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ASX Announcement

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FY24: Results announcement

Wiseway Group Limited (ASX: WWG, “**Wiseway**”, “**the Company**” or “**the Group**”), one of Australia’s leading integrated freight and logistics operators, announced its financial results for FY24.

The Company is pleased to report a sustained and robust improvement in performance and profitability. Revenue increased by 5.4% to \$112.3 million, driven by strong growth in imports despite a moderation in export revenue on the back of normalized freight rates. Enhanced operational efficiency, combined with revenue growth, has driven a 121% increase in EBITDA, delivering \$8.2 million in FY24. As a result, the Company has successfully returned to profitability, recording a net profit of \$0.6 million, underscoring the effectiveness of the strategic initiatives announced in 2023.

Key takeaways:

- Revenue for FY24 of \$112.3 million, up 5.4% from FY23 Revenue of \$106.6 million
- EBITDA for FY24 of \$8.2 million, up 121% from FY23 EBITDA of \$3.7 million
- Australia and New Zealand (ANZ) streamlined with dedicated Managing Director yielding synergies through a focused approach. The ANZ business delivered EBITDA of \$8.6 million for FY2024
- Investments in ANZ imports eCommerce and operational discipline have delivered revenue growth including scale efficiencies
- Focused Overseas Strategy: New Zealand streamlined into Australia, China restructured into primarily an operations and support office, USA transformation expected through the acquisition of KWT International, and Singapore continues to be stable

Financial highlights:

- Group revenue of \$112.3 million
- EBITDA margin of 7.3% compared to 3.5% in FY23
- Net Profit after Tax of \$0.6 million, a reversal from a Net Loss of \$3.2million in FY23
- Net Tangible Assets per Security of 12 cents
- Cash and Cash Equivalents of \$8.3 million providing liquidity to the Group

Operational highlights:

- Australia and New Zealand (ANZ) streamlined into a single management structured; yielding both revenue and operational synergies
- Continued to manage operating costs through right sizing non-core support office functions, outsourcing in selected areas, and furthering process efficiencies
- Import eCommerce investments are yielding results, with improvements to customer service, processing times and compliance
- Wiseway’s Perishables proposition is continuing to win market share, with new clients onboarded in softer market conditions
- Wiseway’s sales division successfully ‘stood up’, with plans for expansion
- KWT International has been successfully integrated into Wiseway Group post financial year end; combined US entity appears on track to win additional contracts and clients

Group financial performance

Overall financial performance

\$'000		
Key metrics	FY24	FY23
Revenue	112,262	106,552
Reported EBITDA	8,167	3,691
Net Profit/(Loss) after Tax	601	(3,160)
EBITDA margin	7.3%	3.5%

Revenue breakdown by division and location:

\$'000		
Division breakdown		
Air freight – General cargo*	25,867	32,801
Perishables	23,957	31,569
Sea freight	6,898	7,810
Road freight	2,739	4,432
Imports	37,442	16,493
Overseas divisions	14,188	12,342
Other*	1,171	1,105
Total	112,262	106,552
Location breakdown		
Australia and New Zealand (ANZ)	106,614	99,161
China	1,691	3,617
Singapore	1,778	2,085
USA	2,179	1,689
Total	112,262	106,552

*Prior year comparative represented to show overseas divisions separately

EBITDA by location:

\$'000	1H2023	2H2023	1H2024	2H2024
ANZ	2,237	3,229	4,628	4,009
China	(1,410)	(96)	(177)	53
Singapore	95	106	99	(12)
USA	(416)	(54)	(246)	(187)
Total	506	3,185	4,304	3,863

Overview of Results

The past year has marked a continued improvement in our performance and profitability, driven by strategic initiatives, client and contract wins, and effective cost management. We are excited to share the key highlights and achievements that have shaped our journey over the last year.

Group revenue increased 5.4% year on year, which was largely attributed to import eCommerce growth. EBITDA margin improved to 7.3% compared to 3.5% in FY23 reflecting the continued management of operating costs and right sizing of non-core support office functions, outsourcing in select regions, and improved process efficiency.

Imports growth and continued Revenue increases

Despite lower growth in export related revenue, FY24 saw Wiseway achieve an overall increase in revenue driven largely by the growth of the imports division to \$37 million, a 127% increase from FY23 of \$16 million. This represents a successful execution of Wiseway's strategic priority to invest into Imports and eCommerce to capture market share.

Operational efficiency and cost reduction

EBITDA margin expansion from 3.5% in FY23 to 7.3% in FY24 reflects the cumulative results of increased operating scale of imports, strategic initiatives to right-size business support functions, and the use of outsourcing in areas where Wiseway may not have the operational scale.

Acquisition of US entity

WiseWay, subsequent to the FY24 financial year successfully acquired KWT International Inc., an US-based logistics company with locations in Los Angeles and New York. The acquisition has given Wiseway robust 3PL fulfillment and inbound customs clearance capabilities in the United States. The KWT team has 10 staff, operating 2 warehouses located in Los Angeles and New York, with a revenue of USD11 million in last USA financial year.

Outlook and Future Growth

Overall, Wiseway expects continued growth as it expands further into eCommerce in Australia, New Zealand and United States.

In Australia and New Zealand, we expect Imports to continue to lead growth for Wiseway. Wiseway will focus on capturing inbound eCommerce volumes and continue to improve its Imports processing efficiency. Wiseway believes there are further efficiencies that can be unlocked by investing in compliance, process standardization, technology and people to achieve this objective.

WiseWay expects the Air Freight, Perishables and Sea Freight divisions to experience moderated growth due to subdued growth in the Australia to China export market. Wiseway's focus on these divisions will be to shift the client mix towards more profitable clients, while building out a strong sales network. Wiseway's investments in expanding its sales team in FY24 has already yielded a positive return on investment.

In the United States, Wiseway sees opportunities to convert Wiseway's China and Australia based clients to its USA services. A large focus will be looking at capturing China based eCommerce clients to use its newly acquired inbound clearance and 3PL fulfillment capabilities.

CEO commentary

Mr Roger Tong, Wiseway CEO, said:

“Building on the foundation laid in FY23, we have achieved strong revenue and profitability across the Group in FY24. These results are reflective of successful execution of the strategic priorities we outlined in 2023.”

“Drivers of performance can be attributed to several key factors: continued growth and success in eCommerce imports, our ongoing focus on cost and process improvements and a clear direction for each of our overseas regions. These efforts have collectively enhanced our financial performance.”

“We have a clear strategic direction for each of our overseas businesses. New Zealand has been streamlined into a single region with Australia, which is expected to deliver both cost and revenue synergies. USA has been turbocharged through the acquisition of KWT International Inc., with a clear mandate to pursue Australia and China inbound eCommerce imports. China has been transformed into an operations and support office focused region, and Singapore remains stable and profitable. We anticipate that these changes will deliver meaningful results in the short-to-medium term.”

“As we look ahead, we are confident that Wiseway is on a solid path toward sustained profitable growth. We anticipate a strong performance for the upcoming peak season from November to January.”

“Wiseway expects continued growth in both Australia and New Zealand, and United States. We look forward to continuing gaining market share and capturing growth in eCommerce.”

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

Ends

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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