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ASX Announcement

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Wiseway announces strategic investment in SEAIR International

Wiseway Group Limited (ASX: WWG, “**Wiseway**”, or “**the Group**”), one of Australia’s leading integrated freight and logistics operators, announced today that it has reached agreement, through its 100% owned subsidiary Wiseway Cargo Airlines (“**WCA**”), subject to conditions and regulatory approvals, both in the Philippines and Australia, to become the majority shareholder in Southeast Asian Airlines (SEAIR) International (“**SEAIR**”, “**the Target**”, or “**the Company**”), a Philippines-based cargo airline, via a 51% ownership stake.

Key highlights

- Wiseway to subscribe for a 51% majority ownership stake in SEAIR for a total purchase consideration of US\$3.1 million (A\$4.6 million)¹, phased over multiple stages.
- Positive earning accretion expected from first full year of operations.
- Wiseway will secure access of SEAIR’s Air Operator Certificate (AOC) under the transaction, enabling smooth deployment of the Group’s recently acquired and future aircraft assets.
- The Group will expand its presence in Southeast Asia and APAC via the investment with strategic on-ground positioning within the Clark Civil Aviation Complex in the Philippines.
- Mutual benefits from sharing resources and aircraft assets, with multiple revenue and cost synergies from the acquisition.
- Potential job creation and mentorship opportunities to strengthen on-ground staffing at SEAIR’s headquarters.
- Wiseway to appoint three Directors on the newly formed five-member Board of SEAIR following completion.
- Opportunity for Wiseway to increase its ownership stake after 3 years, in addition to the ability to bring all shareholders under the Wiseway Group.

Ms Florence Tong, Wiseway’s Executive Chair and Managing Director, commented: “We are thrilled to announce the Group’s investment in SEAIR, our second cross-border acquisition in as many years. This is an exciting milestone, and a testament to the sustained momentum behind the execution of our growth strategy.

“This acquisition is a compelling and strategic opportunity for Wiseway to further diversify its income streams in the international air freight market and build on SEAIR International’s established presence in a key cargo hub within Southeast Asia. It will present mutual opportunities to share resources and deliver cross-group synergies through which we can provide enhanced services to our customers and long-term value to our shareholders.”

Ms Tong continued: “Importantly, this acquisition will allow our Group to maximise the utilisation of recently leased and future aircraft acquisitions through secure access to SEAIR as an Air Operator Certificate (AOC) holder with a Certificate of Public Convenience and Necessity (CPCN) to Operate Air Transport Services in the Philippines.

“We are very thrilled to sign the investment agreement today and welcome SEAIR to the Wiseway family and at the same time we will continue to work on the other conditions and regulatory approvals to close the investment. It opens up valuable supply chain efficiencies in the air freight sector and reinforces our

¹ Based on exchange rate of AUD/USD 1.48 as of 15 November 2022.

concerted efforts to grow our extensive networks and footprint outside of the Australian and New Zealand markets.”

The proposed investment is subject to approval from the Securities Exchange Commission (SEC) of the Philippines, for the proposed increase in the authorised share capital of SEAIR, and the allotment of shares to WCA, as well as the approval from the Civil Aviation Authority of the Philippines (CAAP) and the Philippine Civil Aeronautics Board (PCAB) in relation to the investment and the Aircraft type and operation. The transaction is also conditional upon SEAIR’s shareholders entering into a new Shareholders Agreement and SEAIR entering into an Aircraft Sublease and charter with WCA.

About SEAIR

SEAIR is a Philippines-based all-cargo airline headquartered at Clark International Airport, 80 kilometres northwest of the country’s capital, Manila. The Company operates two B737 freighter aircraft across the key trade air routes linking Manila (MNL), Clark (CRK), Cebu (CEB), Davao (DVO) and Palau (ROR), and offers charter services for the transportation of general cargo, perishables, and valuable goods to various major airports in the Philippines.

Together with other Filipino shareholders, Mr Irène Prosper Heinrich Dornier and Mr Nick Gitsis established SEAIR in 2011 – both of whom have extensive sector experience and strong partnerships extending across the Philippines aviation industry and into the wider Asia Pacific region. SEAIR recorded revenues of PHP 120.8 million (A\$3.5 million) for the 12 months ended 30 June 2022, with a positive reported net profit for the same period².

Commenting on the acquisition, Co-Founder and Vice-Chairman of SEAIR, Mr Nick Gitsis said: “When Wiseway Group set out its ambition for a combined entity and explained the vision at the heart of its strategy, the SEAIR team was eager to seize the opportunity and join an organisation with a reputation for innovation, resilience, and reliability.

“This investment has the potential to create more employment opportunities in the Philippines, drive economic growth, provide mentorship opportunities for those key individuals working on the ground, as well as drive increased investment in the Philippines – particularly for SEAIR’s headquarters of Clark International Airport.

“We are confident that becoming part of the Wiseway Group will enable the combined entity to take full advantage of the opportunities and synergies that emerge and deliver a holistic and integrated freight and logistics offering.”

Transaction structure and highlights

Pending Philippine regulatory approval, Wiseway has entered a conditional investment agreement subscribing for a 51% stake in SEAIR, for a total purchase consideration of **US\$3.1 million (A\$4.6 million)**², split over the following components and stages:

- **US\$1.6 million (A\$2.4 million)** in capitalised advance payments, transaction fees, and expenses already incurred in relation to the aircraft announced on 9 August 2022 and related operations; these also include deposit payments with aircraft manufacturers and acquired software and other intangible assets.
- **US\$1.5 million (A\$2.2 million)** in additional cash to be injected by Wiseway into the business as working capital to be used solely to finance the establishment of freight operations of Wiseway’s planned aircraft operations. This part of the consideration will be paid following the Share Subscription Completion (“Completion”) and is expected to take place before the end of the March quarter 2023/ Q3 FY23/ Q1 2023.

² Based on exchange rate of AUD/USD 1.48 as of 15 November 2022.

As part of the transaction and in consideration for acting as the Managing Director, the Co-Founders will receive a monthly payment of US\$20k.

The transaction will provide SEAIR's Co-Founders with flexible options, three years from the completion of the transaction, which include a put option to sell their 49% remaining stake to Wiseway for US\$3.5 million or a call option on exchanging their stake for Wiseway Group shares at a pre-specified exercise price of US\$0.50/share. With current total issued shares of 167,293,872, the Company confirms that it currently has the placement capacity pursuant to ASX Listing Rule 7.1 to issue the securities (and will have as at the date of the agreement providing the option). The call option will be able to be exercised within a 24 month exercise period following the three years from the lease of the initial aircraft to SEAIR.

Following completion and subject to regulatory requirements, the Company's newly composed five-member Board of Directors will include the two Co-Founders, Mr Irène Prosper Heinrich Dornier and Mr Nick Gitsis, and three members appointed by the Wiseway Group.

Ms Tong commented: "We are confident that this transaction will be earning-accretive in the first full year of operations; with the staged nature of the purchase consideration and with a solid balance sheet, the Group is able to fund this acquisition from its own funds, without requiring external financing."

The Philippines and Clark – regional hubs

The Philippines has been one of the key destinations served by Wiseway's global network for the past few years. Through loyal customers and strategic partnerships, the Group was always aware of the great opportunities presented by this market and the growth potential it could deliver to any ambitious integrated logistics provider.

The logistics sector in the Philippines reached 267 million tonnes in 2021, recording a 13.5% y-o-y growth⁴. In addition, the Philippines' e-commerce sector is among the fastest growing in the region, expected to increase by an annual rate of a 16% compound annual growth rate (CAGR) by 2027, reaching US\$38 billion and a 53% user penetration rate⁴. This presents tremendous opportunities for Wiseway's expanding operations within distribution, road transportation, and last-mile delivery.

Ms Tong added: "With Wiseway's legacy of business operations with the China market, and our established branch in Singapore serving Southeast Asia, the Philippines was the natural next step as the gateway between East and Southeast Asia. From this strategic base, Wiseway will have enhanced access to lucrative established markets in Japan, South Korea, Taiwan, and Hong Kong, as well as the opportunity to explore underserved markets, such as Palau, Macau, and Vietnam.

Ms Tong continued: "One of the most compelling aspects of this joint venture is the ability to immediately operate through SEAIR's AOC and CPCN following completion across Wiseway's own recently leased cargo aircraft, as well as additional air assets in the future, to allow us to fly our customers' cargo to more destinations and offer faster, more reliable, and more cost-effective solutions."

SEAIR is strategically located within Clark Civil Aviation Complex (CCAC), in the heart of the Philippines. Clark International Airport has an annual capacity of eight million passengers and sits within a Freeport zone offering a business-friendly environment with strong tax incentives. It is a regional base for some of the world's largest cargo airlines as well as Maintenance, Repair, and Overhaul (MRO) service providers. As a key pillar to attracting foreign investments and global partnerships, the zone has also been one of the focus spending priorities within the nation's "*Build Build Build*" infrastructure initiative, launched in 2017.

The agreement today follows previous expansions completed by Wiseway in Singapore through the acquisition of TAF E-Logistics and across Australia, New Zealand, and the Asia Pacific region. The Group

⁴ Statista Estimate, 2022.

has also strategically expanded its international presence with new branches in two of the US's largest cities, Los Angeles and Chicago.

Ends

Authorised for release by the Board of Directors of Wiseway Group Limited.

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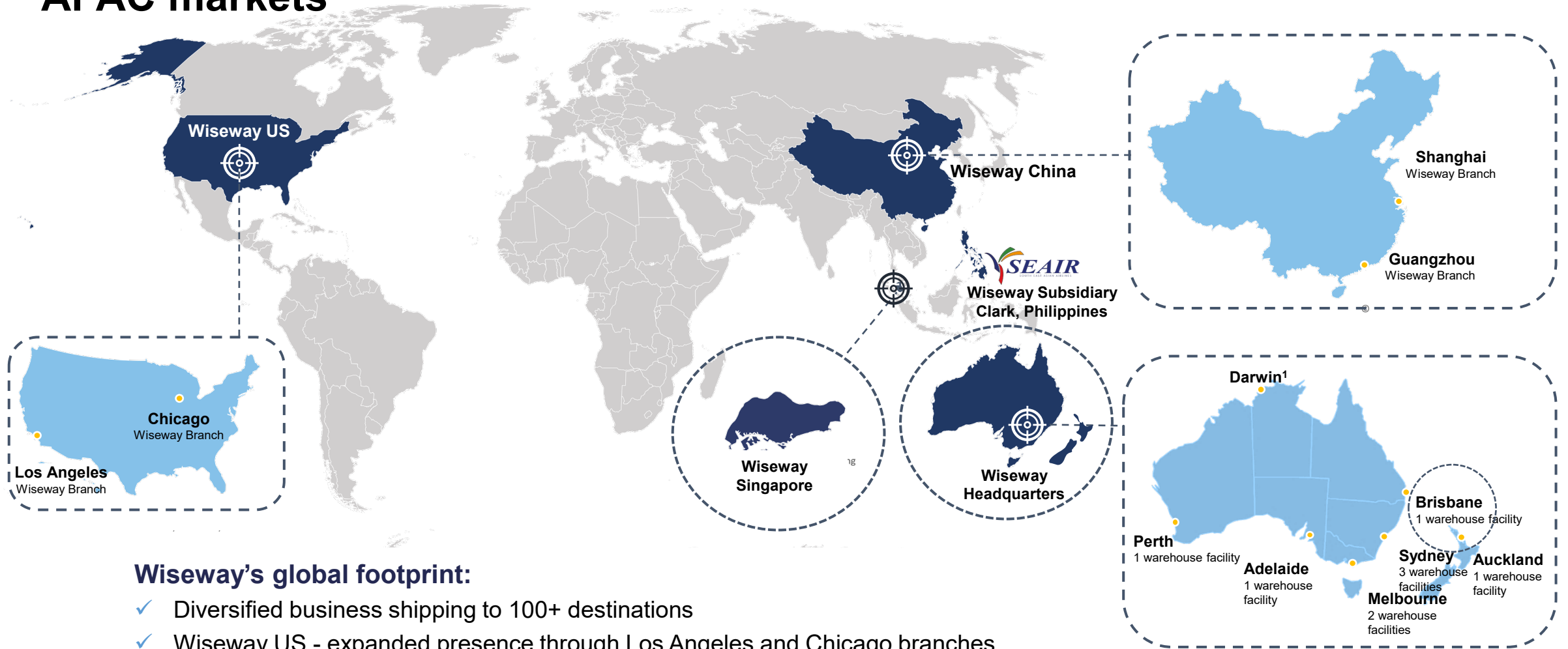
About Wiseway Group Limited (the Company)

WiseWay (ASX: WWG) is a leading provider of integrated logistics solutions, with a global network of strategically located warehouses and facilities and a large modern fleet of trucks, aircraft and delivery vehicles.

Established in 2005 to serve the growing Australia-Asia Pacific trade industry, Wiseway has grown to become one of the top three outbound air freight logistics providers in Australia. With multiple strategically located operation hubs in Australia, the US, and the Asia Pacific, the Company provides its large base of domestic and international customers with specialist cross-border logistics services including air freight, sea freight, import, domestic transportation, warehousing, and customs clearance.

For more information, please visit www.wiseway.com.au

Step-change in global scale and reach - expansion in the US and APAC markets



Wiseway's global footprint:

- ✓ Diversified business shipping to 100+ destinations
- ✓ Wiseway US - expanded presence through Los Angeles and Chicago branches
- ✓ Wiseway Singapore and SEAIR serving Southeast Asian market and the larger APAC region
- ✓ Two branches in China (Shanghai and Guangzhou) with superior team capabilities