

30 August 2022

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ASX Announcement

FY22 Result: Sustained revenue growth in challenging operating context

Wiseway Group Limited (ASX: WWG, “Wiseway”, “the Company” or “the Group”), one of Australia’s leading integrated freight and logistics operators, today announced its financial results for the twelve months ended 30 June 2022 (**FY22**).

Wiseway has achieved sustained growth and revenue diversification in a challenging operating context:

- **Group revenue** of \$130.1 million, up 3.3% on the previous corresponding period (pcp), constituting an all-time high
- **Diversification strategy** delivered a 43% increase in growth in key segments (including Perishables, Sea Freight and Imports) outside of Wiseway’s traditional air freight segment
- **International strategy** continued to gain momentum as Wiseway developed a global network and presence in 11 cities across five countries

Profitability has been impacted by a challenging operating context in second half of FY22:

- **Underlying EBITDA** was impacted by expanded COVID-19 measures in China, the extraordinary rainfall and floods in both New South Wales and Queensland, and a reduction in air freight as advised on 2 August 2022
- **Reported EBITDA loss** of \$0.2 million and **Net Loss Before Tax** of \$7.3 million for the full financial year, after prudently providing for recoverability of debtors and assets, and other non-recurring adjustments in a more challenging trading environment. These adjustments and provisions resulted in a FY22 **EBITDA** and **Loss before Tax** that falls outside of previous guidance

Ms Florence Tong, Interim Executive Chair and Managing Director, commented: “It is pleasing that during a period of significant turbulence, Wiseway has maintained solid Group revenue growth – indeed representing an all-time high for the business – amid a very challenging macroeconomic environment.

“This is testament to the resilience of Wiseway’s diversified business model, with those business segments outside of traditional dry outbound air freight – namely Perishables, Sea Freight, Imports, and Road Transportation – all recording growth over the period.

“The Group’s global expansion strategy has continued to gain momentum, with the opening of our second North American branch and the successful integration of Singapore-based TAF E-Logistics into the Group’s global operations enhancing our ability to provide reliable solutions to our customers throughout ongoing supply chain uncertainties.

“In the face of the tightening capacity restrictions and increasing supply disruption that the logistics industry is facing globally, Wiseway worked closely with its existing and new customers to meet demand.”

Diversification strategy creates robust operating platform for Wiseway

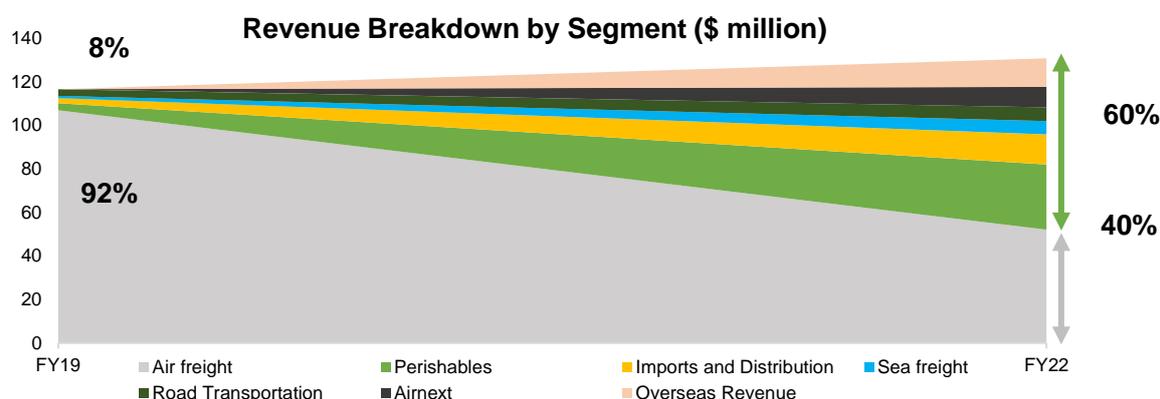
1. Strategy has continued to deliver revenue growth despite trading environment challenges, with a 3.3% growth pcp to \$130.1 million.

2. Growth driven by new growth vectors in Perishables and Imports as diversification strategy delivers results. Revenue from key segments outside traditional dry outbound air freight, collectively increased by 43%, driven particularly by:

- 51% growth in perishables division, including fresh produce, seafood, and dairy products
- 16% growth in sea freight, supported by stronger demand for perishable goods, especially fresh fruits
- 34% growth in Imports and Distribution, supported by the increasing demand for e-commerce transactions
- 46% growth in interstate road transportation
- \$52.0 million revenue from the core business of dry air freight in Australia alone

3. International strategy continued to gain momentum as Wiseway developed a global network and presence in 11 cities across five countries. The China, New Zealand, United States and Singapore operations, which contributed \$13.1 million of revenue in FY22 (10% of total revenue), signalled the potential in Wiseway’s global diversification strategy.

Our strategic investment in our global operating platform, logistics infrastructure and team capabilities has built a robust business model that is ready to operate at scale, beyond short-term periods of initial expenditures or extraordinary events.



FY22 Financial Results Overview

The table below outlines a comparison of operating results for the first half and the second half of FY22, which reflects seasonality in the Company’s revenue, macroeconomic volatility and the impact of the COVID-19 pandemic.

Key Metrics	H1 FY22	H2 FY22	FY22
Revenue	\$77.6m	\$52.6m	\$130.1m
Reported EBITDA	\$6m	(\$6.2m)	(\$0.2m)
Net Profit After Tax (NPAT)	\$1.9m	(\$10.1m)	(\$8.1m)

Profitability in the second half of FY22 was largely impacted by expanded COVID-19 measures in China, the extraordinary rainfall and floods in both New South Wales and Queensland, and a reduction in air freight. Profitability was further impacted by additional

investments in growing the Company's team in the USA, China and Singapore and in the Imports business to support future growth opportunities, as well as prudent provisions for recoverability of debtors and contingencies in a more challenging trading environment.

Gross margin decreased by 3.9 ppts, with more competitive margins offered in the US and Southeast Asia to support strategic customer relationships while entering new markets.

Operating expenses for the full year were \$28.1 million compared to \$23.5 million in FY21. Higher employee expenses were incurred as the Company expanded the team in the Imports and Distribution division as well as the regional operations in the USA, Singapore and China.

Balance sheet

As part of Wiseway's focus on optimising its capital structure, the Company also secured a new \$9.0 million loan facility agreement with a lower interest rate and more flexible covenants to replace a previous \$5.0 million facility.

Wiseway also raised a net amount of \$3.8 million through a pro-rata non-renounceable entitlement offer to eligible shareholders, completed in June 2022.

Wiseway has a solid cash position of \$6.9 million with airline security deposits of \$5.1 million.

Ms Tong said: "Through additional sources of funding, Wiseway continues to maintain prudent debt levels and a healthy balance sheet to support its growth strategy."

Outlook and Future Plans

Management believes that business performance will improve in the next 12 months as (i) extraordinary rainfall and floods have ceased, (ii) there is no expectation that China will continue in lockdown and (iii) there are early indications that sales volumes are rising.

Furthermore, management has started implementing several measures to improve productivity and bolster its cash position, including right sizing the number of drivers and trucks, consolidating contracted services and exploring additional financing opportunities.

Beyond productivity initiatives, we will continue to pursue our diversified growth strategy:

- Expanding outside Wiseway's traditional Air Freight segment into new vectors of Perishables, Imports and Sea Freight
- Solidifying the Group's international expansion by building robust operations and delivering profitable returns

Ms Tong commented: "As industry dynamics and trends continue to evolve, Wiseway's diversified network of business divisions places it in a unique position to provide reliable integrated logistics solutions to its customers and deliver long-term value to its shareholders."

"In August we announced an important aircraft leasing agreement which will secure exclusive use of a class-leading Boeing-737-800 SF for the next eight years, allowing the Company to deliver more agile and reliable services to our customers, provide additional capacity in periods of peak demand, and build further resilience to protect against future supply chain challenges."

"This will support our growth aspirations, help with managing ongoing capacity and supply chains blocks and bring down the cost-to-serve with our customers."

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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, delivery vehicles and aircraft.

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, distribution, domestic transportation, warehousing, and customs clearance.

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

Appendix 1
Profit and Loss

\$ million	FY22	FY21	Change%
Revenue	130.1	126.0	3.3%
Direct expenses	(102.8)	(95.2)	8.0%
Gross profit	27.3	30.8	-11.2%
<i>Gross margin %</i>	<i>21.0%</i>	<i>24.9%</i>	<i>-3.9 pts</i>
Other Income	0.5	0.8	-32.1%
Operating expenses	(28.1)	(23.5)	19.8%
EBITDA	(0.2)	8.1	-102.4%
<i>EBITDA margin %</i>	<i>-0.1%</i>	<i>6.4%</i>	<i>-6.6 pts</i>
Depreciation	(5.7)	(5.2)	9.5%
Finance costs	(1.4)	(1.4)	-0.7%
Net profit/(loss) before tax	(7.3)	1.5	-469.8%
Income tax expense	(0.8)	0.2	-378.0%
NPAT	(8.1)	1.8	-458.4%

Ppts = Percentage points

N.m. = Not meaningful

Revenue Breakdown

\$ million	FY22	FY21	Change %
Air freight	52.0	78.8	-34.0%
Sea freight	6.1	5.3	15.9%
Perishables	29.4	19.5	50.6%
Road transportation	6.3	4.3	46.2%
Airnex	9.4	6.0	57.0%
Imports and distribution	13.8	10.3	33.6%
New Zealand	2.4	1.5	56.9%
China	7.1	0.3	2,258%
USA	1.7	-	n/a
Singapore	1.9	-	n/a
Total	130.1	126.0	3.3%

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

Appendix 2

Wiseway Group's comparative revenue breakdown

