- simultaneous build-out of embedded customs for acquired geographies;
- integration with our specialist Transport Management Solutions (“TMS”) adjacencies;
- expanding adjacent technology developments in ratings, classifications and messaging;
- Containerchain launch of Notifications, vehicle booking system (“VBS”), to Australian depots and VBS rollout for European customers; and
- utilising our local acquired operations to build out regional components for our global engines.

Greater usage by existing customers

We experienced continuing existing CargoWise customer revenue growth of $17.0m in addition to:

- our large CargoWise customer base increasing its use of the platform, adding transactions, users and geographies and moving into more modules;
- increasing usage by many of the world’s largest freight forwarding groups. Across the Group, we have 25 of the top 25 global freight forwarders as customers, with 23 of the top 25 using CargoWise. Additionally, 10 large global forwarders have completed or are in the process of completing global forwarding rollouts in CargoWise, including DSV/Panalpina, DHL, Toll, Bollore and Yusen. The DHL Global Forwarding rollout for sea freight and air freight continued to make significant progress in 1H20;
- continued transition of customer licensing (excluding acquisitions), with 99% of CargoWise revenues generated from On-Demand licensing, an access-as-needed, monthly payment based on usage licence. STL now accounts for 95% of CargoWise revenues (1H19: 71%);
- further growth in revenue from larger multi-region customers with 40 of the top 50 global 3PLs now customers, yet even our global relationships are still in early penetration and our top 10 customers contribute only 19% of revenue (1H19: 25%); and
- each cohort of CargoWise customers from FY06 to FY20 grew revenue in the period.

Increasing the number of new customers on the CargoWise technology platform

We continue to bring new customers onto the platform across domestic, multi-region and global commitments. New wins in 1H20 included Shanghai Coil Dragon International Logistics, Green Worldwide Shipping and PT Yamato Indonesia. Since period end, we have also secured a further freight forwarding and customs global rollout with UAE-based Aramex International.

New CargoWise customers take time to roll out and then transaction revenue grows over time. Our Delta sales team builds relationships with global 3PLs and international freight forwarders. As we increase our global penetration, we also continue to sign new deals with customers where we have a pre-existing CargoWise relationship, which add to our existing customers’ revenue. We are seeing larger potential global logistics organisations engaging with us and we expect to see this trend expand into further major new customer contracts. However, we are still in early penetration of both new and existing customers.

In addition, through industry consolidation, CargoWise is capable of capturing large global rollouts without further sales activity, as is the case with DSV's acquisition of Panalpina during 2019 creating a joint global operation, no. 4 in the world. DSV[4] has announced strong integration progress with acquired operations transitioning onto CargoWise over FY20 and FY21.

Stimulated network effects

We harness important natural network effects that exist because of the necessarily collaborative nature of supply chain execution and the inherent effect of our deeply integrated global software platform. We further stimulate these effects with targeted partner programs through CargoWise Partners, CargoWise Certified Professional and deeper CargoWise Industry programs for freight forwarding network groups globally.

We now have over 280 external CargoWise Partner organisations across the world, actively referring, promoting or implementing our platform. In 1H20, we certified over 3,700 CargoWise practitioners, who work within the logistics industry across our customer or partner organisations. We have completed over 19,000 certifications of practitioners who utilise or promote the features of our platform. We now have 48 partner networks with a member base of ~9,000 logistics service professionals.

In addition, each new geography and adjacency we acquire adds a valuable point on our strategic map, accelerates the network effects and has the potential to make CargoWise even more compelling to local and global logistics providers and their customers. In 1H20, we continued to leverage our acquired business relationships with key global customers and explored connections between the adjacent acquisitions, CargoWise and geographic footholds.

Our reach now extends out from international freight forwarding and 3PL , making inroads into the 2PL, 1PL and domestic transportation globally. During 1H20, we implemented development pilots with select customers for key technological expansions of our CargoWise technology platform capabilities, designed to drive product value and network effects across the customer base.

Strategic acquisitions: securing valuable resources and market entry

In expanding geographically, we buy into market positions that would take years to build, and we then integrate the acquired industry and developer talent and customers over time to accelerate our growth. We further utilise acquisitions in key adjacent technologies to facilitate our development of globally scalable innovations, to fuel the convergence of technologies that add to our next generation of automations and machine learning, and to grow and enhance our extensive global data and transaction sets.

In 1H20, we have progressed product development in key geographies including Australasia, Brazil, China, Taiwan, Europe, and the United States and across our global adjacencies. In addition, since 1 July 2019, we have completed a further four valuable geographic and adjacent acquisitions across North America, South Korea and Switzerland.

[4] *DSV Public Market Briefing 7 February 2020.*

Since 1 July 2019 to date, our acquisitions for geographic expansion comprised:

- on 31 December 2019, we completed the acquisition of *Ready Korea*, a leading customs, bonded warehouse and trade compliance solutions provider in South Korea; and
- on 3 February 2020, we completed the acquisition of *SISA Studio Informatica SA*, a leading customs and freight forwarding solutions provider in Switzerland.

Since 1 July 2019 to date, our acquisitions for adjacencies and technologies convergent with our innovation pipeline comprised:

- on 16 September 2019, we completed the acquisition of early-stage machine-learning classification technology developer, *Cypress*; and
- on 1 October 2019, we completed the acquisition of *Depot Systems*, a leading US-based container yard and terminal management logistics solutions provider.

Our acquisitions are at various stages of integration and, once fully embedded over the coming years, they will expand the functionality, scope and value of our industry-leading technology and provide a strong base for further accelerating our long-term growth.

Post balance date events

As summarised above, since 31 December 2019, we have completed the strategic acquisition of leading Swiss logistics solution provider, *SISA Studio Informatica SA*.

Since period end, the Directors have declared a fully-franked interim dividend of 1.70 cents per share, payable on 3 April 2020. The dividend will be recognised in subsequent period financial statements.

Outlook for 2020

While we have a diversified array of revenue drivers that provide resilient organic revenue growth across our global platform, we do anticipate that the manufacturing slowdown as a result of the unexpected outbreak of coronavirus (COVID-19) in January 2020 and the effective shutdown of China, a critical driver of the global manufacturing supply chain, will potentially delay execution of logistics activities by logistics service providers. The speed of recovery of China manufacturing, replenishment of inventories worldwide and restoration of supply chain volumes, once started, will likely create a significant rebound in volumes and logistics transactions, however the interim delay may cause some transactional revenues to move into the next reporting period and potentially delay the launch of new products planned for 2H20.

In considering adjustment to our guidance for FY20 we have prudently taken into account the potential impact of COVID-19 on China manufacturing and export trade, along with the continued growth of the Group during 1H2020, the power of the CargoWise platform, drivers of organic growth, annual customer attrition rate of less than 1% and continued relentless investment in innovation and expansion across our global business. Together these give us the basis to expect, subject to currency movements[5]:

FY20 revenue of $420m - $450m, revenue growth of 21% - 29%,
EBITDA[6] of $114m - $132m, EBITDA growth of 5% - 22%.

[5] *Our revenue is invoiced in a range of currencies, reflecting the global nature of our customer base and as a result is impacted by movements in foreign exchange rates. Our FY20 guidance is based on rates provided within the Investor briefing materials released to the ASX on 19 February 2020.*

[6] *The application of AASB 16 Leases, brought into effect from 1 July 2019, is expected to add $6m to EBITDA for FY20 with no change to revenue. The total is reflected in the guidance provided.*

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 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 15 and forms part of the Directors' report for the six months ended 31 December 2019.

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 2019 which has been reviewed by the Group's independent auditor.

Signed in accordance with a resolution of the Directors:

Andrew Harrison
Chair
19 February 2020

Richard White
Executive Director, Founder and CEO
19 February 2020

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 2019 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
19 February 2020

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2019

	Notes	31 Dec 2019 $M	31 Dec 2018 $M
Revenue	4	205.9	156.7
Cost of revenues		(39.3)	(30.1)
Gross profit		**166.5**	**126.6**
Product design and development		(51.3)	(39.3)
Sales and marketing		(31.7)	(19.7)
General and administration		(41.5)	(31.7)
Total operating expenses		**(124.5)**	**(90.8)**
Operating profit		**42.0**	**35.9**
Finance income	5	2.0	0.3
Finance costs	6	(5.0)	(3.2)
Fair value gain on contingent consideration	17	32.7	0.1
Net finance income/(costs)		**29.7**	**(2.8)**
Profit before income tax		**71.8**	**33.1**
Income tax expense		(11.9)	(10.1)
Net profit for the period		**59.9**	**23.0**
Net profit for the period attributable to:			
Equity holders of the parent		59.9	23.1
Non-controlling interests		-	-
		59.9	**23.0**
Other comprehensive loss			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(1.3)	(0.3)
Other comprehensive loss for the period, net of tax		**(1.3)**	**(0.3)**
Total comprehensive income for the period, net of tax		**58.6**	**22.7**
Total comprehensive income for the period, net of tax, attributable to:			
Equity holders of the parent		58.6	22.8
Non-controlling interests		-	(0.1)
		58.6	**22.7**
Earnings per share			
Basic earnings per share (cents)	7	18.8	7.6
Diluted earnings per share (cents)	7	18.7	7.6

The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Refer note 3. Under this approach, comparative information is not restated and the cumulative effect is recognised in retained earnings at the date of initial application.

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

Consolidated statement of financial position

As at 31 December 2019

	Notes	31 Dec 2019 $M	30 Jun 2019 $M
Assets			
Current assets			
Cash and cash equivalents		233.1	260.1
Trade receivables		45.1	50.8
Current tax receivables		3.4	3.8
Other current assets		11.7	9.2
Total current assets		293.3	323.9
Non-current assets			
Intangible assets	9	844.6	783.7
Property, plant and equipment		59.8	15.8
Deferred tax assets		6.8	6.5
Other non-current assets		1.2	0.8
Total non-current assets		912.5	806.8
Total assets		**1,205.8**	**1,130.6**
Liabilities			
Current liabilities			
Trade and other payables		33.8	35.2
Borrowings	10	0.2	0.2
Lease liabilities	3	11.3	0.2
Deferred revenue		14.1	19.0
Current tax liabilities		8.4	4.7
Employee benefits		14.3	13.1
Other current liabilities	11	109.0	96.6
Total current liabilities		191.2	169.0
Non-current liabilities			
Borrowings	10	0.4	0.5
Lease liabilities	3	31.7	0.2
Employee benefits		1.6	1.4
Deferred tax liabilities		33.3	33.7
Other non-current liabilities	11	117.5	159.2
Total non-current liabilities		**184.5**	**195.0**
Total liabilities		**375.7**	**364.1**
Net assets		**830.1**	**766.6**
Equity			
Share capital		669.5	668.5
Reserves		(2.3)	(25.7)
Retained earnings		162.9	123.8
Equity attributable to equity holders of the parent		**830.1**	**766.6**
Non-controlling interests		-	-
Total equity		**830.1**	**766.6**

The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Refer note 3. Under this approach, comparative information is not restated and the cumulative effect is recognised in retained earnings at the date of initial application.

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2019

	Share capital	Treasury share reserve	Acquisition reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	$M	$M	$M	$M	$M	$M	$M	$M	$M
As at 1 July 2018	**288.8**	**(13.6)**	**(16.8)**	**12.8**	**(4.7)**	**85.1**	**351.7**	**0.4**	**352.2**
Net profit/(loss) for the period	-	-	-	-	-	23.1	23.1	-	23.1
Other comprehensive (loss)/income	-	-	-	-	(0.3)	-	(0.3)	(0.1)	(0.4)
Total comprehensive income	-	-	-	-	(0.3)	23.1	22.8	(0.1)	22.7
Shares issued under acquisition agreements	18.8	-	-	-	-	-	18.8	-	18.8
Dividends declared and paid (Note 8)	-	-	-	-	-	(5.0)	(5.0)	-	(5.0)
Shares issued under dividend reinvestment plan ("DRP")	0.3	-	-	-	-	-	0.3	-	0.3
Transaction costs including deferred tax	0.1	-	-	-	-	-	0.1	-	0.1
Vesting of share rights	-	13.6	-	(5.2)	-	(8.5)	-	-	-
Vesting shares withheld	-	(5.7)	-	-	-	-	(5.7)	-	(5.7)
Equity settled share-based payment expense	-	-	-	5.1	-	-	5.1	-	5.1
Tax benefit from equity remuneration	-	-	-	-	-	1.5	1.5	-	1.5
Total contributions and distributions	19.2	7.9	-	(0.1)	-	(12.0)	15.0	-	15.0
Changes in ownership interest									
Acquisition of non-controlling interest without a change in control	-	-	(1.7)	-	-	-	(1.7)	(0.3)	(2.0)
At 31 December 2018	**308.0**	**(5.7)**	**(18.5)**	**12.7**	**(4.9)**	**96.2**	**387.8**	**-**	**387.8**

Consolidated statement of changes in equity (continued)

For the half-year ended 31 December 2019

	Share capital	Treasury share reserve	Acquisition reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	$M	$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**	**-**	**766.6**
Adjustment on initial application of AASB 16 (net of tax)	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Adjusted balance as at 1 July 2019[1]	**668.5**	**(25.9)**	**(19.0)**	**17.6**	**1.6**	**123.9**	**766.6**	**-**	**766.6**
Net profit/(loss) for the period	-	-	-	-	-	59.9	59.9	-	59.9
Other comprehensive (loss)/income	-	-	-	-	(1.3)	-	(1.3)	-	(1.3)
Total comprehensive income	-	-	-	-	(1.3)	59.9	58.6	-	58.6
Shares issued under acquisition agreements	0.7	-	-	-	-	-	0.7	-	0.7
Dividends declared and paid (Note 8)	-	-	-	-	-	(6.2)	(6.2)	-	(6.2)
Shares issued under dividend reinvestment plan ("DRP")	0.3	-	-	-	-	-	0.3	-	0.3
Transaction costs including deferred tax	-	-	(0.2)	-	-	-	(0.2)	-	(0.2)
Vesting of share rights	-	24.0	-	(7.5)	-	(16.5)	-	-	-
Vesting shares withheld	-	-	-	-	-	-	-	-	-
Equity settled share-based payment expense	-	-	-	8.9	-	-	8.9	-	8.9
Tax benefit from equity remuneration	-	-	-	-	-	1.8	1.8	-	1.8
Revaluation by subsidiary due to hyperinflationary economy	-	-	-	-	-	0.1	0.1	-	0.1
Total contributions and distributions	1.0	24.0	(0.3)	1.5	-	(20.8)	5.4	-	5.4
Changes in ownership interest									
Acquisition of non-controlling interest without a change in control	-	-	(0.5)	-	-	-	(0.5)	-	(0.5)
At 31 December 2019	**669.5**	**(1.9)**	**(19.8)**	**19.1**	**0.4**	**162.9**	**830.1**	**-**	**830.1**

The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Refer note 3. Under this approach, comparative information is not restated and the cumulative effect is recognised in retained earnings at the date of initial application.

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

Consolidated statement of cash flows

For the half-year ended 31 December 2019

	Notes	31 Dec 2019 $M	31 Dec 2018 $M
Operating activities			
Receipts from customers		218.6	162.2
Payments to suppliers and employees		(148.9)	(110.8)
Income tax paid		(7.3)	(7.7)
Net cash flows from operating activities		**62.4**	**43.7**
Investing activities			
Acquisition of businesses, net of cash acquired		(39.2)	(120.4)
Payments for intangible assets		(33.0)	(18.3)
Purchase of property, plant and equipment		(8.7)	(3.1)
Disposal of assets held for sale		-	0.7
Interest received		2.0	0.3
Net cash flows used in investing activities		**(78.9)**	**(140.8)**
Financing activities			
(Repayment of)/proceeds from borrowings		(0.1)	28.4
Transaction costs on issue of shares		(0.2)	-
Treasury shares acquired		-	(5.7)
Repayment of lease liabilities (2018: finance lease liabilities)		(2.6)	(0.5)
Interest paid		(1.3)	(0.4)
Dividends paid	8	(5.9)	(4.7)
Net cash flows (used in)/from financing activities		**(10.2)**	**17.0**
Net decrease in cash and cash equivalents		(26.7)	(80.1)
Cash and cash equivalents at 1 July		260.1	121.8
Effect of exchange differences on cash balances		(0.3)	0.5
Cash and cash equivalents at 31 December		**233.1**	**42.2**

The Group has initially applied AASB 16 at 1 July 2019, using the modified retrospective approach. Refer note 3. Under this approach, comparative information is not restated and the cumulative effect is recognised in retained earnings at the date of initial application.

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

Notes to the consolidated financial statements

For the half-year ended 31 December 2019

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 2019. 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.

A copy of the 2019 Annual Report is available on the Company's website, www.wisetechglobal.com.

2. Summary of significant accounting policies

Basis of preparation

Statement of compliance

These consolidated interim financial statements for the half-year ended 31 December 2019 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 2019, together with any public announcements made by the Company during the half-year ended 31 December 2019 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 2019.

The consolidated interim financial statements were authorised for issue by the Board of Directors on 19 February 2020.

Accounting policies

With the exception of the impact of the first time application of AASB 16, the impact of which is described in note 3, 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 2019.

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.

With the exception of the impact of the first time application of AASB 16, 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. The significant judgements and key sources of estimation in applying AASB 16 are described in note 3.

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.

3. Changes in significant accounting policy

The Group has initially adopted AASB 16 from 1 July 2019. A number of other new standards are effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets, which are recorded in property, plant and equipment, representing its rights to use the underlying assets, and lease liabilities representing its obligation to make lease payments.

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented has not been restated i.e. it is presented, as previously reported, under AASB 117 *Leases* and related interpretations.

IFRIC agenda decision - lease term and useful life of leasehold improvements

In November 2019, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, lease term and useful life of leasehold improvements, on how the lease term of a cancellable or renewable lease should be determined for both the lessor and lessee when applying AASB 16. IFRIC clarifies that the broader economics and not only the contractual termination payments should be considered in determining lease terms. The adoption of this clarification may increase right-of-use assets and lease liabilities in the Consolidated statement of financial position as well as increase depreciation and interest expense in the Consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2019, the Group has not adopted this IFRIC agenda decision. The impact of the change is not reasonably estimable as the Group has yet to commence its assessment of the impact of the IFRIC agenda decision. The Group expects to adopt this agenda decision in its annual financial statements for the year ended 30 June 2020.

The details of the changes in accounting policies are disclosed below.

(i) Definition of a lease

The Group assesses whether a contract is, or contains, a lease based on the new definition of a lease under AASB 16. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases.

At inception or on reassessment of a contract that contains a lease component, the Group allocates consideration in the contract to each lease and non-lease component based on their relative stand-alone prices.

(ii) As a lessee

The Group leases properties, motor vehicles and office equipment. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. office equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets in "property, plant and equipment".

The Group presents lease liabilities separately on the face of the Consolidated statement of financial position.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2019

3. Changes in significant accounting policy (continued)

(ii) As a lessee (continued)

(a)Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

(b)Transition

At transition, leases classified as operating leases under AASB 117, lease liabilities were measured at present values of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019.

At transition, leases classified as operating leases under AASB 117, right-of-use assets are measured at either:
- their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term; and
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

At transition, for leases classified as finance leases under AASB 117, the carrying amounts of the right-of-use asset and the lease liability at 1 July 2019 were maintained at values recognised immediately before that date.

For the half-year ended 31 December 2019

3. Changes in significant accounting policy (continued)

(iii) Impacts on financial statements

(a)Impacts on transition

On transition to AASB 16, the Group recognised right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 Jul 2019 $M
Right-of-use assets recognised in property, plant and equipment	42.1
Lease liabilities	(43.4)
Derecognition of previous operating lease-related liabilities	1.4
Deferred tax asset	-
Retained earnings	(0.1)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.8%.

	1 Jul 2019 $M	**1 Jul 2019 $M**
Operating lease commitment at 30 June 2019	47.3	
Leases with less than 12 months of lease term at transition	(0.6)	
Non-lease component (service charges) from operating leases	(0.9)	
Extension options reasonably certain to be exercised	1.3	
Discounted using the incremental borrowing rate at 1 July 2019	(4.1)	
Operating leases transitioned to AASB 16		43.0
Finance lease liabilities recognised as at 30 June 2019	0.5	
Leases of low-value assets	(0.1)	
Finance leases transitioned to AASB 16		0.4
Lease liabilities recognised at 1 July 2019		43.4

(b)Impacts for the period

As a result of the application of AASB 16, the Group recognised $42.1m of right-of-use assets. The movements during the period ended 31 December 2019 in right-of-use asset balances are described below:

	31 Dec 2019 $M
Right-of-use assets recognised in property, plant and equipment	42.1
Net additions during the period	3.6
Depreciation	(5.1)
Closing balance	40.6

As a result of application of AASB 16, the Group recognised $43.4m of lease liabilities. The movements during the period ended 31 December 2019 in lease liability balances are described below:

	31 Dec 2019 $M
Lease liabilities recognised	43.4
Net additions during the period	3.5
Additions due to acquisitions	0.1
Payments	(4.8)
Unwinding interest on lease liabilities	0.8
Closing balance	43.0

$1.2m of depreciation charges and $0.2m of interest costs were capitalised to Development costs (WIP).

For the half-year ended 31 December 2019

3. Changes in significant accounting policy (continued)

(iii) Impacts on financial statements (continued)

The Group has adopted AASB 16 using the modified retrospective appoach on transition and accordingly has not restated comparative information. The reclassification and adjustments arising from the new standard are therefore recognised in the opening balance sheet as at 1 July 2019.

The following table shows the adjustments recognised in the opening balance sheet on 1 July 2019 for each line item:

Consolidated statement of financial position (extract)	**30 Jun 2019**	**AASB 16 impact**	**1 Jul 2019 (Restated)**
	$M	**$M**	**$M**
Non current assets			
Property, plant and equipment	15.8	41.6	57.5
Impact of changes on total assets		**41.6**	
Current liabilities			
Lease liabilities - current	0.2	10.4	10.6
Non-current liabilities			
Lease liabilities - non-current	0.2	32.6	32.8
Other non-current liabilities	159.2	(1.4)	157.9
Impact of changes on total liabilities		**41.6**	
Impact of changes on net assets		**0.1**	
Retained earnings	766.6	0.1	766.6
Impact of changes in total equity		**0.1**	

4. Disaggregation of revenue

AASB 15 *Revenue from Contracts with Customers* requires disclosure of revenue disaggregation that best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

The Group disaggregates revenue by the categories shown in the table below for the period ended 31 December 2019.

	31 Dec 2019	**31 Dec 2018**
	$M	**$M**
Revenue		
Recurring On-Demand revenue	151.8	114.1
Recurring One-Time Licence ("OTL") maintenance revenue	34.1	25.0
OTL and support services	19.9	17.7
Total revenue	**205.9**	**156.7**

5. Finance income

	31 Dec 2019	**31 Dec 2018**
	$M	**$M**
Interest income	2.0	0.3
Total finance income	**2.0**	**0.3**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2019

6. Finance costs

	31 Dec 2019 $M	31 Dec 2018 $M
Unwinding interest on contingent consideration	3.7	2.7
Interest expense and facility fees	0.7	0.5
Unwinding interest on lease liabilities	0.8	-
Interest capitalised in development costs (WIP)	(0.2)	-
Other	0.1	-
Total finance costs	**5.0**	**3.2**

7. Earnings per share ("EPS")

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 Dec 2019	31 Dec 2018
Profit attributable to equity holders of the Company ($M)	59.9	23.1
Basic weighted average number of ordinary shares (in millions)	319.2	301.8
Basic EPS (cents)	18.8	7.6
Profit attributable to equity holders of the Company ($M)	59.9	23.1
Basic weighted average number of ordinary shares (in millions)	319.2	301.8
Shares issuable in relation to equity-based compensation schemes (in millions)	0.1	0.1
Diluted weighted average number of ordinary shares (in millions)	319.3	301.9
Diluted EPS (cents)	18.7	7.6

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.

8. Dividends

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

	31 Dec 2019 $M	31 Dec 2018 $M
Dividends on ordinary shares declared and paid:		
Final dividend in respect of previous reporting period		
(FY19:1.95 cents per share, FY18:1.65 cents per share)		
- Paid in cash	5.9	4.7
- Paid via DRP	0.3	0.3
	6.2	**5.0**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2019

9. 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
At 30 June 2018									
Cost	81.8	36.6	3.8	236.6	23.4	16.8	6.2	0.2	405.4
Accumulated amortisation and impairment	(25.7)	-	(2.0)	(0.1)	(12.0)	(4.7)	(0.6)	-	(45.1)
Net book value	**56.1**	**36.6**	**1.8**	**236.5**	**11.4**	**12.1**	**5.6**	**0.2**	**360.3**
At 1 July 2018	56.1	36.6	1.8	236.5	11.4	12.1	5.6	0.2	360.3
Additions	-	46.8	0.1	-	-	-	-	0.1	47.0
Transfers/reclassifications	34.7	(34.7)	-	-	-	-	-	-	-
Acquisition via business combination	-	-	0.8	352.6	14.2	6.9	7.3	-	381.8
Amortisation	(10.0)	-	(0.9)	-	(5.2)	(2.2)	(1.1)	-	(19.4)
Exchange differences	0.2	-	0.1	12.4	0.4	0.6	0.3	-	14.0
Net book value at 30 June 2019	**81.0**	**48.7**	**1.9**	**601.5**	**20.8**	**17.4**	**12.1**	**0.3**	**783.7**
At 30 June 2019									
Cost	116.2	48.7	4.7	601.6	38.6	24.3	13.7	0.3	848.1
Accumulated amortisation and impairment	(35.2)	-	(2.8)	(0.1)	(17.8)	(6.9)	(1.6)	-	(64.4)
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	-	33.6	1.4	-	-	-	-	-	35.0
Transfers/reclassifications	59.0	(59.0)	-	-	-	-	-	-	-
Acquisition via business combination	-	-	-	36.7	1.7	0.1	0.5	-	39.0
Amortisation	(7.0)	-	(0.5)	-	(3.3)	(1.2)	(0.7)	-	(12.7)
Exchange differences	0.1	-	-	(0.5)	(0.1)	0.1	-	-	(0.4)
Net book value at 31 December 2019	**133.1**	**23.3**	**2.8**	**637.7**	**19.1**	**16.4**	**11.9**	**0.3**	**844.6**
At 31 December 2019									
Cost	175.3	23.3	5.6	637.8	40.2	24.5	14.2	0.4	921.3
Accumulated amortisation and impairment	(42.2)	-	(2.8)	(0.1)	(21.1)	(8.1)	(2.3)	(0.1)	(76.7)
Net book value	**133.1**	**23.3**	**2.8**	**637.7**	**19.1**	**16.4**	**11.9**	**0.3**	**844.6**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2019

10. Borrowings

Bank debt facilities

An unsecured syndicated facility was executed on 24 December 2018 between Westpac Banking Corporation, The Hongkong and Shanghai Banking Corporation Limited and Citibank, N.A. The facility has a total syndicated commitment of $190.0m, plus an additional $200.0m accordion facility, and matures in March 2022. The facility is undrawn as at 31 December 2019.

Other bank loans

The Group acquired a controlling interest in Softship AG ("Softship") on 1 July 2016. In June 2014, Softship entered into a debt contract with Commerzbank for $1.4m (Euro 1.0m), having a maturity of eight years and a fixed interest rate of 3.29% per annum. The outstanding balance at 31 December 2019 was $0.6m (Euro 0.3m). The bank loan is not secured.

11. Other liabilities

	31 Dec 2019 $M	30 Jun 2019 $M
Current		
Contingent consideration	81.8	69.8
Customer deposits and payables	24.8	24.1
Indirect taxes payable	1.7	1.7
Other current liabilities	0.7	1.1
	109.0	**96.6**
Non-current		
Contingent consideration	116.0	157.2
Other non-current liabilities	1.5	2.1
	117.5	**159.2**
	226.5	**255.9**

12. Business combinations and acquisition of non-controlling interests

Acquisitions in period ended December 2019

During the half-year to 31 December 2019, the Group completed the following acquisitions:

Business acquired	Date of control gained	Description of acquisition
Cypress[1]	16 Sep 2019	Early-stage machine-learning classification technology developer in the USA
Depot Systems[1]	1 Oct 2019	Leading US-based container yard and terminal management logistics solutions provider
Ready Korea Co., Ltd	31 Dec 2019	Leading customs, bonded warehouse and trade compliance solutions provider in South Korea

[1]This business was acquired through an asset purchase agreement, not a share purchase agreement and is accounted for as a business combination in accordance with AASB 3 *Business Combinations*.

None of the acquisitions completed during the period is individually significant. Accordingly, key information on these acquisitions has been presented on an aggregated basis as set out below.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2019

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

Provisional details of consideration and the fair value of identifiable assets acquired, liabilities assumed, and goodwill determined are set out in the following tables.These values are provisional as the Group is still pending information used to determine performance-based milestones that form part of consideration, and the fair value of assets acquired on acquisition. 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 acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

	Other acquisitions $M
Cash and cash equivalents	3.1
Other current assets	0.7
Intangible assets	2.3
Property, plant and equipment	0.1
Deferred revenue	-
Employee benefits	-
Lease liabilities	(0.1)
Deferred tax liabilities	(0.5)
Fair value of net assets acquired	**5.6**
Acquisition-related costs	0.7
	Total acquisitions $M
Total consideration paid and payable	41.8
Less: Fair value of net identifiable assets acquired	(5.6)
Goodwill	**36.2**

Goodwill

The total goodwill arising on acquisition is $36.2m 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. The total amount of goodwill expected to be deductible for tax purposes is $6.5m.

Consideration

Total cash consideration was $21.6m with further contingent consideration payable of $21.7m. Contingent consideration is based on a number of milestones, which are provisionally assessed, including performance-related targets and the integration of the acquired businesses with the Group such as the development of pre-existing capabilities into the Group's existing product. At acquisition, the discounted value of these arrangements is $20.2m. These acquisitions included $3.1m of cash and cash equivalents acquired.

Contribution of acquisitions to revenue and profits

In total, these acquisitions contributed $0.4m to Group revenue and no change to net profit from their respective dates of acquisition, to 31 December 2019. If the acquisitions had been acquired from 1 July 2019, the contribution to the Group revenue would have been $4.4m and an increase to net profit of $0.8m.

Additional investment in Softship AG

During the period ended 31 December 2019, the Group made payments of $0.5m towards obligations under previously announced share purchase agreements for the acquisition of Softship AG shares. This resulted in an increase in acquisition reserve of $0.5m.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2019

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

Acquisitions for year ended June 2019

Update to provisional accounting

Goodwill in respect of acquisitions in the period ended 30 June 2019 has been increased by $0.4m following the update to provisional accounting. This resulted in a corresponding reduction in net assets of $0.4m. Details of this updates are provided in the table below:

	At acquisition $M	Revision $M	Cumulative total $M
Cash and cash equivalents	17.2	-	17.2
Trade receivables	10.6	-	10.6
Other current assets	5.2	0.1	5.3
Intangible assets	30.0	-	30.0
Property, plant and equipment	2.1	(0.4)	1.7
Trade and other payables	(12.0)	-	(12.0)
Deferred revenue	(5.6)	-	(5.6)
Current tax liabilities	(4.8)	(0.1)	(4.9)
Employee benefits	(2.2)	-	(2.2)
Other current liabilities	(1.9)	-	(1.9)
Borrowings	(0.2)	-	(0.2)
Deferred tax liabilities	(4.3)	-	(4.3)
Other non-current liabilities	-	-	-
Fair value of net identifiable assets acquired	**34.1**	**(0.4)**	**33.7**
Acquisition related costs	**4.7**	**-**	**4.7**
Total consideration paid and payable	389.4	-	389.4
Less: Fair value of net identifiable assets acquired	(34.1)	0.4	(33.7)
Goodwill	**355.3**	**0.4**	**355.7**

13. Related party disclosures

Directors of the Company controlled 58.28% (30 June 2019: 58.28%) of the voting shares of the Company as at 31 December 2019. 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 the KMP and entities over which he has control or significant influence were as follows:

		Transaction values for half-year ended		Balance outstanding as at	
		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Director	**Transactions**	**$000**	**$000**	**$000**	**$000**
R White	Company apartments rent[1]	64	85	-	-
R White	US office lease[2]	450	427	-	-
R White	US data centre services[2]	439	390	-	67
R White	Staff training facility[3]	82	88	-	88
R White	Office services agreement[4]	(10)	(10)	-	(2)
R White	Sydney office facilities[5]	920	-	1,220	-

The above agreements are made at normal market rates.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2019

13. Related party disclosures (continued)

[1]The Group had agreements for apartment leases on properties owned by Marwood White Administrators Pty Ltd, a company controlled by R White. As of November 2019, the Group is no longer renting these units.

[2]The Group leases office space and procures data centre services from RealWise Chicago LLC, a company controlled by R White.

[3]Staff training courses, run by a service provider are held at a facility owned by R White. The charge for usage of the facility is embedded in the service provider fees.

[4]The Group provides office accommodation and related services to RealWise Management Pty Limited, a company controlled by R White.

[5] The Group utilises office and storage space owned by R White and it is currently negotiating a long-term lease on an arm's length basis.

14. 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 2019	31 Dec 2018
	$M	$M
Recurring On-Demand revenue	151.8	114.1
Recurring OTL maintenance revenue	34.1	25.0
OTL and support services	19.9	17.7
Total revenue	**205.9**	**156.7**
Segment profit before income tax	**71.8**	**33.1**

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.

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 2019	31 Dec 2018
	$M	$M
Americas	63.9	45.6
Asia Pacific	68.0	45.7
Europe, Middle East and Africa	74.0	65.4
Total revenue	**205.9**	**156.7**

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2019

15. Commitments and contingencies

Guarantees

The Group has not provided any material guarantees at 31 December 2019.

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 2019 (2018: nil).

16. Events after the end of the reporting period

Acquisitions

On 3 February 2020, the Group completed the acquisition of a 100% interest in SISA Studio Informatica SA, a leading customs and freight forwarding solutions provider in Switzerland. The Group paid $14.7m upfront with a further multi-year earn-out potential of $8.9m related to customer development, customer conversion and product integration. With calendar year 2018 annual revenue and EBITDA of $12.4m and $0.5m, this transaction, while of strategic value, is not material to the group.

Dividends

Since the period end, the Directors have declared a fully franked interim dividend of 1.70 cents per share, payable on 3 April 2020. 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 2019 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.

17. 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 of liability), or, in the absence of such a market, the most advantageous market available to the entity at reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport 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 2019

17. Other disclosures (continued)

Measurement of fair values (continued)

Fair value hierarchy
Significant valuation issues are reported to the Audit 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 Group does not have any debt securities or derivative financial instruments which require measurement at fair value. As the inputs into the valuations of contingent consideration are not based on observable market data, this is deemed a Level 3 measurement of fair value.

Contingent consideration payable

The Group has recognised a liability measured at fair value at 31 December 2019 and 30 June 2019 in relation to contingent consideration arising out of various acquisitions made by the Group. The contingent consideration is deemed to be a Level 3 measurement of fair value which will be paid over various periods from the acquisition date. It has been discounted accordingly based on estimated time to complete a number of milestones including the successful integration of customers into CargoWise and in certain acquisitions its performance in future periods based on revenue and profitability targets. These targets take account of the performance expectations of the acquired business. As part of the assessment at each reporting date, the Group has determined the fair value of contingent consideration considering a range of reasonably possible changes including historical and expected future performance. Changes in the fair value of contingent consideration after the acquisition date are recognised in profit or loss.

A reconciliation of the movements in fair value measurements and contingent consideration payable is provided below:

	31 Dec 2019 $M	30 Jun 2019 $M
Opening balance	226.9	101.2
Foreign exchange differences	0.6	8.9
Additions	20.2	130.3
Change in fair value estimate	(32.7)	(1.6)
Unwinding interest	3.7	5.9
Cash and equity payments	(20.9)	(17.8)
Closing balance	**197.8**	**226.9**

The effect on the 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 are available for early adoption for annual periods beginning after 1 July 2019, and have not been applied in preparing these consolidated interim financial statements. Management is currently in the process of assessing the effect of these standards on the financial statements of the Group.

Directors' declaration

In the opinion of the Directors of WiseTech Global Limited ("Company"):

1. the condensed consolidated financial statements and notes set out on pages 16 to 33, 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 2019 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
19 February 2020

Richard White
Executive Director, Founder and CEO
19 February 2020

KPMG

Independent Auditor's Review Report

To the shareholders of WiseTech Global Limited

Report on the Half-year Financial Report

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 2019 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 2019
- 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 17 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.

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 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. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2019 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*. As auditor of WiseTech Global Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli
Partner

Sydney
19 February 2020