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ASX Announcement

Significant FY21 Result: \$1.8 Million Net Profit After Tax (“NPAT”)

Wiseway Group Limited (ASX: WWG, “**Wiseway**” or “**the Company**”), one of Australia’s leading integrated freight and logistics operators, today announced its financial results for the twelve months ended 30 June 2021 (“**FY21**”).

- **NPAT** of \$1.8 million, first full-year net profit after tax since listing in 2018.
- **EBITDA** of \$8.1 million, a 62% uplift, improving EBITDA margin by 1.5 ppts compared to the previous corresponding period (“pcp”).
- **Revenue** of \$126.0 million, up 23.5% from pcp.
- Strong **operating cash flows** for the year, up 83% from pcp, to \$7.0 million.
- **Global expansion strategy momentum:** Expansion of US presence through a new Wiseway branch in Los Angeles, California, and in August 2021, the strategic acquisition of TAF E-Logistics (Asia) Pte Ltd (“**TAF**”).

Key metrics	FY21	FY20	Change
Revenue (\$m)	126.0	102.0	23.5%
EBITDA (\$m)	8.1	5.0	62%
EBITDA margin	6.4%	4.9%	+1.5 ppts
Net profit/(loss) after tax (\$m)	1.8	(3.4)	+152%
Operating cash flow	7.0	3.8	+83%

Ms Florence Tong, Wiseway Managing Director, commented: “This milestone result for Wiseway, our first full-year Net Profit After Tax since listing in 2018, reflects the strong business momentum in the Company and the benefits of our diversification strategy. We have also continued our strategic investment program which has delivered scale, diversification, and enhanced growth opportunities for the business.

“Our robust investment program has been aimed at diversifying our income streams, developing our operating infrastructure, and expanding our team’s capabilities to drive growth in freight volumes and revenue.

“Diversification benefits delivered organic growth across Wiseway’s key divisions of perishables, road transportation, and imports and distribution, which collectively more than doubled in size over the past year and supplemented the steady performance in our core dry air freight business division.

Wiseway’s unique offering and competitive advantage stem from strong partnerships with airlines, customs-bonded warehouses with advanced X-ray scanning facilities, and an extensive road transportation network of company-owned trucks.

“Wiseway continues to leverage its scale and integrated platform capabilities to win new customers who are seeking a one-stop shop for their day-to-day logistics needs, in the face of pandemic-related challenges and tightening restrictions on shipping capacities.”

Business and Strategic Update

Wiseway has achieved significant milestones during the year by accelerating its global growth. In June 2021, the Company announced the opening of a new branch in Los Angeles, California, further expanding Wiseway's presence and services to the US market.

During the year, the Company also expanded its on-ground team in China. The teams at both the Shanghai and Guangzhou branches continue to provide in-country support to the organic growth of the Company's operations in China as well as the Asia-Pacific region.

The Company achieved impressive organic growth in new markets in Asia, including Singapore, Japan, Indonesia, and Vietnam. This expanded outreach, beyond the established presence in China, represents a key focus in the Company's geographic diversification strategy.

In August 2021, Wiseway completed its first cross-border acquisition of TAF, a Singapore-based airfreight company that has been serving the Southeast Asia market for the last 30 years. TAF runs its main operations from a customs-bonded warehouse, strategically located within Singapore Changi Airport's Airfreight Centre and provides a full range of services including customs brokerage and clearance, local transportation, and cross-border trucking.

Ms Tong said: "The expansion of our US operations through establishing an in-country presence and building local capabilities will expand our access to promising opportunities in the US and North American markets."

"Our strategic acquisition of TAF, which has established a regional hub for Wiseway in Singapore will deliver valuable supply chain efficiencies and revenue synergies across our global network of shipping destinations and place us at the doorstep of Southeast Asia's fastest growing economies including Indonesia, Thailand, Malaysia, and Vietnam.

"We are actively pursuing the opportunities inherent in these regions and globally, and we are confident that these milestones on Wiseway's growth journey will provide the benefits of choice and value to our customers and deliver long term returns for shareholders."

Wiseway continued its transformation journey to diversify its income streams and, importantly, to deliver a broader range of customer services through a more integrated business.

Ms Tong added, "Our integrated and customer-centric logistics platform is one of our strong business pillars, and we will continue to invest in the modern technologies that make our operations more efficient and provide our customers with the enhanced experience they expect.

"During the period, we continued to invest in technology and software solutions that add valuable process efficiencies to online booking, cargo scanning, and real-time tracking."

FY21 Financial Results Overview

Wiseway delivered an NPAT of \$1.8 million, compared to a loss of \$3.4 million in the pcp. The strong result was supported by organic revenue growth across the business's key segments as well as prudent cost management practices.

The table below outlines a comparison of operating results for the first half and the second half of FY21.

Key Metrics	H1 FY21	H2 FY21	FY21
Revenue	\$69.3m	\$56.7m	\$126.0m
EBITDA	\$6.5m	\$1.6m	\$8.1m
Net Profit After Tax (NPAT)	\$3.4m	(1.6m)	\$1.8m
Operating Cashflow	\$7.5m	(\$0.5m)	\$7.0m

Wiseway maintained a steady revenue performance in the second half of FY21 versus the second half of FY20. The Company's operating result in the second half reflects the lower economic activity during the Chinese New Year, the seasonality of perishables exports which are skewed towards the first half of FY21, and the ongoing impacts of COVID-19 on flight activity.

Profitability in H2 FY21 was also impacted by additional investments in growing the Company's team in China and in the import and distribution division, to support future growth opportunities.

Revenue for FY21 was \$126.0 million, up 23.5%, driven by the key growing segments of perishables, imports, and road transportation. Revenue growth was primarily driven by:

- 127% growth in the perishables division, including fresh produce, seafood, and dairy products.
- 43% growth in sea freight, driven by stronger demand for perishable goods, namely fresh fruits.
- 164% growth in imports and distribution, supported by the growing demand for e-commerce transactions.
- An 87% growth in interstate road transportation, which has contributed \$4.3 million to the Company's total revenue.
- Steady revenue from the core business of dry air freight which contributed \$78.8 million to total revenue.

Operating expenses for the full year were \$23.5 million, up 2.6% compared to the pcp.

There was a significant increase in EBITDA from \$5.0 million in the pcp to \$8.1 million in FY21, reflecting the growth in revenue and disciplined cost management. This helped deliver a robust improvement of 1.5 ppts to the Company's EBITDA margin for the year.

Ms Tong commented: "We are very pleased with the strong financial results delivered by organic revenue growth and our effective cost management practices. Importantly, our strong operating cash flow and cash position at the end of the year position us well to take advantage of future growth opportunities that align with our strategy."

Outlook

Wiseway's logistics operations are an important part of the Australian economy and have shown resilience through the ongoing COVID-19 pandemic. Wiseway's strong relationships with its logistics partners and diversified freight services have enabled it to deliver the services its clients need during these challenging times.

Ms Tong said: "Wiseway has developed the appropriate resource planning capabilities and risk management practices to sustain the growth momentum in the business, which prepares us well to address any supply chain disruptions.

"Our global expansion into the US and Southeast Asia reflects our robust strategy which combines a focus on organic growth with continuous exploration of new growth opportunities.

"Recent appointments of Mr Robert McNutt and Mr Brandon Teo to the Wiseway Board have also added further global capabilities to our highly experienced Leadership Team.

"We are confident that our diversified business model, growing customer base, strategic industry partnerships, and expanding global footprint will enable us to benefit from the growing demand for integrated logistics solutions."

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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 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

Appendix
Profit and Loss

\$ million	FY21	FY20	Change%
Revenue	126.0	102.0	23.5%
Direct expenses	(95.2)	(74.7)	27.4%
Gross profit	30.8	27.3	12.8%
<i>Gross margin %</i>	<i>24.4%</i>	<i>26.7%</i>	<i>-2.3 ppts</i>
Other Income	0.8	0.6	33%
Operating expenses	(23.5)	(22.9)	+2.6%
EBITDA	8.1	5.0	62.0%
<i>EBITDA margin %</i>	<i>6.4%</i>	<i>4.9%</i>	<i>+1.5 ppts</i>
Depreciation	(5.0)	(5.0)	0%
Finance costs	(1.4)	(1.6)	-12.5%
Net profit/(loss) before tax	1.6	(1.6)	+200%
Income tax expense	0.2	(1.8)	+111%
NPAT	1.8	(3.4)	152%

Bps = basis points

N.m. = Not meaningful

Revenue by Business Division

\$ million	FY21	FY20	Change %
Air freight	78.8	79.2	n/m
Sea freight	5.3	3.7	43%
Perishables	19.5	8.6	127%
Road transportation	4.3	2.3	87%
Airnex	6.0	0.9	567%
Imports and distribution	10.3	3.9	164%
New Zealand	1.5	2.0	-25%
China	0.3	1.4	-79%
Total	126.0	102.0	24%

Note: FY21 numbers are before elimination

Rounding up of numbers may affect period-on-period change percentages